

Suedzucker AG

Germany | Food & Beverage | MCap EUR 3,332m

13 January 2023

UPDATE



A resilient Q3, upbeat FY 2023/24 guidance reiterated; HOLD

HOLD (HOLD)

Target price	EUR 15.00 (15.00)
Current price	EUR 16.32
Up/downside	-8.1%

 **ResearchHub**



MAIN AUTHOR

Thomas Wissler

t.wissler@alsterresearch.com

+49 40 309 293-58

What's it all about?

Suedzucker reported a strong performance in Q3 22/23. While sales growth continued to be broad-based, operating results were mainly driven by the Sugar segment which benefitted from substantially higher prices, offsetting the overall impact of rising energy and input costs. Given the strong quarter, management reiterated its recently upgraded guidance for FY 22/23. Moreover, it also reaffirmed that FY 23/24 would see yet another boost in sales and earnings contribution. This forecast assumes that the energy supply situation will stabilize and that Suedzucker will continue to benefit from the early hedging of energy prices, and from a turnaround in its previously loss-making Sugar segment. Tighter supplies should keep sugar prices buoyant in the near-term. However, we remain cautious about the long-term sustainability of margins once the hedging effects fade out. Therefore, we reiterate to HOLD with unchanged PT of EUR 15.00.

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

alsterresearch.com

This research is the product of AlsterResearch, which is registered with the BaFin in Germany.

Suedzucker AG

Germany | Food & Beverage | MCap EUR 3,332m | EV EUR 5,654m

HOLD (HOLD)

Target price EUR 15.00 (15.00)
Current price EUR 16.32
Up/downside -8.1%

MAIN AUTHOR

Thomas Wissler
t.wissler@alsterresearch.com
+49 40 309 293-58

A resilient Q3, upbeat FY 2023/24 guidance reiterated; HOLD

A strong quarter, FY 22/23 and FY 23/24 guidance confirmed Suedzucker reported another resilient quarter with strong growth in revenues (+21% yoy), EBITDA (+41% yoy), and operating results (+73% yoy) in Q3 22/23. Management confirmed its recently upgraded guidance for FY 22/23 and FY 23/24. For FY 22/23, group sales are expected at EUR 9.7-10.1bn, EBITDA at EUR 890-990m, and operating result in the range of EUR 530-630m. For FY 23/24 (March 23 to February 24), group sales are expected to come in higher than FY 22/23, EBITDA is expected in the range of EUR 1.0-1.2bn, and operating result in the range of EUR 650-850m.

Q3 remains strong Revenues grew 21% yoy to EUR 2.5bn in Q3, driven by all business segments. Sugar segment's sales grew 25% yoy, led by substantially higher prices (EUR 586/ton in October 2022 vs EUR 443/ton in March 2022). Starch reported a significant increase in revenues (+29% yoy), mainly on the back of higher volumes, as ethanol prices softened in Q3. Special Product segment reported 27% yoy growth in sales on favorable price and volume effects. In contrast, CropEnergies sales were broadly flat (+1% yoy).

Resilient operating results despite input cost inflation and higher energy prices Operating results grew 73% yoy to EUR 220m in Q3, with the margin expanding 2.6ppt yoy to 8.8%. The Sugar segment (EUR 114m, 11.4x Q3 FY 2021/22) which benefitted from the part sale of inventories from the 2021 campaign year, remained the main earnings driver. In contrast, Special Products (EUR 31m, +4% yoy) and Starch (EUR 10m, -53% yoy) continued to be affected by significantly higher raw material and energy costs. Similarly, the CropEnergies segment (EUR 56m, -0.4% yoy) suffered owing to weaker ethanol prices and input costs. Group EBITDA grew 41% yoy to EUR 339m, translating into an EBITDA margin of 13.7% (+1.9ppt yoy).

Conclusion Suedzucker reported another resilient quarter with all key KPIs pointing northwards. Management seems confident about FY 22/23 and the next fiscal year, given the turnaround in the Sugar segment and the early hedging of energy prices. However, we remain cautious, as we expect the positive hedging effects to fade out. We therefore reiterate our HOLD rating with an unchanged PT of EUR 15.00.

