CONSOLIDATED FINANCIAL STATEMENTS 2016

BayWa AG

Management Report on the Group in the Financial Year 2016

OVERVIEW

Faced by a globally challenging market environment with highly volatile prices in some cases for raw materials and agriculture produce, the BayWa Group once again benefited from its international positioning and widely diversified portfolio in the reporting year 2016. While development in the Energy Segment, Building Materials Segment and the Fruit business unit was highly successful, unfavourable conditions affected agricultural trade activities and the agricultural equipment business. Overall, the Board of Management still regards the business performance of the BayWa Group in 2016 as satisfactory.

BayWa pressed ahead with its strategy in the financial year 2016 as well with a number of measures. For example, BayWa acquired 100% of the shares in Evergrain Germany GmbH & Co. KG, Hamburg, Germany, in January 2016, as part of its specialisation strategy with regard to trade in agricultural produce. Evergrain is specialised in international trading with malting barley. This was followed in January 2017 by the acquisition of the Thegra Tracomex Group, Oosterhout, Netherlands, by the Dutch Group company Cefetra B.V. The Thegra Tracomex Group trades in specialities, such as barley, oats, legumes and organic produce. BayWa significantly strengthened its position as a leading international provider of exotic and pome fruit by expanding its portfolio in the growth market for exotic speciality fruits in the “ready-to-eat” sector in 2016 through the majority interest in the Dutch supplier TFC Holland B.V. (TFC). In the Agricultural Equipment business unit, BayWa entered into a partnership for marketing CLAAS products in Canada. BayWa also acquired the remaining 51% of the shares in the Agrimec Group B.V., which is based in the Netherlands and operates in agricultural machinery sales and service, in July 2016. In January 2017, BayWa entered into another joint venture with Barloworld South Africa to expand the partnership for agricultural equipment and logistics technology in South Africa and other neighbouring markets. This marks the systematic continuation of the business unit’s path towards internationalisation to secure long-term growth opportunities. In the field of renewable energy, BayWa r.e. renewable energy GmbH (BayWa r.e.) established two new companies in Singapore and Bangkok in 2016 to have a hand in South-East Asia’s dynamic growth with regard to project planning as well as trading in photovoltaic components. With the establishment of a new subsidiary in Luxembourg, involving the partial takeover of existing business operations, BayWa r.e. is also expanding its photovoltaic sales activities in Belgium, the Netherlands, Luxembourg and France. The acquisition of the photovoltaic wholesale distributor Solarmatrix, Perth, Australia, marks another step forward on the path towards strategic growth as well. In addition to this, BayWa r.e. took over several companies in Italy, Spain and the UK focused on the technical and commercial management of solar power plants and wind turbines. As a result of these acquisitions, BayWa r.e. now oversees system output of more than 2.3 gigawatts (GW) worldwide. In terms of conventional energy, BayWa significantly increased its market share in the heating business with wood pellets by acquiring the sales activities of Dr. Gies Vermögensverwaltung Future Energies GmbH. The Buildings Materials Segment expanded its online range by adding a room designer, and it is involved in the creation of the “Mr+Mrs Homes” property configurator. What is more, the online portal for building materials launched in January 2017. Finally, BayWa has plotted an even clearer course into the digital future by establishing the independent Innovation & Digitalisation Segment, which is responsible for developing and marketing digital products and services for enhancing productivity in agriculture. It also pools the BayWa Group’s e-commerce activities in the BayWa Online World.

Overall, revenues in the Agriculture Segment increased in the financial year 2016 by 7.2% to €10,884.5 million. However, EBIT for the segment declined by €19.9 million to €70.1 million. Revenues for the new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units stood at €8,968.4 million for 2016, which is 7.8% higher overall than the 2015 figure for the former Agricultural Trade business unit. The increase was due primarily to the expansion of international grain and oilseed trading activities by some 12% to 33.8 million tonnes. Owing to negative effects that impacted the trading result, stiff competition in new markets and weaker business with operating resources in the reporting year, EBIT stood at €17.2 million, down €24.4 million year on year compared to the 2015 Agricultural Trade result. The Fruit business unit saw excellent development in 2016, recording a considerable increase in revenues by 16.2% to €659.3 million. In particular, higher prices for fruit from New Zealand and increased sales volumes for soft and stone fruit, tropical fruit and fruiting vegetables contributed to this rise. The acquisition of the majority interest in Dutch TFC in March 2016 had an especially positive impact, resulting in the significant increase of the tropical fruits offered. Due to an improved product mix featuring more produce with higher margins, EBIT increased by 56.5% to a new record of €42.3 million. Revenues in the Agricultural Equipment business unit fell by 0.3% to €1,256.8 million as a result of a considerable decline in the willingness of farmers to invest. EBIT saw a decrease down to €10.6 million, primarily due to the drop in new machinery business.

For the Energy Segment, 2016 was another record-breaking year. The output generated, which includes all wind turbines, solar power and biomass plants commissioned in 2016, came to 265.0 megawatts (MW) in the reporting year. Revenues for the Renewable Energies business unit declined in particular on account of lower market prices for solar components by 7.1% to €945.9 million. However, with an 8.9% increase in earnings to €67.3 million, the business unit's EBIT set a new record. Conventional Energy revenues decreased by 9.6% to €2,030.1 million, primarily on account of heating oil and fuel prices, which were down on average year on year. EBIT improved in particular due to the positive development of margins in the fuel business, increasing by €0.4 million to €15.8 million. Altogether, at €2,976.0 million, the Energy Segment's revenues for the financial year 2016 were down year on year by €288.2 million, or 8.8%. It was possible to increase EBIT by 7.7% to €83.1 million, however.

In the financial year 2016, the Building Materials Segment generated revenues of €1,530.1 million, which amounts to growth of 2.3%. This rise was primarily due to higher sales volumes resulting from a bustling construction sector. Sales volumes of the entire building materials portfolio benefited from a booming housing construction market in particular, which also led to a spike in demand for prefabricated components, such as stairs, ceilings and garages. Products from the ranges for civil engineering and road construction work saw growing demand over the course of the year on account of the increase in repairs and modernisations carried out on motorways, bridges and tunnels. EBIT improved by €1.1 million to €28.5 million on the back of expansion efforts focused on private brands, the ongoing optimisation of the site network and lower logistics costs due to oil prices.

The range of the Innovation & Digitalisation Segment, created in the second half of 2016 from the former Digital Farming business unit, covers the software products Agrar Office and NEXT Farming from the subsidiary FarmFacts, which provides digital maps, analyses and advisory services with regard to the digitalisation of agriculture. E-commerce combines all of the BayWa Group's online activities. BayWa has set itself the target of taking on a leading role as a professional partner to the agricultural industry when it comes to digital farming and farm management solutions. The Innovation & Digitalisation Segment generated revenues of €6.0 million in the reporting year, representing an increase of 14.9%. Due to the high level of investments in the development of digital farming solutions and the new BayWa Online World, and due to the operating business units' service function with no direct income, the Innovation & Digitalisation Segment reports EBIT of €–8.6 million (2015: €–2.9 million) that falls within the scope of planning.

In total, the BayWa Group generated revenues of €15,409.9 million in the reporting year, which represents a year-on-year increase of 3.2%. The BayWa Group's operating result (EBIT) decreased by 8.5% to €144.7 million. The decline in earnings is due above all to the unfavourable market conditions in the Agriculture Segment. Consolidated net income decreased by 14.4% to €52.7 million. Earnings per share attributable to the shareholders of BayWa AG amounted to €0.90 (2015: €1.39). The BayWa Group holds promising positions in global growth markets. The continued strategy of internationalisation is carving out new earnings potential, which is reflected in the anticipated rise in EBIT in this financial year as stated in the Outlook section. In light of this, the Board of Management and Supervisory Board will propose an unchanged dividend of €0.85 per share to the Annual General Meeting.

