



# THE NATURAL UPGRADE.

AGRANA Beteiligungs-AG  
2011|12



SUGAR.  
STARCH.  
FRUIT.

## AGRANA IS...

- the **leading sugar producing company** in Central and Southeastern Europe,
- a **specialist for customised starch products** and a manufacturer of bioethanol and isoglucose,
- the **global market leader in producing fruit preparations** for the dairy industry, and a **leading supplier of fruit juice concentrates** in Europe.

AGRANA supplies local producers and large international companies, particularly in the food sector. The Starch segment also provides a large number of technical speciality products for a diverse range of sectors. **AGRANA's strategy is to be an indispensable partner to its customers, based on ongoing product innovation, optimal service and top quality on a global basis.**



# THE NATURAL UPGRADE.

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Johann Marihart  
(Chief Executive Officer)



Walter Grausam



Thomas Kölbl



Fritz Gattermayer

# STATEMENT OF THE MANAGEMENT BOARD

Ein nachhaltig wirtschaftendes Unternehmen  
mit klarer strategischer Ausrichtung.

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AGRANA veredelt agrarische Rohstoffe zu hochwertigen Lebensmitteln, Vorprodukten für die weiterverarbeitende Nahrungsmittelindustrie und für technische Anwendungen.

Die Gründung der AGRANA Ende der 1980er Jahre zur Bündelung der Kräfte der österreichischen Zucker- und Stärkeindustrie war der Beginn einer kontinuierlichen Wachstumsstory, die sich in den 1990er Jahren mit der Expansion des Zucker- und Stärkegeschäftes nach Ost- und Südosteuropa und ab 2003 der Diversifizierung in das dritte Geschäftssegment Frucht, mit der AGRANA zum Global Player aufstieg, fortsetzte.

Im Segment Frucht profitiert AGRANA vom langfristigen Trend zu gesunder Ernährung unter anderem im Rahmen der Wohlstandsentwicklung in Emerging Markets. Im Segment Stärke entwickelt AGRANA innovative, kundenspezifische Stärke-Spezialprodukte und bietet mit Bioethanol einen umweltfreundlichen, CO<sub>2</sub>-reduzierten Kraftstoff an. Im Geschäftsbereich Zucker beeinflussen die Erholung nach dem Ende der Reform

der EU-Zuckermarktordnung und die sehr gute Marktpositionierung in Zentral- und Osteuropa AGRANAs Absatzchancen positiv.

Durch die Vernetzung und Nutzung von Synergien zwischen den drei Geschäftssegmenten ist es AGRANA gelungen, sich im herausfordernden Umfeld zunehmender Volatilitäten auf Beschaffungs- und Absatzmärkten gut zu behaupten. AGRANA stellt dabei stets nachhaltiges Wirtschaften vor kurzfristiges Denken, was das Unternehmen in diesem Sinne auch in seinem Unternehmensleitbild und Code of Conduct festgeschrieben hat. Unterstützt durch eine stabile Aktionärsstruktur, die unserem Unternehmen einen langfristig ausgerichteten Handlungsspielraum erlaubt, sehen wir der weiteren Entwicklung des Unternehmens zuversichtlich entgegen.

**Johann Marihart**  
**Fritz Gattermayer**  
**Walter Grausam**  
**Thomas Kölbl**

# MISSION STATEMENT

As a globally operating company, AGRANA has defined its social, economic and ecological responsibility in its mission statement.

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**STRATEGY** Growth and efficiency ensure a sustainable increase in enterprise value. We aim to be proactive and dependable partners to our customers in our core businesses, which are sugar, starch, and fruit processing.

**SERVICE TO THE MARKET** We refine agricultural raw materials into high-grade foods and technical products for industrial use. Our activities range from the manufacture of industrial intermediate products to providing advisory services. We supply both industry and trade.

**CUSTOMER ORIENTATION** We offer products and services that fully meet the needs and expectations of our customers. We challenge our competitors by providing both high product quality and an exceptionally high standard of service. We are creative, flexible, dedicated and always looking for new markets for our products. Our innovative power and research and development work, together with our new product launches tailored to customer requirements, drive our leadership in the marketplace.