Suedzucker AG	2020	2021	2022	2023E	2024E	2025E
Sales	6,671	6,679	7,599	9,879	10,076	10,177
<i>Growth yoy</i>	-1.2%	0.1%	13.8%	30.0%	2.0%	1.0%
EBITDA	412	436	631	978	1,038	1,048
EBIT	48	70	241	598	646	628
Net profit	-122	-107	66	310	313	304
Net debt (net cash)	1,549	1,468	1,399	1,720	1,533	1,447
Net debt/EBITDA	3.8x	3.4x	2.2x	1.8x	1.5x	1.4x
EPS recurring	-0.60	-0.52	0.32	1.52	1.53	1.49
DPS	0.20	0.20	0.40	0.50	0.50	0.50
<i>Dividend yield</i>	1.2%	1.2%	2.5%	3.1%	3.1%	3.1%
Gross profit margin	33.3%	34.3%	32.2%	35.5%	35.5%	35.5%
EBITDA margin	6.2%	6.5%	8.3%	9.9%	10.3%	10.3%
EBIT margin	0.7%	1.0%	3.2%	6.1%	6.4%	6.2%
ROCE	0.7%	1.0%	3.5%	7.7%	8.0%	7.6%
EV/EBITDA	14.4x	13.2x	9.0x	6.5x	6.0x	5.8x
EV/EBIT	124.5x	82.4x	23.5x	10.6x	9.6x	9.7x
PER	-27.4x	-31.3x	50.8x	10.8x	10.6x	10.9x
FCF yield	-6.3%	3.5%	2.6%	-0.4%	16.6%	13.0%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 17.36 / 9.75
Price/Book Ratio 1.2x

Ticker / Symbols

ISIN DE0007297004
WKN 729700
Bloomberg SZU:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	9,879	598	1.52
	Δ	0.0%	0.0%	0.0%
2024E	old	10,076	646	1.53
	Δ	0.0%	0.0%	0.0%
2025E	old	10,177	628	1.49
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 204.18
Book value per share: (in EUR) 13.62
Ø trading volume: (12 months) 40,000

Major shareholders

SZVG eG 60.0%
Zucker Invest GmbH 10.3%
Free Float 29.7%

Company description

Südzucker is Europe's largest sugar producer with about 3.7 million tonnes and employs almost 18,000 people worldwide. In addition to sugar, there are four segments. Specialties comprises functional food and frozen pizza, CropEnergies the bioethanol activities in the United Kingdom Belgium, Germany and France. The fruit segment produces fruit preparations and juice concentrates. The starch segment is the leading European producer of potato and corn starch.

Quarterly table

Quartalstabelle	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Sales	1,590.0	1,752.0	1,844.0	2,043.0	1,960.0	2,250.0	2,349.0	2,482.0
yoy growth in %	-3.2%	5.0%	9.8%	17.4%	23.3%	28.4%	27.4%	21.5%
EBITDA	140.0	121.0	157.0	241.0	173.0	230.0	230.0	339.0
EBITDA margin in %	8.8%	6.9%	8.5%	11.8%	8.8%	10.2%	9.8%	13.7%
EBIT	26.0	47.0	80.0	90.0	24.0	160.0	114.0	224.0
EBIT margin in %	1.6%	2.7%	4.3%	4.4%	1.2%	7.1%	4.9%	9.0%
EBT	13.0	37.0	70.0	79.0	18.0	170.0	104.0	208.0
taxes paid	-4.4	9.0	19.0	37.0	15.8	38.0	32.0	38.0
tax rate in %	-33.8%	24.3%	27.1%	46.8%	87.8%	22.4%	30.8%	18.3%
net profit	7.7	15.0	34.0	18.0	-1.4	87.0	38.0	139.0
yoy growth in %	na%	-40.2%	na%	na%	na%	480.0%	11.8%	672.2%
EPS	0.04	0.07	0.17	0.09	-0.01	0.43	0.19	0.68