BACKGROUND TO THE GROUP

BayWa Group Business Model

Group structure and business activities

The BayWa Group

2016	Revenues (in € million)	Employees (annual average)
Agriculture	10,884.5	10,212
Energy	2,976.0	1,911
Building Materials	1,530.1	4,081
Innovation & Digitalisation	6.0	126
Other Activities	13.3	630
Total	**15,409.9**	**16,960**

BayWa AG was established in 1923 and has its principal place of business in Munich. Through consistent growth and the continual expansion of its scope of services, BayWa has grown from its humble beginnings in agricultural cooperative trading into one of the world's leading trade, services and logistics companies. Its business focus is on Europe, but BayWa has also established an international trade and procurement network by maintaining important activities in the USA and New Zealand and business relations from Asia to South America. The BayWa Group's business activities, divided into the three operating segments Agriculture, Energy and Building Materials, as well as the new Innovation & Digitalisation Segment focused on development, encompass wholesale, retail, logistics, as well as extensive supporting services and consultancy. The BayWa Group has registered places of business in 40 countries, either through itself or through Group companies.

Digitalisation, the "Internet of things" and global electronic networking are gradually penetrating all facets of the economy and our lives. As this trend takes hold, an increasing number of analogue business models are developing in an omnichannel direction. The keys to success are the scalability of the business model, the speed of implementation (in other words the duration of the period from product development to marketable status) and the corporate culture. BayWa identified this trend at an early stage and integrated it into its strategy and entrepreneurial activities. This is leading to more efficient business processes, a broader range of products and services and the development of new customer groups. The focus is always on improving the benefit for the customer. In order to do justice to this, BayWa established the new Innovation & Digitalisation development segment in the second half of 2016.

BayWa AG conducts its business in the three operating segments and the Innovation & Digitalisation development segment both directly and through its subsidiaries, which are included in the group of consolidated companies. Besides the parent company BayWa AG, the BayWa Group comprises 298 fully consolidated Group companies. Furthermore, 33 companies were included at equity in the financial statements of BayWa.

Agriculture Segment
The Agriculture Segment traditionally accounts for the largest share of revenues at the BayWa Group; in 2016, it accounted for roughly 71% of revenues. The business activities of the Agriculture Segment were restructured with effect from 1 January 2016: The former Agricultural Trade business unit was split up into the new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units. BAST combines BayWa's national and international trade, distribution and logistics activities for grain, oilseed and related products. The collection business and trade in operating resources and feedstuffs are pooled in the business unit known as BAV. These Fruit and Agricultural Equipment business units remain unchanged. The Digital Farming business unit, which was part of the Agriculture Segment since its establishment in the fourth quarter of 2015, has been managed separately since the second half of 2016 as the independent Innovation & Digitalisation Segment. The previous year's figures for the Agriculture Segment have been adjusted accordingly for the purposes of comparability.

The Agriculture Segment is strongly influenced by natural phenomena, such as the weather, and the effect these phenomena have on harvests. These factors have a direct impact on the offering and pricing in the markets for agricultural commodities and produce. Globalisation means that international developments – such as record or failed harvests in other parts of the world or changes in exchange rates and transport prices – increasingly affect price development in regional markets. The extent to which the prices of individual agricultural commodities influence one another has increased significantly in recent years and prices have become more volatile. Supply and demand and prices for operating resources such as fertilisers and crop protection products are also increasingly influenced by global and regulatory factors. What's more, changes in the legal conditions can trigger considerable adaptive reactions in the markets trading agricultural products. Finally, regulations, for instance those issued by the EU, exert a major influence on pricing and structures in a number of relevant markets.

BAST

BayWa is the leading European company in agricultural trade with a global reach. In the BAST business unit, BayWa acts as a supply chain manager in the case of grain and oilseed. It covers the entire value chain from procurement and logistics to sales, and it is continuing to expand its international grain trading activities. The business unit pools activities that are not tied to a specific location, particularly national and international grain trading, and is geared primarily towards grain or oil mills, producers of starch and feedstuffs, malt houses, breweries and biofuel manufacturers. BayWa sells products to local, regional, national and international companies in the foodstuff, wholesale and retail industries through its in-house trade departments. In January 2016, BayWa acquired 100% of the shares in Evergrain Germany GmbH & Co. KG, Hamburg, Germany, as part of its specialisation strategy with regard to trade in agricultural produce. Evergrain is specialised in international trading with malting barley. Through the acquisition, BayWa is assuming a leading role in the malting barley business. The biggest market potential for malting barley lies in the European Union and increasingly in the growth markets of South America and Asia. Another step in the process of expanding the speciality business followed in January 2017 with the acquisition of 100% of the shares in the Thegra Tracomex Group, Oosterhout, Netherlands, by BayWa's Dutch Group company Cefetra B.V. Consisting of the five companies Thegra Tracomex B.V., Thenergy B.V., Thegra Polska Sp. z.o.o., Biocore Holding B.V., which includes Biocore B.V., and Riveka BVBA, the Thegra Tracomex Group has locations in the Netherlands, Belgium and Poland, and trades in specialities, such as barley, oats, legumes and organic produce. BayWa is expanding trade in specialities to further diversify the overall portfolio.

BAV

The BayWa Agricultural Sales (BAV) business unit directly covers the stages of the value chain with farms: collection, sales and service. It supplies farmers with operating resources such as seed, fertilisers, crop protection and feedstuffs throughout the entire agricultural year and collects harvested produce. For its collection activities, BayWa maintains a dense network of high-performance locations in its core regions with significant transport, processing and storage capacities that ensure seamless goods delivery, quality inspection, processing, correct storage and handling of agricultural produce. When it comes to the procurement and marketing of produce, BayWa possesses a global network comprising both inland and deep water ports.

In its traditional core regions, BayWa's agribusiness is embedded in the agricultural cooperatives trading structure. In Germany, this business is focused on specific regions on account of historical structures. BayWa has 218 sites in its regional core markets, particularly in Bavaria, Baden-Württemberg, Mecklenburg-West Pomerania, Thuringia, Saxony, Saxony-Anhalt and southern Brandenburg, which form part of an extensive and dense network. By expanding its digital activities, BayWa is also acquiring new customers beyond these regions. Through its Austrian subsidiary RWA Raiffeisen Ware Austria Aktiengesellschaft (RWA AG), which maintains close business relations across the whole of Austria with 469 cooperative warehouses, BayWa is represented throughout the country. Numerous privately owned medium-sized trading enterprises, mainly operating locally, make up the competitive environment for agricultural produce. In contrast, there are also a number of wholesalers operating nationwide that offer operating resources. All in all, BayWa has established a leading market position for itself in the agricultural trade in Germany and Austria.

Fruit

The Fruit business unit is one of the BayWa Group's business units with the greatest international focus. With the acquisition of T&G Global Limited (T&G) in 2012, BayWa has not only tapped into the New Zealand market, but also gained access to the American continents, Australia and Asia through its network of international trade links. Together with its subsidiary Apollo Apples (2014) Limited, T&G Global Limited is the leading provider of apples in New Zealand with international trade links to Asia, Europe, Australia and the Americas, which makes BayWa one of the most important pome fruit traders worldwide. In Germany, BayWa is the leading single seller of dessert pome fruit to wholesalers and retailers in the food industry and the largest supplier of organic pome fruit. Furthermore, BayWa also collects, stores, sorts, packages and trades fruit for customers in Germany and abroad as a marketer under contract at its seven sites in the Lake Constance, Neckar and Rhineland-Palatinate regions. BayWa expanded its portfolio in the growth market for exotic speciality fruits in the "ready-to-eat" sector in 2016 through the majority interest in the Dutch supplier TFC Holland B.V. (TFC), significantly strengthening its position as a leading international supplier of fruit and pome fruit. TFC has long-standing international trade relations in all procurement markets for tropical fruits – mainly for avocado, mango and citrus fruits – as well as with the European food retail industry. By taking this step, BayWa systematically continued its specialisation in the national and international fruit business. Using an attractive product portfolio featuring specialities to set yourself apart from the competition is also playing an increasingly significant role in the German market, which is marked by a high concentration on the demand side.

