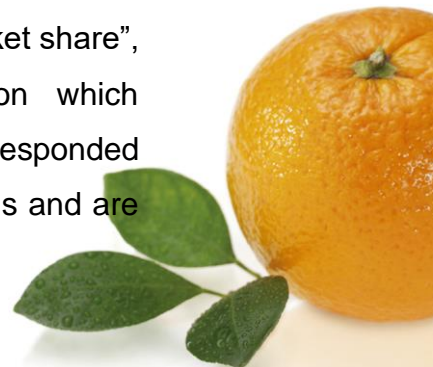


Business Year 2019

Market position as unrivalled market leader strengthened in eight countries

Solid earnings in spite of adverse market conditions / Goal: to become one of the world's most sustainable juice producers / Product innovations, structural improvements and enhanced efficiency / New CEO in August 2020

Nieder-Olm, 5 May 2020. In spite of strong competition and adverse market trends, the Eckes-Granini Group GmbH, the international corporate group responsible for the production of non-alcoholic fruit beverages under the aegis of Eckes AG, posted solid earnings once again in Business Year 2019. "With a host of product innovations, we proved that we not only recognize the needs and wishes of our consumers, but also fulfil them to the best possible extent," notes CEO and Executive Board Chairman Thomas Hinderer. "New products in the organic and smoothie segments have had a particularly strong impact." Thus the Eckes-Granini Group maintained its leading position as the largest and most successful producer of branded fruit beverages in Western Europe, as Hinderer emphasizes. "And we also built upon our market position as the number-one producer in eight countries. Structurally speaking, we are stronger than ever, and have achieved good, solid earnings thanks to the tireless commitment and dedication of our employees." The Group succeeded in offsetting losses in volume sales, turnover and value-based market share", the CEO explains, adding that this is the foundation on which Eckes-Granini now relies during this critical phase. "We have responded promptly to changing patterns of demand during the corona crisis and are



meeting the needs of the population for vitamins and healthy nutrition with our products.”

Slight losses in volume sales, turnover and value-based market share

Following a rise in turnover to EUR 985 million in 2018, Eckes-Granini posted slightly lower figures in Business Year 2019. Sales revenue fell by 6.5% to EUR 921 million, while volume sales were down by 55 million litres to 853 million litres. This downward trend is attributable to an unexpectedly strong market slump, coupled with failure to reach timely agreements with some retail partners in annual negotiations. On the earnings side, the Group posted a 17% gain in EBIT (Earnings before Interest and Taxes) to EUR 84.3 million (before one-time effects of discontinued operations). These results were achieved through strong cost-consciousness along the entire value chain and improvements in efficiency resulting from major investments in the Group’s European production plants over the past three years. Expressed in terms of sales revenue, Eckes-Granini’s market share declined only slightly from 11.8% in 2018 to 11.5% in 2019.¹

Innovations and consumer orientation as growth drivers

Eckes-Granini has identified relevant drivers with a focus on product development and marketing in support of profitable growth. These include product categories in which fruit and vegetables play a key role. Successful innovations satisfy newly emerging, relevant consumer needs, such as healthy nutrition and enjoyment. Tailored to specific consumer groups, they have had a positive impact on earnings. New product

¹ Data from the food and beverage trade in twelve core countries: Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Lithuania, Romania, Spain, Sweden and Switzerland (market figures from Finland are estimates)



categories appeal to previously untapped consumer groups and offer evidence of innovative strength.

“Our innovative strength enables us to discover new occasions for consumption that reflect and respond to the needs of modern consumers”, explains Thomas Hinderer. “Thus we offer a perfect symbiosis of enjoyment and added value. What this means in concrete terms is that we not only offer consumers popular flavours with our products, but also contribute to a balanced, healthy diet.”

Numerous initiatives in support of new products were launched in response to two recent megatrends: organic or “bio” juices and smoothies. Eckes-Granini has established itself above all as an innovator and growth driver in the organic segment. Rynkeby, for example, has increased sales of organic juices and smoothies by 39% since 2017. Pago Bio is one of the pioneering brands in the organic segment within the Eckes-Granini Group, and the range is now available in bars and restaurants in Croatia, Finland, France and Italy as well. Entry into the Spanish market is planned in 2020. The hohes C Bio range introduced in 2019 was a definite highlight in Germany. It unites three key issues within a single concept: environmental protection, sustainability and social engagement. New flavours and organic juices have also contributed to substantial volume gains in Denmark and Sweden.

“Creativity knows no limits”, says Thomas Hinderer. “As an innovative business enterprise we are willing to try out all kinds of new approaches and react to new trends. The positive response to our products in various different countries drives us forward and encourages us to focus even more clearly on specific consumer needs. We are more than willing to



challenge ourselves again and again in order to achieve the best results for our consumers.” When it comes to sugar reduction, for example, the national subsidiaries of the Eckes-Granini Group have committed themselves to the goal of reducing the amount of sugar added to such fruit beverages as nectars, syrups and soft drinks by 10% by the year 2020.

