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GROUP MANAGEMENT REPORT

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GROUP MANAGEMENT REPORT OF NORDZUCKER AG

NORDZUCKER AT A GLANCE

Business activities

Nordzucker is the second largest sugar producer in the European Union, with a market share of more than 15 per cent, as measured by its share of the **EU sugar quota**. In the past financial year, the company produced 2.5 million tonnes of sugar from sugar beet and refined 200,000 tonnes of sugar from **raw cane sugar** at 13 sites in seven European countries. On average over the year the Group had 3,279 employees.

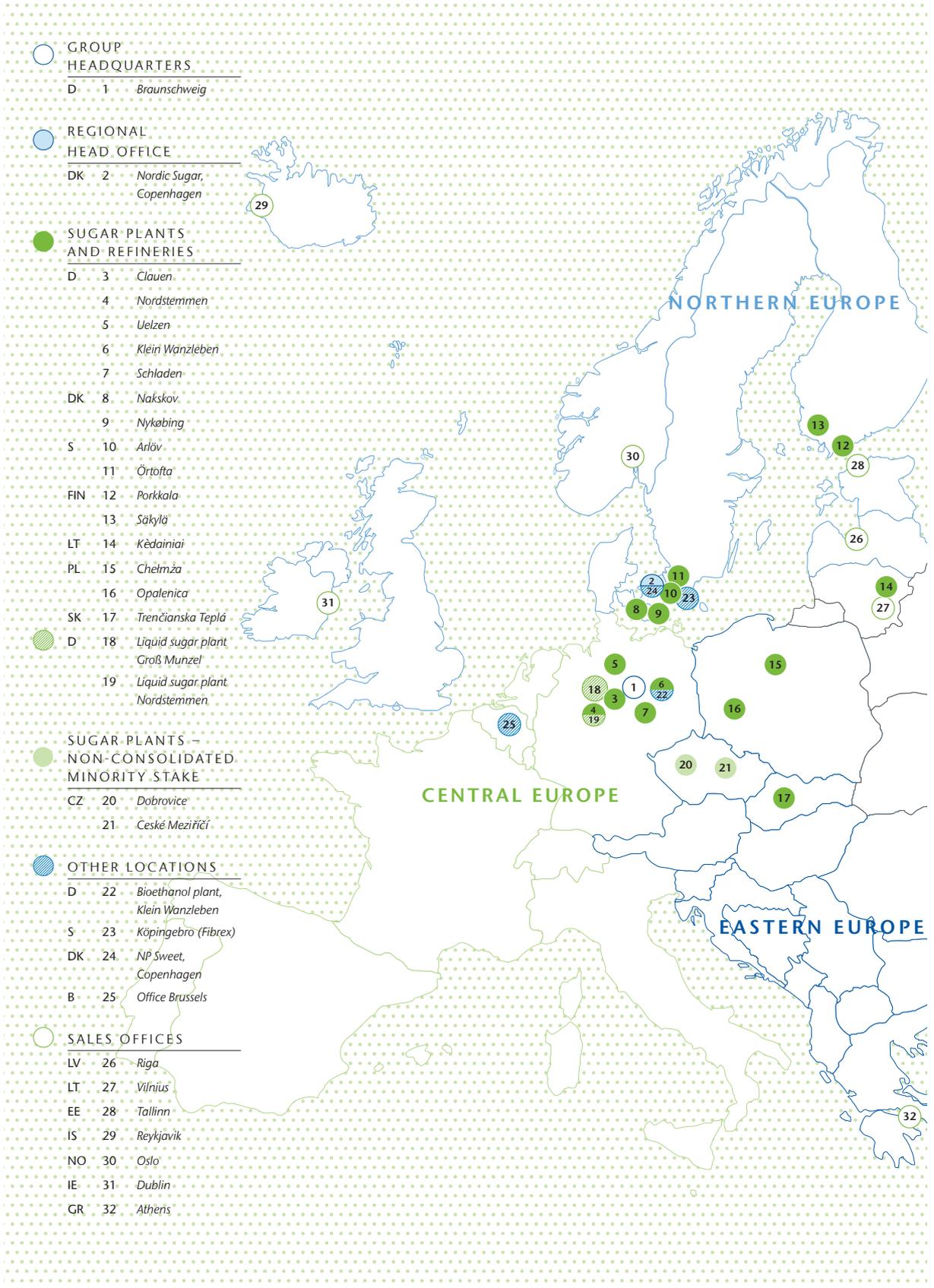
Our customers include the confectionery industry as well as producers of dairy and bakery products, jams, ice cream and drinks. Nordzucker sells some 80 per cent of its sugar to manu-

facturers of food and beverages. The remaining 20 per cent is supplied to consumers via the retail industry. Nordzucker sells these retail sugar products in many different varieties, primarily under the brand names **SweetFamily** in Germany and Eastern Europe and **Dansukker** in Northern Europe. The portfolio includes other products of the sugar-making process, especially **dried pulp pellets** and **pressed pulp** as animal feed and **molasses** for the yeast and alcohol industries.

Sustainability, environmental protection and product safety have a particularly high priority at Nordzucker.

NORDZUCKER AG					
REGION CENTRAL EUROPE (CE)		REGION NORTHERN EUROPE (NE)		REGION EASTERN EUROPE (EE)	
NORDZUCKER AG <i>Braunschweig/Germany</i>	100%	NORDIC SUGAR A/S <i>Copenhagen/Denmark</i>	100%	POVAŽSKÝ CUKOR A.S. <i>Trenčianska Teplá/Slovakia</i>	96.80%
NORDDEUTSCHE FLÜSSIGZUCKER GMBH & CO. KG <i>Braunschweig/Germany</i>	70%	NORDIC SUGAR AB <i>Malmö/Sweden</i>	100%	NORDZUCKER POLSKA S.A. <i>Opalenica/Poland</i>	99.87%
		SUOMEN SOKERI OY <i>Kantvik/Finland</i>	80%	TEREOS TTD, A.S. <i>Dobruvice/Czech Republic</i>	35.38%
		SUCROS OY <i>Säkylä/Finland</i>	80%		
		AB NORDIC SUGAR KĖDAINIAI <i>Kėdainiai/Lithuania</i>	70.60%		
		NORDZUCKER IRELAND LTD. <i>Dublin/Ireland</i>	100%		

LOCATIONS IN EUROPE



Group structure

The Nordzucker Group is divided into the three regions of Central, Northern and Eastern Europe.

Central Europe

In the Central Europe region, Nordzucker AG operates five sugar plants in Germany. The plants are in Lower Saxony and Saxony-Anhalt, and produce around one million tonnes of quota sugar every year. Sugar from the Central European region is mainly sold on the German market. Markets outside the EU account for around five per cent of sales.

Other products of the sugar-making process are also sold, such as animal feed and **molasses**.

In addition, Nordzucker produces and markets **bioethanol** from intermediate products of the sugar-making process (**raw juice, thick juice**) and **molasses** at its plant in Klein Wanzleben.

Nordzucker AG holds a majority stake in Norddeutsche Flüssigzucker GmbH & Co. KG (NFZ), which operates two liquid sugar plants, in Nordstemmen and Groß Munzel.

An average of 1,247 employees worked in the Central Europe region in the financial year 2013/2014. Its business accounted for around 44 per cent of Group revenues.

Northern Europe

In the Northern Europe region, Copenhagen-based Nordic Sugar produces sugar in five plants and two refineries in Denmark, Sweden, Finland and Lithuania. The company markets a broad range of sugar products, above all in the Nordic countries, the Baltic states and Ireland. Nordic Sugar is the market leader in Northern Europe and its 1,509 employees contributed around 40 per cent to Nordzucker's consolidated revenues in 2013/2014.

NP Sweet is also based in Copenhagen. The joint venture between Nordzucker and PureCircle develops and distributes products based on the sweetener **stevia (steviol glycosides)** in collaboration with its customers.

Eastern Europe

The Eastern Europe region includes two sugar plants in Poland, one of which is also used as a sugar refinery, and one in Slovakia. Furthermore, Nordzucker has a 35 per cent stake in Tereos TTD a.s., a sugar producer in the Czech Republic. The Eastern Europe sales area also includes a number of other Eastern European states. Nordzucker had an average of 523 employees in the Eastern Europe region in 2013/2014. It accounted for around 16 per cent of consolidated revenues.