**ORGANISATION** We operate a decentralised organisation that ensures rapid decisionmaking and close proximity to our markets. The organisation is based on operating companies in the Sugar, Starch and Fruit segments that are each responsible for their own results. Our organisation is also supported by a powerful communications network that ensures a constant and consistent exchange of information and expertise and contributes to the development of synergies.

**FINANCE** Profit constitutes the basis for the economic sustainability of our enterprise's activities. We ensure AGRANA's sustainable increase in enterprise value and the ability to distribute dividends to shareholders through continued growth and consistent improvement in productivity, as well as through "profitizing" – the constant striving to increase profits and optimise our business processes and structures in all our operating companies. We seek to diversify risks to our business to achieve a well-balanced global business portfolio. Optimising our value added is a cornerstone in our efforts to provide continual increases in the enterprise value of AGRANA.

**MANAGEMENT AND STAFF** We are a multinational Group of companies. We are united by integrity, dedication and social awareness. We promote the exchange of information, communication, training and continuous staff development. We encourage our workforce to think and act responsibly and entrepreneurially. Each member of staff accepts responsibility for his or her own continuing development. Management ensures that all employees have the opportunities and support necessary for this purpose. Our staff development activities form an integral part of our strategic objectives. Every employee has an important part to play in our company that requires full commitment and that challenges his or her abilities and expertise anew every day. Our style of work and leadership is founded on cooperation and trust. Flexibility and teamwork are fundamental to our organisational structures and interpersonal relationships. Management is paid on the basis of performance.

**THE ENVIRONMENT** Our actions and decisions are taken with respect for nature and the environment. Our products are natural in origin and are developed and produced on the basis of the latest environmental research. They are biodegradable and environmentfriendly. The health and safety of the workforce are a key priority of our operational policies and procedures.

**PRODUCT SAFETY** Our strict, certified manufacturing standards guarantee the safety of our products for our customers. We focus on continually improving the quality and hygiene standards of the foods we make. As a commitment to our customers, we provide full traceability of our products back to their natural sources.

**PUBLIC RELATIONS AND TRANSPARENCY** We regularly and systematically keep our shareholders, our workforce, the media, our partners in the marketplace and the general public informed about our goals, activities and results. We strive to maintain our high level of transparency regarding all important innovations and developments.



# AGRANA – HOW IT ALL BEGAN

1988 was the starting point on the road to success of an international company with Austrian roots.

**1988** marked the founding of AGRANA Beteiligungs-Aktiengesellschaft. This inaugurated the urgently required bundling of strengths of Austria's sugar industry, featuring a surplus of highly inefficient production sites. The aim was to improve corporate structures and optimise production costs, in order to profitably process sugar despite declining sugar prices. In Austria, production was concentrated at just three sites, in Leopoldsdorf, Tulln and Hohenau. As a result, Austria's sugar industry once again became competitive in the light of the country's increasingly close ties to the European Union.

**1989** featured AGRANA's conclusion of a strategic alliance with Germany's Südzucker AG, Mannheim/Ochsenfurt, Europe's largest sugar producer.

**1991** was the year of AGRANA's Initial Public Offering (IPO). 1,500,000 preference shares were issued and subsequently listed on the Vienna Stock Exchange's former B-segment. The IPO raised the capital needed to finance the company's further expansion.

**2002** marked the conversion of preference shares into ordinary shares. Moreover, the criteria for a listing on the Prime Market of the Vienna Stock Exchange were fulfilled.

**2005** was characterised by a capital increase of 3,175,000 new ordinary shares, designed to finance the company's expansion in the Fruit segment.

AGRANA –  
from local hero  
to global player.



# AGRANA – THE EASTERN EUROPE PIONEER

Timely identification and exploitation  
of market opportunities in Eastern Europe.

AGRANA immediately recognised the strategic importance of the Eastern European markets in the Sugar and Starch segments at the fall of the Iron Curtain. At that time, Eastern Europe's sugar industry was characterised by outdated production facilities, inefficiency and a lack of marketing. Since 1990, AGRANA has established a solid foothold in these markets, acquiring, restructuring and modernising companies and positioning sugar as a brand-name product. In this way, AGRANA has emerged as the leading supplier of sugar and isoglucose<sup>1</sup> in Central and Eastern Europe.