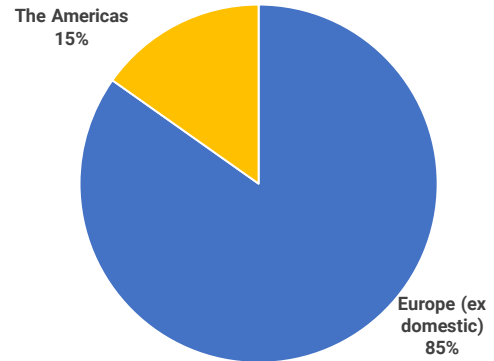
Source: Company data; AlsterResearch

Investment case in six charts

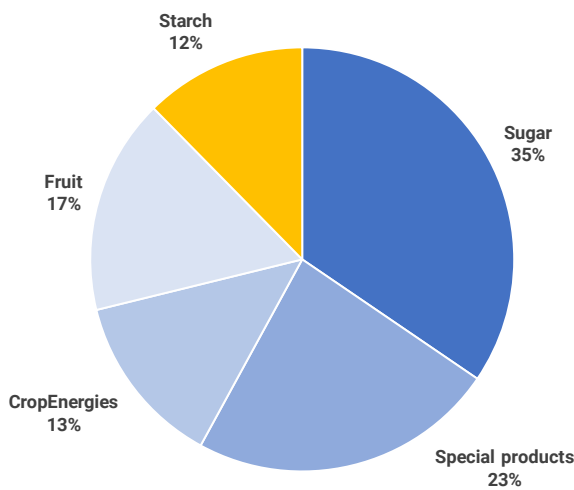
Products & Services



Regional sales in %

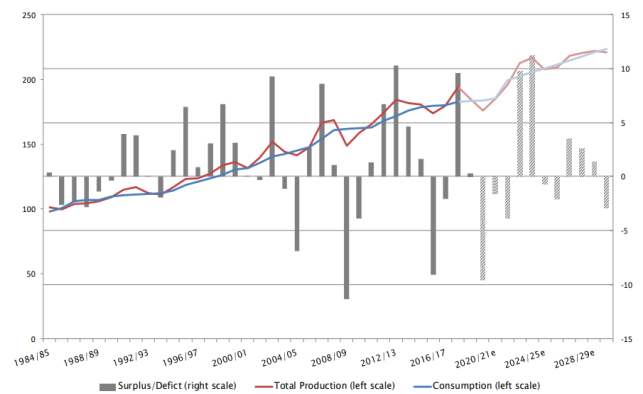


Sales by segment in %



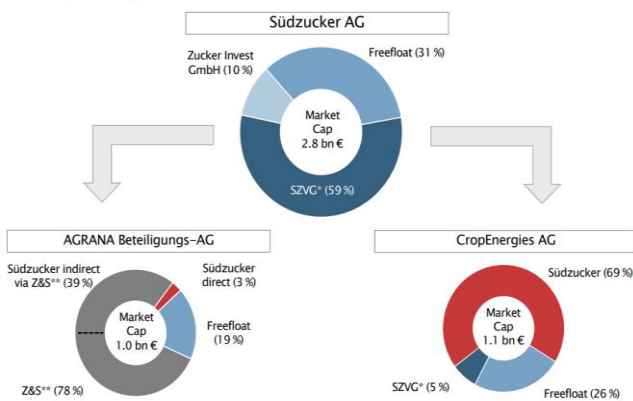
Growth driver - World sugar market

World sugar market - unchanged sustainable growth*

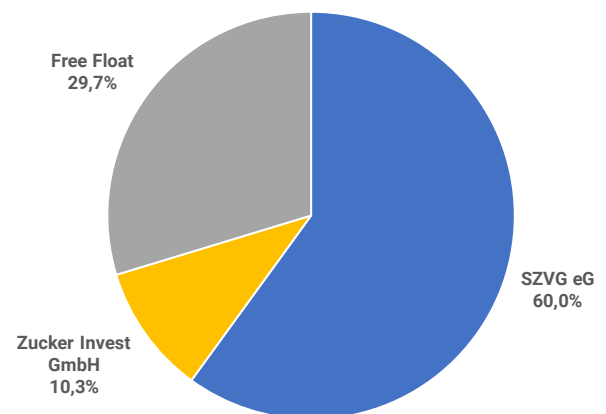


Major equity stakes

Three strong anchors in the capital market



Major shareholder



SWOT analysis

Strengths

- Largest European sugar producer
- Diversified specialties, fruit and CropEnergies businesses reduce dependence on EU sugar market policy
- Solid equity ratio

Weaknesses

- High reliance on one single core product (sugar)
- Sales development strongly dependent on world market prices
- Health awareness promotes alternatives to sugar in the diet
- Complex group structure (Südzucker/Agrana) distorts financial reporting

Opportunities

- Good market position in the growth areas of the food industry: (functional food, health-enhancing food)
- Sales potential in Europe hardly exploited
- Development of low-CO2 alternative products within the framework of group strategy 2026 plus

Threats

- Further waves of the Corona pandemic could have a massive impact on demand in the HoReCa business (hotels, restaurants, canteens, catering)
- Competition for arable land hurts the image of ethanol fuels

Valuation

DCF Model

The DCF model results in a **fair value of EUR 15.50 per share**:

Top-line growth: We expect Suedzucker AG to continue benefitting from structural growth. Hence our growth estimates for 2023E-2030E is in the range of 1.1% p.a. The long-term growth rate is set at 2.0%.

In our forecast, profits after tax (NOPAT) in the sugar segment will benefit in the next few years from the offsetting of profits against tax loss carryforwards.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.00. Unlevering and correcting for mean reversion yields an asset beta of 0.70. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 8.0%. With pre-tax cost of borrowing at 5.0%, a tax rate of 18% and target debt/equity of 0.5 this results in a long-term WACC of 6.7%.