Strategy

Since the company was founded in 1997, Nordzucker has focused on growth in its core sugar market. Consolidation of the North German sugar industry was followed by several acquisitions in Eastern Europe. Nordzucker pursued its growth strategy with the purchase of Nordic Sugar in 2009 and is now the second largest sugar producer in Europe.

After restructuring its investment portfolio in 2010 and 2011, the Group is initially concentrating on its core business: the production and distribution of sugar. The Nordzucker Group benefits from its strong market position in the EU. Further reinforcing this position remains its overriding corporate objective. In addition, the company reviews growth opportunities outside Europe. The focus is on attractive growth regions such as Africa and Asia, because demand for sugar is growing rapidly there – in contrast to the EU. These reviews are aimed at preparing the company to move into the production of cane sugar and to build a regional sugar marketing organisation in order to develop an additional high-potential business area. The objective is to sign cooperation agreements with local, national or international partners. A final decision on an actual commitment and the associated issues, such as the construction of production facilities, for example, had not been made at the time the consolidated financial statements and Group management report were prepared, however. Projects outside Europe not only bring considerable growth opportunities, but also new challenges. The Executive Board is therefore reviewing these opportunities with particular care.

In response to growing demand for natural sweeteners, Nordzucker also sells products containing **stevia**, a plant-based sweetener, in addition to sugar.

Sustainable business determines all the workflows throughout the company. Long-term success can only be secured by running a sustainable business and by including environmental protection, energy efficiency and social aspects in business decisions. Product safety and occupational health and safety also have a high priority within the company. Nordzucker sets itself ambitious targets in all areas of sustainability, which result in continuous improvements. It is particularly important to include the entire process chain, from the beet to the customer, in the sustainability assessment.

Nordzucker's aim is to offer high-quality products and first-class service at a reasonable price. Only by providing consistently high quality can Nordzucker retain the loyalty of its customers as competition grows even more intense. Nordzucker therefore sets great store by customer orientation, individual solutions, great flexibility and dependability of supplies. Its broad product range, which includes a wide assortment of speciality products, also adds value for customers.

Continuous efficiency improvements along the entire value chain are driven by wide-ranging projects throughout the Group. Efforts are particularly focused on steps to achieve lasting increases in the yields from beet farming. The aim of the 20·20·20 project is for 20 per cent of beet farmers to achieve a yield of 20 tonnes of sugar per hectare by 2020, because it is vital to make sugar beet even more competitive in comparison with other crops, so as to safeguard beet cultivation in our regions for the long term. The 20·20·20 project includes activities in the areas of research, cultivation advice and communications.

The five-year efficiency improvement programme 'Profitability *plus*' has been under way since 2009/2010 and has also delivered cost reductions in all areas of the company. The savings target of EUR 67 million was achieved in the financial year 2013/2014, a year earlier than planned. Major investments in the production process made a key contribution, especially those aimed at saving energy. Significant improvements were also made in the purchasing of energy and technical services. Another focus of our work in recent years has been the harmonisation and optimisation of business processes and the integration of the IT environment for the whole Group, which all contribute substantially to lasting improvements in the company's competitiveness. All the efficiency programmes are aimed at preparing the company for the changes to the market and competitive situation that will take place after 2017.

Sustainability, a focus on customers and markets, and efficiency gains strengthen the company's market position and enable additional growth in the core business. Nordzucker's goal is not just to develop its excellent position within Europe, but to open up new growth areas outside Europe at the same time. Both are necessary to ensure long-term profitability and further growth.

Company management

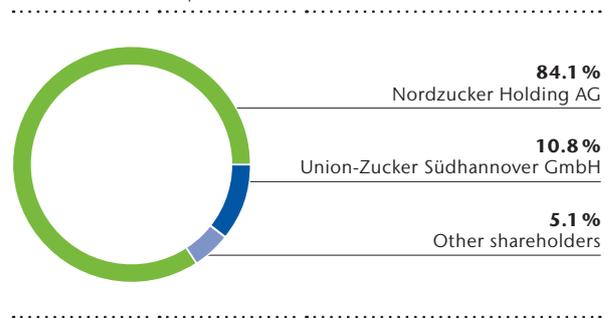
The company is managed by an Executive Board made up of several members. It reports to the Supervisory Board, which has 21 members, of which 14 represent the shareholders and seven the employees. The internal management of the company is carried out by means of financial indicators. The following targets have been set: a **return on sales** of five per cent, **total operating profitability** of 15 per cent, a **return on equity** of ten per cent and an **equity ratio** of 30 per cent.

Shareholder structure of Nordzucker AG

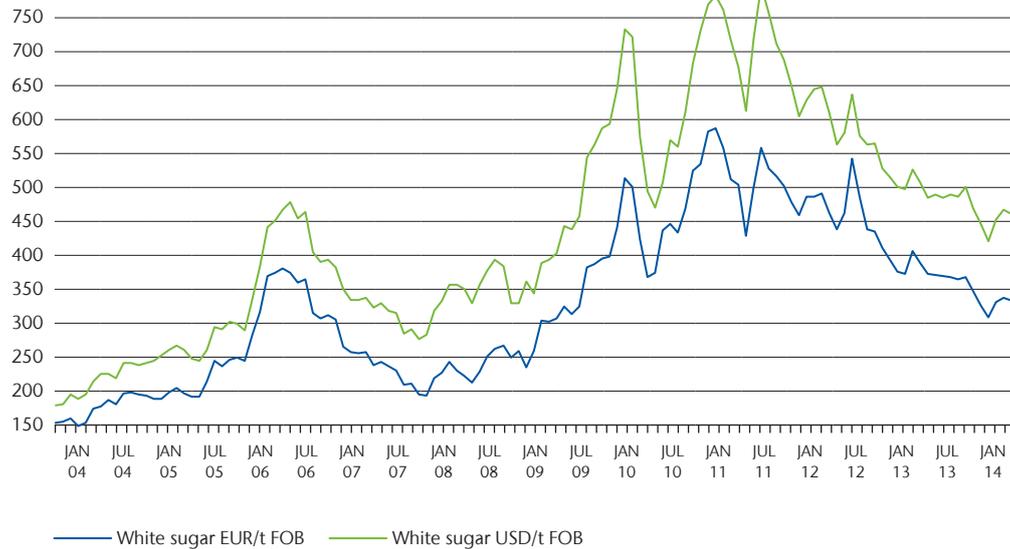
Following the merger between Nordharzer Zucker Aktiengesellschaft and Nordzucker Holding Aktiengesellschaft as of 1 April 2013, Nordzucker Holding Aktiengesellschaft holds 84.1 per cent of the shares in Nordzucker AG. A further 10.8 per cent is held by Union-Zucker Südhannover Gesellschaft mit beschränkter Haftung. 5.1 per cent of the capital is held by other shareholders. The Nordzucker AG share is not traded on the stock exchange. Shareholders are, to a large extent, also active beet suppliers of Nordzucker AG.

SHAREHOLDER STRUCTURE OF NORDZUCKER AG

EUR 123.7m share capital



WORLD MARKET PRICES FOR SUGAR, 2004 – 2014



Source: LIFFE white sugar trading London, London No 5, as of April 2014

ECONOMIC ENVIRONMENT AND MARKET DEVELOPMENTS

Macroeconomic situation

The European debt and financial crisis continued to hold the EU and the eurozone firmly in its grip in 2013. Economic output (gross domestic product) was unchanged year on year in the EU as a whole, while the eurozone reported a slight decline of 0.3 per cent. Germany achieved economic growth of 0.4 per cent in 2013. Economic performance in France and other member states in the south of the EU again deteriorated.

Sector developments

World sugar market

Rising global stocks for the third year in a row caused further sharp falls in world market prices for sugar in the financial year 2013/2014. As in recent years, prices were subject to great volatility. At the beginning of the financial year in March 2013, the average sugar price on the London Futures Exchange (White sugar No. 5, free-on-board, earliest delivery) was USD 527 per tonne. It fell successively in subsequent months to reach a new low of USD 427 per tonne in January 2014.