Through the reciprocal marketing of dessert fruit and pome fruit between the northern and southern hemispheres, BayWa is in the position to provide trade partners in Europe with fresh produce all year round, expand its product range and seize sales opportunities for German fruit on the international growth markets. The sales structures of T&G and its affiliates offer the potential to open up additional sales markets, particularly in Asia.

Agricultural Equipment

The Agricultural Equipment business unit offers a full line of machinery, equipment and systems for all areas of agriculture. The most important customer groups include those in agriculture and forestry, local government and industry. Aside from tractors and combine harvesters, the range of machinery also includes versatile municipal vehicles, road-sweeping vehicles, mobile systems for wood shredding and forklift trucks for municipal services and commercial operations. The range on offer for forestry extends from large machinery and equipment such as forestry tractors, wood splitting and chipping machinery, forest milling cutters and mulchers, cable winches, road and path construction machinery right through to small appliances such as chainsaws and brush cutters and the necessary protective clothing. In addition, an extensive network of workshops and mobile service vehicles provide maintenance and repair services for machinery and equipment.

For products made by AGCO – with the brands Fendt, Massey Ferguson, Challenger and Valtra – and CLAAS, BayWa is the world's largest sales partner, and it maintains a closely linked network of in-house workshops in southern and eastern Germany, as well as the Netherlands, that are tailored to manufacturer brands. The range of workshop services is also complemented by mobile service vehicles to provide maintenance and repair services, as well as by the supply of replacement parts and trade in used machinery. BayWa also sells used machinery via an online platform. In 2016, BayWa expanded sales structures for Massey Ferguson-branded products to significantly increase their market share in the years ahead. Specialised Massey Ferguson sales activities launched at the first location in Münchberg, Upper Franconia, Germany, in November 2016. A total of 18 establishments are planned for Massey Ferguson sales in Bavaria and Saxony. These locations will continue to provide services for all AGCO brands, however. Customers can have products from each of the brands repaired and serviced there, as well as obtain spare parts.

In BayWa's core regions, the market for agricultural equipment is focused primarily on replacement investments and the modernisation of machinery and systems. In light of this, tapping into international markets that harbour above-average growth potential is becoming more important, which is why BayWa entered into a partnership with CLAAS in Canada, for example. The partnership focuses on marketing CLAAS products in the province of Alberta. BayWa and CLAAS are planning to expand the dealer footprint in the region. The first location opened in 2016, and another is scheduled for 2017. In July 2016, BayWa also acquired the remaining 51% of the shares in the Agrimec Group B.V., a joint venture established together with the Agrifirm Group B.V. in 2014. The joint venture operates in agricultural machinery sales and service. In 2015, BayWa partnered with Barloworld Limited, Johannesburg, South Africa, to establish the joint venture BHBW Zambia Limited for distributing agricultural equipment in sub-Saharan Africa. This partnership resulted in a second joint venture for agricultural equipment and logistics technology in South Africa and other neighbouring markets in January 2017. BayWa and Barloworld each hold a 50% stake in both joint ventures. BHBW Holding holds licences to distribute AGCO brands Massey Ferguson and Challenger in the agricultural sector and the Hyster-Yale brands Hyster and UTILEV with regard to lift trucks and materials handling equipment. This marks the systematic continuation of the business unit's path towards internationalisation to secure long-term growth opportunities.

Energy Segment
In the financial year 2016, the Energy Segment accounted for around 19% of consolidated revenues. The segment's business activities are divided into the conventional energy business and the Renewable Energies business unit, which is housed in BayWa r.e. renewable energy GmbH.

Conventional Energy
In its conventional energy business, BayWa predominantly sells heating oil, fuels, lubricants and wood pellets in Bavaria, Baden-Württemberg, Hesse, Saxony and Austria. In the heating business, heating materials are primarily sold through in-house sales offices. Diesel and Otto fuels, as well as AdBlue, are sold through a total of 239 Group filling stations and partner stations in Germany. In addition, fuels are supplied to resellers and wholesalers. In Austria, more filling stations are managed by subsidiaries. The Group company GENOL Gesellschaft m.b.H. & Co. KG acts as a wholesale fuel supplier to cooperative filling stations. BayWa sells lubricants to commercial and industrial customers, as well as to farmers and operators of combined heat and power plants. BayWa has also positioned itself as a market leader in lubricants for biogas CHP units and with regard to multifunctional oils. The subsidiary BayWa Energie Dienstleistungs GmbH offers extensive and individual solutions for energy provision to residential properties, municipal and commercial buildings and the healthcare and industrial sectors.

Besides the large mineral oil trading companies, the competitive environment is shaped mainly by medium-sized fuel traders. Having developed over time, there is now a close connection with agribusiness, as farmers are among the largest customer groups. In the Energy Segment, conventional energy business is mainly shaped by volatile price trends in the crude oil markets. The prices of fossil-based fuels are also subject to considerable fluctuations, which affect the demand for these products. In addition, demand for heating oil has been falling for years due to the increasingly widespread use of renewable energy sources and gas, as well as the improvement in energy efficiency in buildings.

Renewable Energies
The Group pools the lion's share of the renewable energy value chain in BayWa r.e. renewable energy GmbH. BayWa r.e. pursues a three-pronged diversification strategy for its business portfolio: by country, by energy carrier and by business activity. Business activities are divided into four areas: project development/implementation, services, photovoltaic trade and energy trade. Project development/implementation encompasses project planning, management and the construction of wind turbines, solar power, geothermal and biomass plants through to the sale of finished plants. In January 2016, for example, the purchase of project licences for 31 wind power projects with a total output of some 375 megawatts (MW) at various locations in Germany, mainly in North Rhine-Westphalia and Rhineland-Palatinate, was concluded. Services comprise planning and technical services, the provision of consumables, operational management and maintenance of the turbines and plants. BayWa r.e. acquired Italian service provider Kenergia Sviluppo S.r.l. in 2016. The company's operations focus on the technical and commercial management of solar power plants and wind turbines. The takeover means that BayWa r.e.'s operational management contracts in Italy are increasing by 270 MW to more than 500 MW, making BayWa r.e. one of the leading companies in the Italian market. In the United Kingdom, BayWa r.e. integrated the Green Hedge Operational Services Limited's service business, which involves support and maintenance for photovoltaic systems with a total output of 160 MW. In Spain, BayWa r.e. took over technical management of five solar power plants as part of the partnership with the asset and investment manager KGAL. BayWa r.e. now oversees system output of more than 2.3 gigawatts (GW) worldwide. In addition, the company also trades in photovoltaic systems and components and markets electricity, gas and heat generated from renewable sources. This business unit has had a strong international focus from the outset in order to reduce reliance on individual national markets. In 2016, BayWa r.e. established two new companies in Singapore and Bangkok to have a hand in South-East Asia's dynamic growth with regard to project planning as well as trading in photovoltaic components. Focus will initially be on the Thai, Philippine, Malaysian and Indonesian markets. With the establishment of a new subsidiary in Luxembourg – including the partial acquisition of an existing business – BayWa r.e. also expanded its photovoltaic sales activities in Belgium, the Netherlands, Luxembourg and France. The acquisition of Solarmatrix, which is a photovoltaic wholesale distributor located in Perth, Australia, marked another step forward on the path towards strategic growth as well. As a result, BayWa r.e. is now represented in all major European markets, North America, Japan, Singapore, Thailand and Australia, amounting to a total of 24 countries.

The market for renewable energies is a largely regulated market where energy is produced and fed into the grid at prices set by the government. Developments in the market are therefore largely determined by changes in the structure and size of state subsidies. In terms of wind and solar energy, BayWa r.e. operates in Australia, Austria, Croatia, Denmark, France, Germany, Greece, Hungary, Indonesia, Italy, Japan, Luxembourg, Malaysia, Mexico, Poland, the Republic of El Salvador, the Republic of Singapore, Romania, Spain, Sweden, Switzerland, Thailand, the UK and the USA. This ensures that BayWa r.e is highly diversified both in terms of its range of energy carriers and its geographic distribution. By consolidating various Group companies in the umbrella brand BayWa r.e. renewable energy and setting up a clear business structure in the areas of wind energy, solar power and biomass as well as in the Projects/Services and Trade functional units, the foundations have been laid to eliminate overlapping activities, take advantage of synergies and thus participate in the expected market growth. Generally, investment incentives through guaranteed feed-in tariffs or tax breaks affect demand. In Germany, the structuring of subsidies in the German Renewable Energy Sources Act (EEG) is a major factor influencing demand for wind turbines, solar power and biomass plants, as the profitability of these turbines and plants is determined by the statutory feed-in tariffs. Similar subsidy mechanisms usually exist in foreign markets. Furthermore, regulatory intervention in free trade also influences prices for systems components. Changes to relevant legislation can therefore have significant effects on investments in renewable energy.