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	363	363	353	334	340	349	350	365	
Depreciation & amortization	380	392	420	445	463	474	484	488	
Change in working capital	-1,049	60	-32	-39	-42	-42	-43	-49	
Chg. in long-term provisions	617	37	19	28	28	29	29	30	
Capex	-583	-635	-641	-599	-555	-563	-518	-525	
Cash flow	-271	217	119	170	234	245	302	307	6,693
Present value	-268	202	104	138	178	175	203	194	4,220
WACC	6.6%	6.6%	6.6%	6.9%	6.8%	6.8%	6.7%	6.7%	6.7%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	5,145	Planning horizon avg. revenue growth (2023E-2030E)	1.5%
Mid-year adj. total present value	5,315	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	1,399	Terminal year ROCE	6.5%
Financial assets	172	Terminal year WACC	6.7%
Provisions and off b/s debt	922		
Equity value	3,166	Terminal WACC derived from	
No. of shares outstanding	204.2	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	18%
		Equity beta	1.00
		Unlevered beta (industry or company)	0.70
		Target debt / equity	0.5
		Relevered beta	0.99
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	8.0%
Discounted cash flow / share upside/(downside)	15.50 -5.0%		
Share price	16.32		

Sensitivity analysis DCF							Share of present value		
Change in WACC (%-points)	Long term growth	1.0%	1.5%	2.0%	2.5%	3.0%	2023E-2026E	2027E-2030E	terminal value
		2.0%	5.1	6.0	7.0	8.1			
1.0%	7.9	9.1	10.5	12.2	14.2				
0.0%	11.6	13.3	15.5	18.2	21.6				
-1.0%	16.9	19.7	23.3	28.0	34.4				
-2.0%	25.1	30.0	36.8	46.8	62.5				

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 14.62 per share based on 2023E and 17.45 EUR per share on 2027E estimates. It thus supports the DCF based fair value calculations.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2023E	2024E	2025E	2026E	2027E
EBITDA	978	1,038	1,048	1,012	1,048
- Maintenance capex	359	369	396	421	438
- Minorities	85	122	118	133	137
- tax expenses	132	145	141	88	97
= Adjusted Free Cash Flow	403	402	392	369	375
Actual Market Cap	3,332	3,332	3,332	3,332	3,332
+ Net debt (cash)	1,720	1,533	1,447	1,297	1,076
+ Pension provisions	1,304	1,330	1,343	1,363	1,383
+ Off B/S financing	0	0	0	0	0
- Financial assets	172	172	172	172	172
- Acc. dividend payments	82	184	286	388	490
<i>EV Reconciliations</i>	2,770	2,507	2,332	2,100	1,797
= Actual EV'	6,102	5,840	5,664	5,432	5,129
Adjusted FCF yield	6.6%	6.9%	6.9%	6.8%	7.3%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	5,755	5,744	5,606	5,273	5,359
- <i>EV Reconciliations</i>	2,770	2,507	2,332	2,100	1,797
Fair Market Cap	2,985	3,237	3,274	3,173	3,562
No. of shares (million)	204	204	204	204	204
Fair value per share in EUR	14.62	15.85	16.04	15.54	17.45
Premium (-) / discount (+)	-10.4%	-2.9%	-1.7%	-4.8%	6.9%

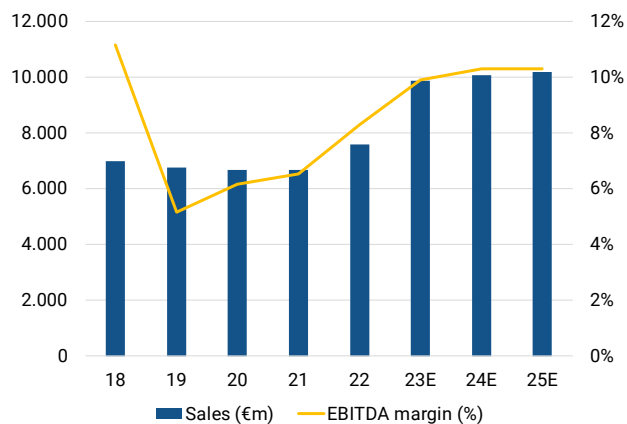
Sensitivity analysis fair value						
Adjusted hurdle rate	5.0%	26	27	27	26	28
	6.0%	19	21	21	20	22
	7.0%	15	16	16	16	17
	8.0%	11	12	13	12	14
	9.0%	8	10	10	10	12

Source: Company data; AlsterResearch

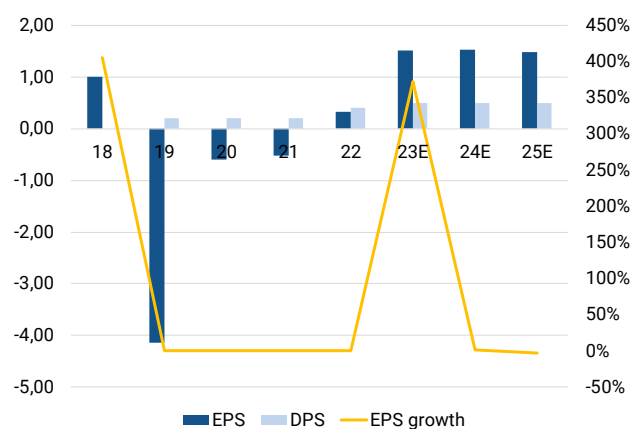
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Financials in six charts