The sugar market in the EU

In the past, the EU sugar market was largely decoupled from the global market by the European **sugar market regime**. As a result, it was characterised by very stable volumes and prices, with its surpluses being exported to the world market.

All this changed with the reform of the **sugar market regime** in 2006. The quotas for producing sugar for human consumption in the EU were reduced to around 80 to 85 per cent of market demand. Since then, it has been necessary to import sugar from **ACP** and **LDC countries**. The non-quota sugar produced in the EU in excess of the quotas is sold to customers outside the food industry in the EU or can be exported to non-EU markets up to a total volume of 1.37 million tonnes.

If the import volumes provided for by preferential agreements are not sufficient, the European Commission can respond to these market developments within the framework of the **sugar market regime** to guarantee a stable supply of sugar. To cover demand for sugar from the food industry, it can both approve non-quota sugar for human consumption and enable additional imports at reduced import duties. The European Commission takes these decisions on the basis of supply balances for each **sugar marketing year**, which in the EU runs from 1 October to 30 September of the following year. This means the financial year for Nordzucker AG straddles two **sugar marketing years**.

In the **sugar marketing year** 2012/2013, a good 3.5 million tonnes of sugar came into the EU under preferential agreements. The European Commission also allowed 1.2 million tonnes of sugar to be brought to the EU market from additional imports and allowances of non-quota sugar. Corresponding steps have been announced for the current marketing year 2013/2014, but not yet adopted. In the financial year to date (until 28 February 2014), a total of nearly 1.6 million tonnes of sugar has been imported under preferential agreements.

Market for animal feed and molasses

Supplies of animal feed were low in the past financial year. Although the two previous years' harvests had been good, there were hardly any stocks and the 2013/2014 harvest could not repeat the particularly strong performance of the last two years. Prices for **pellets** and **pressed pulp** went up as a result, although prices for grain were down.

Supplies of **molasses** were also limited in the reporting year. As in the previous year, the beet quality was good and so a lower quantity of molasses was produced. Nordzucker increasingly sells molasses to the fermentation industry instead of as animal feed. Here, too, prices trended upwards.

Market for sweeteners

The market for **stevia** and products sweetened with **stevia** has grown steadily since **stevia (steviol glycosides)** was approved by the EU for food and beverages in 2011. Numerous products are now on the market and many others are still in the development phase. These activities will successively boost market volumes, which are still low.

Market for bioethanol

The political circumstances for the future use of biofuels in Europe are still unclear and consumer demand remains subdued. E10 has a market share of 15 per cent in Germany and has remained flat at this low level.

At the same time, the good harvests mean that **bioethanol** can currently be produced cheaply from grain or maize. Imports from the USA, some of which have circumvented the anti-dumping duties, have expanded supplies. In the reporting year, the price of ethanol in Rotterdam fell as a result by 24 per cent to EUR 478 per tonne most recently.

Market developments in the sugar business

Market developments: Central Europe region

The Central Europe region mainly supplies customers in Germany. The long winter and rainy spring depressed sales and revenues for the German manufacturers of beverages, ice cream and grill sauces. Nordzucker AG's revenues from quota sugar were also below expectations in these areas as a result. The decline was more than offset by higher sales in other sectors, however, so that total sales of quota sugar went up year on year by around 24,000 tonnes.

The European Commission's steps to increase supply, higher stock levels in the EU and lower prices for imports meant that prices for quota sugar in Germany came under increasing pressure from October 2013.

Sales of non-quota sugar came to 98,000 tonnes in the reporting year, and were thereby well above the previous year.

Market developments: Northern Europe region

The Northern Europe region consists essentially of Sweden, Finland, Denmark, Norway, Ireland and the Baltic states. Sugar from internal production is supplemented by world market imports of **raw cane sugar** for **refining**.

Nordic Sugar maintained its strong position in the Northern Europe region and was even able to extend it in some markets, selling around 800,000 tonnes of quota sugar to industrial and retail customers. As in Germany, the prices in Northern Europe came under pressure at the beginning of the new **sugar marketing year**.

High yields in 2012/2013 again enabled Nordic Sugar to sell additional volumes of non-quota sugar in the reporting year, supplying customers from the chemical industry and markets outside the EU. Volumes declined slightly, however, from 320,000 to 280,000 tonnes.

Market developments: Eastern Europe region

The Eastern Europe region supplies customers in Poland and Slovakia from its own local production. Nordzucker also has a strong market position in a number of other countries in South-Eastern Europe. On all markets, Nordzucker mainly supplies large international customers as well as a multitude of national and regional customers. In order to meet demand in excess of the quota in Poland and Slovakia, the Eastern Europe region refines raw sugar at the plant in Chełmża, Poland. In addition, sugar from other regions of the Nordzucker Group is imported. As in the previous year, Nordzucker sold about 507,000 tonnes of quota sugar in Eastern Europe.

As in the two other regions, sales prices for quota and non-quota sugar declined over the course of the year. This price trend had a particularly rapid impact in Eastern Europe, because some customers here traditionally buy sugar on short-term contracts.

The previous year's high level of non-quota sugar sales could not be repeated. Total sales fell by around 34,000 tonnes.

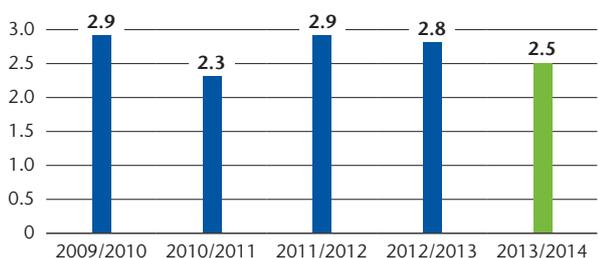
Beet cultivation and campaign

Late beet sowing in most cases and changeable weather conditions during the growing period caused some challenges for the sugar beet. Favourable weather in the autumn and good processing conditions during the campaign nonetheless allowed for very good yields, which were only slightly below those of the previous year. The average beet yield for the Group was 63.0 tonnes per hectare (previous year: 65.2 tonnes). The sugar content came to 18.0 per cent (previous year: 17.9 per cent), which represented an average sugar yield of 11.3 tonnes per hectare (previous year: 11.7 tonnes).

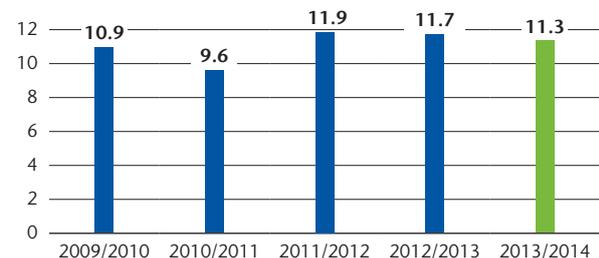
Land under cultivation fell year on year by nine per cent to 241,000 hectares in 2013/2014 as a result of targeted activities. Across the Group during the 2013/2014 campaign, Nordzucker produced 2.5 million tonnes of sugar from beet (previous year: 2.8 million tonnes). The campaign lasted for 106 days (previous year: 125 days).

Beet processing in the Nordzucker plants mostly went smoothly thanks to targeted investments and forward-looking maintenance. Excellent cooperation between beet deliveries, production and sugar logistics also ensured that the campaign went off smoothly all round.

SUGAR PRODUCTION NORDZUCKER GROUP
in millions of tonnes



AVERAGE SUGAR YIELD NORDZUCKER
tonnes per hectare



GROUP CAMPAIGN RESULTS

	 Beet yield t/ha	 Sugar content %	 Sugar yield t/ha	 Campaign length d
2013/2014	63.0	18.0	11.3	106
2012/2013	65.2	17.9	11.7	125

EARNINGS AND FINANCIAL POSITION
AND NET ASSETS

Earnings position

After a record year in 2012/2013 with exceptionally high yields, profitability in the reporting year 2013/2014 was much lower, but still good. Earnings declined sharply over the course of the year, however. In addition to much lower prices for quota and non-quota sugar, the result was depressed by high production costs.

Total operating profitability is calculated by dividing **EBITDA** (operating result before depreciation, amortisation and impairment) by revenues. This year, the figure was 20.0 per cent (previous year: 24.3 per cent), which was above the target of 15 per cent.