Building Materials Segment

Approximately 10% of consolidated revenues are generated in the Building Materials Segment. The segment primarily comprises building materials trading activities in Germany and Austria. In addition, BayWa serves a number of franchise partners in the building materials and retail business in Austria through its Austrian subsidiary AFS Franchise-Systeme GmbH. The BayWa Group is Germany's number two in the building materials trade with a total of 128 locations and ranks among the leading suppliers in Austria with 27 sites. The number of franchise locations currently totals 1,029.

In the building materials trade, BayWa mainly caters to the needs of small and medium-sized construction companies, tradesmen, commercial enterprises and municipalities. Private developers and homeowners are also important customers. The key success factors in this business are physical proximity to the customer, the product mix, advisory services and close relations with commercial customers. BayWa takes these factors into account with a targeted focus on its customer groups when it comes to sales and customer consulting services. One example of this is the online portal for building materials, launched in January 2017, which enables business customers to place orders 24/7. Customers also have the option to schedule delivery dates online as well. If customers choose to collect the goods themselves, they can create their own delivery note after completing their order. This enables them to pick up the materials straightaway without any wait. A tool known as the room designer has also been added to the online range of products and services. Further areas of focus include healthy construction and energy efficiency. BayWa offers a wide range of emissions-tested building materials plus solutions for energy-efficient construction or renovation. Thanks to its private brand lines casafino for construction components and landscaping; Formel Pro for structural and chemical products, as well as insulation materials; Formel Pro Green for healthy-living building materials and cleaning agents; as well as Valut for roofing accessories, BayWa is increasingly becoming an initiator of new products. In the case of conventional construction materials, being close to the customer is a significant competitive advantage. At the same time, the cost of transporting heavy or bulky construction materials with relatively low added value necessitates excellent location structures and optimum logistics.

The building materials market is strongly fragmented both in Germany and in Austria. In Germany, there are nearly 850 companies in total with some 2,270 locations specialised in the building materials trade. The majority of these are small or medium-sized enterprises, which often join forces in the form of procurement groups and similar organisations.

Changes in the economic and political environment in particular may have a positive or negative effect on the Building Materials Segment, especially in the case of subsidy programmes concerning energy-efficient renovation and residential construction. The development of the building materials trade generally follows overall building activity. Civil engineering and road construction depend greatly on public-sector spending. In the area of private construction, incentives such as government subsidies for renovation or refurbishment measures and favourable interest rates for financing play a major role in investment decisions. In addition, manifold regulations influence general investment propensity levels and the demand for certain products. Construction laws and directives, such as the German Energy Saving Ordinance (EnEV) or the introduction of energy certification for buildings, construction permits, public procurement law, as well as directives on fire and noise insulation are of particular significance.

Finally, the building materials business depends on weather conditions. In particular, heavy precipitation and periods of frost can severely limit construction activities.

Innovation & Digitalisation Segment
BayWa has plotted a clear course into the digital future by establishing the independent Innovation & Digitalisation Segment, which is responsible for developing and marketing digital products and services for enhancing productivity in agriculture. It also pools the BayWa Group's e-commerce activities in the BayWa Online World. With its software product Agrar Office, Group company FarmFacts GmbH offers farmers a future-oriented and interoperable farm management system. A number of modular tools and solutions are also available. The next innovative step is the networking of entire areas of farms and processes with upstream and downstream stages. To this end, FarmFacts GmbH offers an overall concept for medium-sized and small farms with the NEXT Farming product generation, which enables farmers to seize the opportunities of smart farming across all types of machinery and operating resources, irrespective of farm size. BayWa is striving to secure a leading market role in this field across Europe. Digitalisation is changing agriculture as we know it. Nowadays, potential for optimisation at farms is more about optimising whole processes instead of implementing individual measures. For example, site-specific farm management allows costs for operating resources to be reduced significantly. Machinery and system maintenance costs can also be reduced through the rapid collection, assessment and transmission of technical data.

Management, Monitoring and Compliance

BayWa is an Aktiengesellschaft (stock corporation) under German law with a dual management structure consisting of a Board of Management and a Supervisory Board.

As at 31 December 2016, the Board of Management consisted of five members: Prof. Klaus Josef Lutz (Chairman, responsible for BayWa Agri Supply & Trade and Fruit), Andreas Helber (responsible for finance and the Building Materials Segment), Roland Schuler (responsible for BayWa Agricultural Sales, Agricultural Equipment and Digital Farming), Matthias Taft (responsible for the Energy Segment) and Reinhard Wolf (responsible for RWA Raiffeisen Ware Austria Aktiengesellschaft). The Board of Management is solely responsible for managing the company with the primary aim of increasing its value over the long term.

The BayWa AG Supervisory Board consists of 16 members. It monitors and consults the Board of Management in its management activities and regularly discusses business development, planning, strategy and risks together with the Board of Management. In accordance with the German Codetermination Act (MitbestG), shareholder and employee representatives have an equal number of positions on the Supervisory Board of BayWa AG. The Supervisory Board has formed six committees in order to boost efficiency.

Details on cooperation between the Board of Management and the Supervisory Board and on corporate governance at BayWa AG are presented in the Supervisory Board report and the Statement on Corporate Governance. They are publicly available at www.baywa.com/en/investor_relations/financial_reports/annual_reports/.

The main task of the Corporate Compliance organisational unit is to perform preventive duties. Corporate Compliance draws on training courses and an extensive range of consultancy and information services to prevent breaches of the law. Its activities are focused on corruption prevention and antitrust law. Comprehensive frameworks have been developed and implemented across the Group on these issues. Furthermore, a Group-wide code of conduct has been introduced, creating a uniform set of values which apply to the entire BayWa Group. Employees who wish to report potential breaches of compliance regulations are now able to register their grievances through an anonymous tip-off system in addition to existing possibilities, such as the ombudsman. Reported information is assessed and followed up in conjunction with Corporate Audit. Corporate Compliance and Corporate Audit work together closely in internal investigations of an antitrust or criminal nature. There is also an extensive range of compliance controls to review and guarantee adherence to compliance principles. Corporate Compliance is managed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer. Compliance Officers are also appointed in BayWa's business sectors, as well as at all significant affiliated companies. They are available to employees as additional contact partners and act as conduits.

The areas of foreign trade law, data protection, tax compliance, environmental law and data security are managed by independent departments within the company.