<sup>1</sup> Isoglucose is a pasty, starch-based sweetener, which corresponds to the sweetness of sugar based on a fructose content of 42%, and is used as a sugar substitute.

Strategic growth and strengthening  
of the company's market position  
in its core businesses Sugar and Starch  
by expanding to the markets of  
Central, Eastern and Southeast Europe.

## MILESTONES IN AGRANA'S EASTERN EUROPE EXPANSION EFFORTS

- 1990** Market entry in the Hungarian sugar industry with the acquisition of a 50% stake in the HUNGRANA maize starch and isoglucose plant in Szabadegyháza
- 1991** Acquisition of stakes in two Hungarian sugar factories in Petőháza and Kaposvár
- 1994** Market entry in the Czech Republic – acquisition of a sugar factory in Hrušovany
- 1996** Expansion of the company's operations in Hungary – acquisition of Magyar Cukor Rt.
- 1998** Acquisition of stakes in several sugar factories in Romania and Slovakia;  
Acquisition of additional sugar plants in the Czech Republic
- 2001** Acquisition of Țăndărei maize starch plant in Romania
- 2007** Launch of a packaging and distribution joint venture in Bulgaria;  
Massive expansion of production capacities for starch and bioethanol at HUNGRANA
- 2008** Start of the raw sugar refinery in Brčko| Bosnia and Herzegovina (50% stake)



# DIVERSIFICATION – GLOBAL EXPANSION

Following the setting up and positioning of its Sugar and Starch business in Central and Eastern Europe, the company focused on diversification and globalisation through its new Fruit segment.

Due to the growth restrictions imposed by anti-trust authorities and the restructuring of Europe's sugar market regime, AGRANA initiated the biggest strategic reorientation in its history. To ensure a continuation of its growth strategy, the company expanded its core business areas to encompass a new segment namely Fruit, designed to compensate for potential revenue and earnings losses in the Sugar segment and open up new markets. This approach resulted in the increasing globalisation of AGRANA's business operations.

AGRANA's Fruit segment is now the global market leader in producing fruit preparations for the dairy industry and the leading maker of fruit juice concentrates in Europe.

AGRANA is an internationally oriented growth company.

## MILESTONES IN GLOBAL EXPANSION DRIVE

- 2003** Acquisition of a 100% shareholding in the Danish company Vallø Saft A/S and a stake in Austria's Steirerobst AG
- 2004** Acquisition of the French Atys Group (fruit preparations with 20 production sites around the world), the Belgian company Dirafrost (frozen fruit specialities) and the German Wink Group (fruit juice concentrates)
- 2005** Acquisition of DSF-Deutsch-Schweizerische Früchteverarbeitung GmbH based in Konstanz|Germany
- 2006** Acquisition of a 50% stake in the apple juice concentrate manufacturer Xianyang Andre Juice Co., Ltd.|China
- 2008** Acquisition of a 50% stake in the apple juice concentrate producer Yongji Andre Juice Co., Ltd.|China
- 2010** Establishment of a joint venture for the production of fruit preparations in Cairo|Egypt
- 2011** Übernahme von 100% der Anteile am Apfelsaftkonzentrat-Produzenten Yongji Andre Juice Co., Ltd.|China und Abgabe der 50% an Xianyang Andre Juice Co., Ltd.|China
- 2011** Gründung eines Joint Ventures mit Ybbstaler Fruit Austria GmbH zur gemeinsamen Produktion und Vermarktung von Fruchtsaftkonzentraten

# PRODUCTION SITES

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## EUROPE



- Sugar
- ▲ Starch
- Fruit

AMERICA



AFRICA



ASIA



OCEANIA





# SUGAR SEGMENT

Das Segment Zucker steht für Tradition und ist AGRANAs Kerngeschäft. Hauptmärkte in Europa sind Österreich, Slowakei, Tschechien, Ungarn, Rumänien, Bosnien-Herzegowina und Bulgarien.

Zucker ist ein wichtiger, aus dem täglichen Leben nicht wegzudenkender natürlicher Bestandteil unserer Nahrung. AGRANA bietet als Marktführer in Österreich und Top-Anbieter in Ost- und Südosteuropa beste Qualität. AGRANA legt großen Wert auf enge Partnerschaft mit den Rübenbauern und bietet ihnen vielfältige Beratung im Anbau von Zuckerrüben.

