

Business Year 2016

The Eckes-Granini Group continues to strengthen its market lead

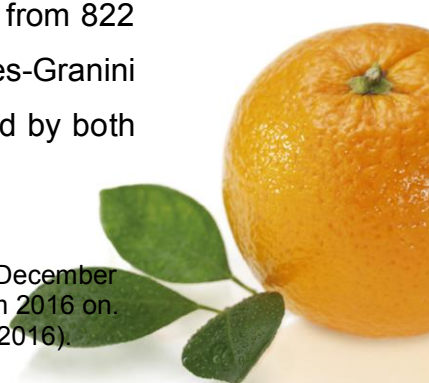
Volume sales: 840 million litres (+ 2,2%*) / Net turnover: EUR 893 million (+ 6.1%*) / EBIT: EUR 86.1 million (- 2.9%*) / Acquisition of the Danish juice producer Rynkeby Foods A/S successfully completed / Massive investments in modern production facilities / Advertising support a key success factor / Moving the market with innovations

Nieder-Olm, 11 May 2017. The Eckes-Granini Group GmbH, the international corporate group for non-alcoholic fruit beverages under the umbrella of Eckes AG, ended Business Year 2016 (ending on 31 December) with gains in both volume sales and turnover. "Following the acquisition of the Danish juice producer Rynkeby Foods A/S from Arla Foods in May 2016, we are now the leading supplier of fruit beverage in the Nordic region," notes CEO Thomas Hinderer. "We also strengthened our leading position as the largest and most successful brand supplier in the European fruit beverage market."

Volume sales and turnover up, EBIT relatively stable at last year's level

Net turnover for the Eckes-Granini Group amounted to EUR 893 million* in 2016 (2015: EUR 842 million*) and thus grew by 6.1% year to year. Volume sales by the international corporate group rose by 2.2% from 822 million litres (2015) to 840 million litres last year. Thus Eckes-Granini succeeded in generating further growth in a market characterized by both moderate value growth and intense price competition.

* Consolidated results following the acquisition of Rynkeby Foods A/S, July to December 2016. New accounting directive: reporting of turnover excluding excise tax from 2016 on. Turnover for 2015 adjusted to account for the deduction of excise taxes (as in 2016).



At EUR 86.1 million, earnings before interest and taxes (Ebit) in 2016 almost reached the 2015 value (EUR 88.7 million). The slight decline (2.9%) was primarily the result of volume losses in business with important retail partners in the European markets due to disputes over unavoidable price increases.

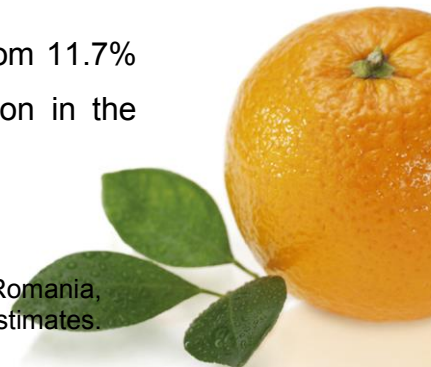
In recognition of advertising support as a key success factor, the Eckes-Granini Group invested heavily and sustainably in advertising measures again in 2016 – both in its core business segments and in connection with new brands in the fruit-based refreshment beverage market. “Thus our consistently high advertising expenditures remain an essential driver of successful business growth,” emphasizes Thomas Hinderer, adding that Group also considers itself an important source of impulses for the development of the category and the industry as a whole.

The overall European market: rising turnover, slightly declining volume sales

The market for fruit beverages service the Eckes-Granini Group (data from 12 core countries, retail food trade)¹ recorded turnover growth of 2.6% in 2016 – driven above all by rising prices and rising sales of chilled juices (+ 8.7%). Volume sales declined, however (- 1.2%), most notably in the ambient segment. In contrast, chilled juices posted dynamic volume gains in some cases.