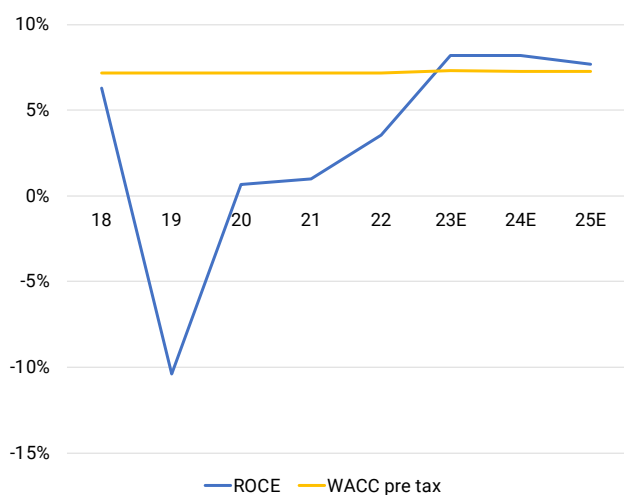
Sales vs. EBITDA margin development



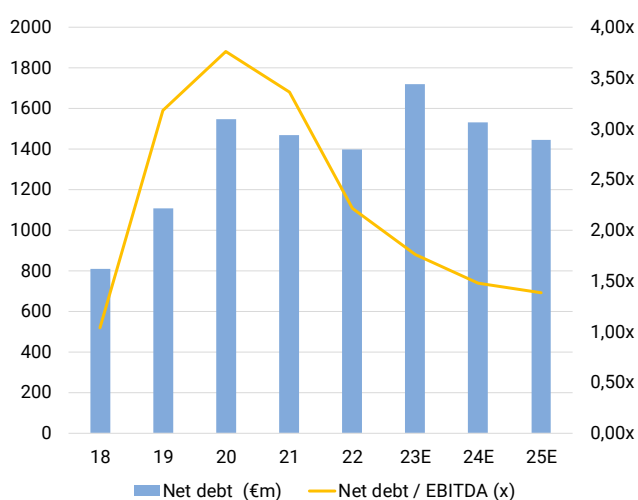
EPS, DPS in EUR & yoy EPS growth



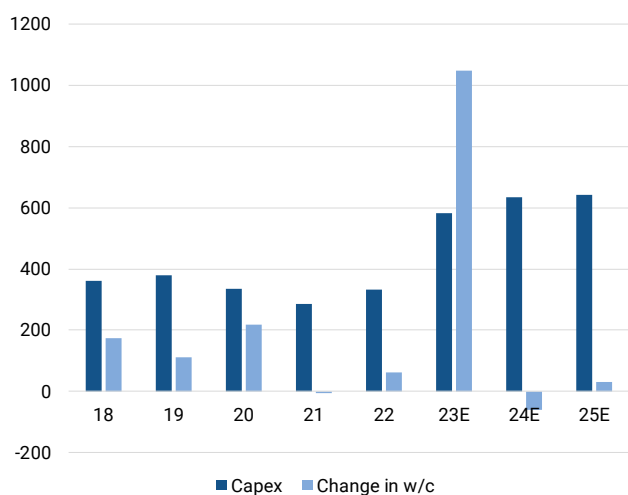
ROCE vs. WACC (pre tax)



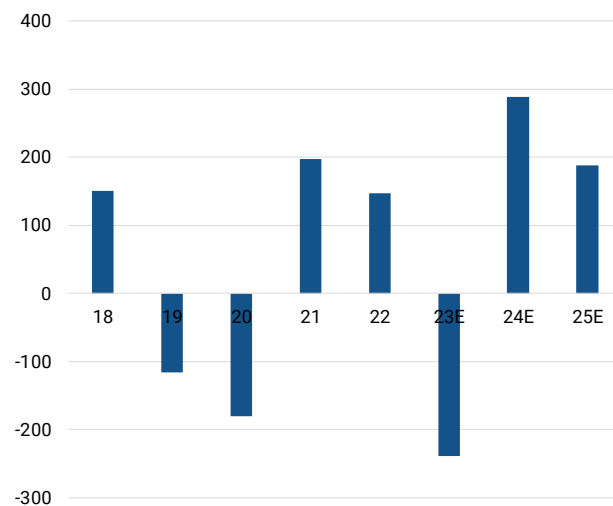
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Net sales	6,671	6,679	7,599	9,879	10,076	10,177
Sales growth	-1.2%	0.1%	13.8%	30.0%	2.0%	1.0%
Change in finished goods and work-in-process	180	-36	149	0	0	0
Total sales	6,851	6,643	7,748	9,879	10,076	10,177
Material expenses	4,628	4,356	5,300	6,372	6,499	6,564
Gross profit	2,223	2,288	2,448	3,507	3,577	3,613
Other operating income	113	111	125	168	171	173
Personnel expenses	978	984	972	1,413	1,441	1,455
Other operating expenses	946	979	970	1,284	1,270	1,282
EBITDA	412	436	631	978	1,038	1,048
Depreciation	339	342	361	359	369	396
EBITA	73	95	270	619	669	652
Amortisation of goodwill and intangible assets	25	25	29	22	23	23
EBIT	48	70	241	598	646	628
Financial result	-39	-49	-37	-71	-67	-65
Recurring pretax income from continuing operations	9	21	204	527	580	564
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	9	21	204	527	580	564
Taxes	63	57	81	132	145	141
Net income from continuing operations	-55	-36	123	395	435	423
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	-55	-36	123	395	435	423
Minority interest	-67	-71	-58	-85	-122	-118
Net profit (reported)	-122	-107	66	310	313	304
Average number of shares	204.18	204.18	204.18	204.18	204.18	204.18
EPS reported	-0.60	-0.52	0.32	1.52	1.53	1.49