Corporate Goals and Strategy

As a strong partner to its customers, BayWa intends to ensure that the company is fit for the future and independent. Its corporate governance has a long-term focus and is shaped by the company's responsibility towards customers, employees, other stakeholders and society as a whole. The environment and the markets in which BayWa operates are subject to constant changes. In order to reinforce its position and expand its presence by seizing market opportunities, BayWa acts with entrepreneurial foresight while remaining decisive, quick-thinking and flexible. The company achieves its growth targets through the organic development of existing business activities, through general development of new business areas in Germany and abroad, and through acquisitions. In addition, BayWa joins forces with other companies to seize new business opportunities through partnerships and cooperation. The internationalisation of the company's business activities represents the central strategic focus: through targeted acquisitions, the development of new business areas and organic growth in agricultural trade, fruit, agricultural equipment and renewable energies, BayWa has succeeded in entering new corporate dimensions over the past few years. In the agricultural sector, the Group is underpinning its aim of becoming Europe's leading agricultural trade, distribution and logistics provider with global reach. Another focus is on the expansion of activities with agricultural speciality products, such as malting barley, hops and legumes (peas, beans and lentils). Through these efforts, BayWa continues to diversify its product portfolio and stabilise profitability, given that it is usually possible to achieve higher margins by trading in specialities than in standard agricultural staples. In the fruit trade, BayWa's objective is to offer retailers in Europe a diverse and attractive range of produce throughout the year by systematically expanding its procurement base in the southern hemisphere. In addition, T&G Global Limited in New Zealand is being used as a platform for expanding exports to countries in Asia and tapping into new national markets. In order to secure long-term growth opportunities in the agricultural equipment sector, the Group intends to take on a leading role across Europe as an independent provider of smart farming solutions for all farm sizes, alongside its geographic expansion. As one of Europe's largest providers of renewable energies, BayWa's focus is on driving forward the expansion of the renewable energies business on a global stage. Internationalisation thus forms the crucial basis for BayWa's further growth that will reinforce BayWa's competitive position and make it possible to tap into new markets. In the Building Materials Segment, the extensive restructuring measures taken in the past years have created the conditions necessary for successfully continuing business independently.
In early 2016, detailed analyses revealed that a joint venture solution in the German market does not harbour enough potential to sustainably increase profitability. In light of this, BayWa has adopted a strategy of further developing its current position by strengthening sales, expanding online offerings and optimising processes, costs and locations. At Group level, the overarching areas of focus across all segments and business units include expanding digital solutions and strengthening the BayWa umbrella brand.

BayWa continually analyses its business portfolio – comprising the Agriculture, Energy and Building Materials Segments and their respective business units, as well as the development segment Innovation & Digitalisation – with regard to future growth and earnings potential. Strengthening the market position and optimising the business portfolio serve the same goal: increasing the profitability of the BayWa Group's business activities over the long term. This also includes the continuous improvement of cost structures. The focus here is on optimising the network of sites, structuring processes efficiently, intensifying the use of existing sales structures and strengthening cooperation between Group companies at an operating level. Through a project launched in August 2015, targeted measures have since been taken to increase process transparency, leverage short-term savings potential and reduce costs in the long term. In 2017, greater focus will be placed on optimising processes and structures.

BayWa systematically pursues a strategy of restructuring, adapting or disposing of any activities with insufficient growth and/or earnings prospects. A portfolio optimisation project was launched in 2016. The project aims to identify business units at the Group with significant and repeated deviations from planned targets or those that fail to earn their cost of capital. EBIT, capital employed and return on capital employed (ROCE) for 2013 to 2016 are the key figures taken into consideration. If ROCE is lower than capital costs in the period under review and/or the units generate negative EBIT, business measures are taken that can range from modifications to the business model and the reduction of capital employed to divestment.

The development of the BayWa Group is accompanied by a solid and proactive financing strategy. It is shaped by the caution traditionally exercised by companies in the cooperative and agricultural sectors, but also takes into account the changing requirements of an established international group. With its corporate financing, BayWa puts its faith in tried-and-tested, reliable partners in the cooperative federation.

Furthermore, it makes sure that there is sufficient diversification in terms of financing sources, so as to guarantee its independence and limit risks. Efficient management of working capital is vital at the BayWa Group as it represents a net figure for current assets less current liabilities. BayWa aims to maintain a balanced capital structure.

Control System

Strategic controlling of the corporate divisions is based on value-oriented corporate governance and integrated risk management. Operational management of the corporate divisions is conducted based on targets; the key earnings figures EBITDA, EBIT and EBT are primarily used as the most significant financial performance indicators. The development of financial performance indicators in the financial year 2016 is described in the Financial Report in the section “Financial Performance Indicators”. Non-financial performance indicators are still of secondary importance at BayWa.

The value-driven management approach supports the medium- and long-term streamlining of the portfolio and the strategic orientation of capital allocation within the Group. This approach shows whether the ratio between the operating profit achieved and the risk-adjusted cost of capital is appropriate, i.e. whether the segment has earned its cost of capital. Interest on average capital invested in the corporate divisions is charged by applying the weighted average cost of capital (WACC) model. The return on invested capital (ROIC) of the corporate divisions is then measured against the respective cost of capital. There is economic profit if the return on invested capital is higher than the cost of capital specific to each business unit. The further development of an efficient risk management system is particularly important in safeguarding long-term economic success, especially in international business. The risk management system is monitored and managed by a Risk Board established in 2009 and headed up by the Chief Executive Officer. In addition, a system to coordinate trade management was created in 2014 in the shape of the Global Book System (GBS), which reconciles and optimises trade and risk positions of individual product lines in grain, oilseed and co-product trade for national and international divisions. Fundamental market analyses are performed within the scope of the market research activities to estimate the global supply and demand situation; these analyses are discussed in weekly meetings with the trade departments.

Research and Development

	2016
Research and development expenses (in €)	157,000
Number of employees	35
Own work capitalised (in €)	1,536,000

Research and development activities were previously of secondary importance at BayWa, a trading and logistics group, and primarily relate to the formation of the new Innovation & Digitalisation Segment in the second half of 2016. Research is being conducted in pilot projects on the topics of site-specific sowing and fertilisation. Development pertains in particular to software and digital applications for digital farming. It is carried out at the subsidiary FarmFacts GmbH and includes software modules for controlling agricultural processes, as well as telematic applications and management software for the automated steering of agricultural machinery. Headcount for research and development stood at 35 employees as at 31 December 2016. This figure comprised 29 software development employees, 2 project management employees and four external specialists. All of the employees mentioned work at or for the Group company FarmFacts GmbH. The BayWa Group’s research and development expenses totalled €157,000 in the financial year 2016. Own work capitalised with regard to new digital farming products amounted to some €1.5 million.

FINANCIAL REPORT

Operative Business Development

Agriculture Segment

Market and industry development

In 2016, global agricultural markets continued to be shaped by large inventories of grain and oilseed, as well as by the very high harvest volume of the grain year 2015/16, which totalled 1,984 million tonnes, excluding rice. Harvest volumes therefore fell within the scope of the forecast of 2,000 million tonnes made in early 2016. The comfortable supply situation with agricultural commodities worldwide led to strong pressure on prices, which was further boosted in wheat and corn by major short positions by institutional investors. According to the latest forecasts from the United States Department of Agriculture (USDA), global grain production in grain year 2016/17 – excluding rice – is set to hit a new record level of approximately 2.077 million tonnes, which will see further increases in inventory stocks. This is primarily due to the rise in corn volume by some 8% to 1,040 million tonnes, while the wheat harvest volume is only set to increase by a small margin of just under 2% to roughly 748 million tonnes. In the European Union, harvest volume for 2016 was down by roughly 5% year on year at just under 297 million tonnes. In addition, persistent precipitation in spring and summer negatively affected wheat quality in some cases. In Germany, the harvest brought in 45.3 million tonnes of grain in 2016, down roughly 7% on the figure for the previous year and around 3% below the mean for the years 2010 to 2015. The smaller harvest is due primarily to lower hectare yields as a result of unfavourable growing conditions in early summer 2016 and a slight decline in the amount of land available for cultivation. Following a harvest of 676 million tonnes in the harvest year 2015/16, worldwide oilseed harvest volumes are also expected to rise by around 5% to 712 million tonnes in 2016/17, which will make it possible to just meet rapidly rising global demand, contrary to previous concerns. However, the global supply and demand situation, which is difficult to predict, led to irrational price trends. Spring rallies, in particular in the prices of soya and corn, were followed by major slumps beginning in June. Overall, prices of agricultural produce declined even further in 2016 due to the ample supply situation. Over the year as a whole, grain prices fell by roughly 10% to their lowest level in six years. At the end of the year, the price of wheat on the MATIF commodity futures exchange was down some 4% year on year at approximately €168 per tonne. In Germany, the producer price index for agricultural produce saw a year-on-year rise of just over 2% at the end of the third quarter of 2016; however, this was due primarily to considerably higher prices for ware potatoes, pork, vegetables and fruit.