AGRANA ist technologisch führend in der Zuckergewinnung aus Rüben. Modernste Anlagen sichern ein Höchstmaß an Rohstoff- und Energieeffizienz. So betreibt der Konzern zum Beispiel eine Melasseentzuckerungsanlage auf chromatografischer Basis in Tulln (Niederösterreich) und die erste großindustrielle Biogasanlage in

Kaposvár|Ungarn, wo bereits heute aus Rübenkraut und -schnitzeln über 50% des Primärenergiebedarfs der Fabrik selbst erzeugt und Pläne zum weiteren Abbau der Abhängigkeit von fossiler Energie geschmiedet werden.

Dieser Technologievorsprung, gemeinsam mit einer sehr guten Marktpositionierung in ihren Kernmärkten, sichert den wirtschaftlichen Erfolg von AGRANA Zucker nach dem Ende der Reform der EU-Zuckermarktordnung.

AGRANA vertreibt Zucker in allen Märkten unter länderspezifischen Zuckermarken im Einzelhandel. Die AGRANA-Produktpalette reicht vom Industriezucker bis zu Rübenzuckerprodukten aus streng biologischem Anbau.

AGRANA in its role as the leading sugar producer in Central and Eastern Europe has been setting standards for over two decades.



# STARCH SEGMENT

AGRANA is the specialist in the processing and refining of top-quality agricultural raw materials such as corn and potatoes to create a variety of different, highly refined starch products.

AGRANA's Starch segment is the second traditional core business area of the Group. Through close cooperation with its customers and the development of tailor-made solutions, AGRANA has continually expanded its Starch business and thus ensured its economic success. The priority is to manufacture products made of valuable raw materials at the highest quality level, using modern, environmentally friendly methods. AGRANA supplies starch and special starch products to numerous industrial sectors:

- food and beverage industries
- baby food industry
- paper and paper processing industry
- textile industry
- construction chemicals industry
- pharmaceutical and cosmetics industries

At AGRANA and HUNGRANA, bioethanol is produced from the starch in cereals and corn to ultimately be used as an admixture in petrol or as the fuel SuperEthanol E85 (up to 85% bioethanol the remainder petrol). A litre of bioethanol produced in the AGRANA factory in Pischelsdorf and used as transport fuel reduces greenhouse gas emissions by 47% to 51% depending on the basic raw material.<sup>1</sup>

<sup>1</sup> Source: Joanneum Research; life cycle analysis of the bioethanol produced by the AGRANA plant in Pischelsdorf, measured in CO<sub>2</sub> equivalents according to the EU energy allocation method

AGRANA is the leading supplier of customised starch products in Europe and a producer of bioethanol to be used as an environmentally friendly fuel.



# FRUIT SEGMENT

AGRANA – global market leader in its Fruit segment.

In addition to its traditional business operations in the Sugar and Starch segments, AGRANA has also been active in the fruit sector since the year 2003, as part of its globally-oriented growth strategy. AGRANA processes fruit in the gentlest way possible, applying state-of-the-art production processes to refine the fruit into top quality fruit preparations and fruit juice concentrates.

In only five years, the Fruit segment has emerged as the revenue and earnings leader within the AGRANA Group. The trend to a healthy, balanced diet is driving the dynamic growth of its subsidiary AGRANA Fruit.

AGRANA Fruit is...

- the global market leader in producing fruit preparations for the dairy, baking and ice-cream industries,
- a leading maker of fruit juice concentrates for the European food industry and
- has established a global presence based on its production facilities and international sales activities.

AGRANA refines  
fruit for customers  
across the globe.



# EMPLOYEES – THE MAIN SUCCESS FACTOR

Well-trained and motivated employees are a decisive factor for corporate success. Each individual's know-how and dedication contributes to the long-term enhancement of shareholder value.

AGRANA offers its employees interesting jobs, a positive working environment and success-oriented remuneration. Cooperation and mutual trust characterise its corporate behaviour and management philosophy. Open communications and an ongoing exchange of information at all levels are lived reality. Flexibility and team-oriented work as well as a corporate culture embodying tolerance and understanding of different cultures contribute to employee job satisfaction.