The **return on sales**, calculated as net income (after minority interests) divided by annual revenue, came to 8.5 per cent in the reporting year compared with 14.7 per cent in the previous year. This was again well above the target of five per cent.

The **return on sales** includes an impairment loss of EUR 89.0 million on the **goodwill** of Nordic Sugar, which has therefore been written off in full. In recent years, Nordic Sugar has contributed to the Group's performance with excellent earnings. Declining prices on Scandinavian markets and the end of the **sugar market regime** in 2017 have considerably lowered expectations for the future, however. Nordic Sugar is still expected to generate positive earnings in future, but

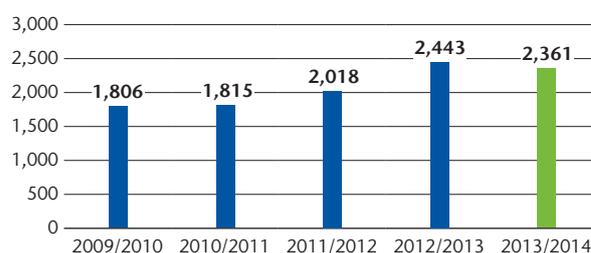
at a much lower level, and this change in the market outlook required an impairment charge to be recognised on the **goodwill**.

Adjusted for this impairment, the **return on sales** came to 12.3 per cent.

Revenues came to EUR 2,360.9 million, a slight decline of EUR 81.9 million on the previous year's figure of EUR 2,442.8 million. Revenues of EUR 1,746.9 million were generated with quota sugar. Quota-sugar revenues were therefore just EUR 4.0 million down on the previous year's figure of EUR 1,750.9 million. Steep falls in prices at times were almost fully offset by higher sales volumes.

CONSOLIDATED REVENUES

in EUR m



It was not possible to repeat the high sales volumes of non-quota sugar in the previous year. Together with the equally sharp fall in prices, this caused revenues to go down by EUR 50.8 million to EUR 210.2 million (previous year: EUR 261.0 million).

Revenues of EUR 109.6 million from the sale of **bioethanol** were down on the previous year (EUR 117.1 million), largely due to lower prices. Revenues from by-products include revenues from the sale of **molasses** and animal feed (**dried pulp pellets** and **pressed pulp**), which fell by EUR 11.1 million to EUR 188.2 million. The reason for the decline was mainly lower sales volumes, especially for **dried pulp pellets**, while prices were stable or slightly higher.

Other revenues fell from EUR 114.6 million to EUR 106.0 million. Lower seed revenues due to a change in sales processes were the main reason for the fall.

At the end of the reporting year, the production costs amounted to EUR 1,707.3 million (previous year: EUR 1,663.3 million). This rise of EUR 44.0 million was due to the higher sales volumes for quota sugar, on the one hand, and the increases in purchasing volumes for sugar on the other.

Sales costs rose by EUR 9.5 million, largely due to higher transport costs in connection with the higher sales volumes of quota sugar.

Administrative expenses went down from EUR 91.0 million to EUR 85.1 million in the reporting year. Lower rents for administrative buildings and lower personnel expenses contributed to this reduction.

Production costs, sales costs and administrative expenses include EUR 196.8 million in personnel expenses (previous year: EUR 201.5 million) and EUR 81.3 million in depreciation of property, plant and equipment (previous year: EUR 86.8 million).

Other income came to EUR 46.8 million and was therefore well above last year's figure of EUR 28.7 million. The increase is due primarily to the capitalisation in the reporting year of claims for the repayment of **production levies** for previous years. The Nordzucker Group recognised other operating income of EUR 17.3 million for this item.

Other expenses came to EUR 140.8 million at the end of the reporting year and were therefore well above the previous year's figure of EUR 44.8 million. In the reporting year, it became necessary to write off the **goodwill** of EUR 89.0 million resulting from the acquisition of Nordic Sugar. This impairment charge was recognised in other expenses. This item also includes a fine of EUR 8.5 million resulting from an investigation by the German competition authorities, which has since been closed, and an equalisation payment of EUR 7.5 million in connection with claims for the repayment of **production levies**.

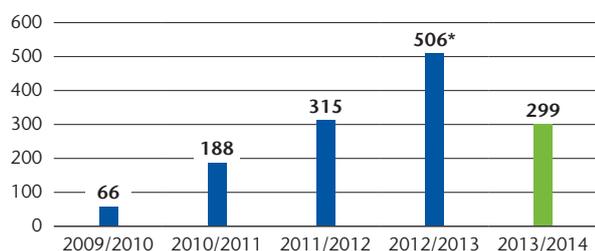
In total, the Nordzucker Group reported an operating result (EBIT) of EUR 298.9 million, as against EUR 506.3 million in the previous year. The operating result before depreciation, amortisation and impairment (EBITDA) came to EUR 472.6 million (previous year: EUR 593.8 million).

Financial income rose significantly by EUR 5.2 million to EUR 19.7 million, partly due to interest income of EUR 4.8 million in connection with forecast repayments of **production levies** from previous years. In addition, the Nordzucker Group received much higher dividends from its Czech investment Tereos TTD a.s., because a second **dividend** was paid due to the change in the financial year.

Financial expenses are largely made up of interest and similar expenses. A further improvement in the financing structure meant that financing costs decreased.

CONSOLIDATED EBIT

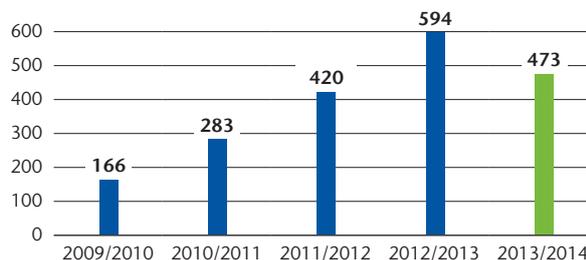
in EURm



* adopted

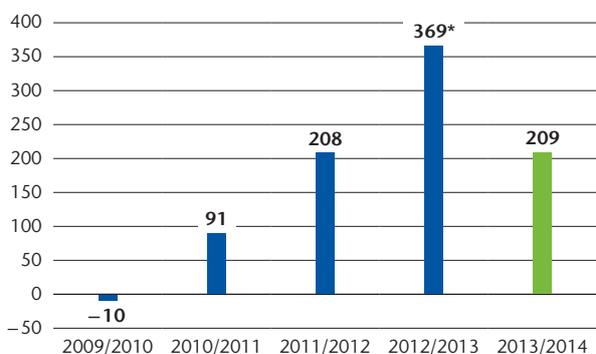
CONSOLIDATED EBITDA

in EUR m



CONSOLIDATED NET INCOME

in EUR m



* adopted

The increase in the tax ratio to 31.1 per cent (previous year: 25.3 per cent) stems mainly from the impairment loss on **goodwill**, which is not tax deductible.

In total, Nordzucker reported net income before minority interests of EUR 208.7 million, as against EUR 368.7 million in the previous year. After deduction of minority interests, this resulted in consolidated net income of EUR 201.3 million, compared with EUR 359.4 million in the previous year.

Net assets position

Total assets for the Nordzucker Group amounted to EUR 2,336.7 million at the end of the reporting year, a decline of EUR 66.6 million on the previous year's figure of EUR 2,403.3 million.

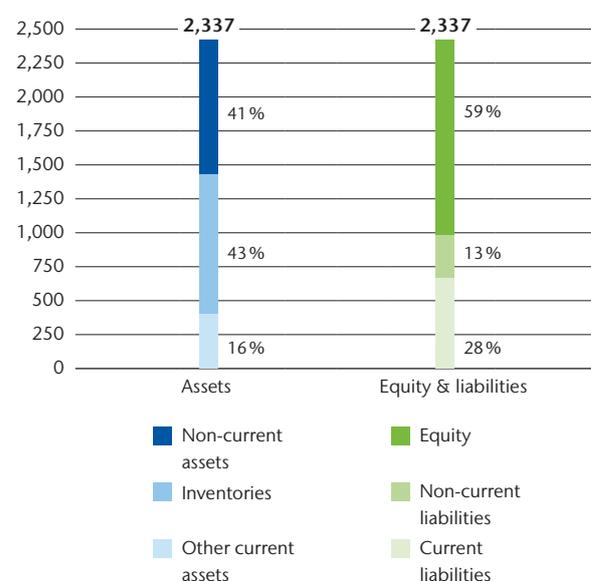
Intangible assets of EUR 67.1 million fell by EUR 98.2 million from the previous year's figure of EUR 1 65.3 million. Alongside depreciation and amortisation of EUR 11.2 million, this was mainly due to the complete write-off of the **goodwill** from the acquisition of Nordic Sugar amounting to EUR 89.0 million.