Global milk production increased even further in 2016 by 1.1%. Production in the European Union (EU), the world's largest milk producer at around 166 million tonnes, experienced a disproportionately low increase in 2016 of just 0.6%. However, extremely low milk prices as a result of the milk crisis led to a reduction in the number of dairy cattle from June 2016, which meant that milk production in the second half of the year was down on the figure for 2015. However, milk production in Germany still rose slightly until September 2016 by 0.5%. Global trading volumes of dairy products increased by 0.4% to roughly 72.3 million tonnes in 2016. This was primarily due to higher demand from Asia – especially China – and more imports by Russia. The ample supply situation put prices on the dairy market around the world under pressure in the first half of 2016, which gave dairy-producing farms an increasing number of problems. The Food and Agriculture Organization (FAO) Dairy Price Index fell to a low of 130 points by March 2016. It had recovered to 192 points by the end of the year, however.

Global meat production rose only slightly by 0.2% to 319.8 million tonnes in 2016. In the EU, meat production was up by approximately 2% to 47.1 million tonnes, which means it remains the second largest meat producer after China. Meat production in Germany fell by nearly 2% to 8.6 million tonnes. The decline is due in particular to lower pork production, as its share of German meat production shrank by just under 1 percentage point to 57%. Beef production remained on par with 2015 and accounts for a stable share of around 14% of total meat production. Poultry production saw slight gains, however, and now accounts for around 21% of total production. Global market prices for meat fell by approximately 20% in 2015, but then began to stage a recovery beginning in April 2016. According to the FAO Meat Price Index, global market prices for meat were up by around 3% year on year in October. Pork prices rose by some 9%, and poultry prices increased by around 3%, while the price of beef trended sideways. Producer prices for pork in the EU and Germany were only slightly above the figure for 2015; beef prices dropped by around 3% and poultry prices by 4%. The financial position of German animal feeding operations has seen scant year-on-year improvement as a result.

The price index for agricultural operating resources has declined in Germany over the past four years. At the end of the third quarter of 2016, costs for operating resources were down 2.6% year on year. This trend is not likely to have continued in the fourth quarter, however, due to the sharp rise in the price of crude oil. Seed prices fell by

4.1%. This was partly due to the reduction in market prices for agricultural produce. In 2016, higher demand and rising seed sales overall were expected due to greening regulations. However, seed sales declined, because farmers opted for varieties of legumes, among others, that they replanted themselves over ones they purchased. Fertiliser prices were down nearly 10% year on year on average. The drop in prices was due in particular to oversupply on the international fertiliser market and affected all types of fertilisers. Contrary to seeing rising sales, as originally expected, fertiliser sales volumes were below average in the first half of 2016 owing to the fact that many fields were too wet to service. In addition, low producer prices also led to farmers making cutbacks to the use of fertilisers, reducing basic fertilisation to an absolute minimum. Sales declined overall by 2.5% in the reporting year. Contrary to what was forecast, the use of crop protection products decreased in 2016 by around 11% on average for all crops. Very wet conditions in some areas meant fields could not be accessed, which negatively impacted volume sales. In addition, generally sparing use of operating resources led to subdued demand. On average, prices remained on par with those from 2015. According to the German Farmers' Association (Deutscher Bauernverband – DVB), prices of feedstuffs were down 6.3% on the previous year on average.

Compared to the previous year, 2016 experienced less favourable weather conditions, which led to lower harvest volumes across almost all fruit produce in Germany in 2016. At slightly more than 1 million tonnes, only the German apple harvest outperformed 2015, seeing a year-on-year increase of some 6% and exceeding the forecast by 68,000 tonnes. However, the quality of the fruit varied depending on the growing region. For example, the Lake Constance region ended up with a smaller amount of high-quality dessert apples compared to 2015 due to hail and frost damage. Prices for German apples remained approximately on par with the previous year's prices. The harvest yield in the EU fell nearly 3% year on year to around 12 million tonnes. The Eastern Alps and Balkan regions in particular saw lower volumes. In New Zealand, the 2016 apple harvest decreased in volume by roughly 3% year on year to 539,000 tonnes; a decline of 1% had originally been anticipated. New Zealand exported over 60% of its apple harvest, with roughly two-thirds destined for Asia – and rising. Price increases were recorded in the sales campaign for dessert fruit from the southern hemisphere. Demand for New Zealand fruit was particularly high worldwide; as a result, its marketing season concluded with the highest export volumes observed over the past ten years.

For the second consecutive year, investment activities in agriculture declined considerably in 2016 due to the significant downturn in farmers' revenue and income situation compared to previous years. Low producer prices for milk and feeding pigs, in addition to lower farming revenues on the back of smaller harvests and lower prices, have dampened farmers' investment propensity. According to estimates from the German Engineering Foundation (DVMA), revenues in the agricultural equipment sector fell by just over 2% to roughly €7.2 billion in 2016. A 5% decrease in investments had been expected at the beginning of the year. While overall tractor sales, including exports, were down 3% at the end of the year, new tractor registrations in Germany fell by 10.8%. Sales of harvesting machinery, milking and transport equipment fell even more sharply in 2016 than sector revenues. In contrast, drill, sowing and crop protection equipment saw a nearly two-digit percentage rise.

Business Development

Effective 1 January 2016, the Agricultural Trade business unit was split up into the two new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units. Given that the previous year's figures cannot be retrospectively divided between the two new business units in full, figures for the two new business units have been collated for reasons of comparability against the former Agricultural Trade business unit. Revenues for BAST amounted to €6,144.4 million in the reporting, while earnings before interest, tax, depreciation and amortisation (EBITDA) for the business unit stood at €–8.0 million. After depreciation and amortisation, there was a shortfall of €11.5 million for earnings before interest and tax (EBIT). Financial expenses stood at €6.7 million, which resulted in an overall loss of €18.2 million for the BAST business unit's earnings before tax (EBT). The BAV business unit generated revenues of €2,824.0 million in 2016. Earnings before interest, tax, depreciation and amortisation for BAV reached €54.6 million. After depreciation and amortisation, the business unit generated earnings before interest and tax (EBIT) of €28.7 million. Financial expenses stood at €15.9 million, resulting in earnings before tax (EBT) of €12.8 million for the BAV business unit.

In total, revenues for the new BAST and BAV business units stood at €8,968.4 million for 2016, which is 7.8% higher than the 2015 figure for the former Agricultural Trade business unit. The increase was due primarily to the expansion of international grain and oilseed trading activities by some 12% to 33.8 million tonnes. Due to price factors, the rise in revenues was somewhat lower than anticipated at the beginning of 2016, although the growth in volume was greater than forecast. At €46.6 million, earnings before interest, tax, depreciation and amortisation (EBITDA) for the BAST and BAV business units was down by €25.3 million, or 35.2%, on the Agricultural Trade business unit's figure for 2015. The decline in earnings was due primarily to unfavourable price developments regarding soya, which had a significant negative impact on the trading result. The soya harvest forecasts at the beginning of the year predicted a new record harvest. In light of this, the BayWa Group – like many other market participants – did not purchase enough inventories to completely meet its delivery obligations, as it was assumed that prices would generally decrease. Persistent rainfall in South America at the start of the second quarter led to a deterioration of the fundamental market estimates. The anticipated crop losses and unexpectedly high demand from Asia led to a rapid rise in soya prices. The upward trend was only intensified further by many market participants who took open short positions and by technical market forces. The price of soya meal consequently rose by more than 60% from early April to mid-June. However, it started to become apparent in the middle of the year that not only were the failed harvests in South America smaller than anticipated, but also that North America would see an excellent harvest, making it possible to meet global demand. The price of soya subsequently dropped by around 30% by the end of the third quarter. Prices exhibited extremely volatile development by historical standards, which triggered price hedging mechanisms in trading systems to limit negative earnings contributions. Efforts to expand market share at the new trade locations, such as in Italy and Romania, also led to a smaller margin on account of stiffer competition.