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	3%	-1%	2%	0%	0%	0%
Total sales	103%	99%	102%	100%	100%	100%
Material expenses	69%	65%	70%	65%	65%	65%
Gross profit	33%	34%	32%	36%	36%	36%
Other operating income	2%	2%	2%	2%	2%	2%
Personnel expenses	15%	15%	13%	14%	14%	14%
Other operating expenses	14%	15%	13%	13%	13%	13%
EBITDA	6%	7%	8%	10%	10%	10%
Depreciation	5%	5%	5%	4%	4%	4%
EBITA	1%	1%	4%	6%	7%	6%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	1%	1%	3%	6%	6%	6%
Financial result	-1%	-1%	-0%	-1%	-1%	-1%
Recurring pretax income from continuing operations	0%	0%	3%	5%	6%	6%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	0%	0%	3%	5%	6%	6%
Taxes	1%	1%	1%	1%	1%	1%
Net income from continuing operations	-1%	-1%	2%	4%	4%	4%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-1%	-1%	2%	4%	4%	4%
Minority interest	-1%	-1%	-1%	-1%	-1%	-1%
Net profit (reported)	-2%	-2%	1%	3%	3%	3%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	262	226	227	235	242	250
Goodwill	740	722	707	707	707	707
Property, plant and equipment	3,061	2,983	2,988	3,182	3,418	3,632
Financial assets	442	251	172	172	172	172
FIXED ASSETS	4,504	4,181	4,094	4,296	4,539	4,761
Inventories	2,176	2,134	2,317	3,055	2,991	3,021
Accounts receivable	978	948	1,140	1,407	1,436	1,450
Other current assets	175	155	195	195	195	195
Liquid assets	505	445	485	202	267	303
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	76	110	211	445	453	458
CURRENT ASSETS	3,911	3,792	4,348	5,304	5,342	5,428
TOTAL ASSETS	8,415	7,973	8,441	9,600	9,881	10,188
SHAREHOLDERS EQUITY	2,781	2,654	2,781	3,094	3,427	3,748
MINORITY INTEREST	892	882	918	918	918	918
Long-term debt	1,429	1,438	1,322	1,322	1,250	1,250
Provisions for pensions and similar obligations	1,071	946	922	1,304	1,330	1,343
Other provisions	342	300	308	543	554	560
Non-current liabilities	2,842	2,683	2,552	3,169	3,134	3,153
short-term liabilities to banks	625	476	562	600	550	500
Accounts payable	818	824	1,116	1,205	1,229	1,241
Advance payments received on orders	0	0	0	0	0	0
Other liabilities (incl. from lease and rental contracts)	112	119	179	474	484	488
Deferred taxes	146	136	140	140	140	140
Deferred income	199	201	194	0	0	0
Current liabilities	1,900	1,755	2,190	2,418	2,402	2,369
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	8,415	7,973	8,441	9,600	9,881	10,188