In the reporting year, the Nordzucker Group invested EUR 78.7 million in property, plant and equipment. Capital expenditure was offset by current depreciation and amortisation of EUR 70.0 million and impairment losses of EUR 3.3 million. Total property, plant and equipment went down from EUR 853.1 million to EUR 847.9 million.

Financial investments of EUR 26.4 million were roughly the same as in the previous year, whereas deferred tax assets fell from EUR 17.9 million to EUR 1.6 million.

BREAKDOWN OF THE ASSETS AND LIABILITIES MAKING UP THE 2013/2014 BALANCE SHEET TOTAL

in EUR m



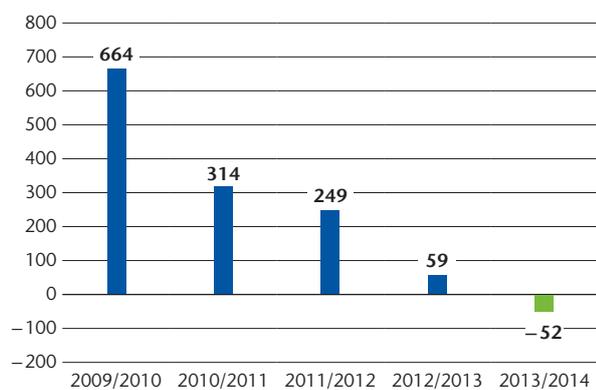
Inventories declined by EUR 15.7 million to EUR 1,012.1 million. This was due to a fall of EUR 33.7 million in stocks of quota and non-quota sugar. A warehouse fire in Sweden shortly before the reporting date destroyed a substantial quantity of quota sugar. Raw materials, consumables and supplies went up by EUR 14.8 million thanks to higher stocks of raw sugar at year-end.

Current receivables and other assets were EUR 24.1 million higher, at EUR 317.3 million compared with EUR 293.1 million in the previous year. Lower revenues meant that trade receivables from third parties and related parties fell by EUR 29.4 million compared with the previous year's figure. Current income tax receivables rose by EUR 11.0 million.

Financial and other assets were up by EUR 42.5 million overall. The increase was due partly to the recognition of insurance claims following a warehouse fire in Sweden. The EU is also to reimburse the Nordzucker Group for **production levies** paid in previous years, for which EUR 43.3 million was recognised. This was offset by a decline of EUR 18.8 million in other taxes.

CONSOLIDATED NET DEBT

in EUR m



The previous year's **net debt** of EUR 59.4 million (financial liabilities less cash and cash equivalents) was paid back in full. Altogether, cash and cash equivalents exceeded financial liabilities by EUR 52.4 million at the end of the period.

Equity went up to EUR 1,385.8 million compared with EUR 1,291.3 million in the previous year. Consolidated net income for the period increased equity by EUR 208.7 million.

Dividend payments of EUR 96.4 million to shareholders of Nordzucker AG and minority shareholders had the opposite effect. As total assets remained roughly the same, the **equity ratio** went up from 53.7 per cent in the previous year to 59.3 per cent. This figure was again well above the Group target of 30 per cent.

Non-current provisions and liabilities fell to EUR 310.8 million (previous year: EUR 378.5 million). The total includes non-current provisions of EUR 172.3 million (previous year: EUR 219.2 million), of which EUR 144.7 million (previous year: EUR 187.5 million) are for pension obligations. The decline of EUR 42.8 million in pension provisions stemmed from transferring some of the pension obligations to a pension fund, accompanied by a one-off payment. This step was taken in order to use the Nordzucker Group's good liquidity to reduce its biometric risks. Non-current liabilities consist mostly of deferred tax liabilities, which fell from EUR 136.2 million to EUR 116.3 million in the reporting year.

Current provisions and liabilities declined sharply from EUR 733.6 million to EUR 640.1 million. Current financial liabilities were repaid almost in full thanks to the good liquidity. At the same time, current income tax liabilities were paid in the course of the year. Trade payables fell year on year from EUR 465.4 million to EUR 399.3 million, mainly due to much reduced beet deliveries from farmers. Other liabilities went

up from EUR 37.6 million to EUR 97.1 million. This increase is mainly related to the receivable for the reimbursement of **production levies** for previous years. Nordzucker is obliged to pass on a certain percentage of the expected reimbursement to the beet farmers; the corresponding amount of EUR 28.7 million was recognised under other liabilities.

Financial position

Cash flow from operating activities of EUR 284.8 million was lower than in the previous year (EUR 313.3 million). The decline stemmed primarily from lower earnings of EUR 303.1 million, compared with EUR 493.3 million in the previous year, from the funding and transfer of pension obligations to a pension fund and from higher tax payments. An improvement in **working capital** had a positive effect, however.

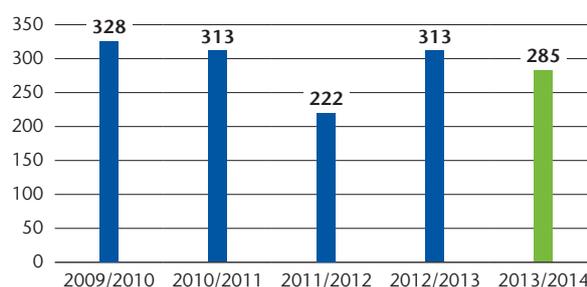
Cash flow from investing activities of EUR –75.1 million was roughly on par with the previous year (EUR –72.2 million) and corresponded to the investment budget for the reporting year.

Cash flow from financing activities improved from EUR –237.2 million to EUR –163.2 million. Nordzucker again consistently reduced its **net debt** in the reporting year, repaying EUR 66.7 million in total. Dividend payments of EUR 96.5 million were also made to shareholders.

As of 28 February 2014, cash and cash equivalents amounted to EUR 58.3 million (previous year: EUR 11.3 million).

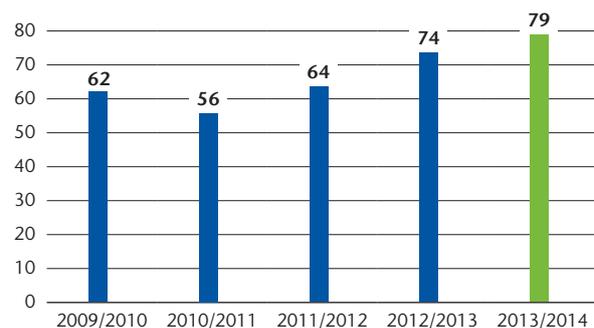
CASH FLOW FROM OPERATING ACTIVITIES

in EUR m



Investments

CAPITAL EXPENDITURE IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS in EUR m



Nordzucker invested EUR 78.7 million in property, plant and equipment and intangible assets (previous year: EUR 74.1 million). Key investments were the first construction phase for the evaporation dryer in Örtofta, the second phase for the evaporation dryer in Nakskov, the construction of an 80,000-tonne sugar silo in Uelzen and the completion of the juice purification plant in Clauen and the wastewater treatment plant in Opalenica. As in the previous years, capital expenditure was focused on increasing efficiency, above all by saving energy, on compliance with regulatory requirements and on replacing existing assets. Creating additional silo capacities will remain an investment focus in the years ahead.

There were investment commitments of EUR 28.9 million as of the reporting date.

Responsibilities and objectives of financial management

The main responsibilities of Nordzucker's financial management are to manage and control flows of funds for the entire Group on the basis of clearly defined criteria. The most important objective is to maintain liquidity. This is followed by the optimisation of net interest expense and the management of commodities, interest rate and foreign exchange risks.

The financial management function is also responsible for developing and executing financing strategies. It also maintains close contact with banks.

As of the reporting date, the Nordzucker Group could draw on a total of EUR 500.0 million in unused credit lines.