Mixed overall market performance in 2019

The general market environment exhibited weaknesses resulting in declining sales revenue (-2.6%) and volume (-3.3%). The greatest revenue and volume losses were recorded in the ambient segment, and amounted to 4.1 % and 4.4 %, respectively. On the other hand, the chilled market posted gains of 4.5 % in volume sales and 2.7% in turnover. Growth was particularly strong in Denmark, Germany, Hungary and Lithuania. Increasing competition in the chilled fruit beverage segment (especially in Germany, but in other European markets as well) was reflected in an increasing number of promotional activities and discount campaigns, which resulted in a reduction of the average per-litre price from EUR 2.99 to EUR 2.77. In the European market as a whole, gains were recorded for the premium segment and on-the-go formats (less than 0.5 litres), especially in the chilled range, at the expense of larger, less expensive standard products. Trade labels once again suffered losses exceeding those in the market as a whole – in both volume (-4.6%) and sales revenue (-5.3%).



Eckes-Granini as one of the world's most sustainable juice producers

Eckes-Granini is now pursuing the goal of becoming one of the world's most sustainable juice producers. In doing so, Eckes-Granini is assuming responsibility as a family-owned business and basing its sustainability strategy on two key pillars: "Planet and Environment" and "People and Society". In future, stronger signals will be set for end consumers and retailers in this area. Among other initiatives, these include the goal of climate neutrality in all plants by 2021, increased use of recycled materials in PET bottles, a greater percentage of juices produced from sustainably grown fruit by 2030 and the expansion of Team Rynkeby, the largest charitable cycling initiative in Europe. Effective supply chain measures underscore the principle of sustainability that is firmly anchored in core business policy. Thus, for instance, investments in new PET filling lines in Bad Fallingbostel and Mâcon and a new reusable glass bottle line in Bröl in recent years have contributed significantly to enhanced environmental safety and more efficient use of resources. Increasing emphasis will also be placed on the use of sustainable raw and packaging materials, such as rPET and glass, in future.

Eckes-Granini is now optimizing delivery chains and logistical capacities in cooperation with partners in the retail trade. The freight-space sharing project undertaken by Eckes-Granini Deutschland and Kaufland has resulted in a reduction of CO₂ emissions by 25 tonnes. The project was honoured with the ECR Award for Intercompany Cooperation in Value Chain Optimization and earned 2nd-Star certification by the European Lean & Green Initiative. The focus on sustainability heads the strategic agenda and will play a crucial role in the future success of the Eckes-Granini Group. As a partner to the *Zentrum für Nachhaltige Unternehmensführung*, Witten-Herdecke, and a participant in the *ZNU goes Zero* initiative,



Eckes-Granini Deutschland achieved the goal of climate neutrality with the help of the *Plant-for-the-Planet* environmental initiative in 2019. A total of 120,000 trees will be planted on the Yucatán Peninsula in Mexico within the next five years and are expected to bind roughly 52,000 tonnes of CO₂.

People make the difference

As a sustainable and socially responsible business enterprise, Eckes-Granini is concerned above all with providing comprehensive support and development opportunities for its employees. Agenda 2020 describes the development and implementation of the Group's leadership culture. Workshops and feedback processes for managers help in the process of establishing a shared leadership culture in the interest of all employees. The climate of solidarity that has developed among employees within the context of this living leadership culture is paying off in the present crisis. And solidarity is also reflected in the social engagement of the Eckes-Granini Group. The Team Rynkeby lighthouse project has evolved into the most successful charity cycling event in Europe. Last year, the participating cyclists collected EUR 10.6 million in donations for critically ill children.

New approaches to brand presentation in support of enhanced visibility

Eckes-Granini invests heavily in advertising and its public image. Cross-media campaigns in traditional and social media as well as influencer relations convey the Group's message through compelling storytelling. A prime example was the DIELMONATI campaign for granini DIE LIMO. These activities are coupled with eye-catching measures at the point of sale.



Outlook for 2020: organizational competence and solidarity

The year 2020 will be remembered above all for the effects of the corona pandemic and the resulting uncertainties. Thanks to the tireless dedication of our employees, we were able to respond quickly to the new conditions and requirements posed by this crisis. We managed to react effectively to the radical changes in demand during the First Quarter of 2020 and ensure an uninterrupted supply of fruit juices, nectars, smoothies and fruit soft drinks to the retail trade.

Thomas Hinderer, who will be resigning from his position as CEO and Chairman of the Executive Board on 31 July 2020, will leave behind a corporate group that has made substantial gains in earnings and financial standing as well as investment and acquisition power and thus enhanced its business value immensely. The Group has established and strengthened its market position as the unrivalled leader in eight European countries. The shareholders and members of the Supervisory Board are confident that his successor, Tim Berger, is ideally qualified to move Eckes-Granini even further ahead in the markets of Europe in the years to come.

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