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	3%	3%	3%	2%	2%	2%
Goodwill	9%	9%	8%	7%	7%	7%
Property, plant and equipment	36%	37%	35%	33%	35%	36%
Financial assets	5%	3%	2%	2%	2%	2%
FIXED ASSETS	54%	52%	48%	45%	46%	47%
Inventories	26%	27%	27%	32%	30%	30%
Accounts receivable	12%	12%	14%	15%	15%	14%
Other current assets	2%	2%	2%	2%	2%	2%
Liquid assets	6%	6%	6%	2%	3%	3%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	3%	5%	5%	4%
CURRENT ASSETS	46%	48%	52%	55%	54%	53%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	33%	33%	33%	32%	35%	37%
MINORITY INTEREST	11%	11%	11%	10%	9%	9%
Long-term debt	17%	18%	16%	14%	13%	12%
Provisions for pensions and similar obligations	13%	12%	11%	14%	13%	13%
Other provisions	4%	4%	4%	6%	6%	5%
Non-current liabilities	34%	34%	30%	33%	32%	31%
short-term liabilities to banks	7%	6%	7%	6%	6%	5%
Accounts payable	10%	10%	13%	13%	12%	12%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	1%	1%	2%	5%	5%	5%
Deferred taxes	2%	2%	2%	1%	1%	1%
Deferred income	2%	3%	2%	0%	0%	0%
Current liabilities	23%	22%	26%	25%	24%	23%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	-55	-36	123	395	435	423
Depreciation of fixed assets (incl. leases)	370	376	364	359	369	396
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	22	23	23
Others	57	135	52	617	37	19
Cash flow from operations before changes in w/c	372	475	540	1,392	863	861
Increase/decrease in inventory	0	0	0	-738	64	-30
Increase/decrease in accounts receivable	0	0	0	-267	-28	-14
Increase/decrease in accounts payable	0	0	0	89	24	12
Increase/decrease in other w/c positions	-217	7	-62	-131	1	0
Increase/decrease in working capital	-217	7	-62	-1,049	60	-32
Cash flow from operating activities	155	482	478	344	923	830
CAPEX	-335	-285	-332	-583	-635	-641
Payments for acquisitions	0	0	0	0	0	0
Financial investments	53	63	91	0	0	0
Income from asset disposals	7	20	33	0	0	0
Cash flow from investing activities	-276	-202	-208	-583	-635	-641
Cash flow before financing	-121	280	271	-239	289	189
Increase/decrease in debt position	272	-173	-47	38	-122	-50
Purchase of own shares	0	0	0	0	0	0
Capital measures	0	0	2	0	0	0
Dividends paid	-102	-97	-101	-82	-102	-102
Others	0	-1	-5	0	0	0
Effects of exchange rate changes on cash	1	-8	-2	0	0	0
Cash flow from financing activities	171	-280	-153	-44	-224	-152
Increase/decrease in liquid assets	50	0	118	-283	65	36
Liquid assets at end of period	197	198	316	33	98	134

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	1,492	1,491	1,629	2,101	2,126	2,131
Europe (ex domestic)	3,512	3,512	4,223	5,495	5,610	5,671
The Americas	675	735	757	997	1,029	1,052
Asia	0	0	0	0	0	0
Rest of World	992	942	991	1,286	1,311	1,323
Total sales	6,671	6,679	7,599	9,879	10,076	10,177

Regional sales split (common size)	2020	2021	2022	2023E	2024E	2025E
Domestic	22.4%	22.3%	21.4%	21.3%	21.1%	20.9%
Europe (ex domestic)	52.6%	52.6%	55.6%	55.6%	55.7%	55.7%
The Americas	10.1%	11.0%	10.0%	10.1%	10.2%	10.3%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	14.9%	14.1%	13.0%	13.0%	13.0%	13.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	-0.60	-0.52	0.32	1.52	1.53	1.49
Cash flow per share	-1.02	0.56	0.43	-0.07	2.71	2.12
Book value per share	13.62	13.00	13.62	15.16	16.78	18.35
Dividend per share	0.20	0.20	0.40	0.50	0.50	0.50
Valuation						
P/E	-27.4x	-31.3x	50.8x	10.8x	10.6x	10.9x
P/CF	-16.0x	28.9x	38.0x	-228.0x	6.0x	7.7x
P/BV	1.2x	1.3x	1.2x	1.1x	1.0x	0.9x
Dividend yield (%)	1.2%	1.2%	2.5%	3.1%	3.1%	3.1%
FCF yield (%)	-6.3%	3.5%	2.6%	-0.4%	16.6%	13.0%
EV/Sales	0.9x	0.9x	0.7x	0.6x	0.6x	0.6x
EV/EBITDA	14.4x	13.2x	9.0x	6.5x	6.0x	5.8x
EV/EBIT	124.5x	82.4x	23.5x	10.6x	9.6x	9.7x
Income statement (EURm)						
Sales	6,671	6,679	7,599	9,879	10,076	10,177
yoy chg in %	-1.2%	0.1%	13.8%	30.0%	2.0%	1.0%
Gross profit	2,223	2,288	2,448	3,507	3,577	3,613
Gross margin in %	33.3%	34.3%	32.2%	35.5%	35.5%	35.5%
EBITDA	412	436	631	978	1,038	1,048
EBITDA margin in %	6.2%	6.5%	8.3%	9.9%	10.3%	10.3%
EBIT	48	70	241	598	646	628
EBIT margin in %	0.7%	1.0%	3.2%	6.1%	6.4%	6.2%
Net profit	-122	-107	66	310	313	304
Cash flow statement (EURm)						
CF from operations	155	482	478	344	923	830
Capex	-335	-285	-332	-583	-635	-641
Maintenance Capex	364	367	391	359	369	396
Free cash flow	-180	197	147	-239	289	189
Balance sheet (EURm)						
Intangible assets	1,001	947	934	941	949	956
Tangible assets	3,061	2,983	2,988	3,182	3,418	3,632
Shareholders' equity	2,781	2,654	2,781	3,094	3,427	3,748
Pension provisions	1,071	946	922	1,304	1,330	1,343
Liabilities and provisions	3,467	3,159	3,114	3,769	3,684	3,653
Net financial debt	1,549	1,468	1,399	1,720	1,533	1,447
w/c requirements	2,337	2,259	2,341	3,258	3,198	3,230
Ratios						
ROE	-2.0%	-1.4%	4.4%	12.8%	12.7%	11.3%
ROCE	0.7%	1.0%	3.5%	7.7%	8.0%	7.6%
Net gearing	55.7%	55.3%	50.3%	55.6%	44.7%	38.6%
Net debt / EBITDA	3.8x	3.4x	2.2x	1.8x	1.5x	1.4x