Financing and covenants

Nordzucker AG signed a five-year **syndicated loan** agreement with its main banks in 2011, which secured the financing of the Group. This loan was renegotiated in the last quarter of the 2013/2014 financial year. In March 2014, Nordzucker then signed a new contract with the banks. This loan gives the company much greater latitude for entrepreneurial activities than the previous arrangement. It initially runs for a period of five years.

Both the previous loan and the new agreement include financial covenants. These consist of obligations to maintain certain financial ratios over the entire term of the loan.

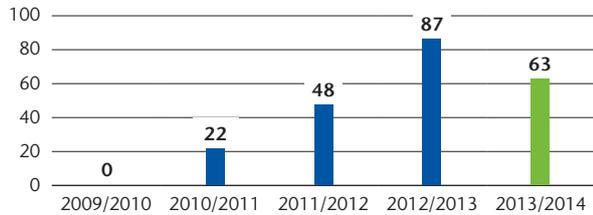
The covenants are an essential component of the loan agreement. Banks use them as a tool to identify and avoid risks at an early stage by drawing conclusions from the figures about the company's financial position. They have been defined for the Group as a whole.

Compliance with the covenants of the **syndicated loan** agreement is monitored internally on a regular basis and reported to the banks at defined intervals during the reporting year. In the reporting year, all the financial criteria were met on all test dates. On the basis of the planning currently available for the Group, the Executive Board of Nordzucker AG assumes that the agreed limits will also be adhered to in future.

Dividend

TOTAL DIVIDENDS, NORDZUCKER AG

in EUR m



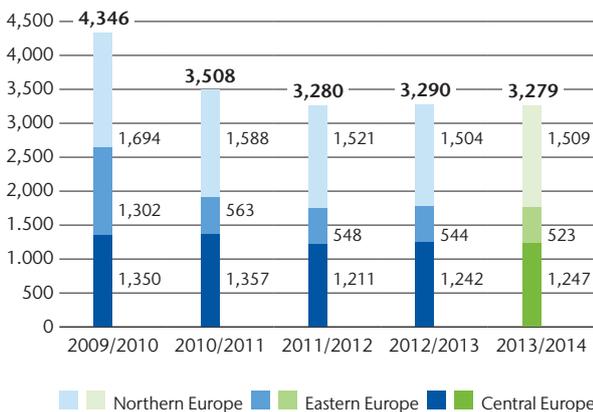
A proposal will be put forward at the Annual General Meeting of Nordzucker AG to distribute a dividend of EUR 1.30 per share of share capital for the reporting year. This corresponds to a total dividend distribution of EUR 62.8 million. A total of EUR 86.9 million (EUR 1.80 per share) was paid out in the previous year.

In a long-term comparison, this represents a substantial **dividend** and enables the shareholders to participate in the company's good result for the 2013/2014 financial year. At the same time, a substantial proportion of net income is retained in the company to finance future profitable growth.

EMPLOYEES

The Nordzucker Group had an average of 3,279 employees in the reporting year, slightly below the figure for the previous year (3,290 employees). Of the total, 1,247 were employed in Central Europe, 523 in Eastern Europe and 1,509 in Northern Europe.

AVERAGE NUMBER OF EMPLOYEES IN THE NORDZUCKER GROUP FOR THE YEAR BY REGION



OPPORTUNITIES AND RISKS

Risk management

Behaving entrepreneurially means seizing opportunities and accepting that they entail risks. To identify these risks at an early stage, to evaluate them and manage them consistently, Nordzucker has introduced an integrated system of risk identification and management for the entire Group. This ensures that risks which could jeopardise the company's business are identified and evaluated at regular intervals. Individual steps to avert, limit or transfer exposure to risks are defined for every risk that is identified. The risk management function discusses at regular intervals the progress made in implementing the defined steps with the managers responsible. Regular risk management reports are made to the Executive Board and Supervisory Board.

All operating and strategic decision-making always takes risk aspects into account. Scenario planning is used to examine the effects different market situations would have on the company's business, for example. Descriptions of opportunities and risks highlight alternative developments and identify areas where action needs to be taken. Over the course of the year, the Group reporting and controlling system provides all the decision-makers responsible with continuous information on the actual business performance.

Some of the risks are passed on to third parties, such as insurance companies. The scope and amount of insurance coverage is reviewed regularly and adjusted as necessary.

Internal auditing

Internal auditing examines and evaluates the business processes, organisational structure, risk management and internal control system (ICS) to ensure they are carried out correctly, are effective and offer value for money. The results of every audit are recorded in an audit report and the implementation of the agreed activities is monitored systematically and regularly. As well as audits carried out on the basis of annual risk-oriented audit planning, the internal audit department also carries out ad hoc checks. The internal audit department also offers advice, such as on drawing up internal guidelines, optimising business processes or improving the Group's internal control system.

It answers directly to the Chief Executive Officer and reports regularly to the Executive Board and to the Supervisory Board's Audit and Finance Committee. This reporting comprises the status of internal audits, the key findings of the audits and the implementation status of the agreed activities.

Political and legal risks

Sugar market regime

In June 2013, the member states of the EU, the European Parliament and the European Commission decided to extend the **sugar market regime** in its current form until the end of the sugar marketing year 2016/2017 on 30 September 2017. Up to this point, the **sugar market regime** remains the operating framework for the EU sugar industry. At the same time, the European Council, Parliament and Commission voted to let the **sugar market regime** in its current form expire thereafter. The quotas for sugar and **isoglucose** as well as the minimum price for sugar beet will therefore be abolished at the beginning of the sugar marketing year 2017/2018. The end of the quota system also means the end of the **WTO** export limit, presently set at 1.37 million tonnes. Finland is still allowed to pay its beet farmers a national subsidy of EUR 350 per hectare.

The abolition of quotas for sugar and **isoglucose** will have a considerable impact on the EU sugar market. It is to be expected that, without a quota system, the production of **isoglucose** in the EU will increase, resulting in sugar being crowded out. The European Commission and other market observers anticipate that between two and three million tonnes of **isoglucose** could be marketed in the EU in future, compared with around 700,000 tonnes today. Some sugar producers have also already announced their intention to expand production. Increased supplies of sugar will heighten competition even further.

In order to prepare for the changing environment as well as possible, Nordzucker is working continuously to improve its competitiveness. One important area is to increase the efficiency of sugar beet cultivation compared with alternative crops. Nordzucker is pooling all of its activities to boost farmers' productivity in the 20·20·20 project. The Profitability *plus* efficiency programme was completed successfully in 2013/2014, and other steps are to follow. In future, the activities will continue to focus on increasing energy efficiency. All areas of the company and all functions are preparing intensively for the end of the **sugar market regime** in 2017.

WTO negotiations

The **Doha** round of **WTO** negotiations resulted in the first resolutions at the conference of ministers held in December 2013 in Bali. These resolutions have no effect on the EU sugar sector, however. They mainly relate to the administration of tariff quotas and stockpiling in developing countries. It was also agreed to abolish all export subsidies for agricultural products "in the foreseeable future". This also plays no role for the EU, because export subsidies have already been phased out.

By contrast, there was no discussion and no decision in Bali on a possible reduction of import duties in the agricultural sector. The intention is nonetheless to try and establish a timetable for discussing this matter in the course of 2014. No resolutions are generally expected before 2016, however.

Reducing protection against imports without taking the special interests of the sugar industry into account would make competition in the EU even more intense than is already the case following the abolition of the **sugar market regime**. Import duties protect the European sugar industry from imports from big sugar-exporting countries in excess of those volumes that enter the European market at reduced rates or duty-free via preferential agreements with **least developed countries (LDC)** or bilateral trade agreements. Without these safeguards, the imports to the EU would only be determined by global market prices. This global market price is often affected by sales of surplus produce and state programmes, making it a price influenced by state aid. At the same time, reducing import duties would make prices in the EU even more volatile. Nordzucker and its European competitors are campaigning for these external safeguards to be maintained in their current form. In parallel, the company is also using the measures described in the section above to prepare for the possibility that import duties are reduced even further.