Finally, low prices for agricultural produce also continued to put pressure on collection business margins. The operating resources business suffered from unfavourable weather conditions in spring, as heavy precipitation and flooding in parts of Germany made it impossible to apply operating resources in many cases. In addition, farmers made targeted cutbacks as a result of the strained liquidity situation of their farms. Sales volumes of crop protection materials and fertilisers were therefore down overall on the previous year's levels. Fertiliser sales decreased year on year by roughly 2% to 2.4 million. Declining prices and prices down on the previous year on average for both urea and nitrogen fertilisers in the reporting period also led to considerable pressure on margins. With regard to seed as well, sales decreased overall by 4.9% for cereal seed due to a growing trend among farmers to replant their own stocks and on account of price pressure. Feedstuffs saw a 24% decrease in sales to 1.6 million tonnes, which was related primarily to lower prices in milk and meat production. In addition, low water surcharges for freight led to a rise in logistics costs in the fourth quarter. These effects were reflected in EBIT, which, after depreciation and amortisation of €29.3 million (2015: €30.3 million), stood at €17.2 million in the reporting year, down €24.4 million year on year compared to the former Agricultural Trade business unit. The result therefore fell short of the original forecast. After financing expenses of €22.7 million (2015: €22.0 million), earnings before tax (EBT) for the two new business units recorded a €25.0 million decrease to €–5.4 million.

At approximately 332,000 tonnes, the BayWa Group's overall fruit sales in 2016 were approximately on par with the previous year, contrary to expectations at the beginning of the year predicting considerable growth. This development was due to a smaller apple harvest in New Zealand and a harvest yielding apples of poorer quality in the Lake Constance region, where hail and frost damage meant a loss of marketing opportunities for dessert fruit. This reduced the marketing volume of German trading activities with dessert pome fruit by 19.9% year on year. International apple sales of New Zealand company T&G were down 10.0% on the record figure from 2015. A significant increase in marketing volumes for soft and stone fruit, tropical fruit and fruiting vegetables by more than 28% nearly offset these decreases. The acquisition of the majority interest in Dutch TFC began having an especially positive impact from March 2016, which resulted in a considerable expansion of the tropical fruits offered. As expected, revenues in the Fruit business unit increased significantly in 2016 by 16.2% to €659.3 million (2015: €567.4 million). In particular, higher prices for fruit from New Zealand and increased sales volumes for soft and stone fruit, tropical fruit and fruiting vegetables contributed to this rise. Owing to the addition of fruit with higher margins to the portfolio, EBITDA improved by €17.1 million, or 42.8%, to €57.2 million. In addition, the sale of T&G's packaging logistics provider (Fruit Case Company) in New Zealand resulted in a non-recurring earnings contribution of some €7.5 million. Depreciation and amortisation experienced a disproportionately small increase compared to the rise in EBITDA of 14.4% to €14.9 million. As a result, the operating result (EBIT) rose, as forecast, by a disproportionately high 56.5%, or €15.3 million, to €42.3 million. Financing expenses remained on a par with the previous year at €5.8 million. Overall, earnings before tax (EBT) for the Fruit business unit rose by 71.3%, or €15.1 million, in the reporting year, setting a new record of €36.4 million.

The strained liquidity situation for many farms once again led to a considerable decline over the course of 2016 in the willingness of farmers to invest. In total, BayWa sold 3,529 tractors in 2016, representing an 11.5% decline year on year in new machinery sales. At 1,663 tractors, sales of used machinery also decreased by 7.0%. In terms of farm and animal equipment, the Agricultural Equipment business unit benefited from the level of orders from 2015. However, the same high level of revenues recorded in the previous year could not be matched against the backdrop of a market-related fall in demand for buildings and systems in the reporting year. By contrast, sales rose in the service and repair business, which recorded a rise in demand for customer services on account of high tractor and combine harvester sales in previous years. The Agricultural Equipment business unit generated total revenues of €1,256.8 million in 2016, which equates to a slight 0.3% decline year on year. Above all, the lower level of new machinery business led to a €10.1 million, or 31.6%, decrease in EBITDA to €21.8 million. Depreciation and amortisation increased in the reporting year by 7.9% to €11.2 million. This resulted in a decrease in EBIT by €10.9 million, or 50.7%, to €10.6 million. Financing expenses grew slightly by €0.3 million to €9.8 million. Earnings before tax (EBT) for the business unit declined to €0.8 million in the reporting year, down from €12.0 million in 2015.

Overall, revenues in the Agriculture Segment increased in the financial year 2016 by 7.2% to €10,884.5 million. The operating result before depreciation and amortisation (EBITDA) fell by €18.2 million to €125.6 million (2015: €143.8 million), particularly due to lower revenues from trade in agricultural produce. After depreciation and amortisation of €55.4 million in the reporting year (2015: €53.7 million), the segment's EBIT declined by €19.9 million to €70.1 million, while its financing expenses increased by €1.1 million to €38.3 million. In total, the Agriculture Segment recorded earnings before tax (EBT) of €31.8 million in the financial year 2016, down from €52.8 million in the previous year.

Energy Segment

Market and industry development

In light of persistent global oversupply, Iran's return to the oil market and subdued economic growth – particularly in emerging economies –, the price of crude oil reached a 12-year low in January 2016 of approximately USD28 per barrel. Starting from this level, prices then began to stage a recovery that continued through the end of 2016. The price of oil closed the year at its highest value for 2016 of around USD57 per barrel, exceeding the expectations for 2016 made in the forecast of no more than USD45 per barrel. This development was due to an uptick in the global economy over the course of the year and OPEC's decision to curb production. The price of heating oil largely followed this trend and was down on 2015 levels until October 2016. In the German heating market, heating oil sales declined year on year by 2.3% in 2016. The fall in sales was the result of an ongoing structural decline in consumption as well as the comparatively mild winter. Total fuel sales rose by 3.1% between January and December 2016 against the backdrop of a 1.9% increase in vehicle stock. Sales of Otto fuels increased by 0.2%, while sales of diesel fuels increased by 4.5%. Total lubricant sales in 2016 fell year on year by 2.8% despite the positive economic environment in Germany overall. This was primarily due to a decline in engine oil, hydraulic oil, process oil and base oil sales, while demand for gear oils rose by 4.0%, and for lubricating grease by 3.8%.

Contrary to expectations of further growth, global investments in renewable energies saw a considerable 18% drop in 2016 to USD287.5 billion. One reason for this was the continued decline in plant prices, especially in the solar energy sector. Lower feed-in tariffs were another reason investments went down, decreasing in China by 26% to USD87.8 billion and by 43% in Japan to USD22.8 billion. Investments were also down in the USA year on year by 7% to USD58.6 billion. This was due to the fact that subsidies in the form of Investment Tax Credits (ITC) and Production Tax Credits (PTC) were extended by five years in December 2015 shortly before they were set to expire. Since project development requires a certain lead time, it was not possible to build new plants in 2016 on the same scale as in the previous year. Europe grew slightly by 3% to USD70.9 billion; Germany, which is the largest individual market, recorded a 16% decrease in the level of investment to USD15.2 billion, however.

Photovoltaic capacity expansion worldwide was up 34% year on year in 2016 at an estimated 75 gigawatts (GW), which was significantly higher than the anticipated 64 GW. With 30 GW, 40% of newly installed plants were located in China, followed by the USA, which, with 13.7 GW, accounted for a share of 18%. In Japan, the third largest market for photovoltaic systems, newly added output decreased by 21.7% to around 9 GW, down from 11.5 GW in the previous year. The expansion of photovoltaic systems began to slow down in Europe as well. With 6.9 GW, Europe only accounted for a share of just under 9% in worldwide capacity expansion. At 1.5 GW, new photovoltaic installations in Germany slightly exceeded the level from 2015 thanks to a strong development at the end of the year, which put it a little above expectations, but considerably below the range of 2.4 GW to 2.6 GW specified by the German Renewable Energy Sources Act (EEG). At the end of 2016, the total output of the solar power plants compensated under the EEG installed in Germany was 41.2 GW. While growth rates of newly installed capacities are falling or the added volume is below the levels from the previous year in many developed countries, a number of new markets, such as India, Latin America and the Middle East, contributed to global market growth.