AGRANA also promotes its employees and their professional competence through numerous further education and professional development measures. A top priority is ensuring occupational safety of employees as well as maintaining their health.

About 8,000 employees around the world are AGRANA's most important resource.



# ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

For AGRANA, sustainability means acting in a socially responsible manner in all its business areas, striving to ensure the prudent use of nature's resources.

As a company which refines agricultural raw materials into high quality products, AGRANA attaches great importance to the most efficient use of natural resources along the entire value chain. All of AGRANA's investments are made in the spirit of a sustainability-oriented corporate strategy. This means:

- Quality management and assurance, traceability of all industrial processes, and the comprehensive certification of products
- Ongoing improvement of energy efficiency and reduction of greenhouse gas emissions, as well as savings in the area of transport, production and packaging

- Contributions to reducing environmentally-damaging emissions through the production of bioethanol and biogas
- Advisory services provided to agricultural partners in regards to optimal irrigation and the use of fertilizers
- Constant improvement of production facilities in terms of safety, ecological compatibility and the prudent use of natural resources

AGRANA is aware of its responsibility to the current and future generations.

AGRANA bekennt sich in ihrem weltweit gültigen Verhaltenskodex zu den Prinzipien nachhaltigen Wirtschaftens und übernimmt ökonomische, ökologische und soziale Verantwortung.

# AGRANA KEY FINANCIALS

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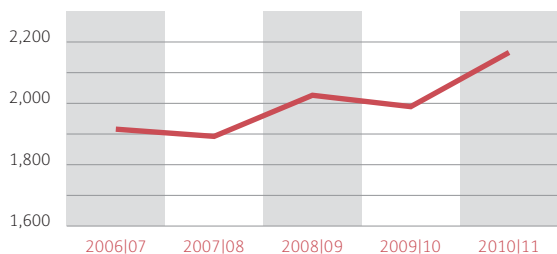
in €m	2006 07 <sup>1</sup>	2007 08	2008 09	2009 10	2010 11
Revenue	1,915.8	1,892.3	2,026.3	1,989.2	2,165.9
Operating profit before exceptional items	107.0	111.4	37.8	91.9	128.1
Operating profit after exceptional items <sup>2</sup>	105.8	101.5	34.6	86.9	128.1
Profit before tax	93.5	73.1	(32.4)	87.4	109.1
Profit for the period	71.1	63.8	(15.9)	72.7	86.7
Staff count	8,223	8,140	8,244	7,927	8,243
Dividend per share (in €)	1.95	1.95	1.95	1.95	2.40 <sup>3</sup>

<sup>1</sup> As a result of the change in year end in the Fruit segment, the 2006|07 financial year represented a period of 14 months

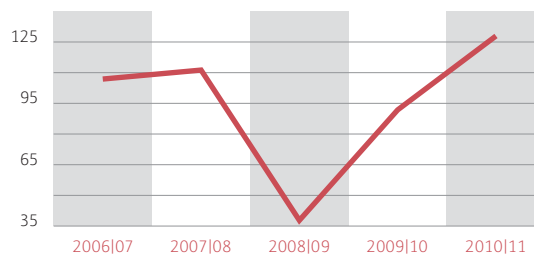
<sup>2</sup> After restructuring

<sup>3</sup> Proposal to the Annual General Meeting

## REVENUE in €m

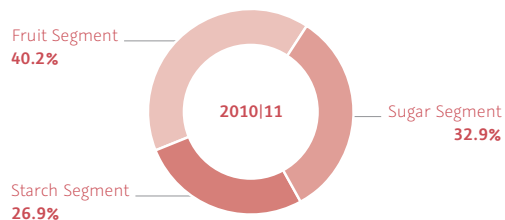


## OPERATING PROFIT<sup>1</sup> in €m

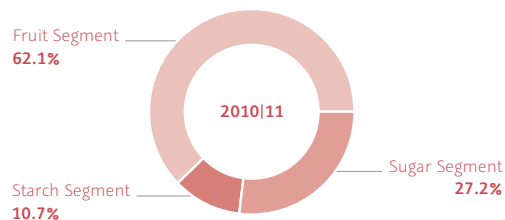


<sup>1</sup> Before exceptional items

## REVENUES BY SEGMENT



## STAFF BY SEGMENT



# CONTACTS

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