EU free trade agreements

Free trade agreements continue to become more and more important for the European Union. In 2013, the free trade agreements with Columbia, Peru and Central American states came into force. These allow the countries to export around 250,000 tonnes of sugar per year to the EU free of customs duties. Agreements have also been signed with Ukraine, Singapore, Armenia, Georgia and Moldova, but these have not yet come into effect. Additional regulations for existing trade agreements are also under discussion, with, for example, the Mediterranean countries or the Republic of South Africa.

Negotiations are taking place with 20 other states. This group includes sugar exporters such as Brazil, together with the other MERCOSUR states, the USA, Canada, India, Malaysia, Thailand and Vietnam as well as the Gulf states. The most important for the EU sugar market are the negotiations with the MERCOSUR states of the South American economic area, which are still not advancing. As one of the largest sugar exporters, Brazil, in particular, is pressing for an import quota for sugar and ethanol.

Additional costs of CO₂ certificates

As a company that emits **carbon dioxide (CO₂)** from generating its own electricity and heat, Nordzucker requires corresponding certificates for its emissions. The company is allotted some of its certificates free of charge.

The third phase of the CO₂ emissions trading scheme that has been in place in the EU since 2005 began in 2013. All companies subject to emissions trading have to buy all the certificates needed for power generation at auction. Nordzucker receives certificates for heat generation based on natural gas, less a cross-sector discount, free of charge until 2015, as the European Commission has listed the entire industry as being at risk of carbon leakage. For the industries on this list, the assumption is that the additional costs of CO₂ certificates could result in production being outsourced to non-EU countries.

Rising prices for CO₂ certificates could increase the already high costs of environmental protection even further, since as the drying facilities and other equipment not previously taken into account are also subject to emissions trading as of 2013. To a certain extent, a further price increase is politically motivated, although the sugar industry has already had considerable success in reducing its **CO₂ emissions**. The carbon leakage list is to be reviewed in 2015, and Nordzucker currently anticipates that the sugar industry will stay on the list. Nordzucker is also working hard to cut its **CO₂ emissions** even further by means of investments to reduce its energy consumption. This is an important step to increase the sustainability of our business.

Legal risks

In February 2014, the German competition authority concluded its investigation into alleged breaches of competition law and the ongoing antitrust proceedings against Nordzucker and other sugar producers. Nordzucker AG accepted a fine of EUR 8.5 million. The risk of third-party claims for damages cannot be ruled out. However, Nordzucker AG is currently assuming that any such claims would only have a very slight chance of success.

The companies in the Nordzucker Group are also subject to various statutory regulations, which can give rise to liability risks. They include, in particular, the **sugar market regime** in connection with the relevant provisions of customs and licensing law as well as food and animal feed law. Further risks can also arise from tax regulations in the various countries in which the Nordzucker Group operates.

Market risks

Sugar

Since the reform of the **sugar market regime** in 2006, fluctuations in the world market price have had a considerable impact on markets in the EU. To cover its supply, the EU is dependent on imports from **ACP** and **LDC countries** and world markets. World market prices fell sharply again over the course of the past financial year. With world market prices being lower, there was a greater incentive for **ACP countries** and **LDCs** to export their sugar to the EU, and imports therefore picked up. This will ensure that market prices in the EU remain under pressure in future, which could diminish Nordzucker's profitability considerably. The steps to boost competitiveness described in the section on the sugar market regime are preparing Nordzucker to meet these challenges, too.

As a foodstuff, sugar has repeatedly been presented in the media as unhealthy or even harmful. Individual scientists believe that the rising number of certain diseases can be linked to higher sugar consumption. In its twelfth Nutrition Report published in December 2012, the German Nutrition Society (DGE) found that annual sugar sales in Germany have been constant for years. It is therefore the change towards a less active lifestyle that leads to excess weight and **obesity**. Public and media debates may affect consumers' eating habits and thus influence demand for sugar.

The German Sugar Trade Association (WVZ) has launched an information campaign (Forum Zucker; www.mitzucker.de) to present the relationship between sugar and health objectively, in order to provide a counterweight to the negative media reporting and the negative public perception. Nordzucker AG expressly supports these efforts, but at the same time also campaigns for more public information about exercise and healthy eating.

Securing raw materials

For farmers, sugar beet competes with other arable crops. The decision whether to plant sugar beet or other crops depends to a large extent on relative price levels for different crops and on the yield that can be obtained regionally. Attractive conditions for growing other crops also increase the cost pressure for purchases of sugar beet. As competition becomes more intense, particularly after the **sugar market regime** expires, it is therefore all the more important that high levels of productivity enable farmers to supply beet at prices that are competitive and attractive for them the same time.

The most important long-term element of securing raw materials is the 20·20·20 yield improvement programme. Nordzucker has set itself the Group-wide target of achieving a sugar yield of 20 tonnes per hectare with 20 per cent of farmers in 2020. This programme is very important for safeguarding the relative attractiveness of sugar beet cultivation compared with other arable crops, especially given the volatility of agricultural markets. To reach this target Nordzucker is working closely with farmers, agricultural associations and other companies in the value chain.

Nordzucker signs supply contracts with the beet farmers well in advance in order to secure volumes in the short and medium term. The company buys some of its industrial beet on one-year contracts and some on multi-year contracts. All contracts offer attractive terms compared with alternative crops.

For the existing multi-year industrial beet contracts the company has agreed on a number of different pricing models. In Germany, farmers can choose between fixed beet prices and a variable price for industrial beet that is indexed to prices for wheat and rapeseed. Similar options for contracts are available in all the Group's regions, indexing the beet prices to those for wheat or sugar, for example, or to local company performance. These mechanisms ensure that the beet prices paid in each instance are competitive.

Energy prices

The current liquidity of supplies and stable prices on energy markets enabled Nordzucker to reduce the cost of purchasing energy compared with the previous year. New sources of energy in the USA and their sustainable extraction resulted in a healthy market supply. Despite this, the unresolved problems in the Middle East require attention and could have an adverse effect on these developments.

Investments made to date in energy efficiency and the steps taken for energy management certification under **DIN ISO 50001** and **EMAS** are beginning to have an effect and also contribute to reducing expenses.

Variable purchasing contracts for energy also reduce the risk of price developments.

Dependence on individual suppliers

The reduction of sugar production capacities in the course of the **sugar market reform** in 2006 led to a process of concentration among suppliers. This has often resulted in a monopoly among providers of equipment made especially for the sugar industry, with correspondingly high prices. In some cases, this problem is exacerbated by the fact that Nordzucker deliberately standardises technologies and concentrates its purchases on individual suppliers.

The limited number of suppliers entails the risk of increased dependence, if a supplier should become insolvent for example, and of price increases. To counter this trend, a global sourcing programme has been launched to identify potential alternative suppliers. A marketing campaign also aims to attract new engineering companies to sugar technology.

Nordzucker has been able to largely avoid price increases for the purchase of components by means of long-term framework agreements. The company will also achieve additional savings with its Profitability *plus* programme, by qualifying European competitors for selected products and by standardising aspects of maintenance and packaging.

Operating risks

Longer campaigns

The length of the campaign has been increased gradually in the plants to raise productivity. A campaign now lasts for an average of more than 120 days in some areas. This means that the production phase generally continues into January. Longer campaigns entail two risks. One is that the onset of winter weather can severely hamper beet harvesting, logistics and processing. The other is that longer campaigns make production downtime more likely.

Nordzucker has therefore taken wide-ranging precautions both in the field and in the plant to minimise these risks. They include covering beet clamps with a sheet of fleece to protect the beet from frost. New production processes help us to deal better with extreme changes in weather conditions and beet which has begun to thaw or decompose. One example is the optimisation of juice purification, which is vital for processing even frost-damaged beet.

Longer campaigns increase the risk of production downtime. In some regions the beet flows can be diverted to alternative sites, but this also leads to longer campaigns at those plants and much greater logistical expense. Risk-oriented maintenance has been introduced to reduce the risk of production downtime. All the essential machinery in a plant is examined closely and repaired or replaced as necessary in the phase between two campaigns. Nordzucker has also taken out production downtime insurance to reduce its exposure further.

Environment

Environmental impacts cannot be avoided altogether when sugar is produced.

They include airborne **emissions** (odours, noise), waste disposal and wastewater treatment. Risks arise from the potential for exceeding limits, complaints from neighbours or new statutory regulations.

