

Eckes-Granini Group: Business year 2014

Into the future with renewed strength with Agenda 2020

Turnover: € 899 million (- 1.3%) / Volume sales: 886 million litres (- 1.9%) / EBIT: € 76.2 million (+ 30.8%) / Leap in earnings achieved through the successful integration of Pago and rigorous cost management / optimistic outlook for 2015

Nieder-Olm, 26 May 2015. The Eckes-Granini Group GmbH, the international producer and supplier of non-alcoholic beverages under the umbrella of Eckes AG, ended business year 2014 (31 Dec.) with an above-average gain in earnings before interest and taxes (EBIT). “This is clear evidence of the fruits of our efforts, some of which involved substantial investments and ground-breaking work”, notes Executive Board Chairman and CEO Thomas Hinderer. Mr Hinderer adds that he is very pleased that Eckes-Granini has succeeded in sustaining the positive momentum that was already apparent in 2013.

Slight decline in turnover/volume sales, above-average rise in EBIT

The Eckes-Granini Group suffered slight losses in volume sales, turnover and value-based market share. Turnover fell by 1.3% to € 899 million (2013: € 911 million). Volume sales were also down slightly (-1.9%) to 886 million litres (2013: 902 million litres). “The volume sales decline is largely attributable to the consistent implementation of our pricing policy”, explains Thomas Hinderer. This led in some cases to temporary distribution losses and/or reduced promotional activity.



Nevertheless, the Eckes-Granini Group achieved an above-average increase in earnings before interest and taxes (Ebit) from € 58.3 million (2013) to € 76.2 million for the past business year. That equates to a gain of 30%, which was fuelled in large measure by the successful integration of Pago, which was completed during the year. “Following the initial one-time effects resulting from extraordinary expenditures in 2013, the synergies generated by the acquisition were reflected as planned in earnings gains last year,” Mr Hinderer explains.

Synergies were generated in particular through the shift of Pago production for all markets outside of Austria to the French plant in Mâcon and the merger and consolidation of operational subsidiaries in Austria, France and Spain. “We have also implemented cost-cutting programmes in all areas. We undertook a critical review of all aspects of our business (except for the quality of our products and our employees) – from production procedures and potential improvements in packaging materials to the harmonization of IT processes.”

The European market as a whole: declining volume and turnover

The fruit beverage market served by the Eckes-Granini Group (data from 12 core countries, retail food trade¹) remained under pressure in 2014. Turnover declined by 1.2%, while volume sales were down 1.9% compared to the preceding year. The primary cause of volume losses was the price gap between fruit juices/nectars and other non-alcoholic beverages, which has widened considerably in recent years.

¹ Austria, Belgium, Finland (market figures estimated), France, Germany, Hungary, Lithuania, Romania, Sweden, Switzerland, Spain and Turkey.



Despite a slight decline in market share to 11.4% (2013: 11.7%), the Eckes-Granini Group maintained its leading position in this market in 2014.

2014 highlights: Pago, SAP HiScore and DIE LIMO from granini

In addition to completing the process of integrating Pago into the organization (2014 was the first year of Pago operations as a member of the Group), Eckes-Granini brought the group-wide implementation of SAP HiScore to successful end in 2014. The project was focused on harmonizing and standardizing both processes and systems. Building on that basis, an international HiScore governance team composed of six process managers (six part-time and three full-time) will be working continuously to identify potential areas for improvement and exploiting the resulting synergy effects to the greatest extent possible.

The launch of DIE LIMO from granini was a genuine success story in 2014. Following the introduction of this innovative product concept in 2013, Eckes-Granini Deutschland GmbH succeeded not only in expanding distribution in the retail food trade and the out-of-home sector on a sustainable basis, but also in doubling sales of the new range. DIE LIMO from granini currently holds third place (by value) in the market for lemonades in disposable bottles, with a sizable (40%) lead over number four.



Sustainability: from the strategy to concrete projects

After a year dedicated above all to the adoption of sustainability goals and programmes, the Eckes-Granini Group successfully implemented a number of clearly defined projects in the three strategic areas of products, value chain and people (employees, social engagement).

In the area of products, the Group gave equal attention to sustainable reductions in current packaging materials and the use of alternative packing materials. The evaluation of suppliers was a focus of activity relating to the value chain. In order to ensure reliable, unbiased results, the Eckes-Granini Group initiated a comprehensive supplier evaluation process in cooperation with EcoVadis in 2014.

Employee health and occupational safety have high priority within the Eckes-Granini Group. In keeping with that principle, Eckes-Granini introduced a Group-wide standard for employees last year. In the process, a series of regular international meetings was initiated for the purpose of ensuring continuous improvement of health-management programmes at the various corporate locations.

Last but not least, Eckes-Granini developed a framework for the systematic orientation of its future social engagement activities. The essential pillars of this framework are support for needy families, activities relating to the fruit-juice business and employee involvement. In this context, the Group launched a cooperative programme in collaboration with the international World Vision Aid Organization in May of 2015.



Agenda 2020: strengthening brands, generating growth

Aside from dealing with the challenges of day-to-day business operations, the Executive Board of the Eckes-Granini Group devoted considerable attention to the strategic development and orientation of the Group over the next five years. This culminated in the development of “Agenda 2020”, a strategic programme supported by three essential pillars. “First of all, our thoughts and activities revolve around our customers and consumers. We have also assigned top priority to other major strategic growth areas – such as refreshment and innovative packaging solutions. And last but not least, we have identified certain strategic excellence areas that will make a valuable contribution to the achievement of our ambitious goals”, explains Thomas Hinderer.

Particular attention will be devoted to strengthening and capitalizing the Group’s brands in order to generate additional organic growth. The Eckes-Granini Group also plans to acquire new, attractive brands and incorporate them into the existing portfolio. “Our successful business model – strong, distinctive brands, professional and highly motivated employees and a rock-solid financial base – gives us everything we need to we remain successful in the market.”

Outlook: sustainable investments in advertising and technologies

The Eckes-Granini Group expects that the fruit beverage market will remain under strong pressure on the volume side during the current business year. “Nevertheless, we aim to achieve moderate gains in volume sales and turnover in our core fruit beverage business”, said Thomas Hinderer in explaining his optimistic assessment of future prospects. With that in mind, the Group plans to increase its expenditures for product advertising by an additional 20%.



Unusually large investments will also be devoted to the creation of additional capacities and the procurement of efficient systems and modern technologies

The Eckes-Granini Group GmbH is an 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, Joker, hohes C, Marli, Pago, SIÓ und 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, Finland, France, Germany, Hungary, Italy, Lithuania, Romania and Bulgaria, the Czech and Slovak Republics, and employs a staff of 1,640 people. Eckes-Granini markets its products in both the retail food trade and the out-of-home sector in over 70 different countries.

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