Source: Company data; AlsterResearch

Conflicts of interest

Disclosures regarding research publications of SRH AlsterResearch AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures. It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analyzed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if SRH AlsterResearch AG

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analyzed company,
- (2) has entered into an agreement on the production of the research report with the analyzed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analyzed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds a) 5% or more of the share capital of the analyzed company, or b) the analyzed company holds 5% or more of the share capital of SRH AlsterResearch AG or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analyzed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analyzed company such as, for example, exercising mandates in the interest of the analyzed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
Suedzucker AG	

Important disclosures

1. General Information/Liabilities This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by SRH AlsterResearch AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of SRH AlsterResearch AG. Reproduction of this document, in whole or in part, is not permitted without prior permission SRH AlsterResearch AG. All rights reserved. Under no circumstances shall SRH AlsterResearch AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analyzed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organizational Requirements SRH AlsterResearch AG took internal organizational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of AlsterResearch AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made. The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate. The operating cash flow is calculated as EBITDA less maintenance capex and taxes. Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value. Detailed information on the valuation principles and methods used and the underlying assumptions can be found at <https://www.alsterresearch.com>.

SRH AlsterResearch AG uses the following three-step rating system for the analyzed companies:

- **Buy:** Sustainable upside potential of more than 10% within 12 months
- **Sell:** Sustainable downside potential of more than 10% within 12 months.
- **Hold:** Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of SRH AlsterResearch AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analyzed in this document was solely made by SRH AlsterResearch AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of SRH AlsterResearch AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Date and time of first publication of this financial analysis
13-Jan-23 09:49:32

6. Risk information

- Stock exchange investments and investments in companies (shares) are always speculative and involve the risk of total loss.
- This is particularly true in respect of investments in companies which are not established and/or small and have no established business or corporate assets.
- Share prices may fluctuate significantly. This is particularly true for shares with low liquidity (market breadth). Even small orders can have a significant impact on the share price.
- In the case of shares in narrow markets, it may also happen that there is no or very little actual trading there and that published prices are not based on actual trading but have only been provided by a stockbroker.
- In such markets a shareholder cannot expect to find a buyer for his shares at all and/or at reasonable prices. In such narrow markets there is a very high possibility of manipulating prices and in such markets there are often considerable price fluctuations.
- An investment in shares with low liquidity and low market capitalization is therefore highly speculative and represents a very high risk.
- There is no regulated market for unlisted shares and securities and a sale is not possible or only possible on an individual basis.

7. Major Sources of Information Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VW-Trader and the relevant daily press) believed to be reliable. SRH AlsterResearch AG has checked the information for plausibility but not for accuracy or completeness.

8. Competent Supervisory Authority SRH AlsterResearch AG are under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M. This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

9. Specific Comments for Recipients Outside of Germany This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

10. Miscellaneous According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published free of charge under <https://www.alsterresearch.com>.

Contacts

SRH AlsterResearch AG
Himmelstr. 9
22299 Hamburg

Tel: +49 40 309 293-52
E-Mail: info@alsterresearch.com

Sales

MARKUS KÖNIG-WEISS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: mkw@alsterresearch.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-53
E-Mail: h.gabert@alsterresearch.com

mwb fairtrade Wertpapierhandelsbank AG
Rottenbacher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
E-Mail: info@mwbfairtrade.com

Our research can be found under

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-52
E-Mail: h.hof@alsterresearch.com

LEVENT YILMAZ
Senior Analyst
Tel: +49 40 309 293-52
E-Mail: l.yilmaz@alsterresearch.com

KATHARINA SCHLÖTER
Analyst
Tel: +49 40 309 293-52
E-Mail: k.schloeter@alsterresearch.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@alsterresearch.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@alsterresearch.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@alsterresearch.com

Equity Capital Markets / Trading

KAI JORDAN
Member of the Board
Tel: +49 40 36 0995-22
E-Mail: kjordan@mwbfairtrade.com

ALEXANDER DEUSS
Head of Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995 - 23
E-Mail: sguenon@mwbfairtrade.com



RESEARCH HUB	www.research-hub.de
BLOOMBERG	www.bloomberg.com
FACTSET	www.factset.com
THOMSON REUTERS / REFINITIV	www.refinitiv.com
CAPITALIQ	www.capitaliq.com