Nordzucker gives high priority to limiting detrimental environmental effects as far as possible. Investments to avoid noise and odours are an important part of capital expenditure every year. In recent years, for example, one key focus has been on improving wastewater treatment in order to minimise unpleasant odours. All Nordzucker plants are audited regularly in accordance with applicable national and international legislation and standards to verify the results of these activities. This includes certification in line with the **DIN EN ISO 14001** environmental management system and the EU Environmental Audit regulation (EC) 1221/2009 (**EMAS III**). Nordzucker not only submits to the statutory inspections, but also carries out additional voluntary audits.

An active dialogue with local residents is a matter of course for Nordzucker. Direct contact with neighbours enables plant managers to improve their understanding of how residents are affected and to explain processes at the plant.

Product safety

As a food producer, Nordzucker is responsible for the quality and safety of its products. The company works consistently to keep improving its already very high safety standards by means of continuous improvements to production processes, targeted investments and strict internal guidelines. Regular inspections and product safety certifications are carried out to identify risks at an early stage. All sites comply with **DIN EN ISO 9001** and the **DIN EN ISO 22000** product safety standards in conjunction with **PAS 220 (FSSC 22000)**.

As a result of different local requirements, some sites are also certified under the following standards and norms: occupational health and safety management system **OHSAS 18001**, energy management system **DIN EN ISO 50001**, German biofuels sustainability by-law (Biokraft-NachV – the transposition of Directive 2009/28/EC to promote the use of energy from renewable sources), **IFS standards** (International Food Standard for food retailing) and the **GMP B2** standard for quality control in raw materials for animal feed. Organic and **fair trade** products are grown and inspected in line with the applicable legislation and standards.

IT risks

The comprehensive use of IT systems gives rise to risks regarding unauthorised access to sensitive company data and the unavailability of these systems as a result of operating incidents or disasters.

Nordzucker addresses the risk of unauthorised access to company data by using virus scanners and firewalls. IT security is also increased by granting defined and restricted access to systems and information, and by backing up data. Proven, market-based technologies are used throughout the company on the basis of defined standards. Nordzucker hedges against the risks that would ensue in the event of operating incidents or disasters by means of redundant IT infrastructures.

Financial risks

Financial risks relate to unrecoverable receivables, currency, raw materials and interest rate risks and liquidity risk. Risk exposure may also arise from the investment strategy and the availability of loan finance.

Default on receivables

Receivables from customers or other parties may become unrecoverable. This risk rises at times of economic crisis or when extreme swings in the price of raw materials put pressure on customers.

To address these risks, Nordzucker establishes a customer's credit standing before signing a contract and generally takes out trade insurance. The sales team maintains close contact with the customer and defaults are limited by active receivables management.

Currency, raw materials and interest rate risks

The increasing volatility of interest rates and exchange rates and fluctuations in the price of raw materials give rise to operating risks, which are pooled by the Group treasury department.

To limit these risks, they are analysed thoroughly before contracts are signed. Standard financial instruments available from banks and exchanges are used if Nordzucker has to assume risks. Financial derivatives such as forward contracts, **swaps** and **futures** are used to hedge the Group's open risk positions.

This exposes the Nordzucker Group to a normal measure of counterparty risk, in the sense that a partner to a contract may not perform their obligations. To minimise this counterparty risk, financial derivatives are only transacted with first-class international financial institutions, whose economic performance is monitored regularly, partly by analysing the financial ratings issued by international rating agencies. Dependence on individual institutions is also limited by spreading transactions over various counterparties.

All the financial derivatives used serve solely to hedge operating sales and purchase transactions and to hedge exchange rates for financial transactions.

The margins required for exchange-traded derivatives are also held exclusively on separate margin accounts with first-class international financial institutions.

As of 28 February 2014, the Nordzucker Group had exchange rate derivatives with a notional net volume of EUR 90.8 million. At the end of the financial year, derivative transactions with a notional net volume of EUR 18.2 million were open to hedge against price movements for raw materials, and derivatives with a notional net volume of EUR 2.2 million were open to hedge the price of **CO₂** certificates.

These existing hedges generally run for less than one year (excluding hedges of **CO₂** certificates) and match the maturity profile of the hedged transactions.

Liquidity risk

The seasonality of the Group's business means that its capital requirements vary widely over the course of a financial year. The quality of the harvest and developments in market prices also have a considerable effect on the company's funding requirements. If the company cannot draw on sufficient liquidity – either if there is a default on its investments or if borrowing is not available – its continued existence could be at risk.

Short and medium-term liquidity forecasts for the subsidiaries and the entire Group are therefore regularly drawn up on the basis of a standardised process. Financing strategies are then prepared and implemented on the basis of these forecasts.

Availability of credit

No negative effects on the Nordzucker Group's access to liquidity have been felt to date, despite the ongoing economic crisis in the EU and the evolving situation on lending markets due to the increasing regulation of banks. One important reason for this is the Group's good credit rating.

The Group's main source of financing is the **syndicated loan** originally maturing on 17 June 2016, which the company obtained from 14 banks in 2011. In March 2014, this loan was replaced by a new syndicated loan with a smaller group of banks on improved terms. This loan has a minimum term of five years, and thereby extends well beyond the end of the sugar market regime. All the syndicate banks have very good credit ratings and are very dependable. In the opinion of the company management, this medium-term **syndicated loan** to finance its operating business, together with its available liquidity, covers the company's capital needs. From a current perspective, its cash reserves and unused lines of credit enable Nordzucker to meet its payment obligations at all times. Based on current assessments, sufficient funds are also available to ensure the financing of solid growth. On the basis of existing corporate planning for the Group, the company assumes that the terms of the loan agreement will be met in subsequent years as well.

The guarantees needed for current operations can also be provided at any time as needed by means of the **syndicated loan** and bilateral lines of credit. The Group is not directly dependent on individual lenders.

Investment policy

Errors in investment strategy can result in the loss of financial assets. Nordzucker has a conservative investment policy. The Group's free liquidity is only invested in money-market products with first-class European financial institutions. Investment amounts are limited to ensure that the deposits are covered by the applicable deposit insurance mechanisms.

Potential default risks are also addressed by spreading the investment across various counterparties.

SUPPLEMENTARY REPORT

There have been no events of particular significance since the end of the financial year.

FORECAST

The financial year 2013/2014 was closed with a satisfying result. In line with the previous year's forecast, earnings fell sharply, however, particularly in the last two quarters of the reporting year. Revenues and earnings declined sharply, as world market prices were low and stock levels in the EU high. As in previous years, the steps taken to increase efficiency made a significant contribution to earnings. They were not able to make up for the fall in prices by a long way, however.

Pressure on prices will persist in the financial year ahead. Stocks of quota and non-quota sugar in the EU remain high, and world market prices are still very low in a long-term comparison, even though they have recovered slightly recently. The months ahead will show whether a further recovery materialises. Following the EU decision to let the current **sugar market regime** expire on 30 September 2017, all sugar companies have already begun intensive preparations for the new commercial environment. The battle for market share has intensified as a result. As in previous years, Nordzucker is working consistently to keep improving its competitiveness. In 2014/2015, the focus will be on realigning organisational structures and processes, which will be of great help to the company in pursuing its continued development in the years ahead.

Despite these steps, revenues and earnings will fall again sharply in the 2014/2015 financial year. In terms of the company's key performance indicators, **total operating profitability** is not expected to achieve the target of 15 per cent. The **return on sales** (target: five per cent) will be met, and the **equity ratio** (target: 30 per cent) will again be exceeded by a large margin.

Nordzucker is also examining growth opportunities outside Europe. These projects will not have any significant effect on revenues and income in 2014/2015, but may result in considerable additional capital expenditure. At the same time, Nordzucker will again increase its investment in its European core business. Its very solid financing arrangements will enable the company to cope well with these additional tasks.

The current assumption is that these factors will not only define the financial year 2014/2015, but also the year thereafter. As the markets are so volatile, all medium-forecasts are subject to considerable uncertainty, however.

Braunschweig, Germany, 25 April 2014

The Executive Board



Hartwig Fuchs



Axel Aumüller



Dr Lars Gorissen



Mats Liljestam



Dr Michael Noth