The Eckes-Granini Group grew its value-based market share from 11.7% (2015) to 12.4% last year and thus solidified its leading position in the

¹ Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Lithuania, Romania, Spain, Sweden and Switzerland; market figures for Belgium and Finland are estimates.



European fruit beverage market. The Group holds the number-one position in eight of its twelve core countries.

Acquisition of Rynkeby Foods A/S strengthens the Group's position in Europe

The takeover of the Danish juice producer Rynkeby Foods A/S from the international dairy cooperative Arla Foods in 2016 was not only Eckes-Granini's largest acquisition to date but also the most important strategic acquisition in the Group's history. "We are very pleased to have gained a professional, highly motivated team and two more strong brands by acquiring Rynkeby," says Thomas Hinderer. "With this move, we have affirmed our role as the leading supplier of fruit beverages in Europe."

This strategic acquisition during the first year of operation under the Group's Agenda 2020 represents a significant step forward in terms of the Group's international brand portfolio. It remains Eckes-Granini's declared objective to supplement organic growth with growth achieved through the acquisition of leading brands (as exemplified most recently by Rynkeby and God Morgon).

Growing with innovative concepts and products

"Sustainable innovations designed to promote growth represent one of our most important keys to success," explains Thomas Hinderer. The reference is to initiatives, concepts and products that generate new occasions for consumption and attract new consumers for certain brands and categories. Thus, for example, the hohes C brand took a major step forward in the growing chilled juices and smoothies segment by introducing the hoch2 product concept in Germany at the end of last year. The Joker brand also generated new impulses with the successful launch



of a new range of organically produced “bio” fruit juices for home and on-the-go consumption.

The Eckes-Granini Group also increased its investments in activities at the point of sale in 2017. The objective was to make its products more readily visible and to present them in the most attractive and easily accessible manner wherever people buy or consume fruit beverages. The corresponding measures included the introduction of special appealing, seasonally oriented packaging designs.

Further massive investments in modern production facilities

As in previous years, the Eckes-Granini Group made substantial investments in its European locations – in the spirit of Agenda 2020 – once again in 2016. “During the past three years we have invested nearly 100 million euros in modern production facilities in the interest of quality, efficiency and innovation,” explains Thomas Hinderer. “And we have also invested in modern IT technologies and digital marketing programmes within the context of the progressive digitization process.”

Outlook: substantial cost increases for raw materials expected

The Eckes-Granini Group anticipates significant cost increases for raw materials – and especially for citrus fruits – during the current business year. This trend is attributable to the persistent shortage of orange juice concentrate – as warehouse stocks in Brazil, the world’s leading supplier with a global market share of roughly 60%, are almost exhausted after four poor harvests in succession. Nor are good harvests forecast for Florida, the second-leading producer with a global market share of 25%. Plantations are currently threatened by a pest (the Asian citrus psyllid). Thomas Hinderer is certain: “We are not talking about just a short-term



rise in costs but about a long-term trend.” The impact of the strong US dollar on currency exchange rates also affects the costs of raw materials. Since 2014, raw material costs (in euros) have risen by roughly 50%.

Volume sales growth in the overall fruit beverage market is not expected this year. Instead, experts expect that volume sales shares within the category will be redistributed in 2017. In view of the rising costs of raw materials, it is likely that consumer prices will continue to increase in 2017.

The Eckes-Granini Group GmbH is the international corporate group specialized in non-alcoholic fruit beverages under the umbrella of Eckes AG. With the international premium brand granini as well as strong local brands, including Brämhults, Elmenhorster, hohes C, Joker, Marli, Pago, Rynkeby and God Morgon as well as SIÓ and YO Syrup, the Group holds a leading position in the European fruit beverage market. The Eckes-Granini Group operates (through fully-owned subsidiaries in many cases) in Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Hungary, Italy, Lithuania, Romania and Bulgaria, the Czech and Slovak Republics, Sweden, Switzerland, and employs roughly 1,684 people. Eckes-Granini markets its products in both the retail food trade and the out-of-home sector in over 80 different countries.

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