The Global Wind Energy Council (GWEC) estimates that wind turbine capacity expanded by 54.6 GW in 2016, which corresponds to a year-on-year decline of just under 14% and falls short of the 63 GW of added capacity forecast at the beginning of the year. While key markets, such as China or the USA, saw a slowdown in the build-up of further wind turbines, new markets, such as Turkey and India, exhibited strong growth – though still at a low level. In China, newly installed capacity stood at around 23 GW, down from 29 GW in the previous year. The share of additional global capacity attributed to China decreased from 51% in 2015 to 42.7% in 2016. The USA, which is the second largest market in the world for wind turbines, as it was in 2015 as well, grew only slightly in 2016 with an increase in volume of 8.2 GW. With 0.7 GW, the UK recorded a significantly higher wind turbine capacity increase than in the previous year, though growth was smaller than forecast. In Germany, wind power capacity expansion from onshore turbines reached roughly 4.6 GW (2015: 3.5 GW), which was significantly higher than the figure of 2.5 GW targeted by the German federal government and above expectations. This boom was due to the change in how EEG subsidies are granted. From 2017, newly approved turbines will only receive the allowance if they offer the lowest price in a tendering process. At the end of 2016, onshore wind turbines with a total output of 45.9 GW were operating in Germany, which corresponds to a total year-on-year increase of around 11%.

Approximately 9,150 biogas plants were operating in Germany at the end of 2016, with a total output of roughly 4.2 GW. As expected, only 150 plants were connected to the grid in the reporting year, following 200 plants in the previous year. Most of them were small-scale manure-based plants with an output of up to 75 kilowatts (KW). Most plants have already been in operation for some 15 years, so subsidies under the German Renewable Energy Sources Act (EEG) are set to expire in five years. Due to the complex regulations in Germany, there have been few incentives for new biomass projects since the entry into force of the new EEG as at 1 January 2017. However, existing plants that use at least 50% slurry and residual materials are set to receive fixed feed-in tariffs depending on their size for another 10 years. Under these circumstances, it is doubtful whether the German government will reach its target of covering 6% of natural gas consumption through biomethane in 2020 and 10% of consumption by 2030.

Business performance

With consumers having taken advantage of the previous year's falling prices to fill up their tanks, and with tanks still largely full as a result of the mild 2015/16 winter, heating oil sales in BayWa's conventional energy business fell – as forecast – by 3.2% in the financial year 2016. Due in particular to the takeover of the sales activities of Dr. Gies Vermögensverwaltung Future Energie GmbH in June 2016, sales of wood pellets rose by 11.0%. BayWa Group fuel sales rose marginally by 0.8% year on year and were therefore within the forecast range. In particular, sales of diesel saw positive development thanks to supply activities for construction sites and the fleet business, with haulage companies increasingly adding BayWa fuel stations to their fleet cards. Contrary to expectations, the lubricant business recorded a 5.3% drop in sales in 2016, which was attributable solely to the Austrian Group companies. BayWa has been able to acquire new customers in heat contracting. For example, it took over the heating supply contracts for renewable energies with municipalities, administrative districts and industrial customers in Upper Bavaria (Oberbayern) from ECOLOHE AG. Conventional energy sales declined by €216.3 million, or 9.6%, in the reporting year to €2,030.1 million, primarily on account of the lower average prices for heating oil and fuel year on year and were therefore lower than expected at the start of the year. EBITDA improved by 1.0% to €24.2 million, mainly as a result of the increase in sales as well as positive margin development in the fuel business. Depreciation and amortisation fell by €0.2 million to €8.4 million. As a result, EBIT improved by €0.4 million to €15.8 million, contrary to the forecast of a decline. Financing costs decreased slightly to €0.1 million in the reporting year. Total earnings before tax improved to €15.7 million (2015: €15.2 million).

The international orientation of activities in the Renewable Energies business unit proved to be successful once again in 2016. The output generated by all wind power, solar power and biomass plants commissioned in 2016 came to 265.0 megawatts (MW) in the reporting year (2015: 294.9 MW). Of that amount, 121.1 MW (2015: 205.2 MW) was attributable to wind turbines, 141.3 MW (2015: 86.6 MW) to solar power and 2.6 MW (2015: 3.1 MW) to biomass plants. Completed systems were sold in Germany, France, the United Kingdom and the United States in the reporting year. Eight solar power projects with a total output of 123.7 MW – 70.3 MW of which in the United Kingdom and 53,4 MW in the United States – were sold in the reporting year. Eight wind power plants with a total output of 89.2 MW were sold in Germany (15.3 MW), France (44.2 MW) and the United Kingdom (29.7 MW). BayWa r.e. assumes responsibility for the commercial and technical operations as well as the maintenance of most of these wind and solar power plants, too. Worldwide, the total plant capacity under BayWa r.e.'s management now stands at 2.3 GW. In addition, two geothermal power plants with 11.0 MW of electrical output were sold in Germany in the reporting year. In trading with photovoltaic modules, sales increased by 11% to 272.3 megawatt peak power output (MWp) due, in particular, to market entries in Australia and Luxembourg. Revenues fell by 7.1% to €945.9 million, especially on account of lower market prices for solar components. In particular, the strong international project business helped keep EBITDA in the Renewable Energies business unit (€89.5 million) at the same high level as in the previous year (€90.8 million). At €22.2 million, depreciation and amortisation were €6.8 million lower than in the previous year. As a result, EBIT rose by €5.5 million, or 8.9%, and set a new record of

€67.3 million. The operating result therefore outperformed the forecast, which had predicted a significant decline. At €13.7 million, financing costs were up €2.5 million year on year due to the further growth of the project pipeline. In total, the business unit's earnings before tax set a new record of €53.7 million (2015: €50.6 million).

At €2,976.0 million, the Energy Segment's total revenues in the financial year 2016 were down €288.2 million, or 8.8%, from the previous year's figure of €3,264.2 million and were therefore lower than forecast at the start of the year. The segment's EBITDA, at €113.7 million, was almost on par with the previous year (€114.8 million). Adjusted for depreciation and amortisation, which fell by €7.0 million year on year to €30.6 million, EBIT climbed by €5.9 million, or 7.7%, to €83.1 million. As a result, the operating result outperformed the forecast by a large margin. Financing costs increased in total by €2.4 million to €13.8 million. All told, the Energy Segment's earnings before tax of €69.3 million in 2016 exceeded the very good level of €65.8 million seen in the previous year.

Building Materials Segment

Market and industry development

The German construction industry experienced positive development in 2016. Throughout the year, construction activity was not hampered by any unfavourable weather conditions. Thanks to the highest orders on hand in 20 years at the end of 2015 and at the start of 2016, and thanks to continuing high demand over the course of the year, companies in the construction sector generated nominal revenue growth of approximately 6% to €106.9 billion. As a result, growth was 3 percentage points higher than expected at the start of the year. Development was driven by residential construction, which recorded strong revenue growth of 8.7% to €40.1 billion. The expectations had anticipated a 5.0% increase in investments in residential construction. High net immigration and continuing internal migration to major urban areas are leading to a rising need for housing. Including renovations and conversions of existing housing stock, some 280,000 to 290,000 residential units are likely to have been completed last year. However, completions therefore still remained well below the forecast requirement of at least 350,000 a year. Growth was primarily due to a sharp rise in the construction of new multi-storey residential properties; building completion for this type rose by just under 19% year on year in 2016. By contrast, construction volume in refurbishment, renovation and modernisation business was down slightly year on year. Contractors faced capacity constraints as a result of the good employment situation in the construction sector, thereby impacting development. At an annual average of 28,000, the number of unemployed skilled construction workers fell to an all-time low in 2016, indicating that the labour reserve in the German construction sector has largely been exhausted. In the Deutsche Industrie- und Handelskammertag (DIHK) autumn survey, 69% of construction sector companies named the shortage of skilled labour as the greatest risk for their businesses' development. Revenues in commercial construction increased by 3.4% to around €37.2 billion. Here, too, growth was stronger than anticipated at the start of 2016. The constant rise in capacity utilisation in the manufacturing sector over the course of the year led primarily to investments in factory and workshop buildings; the number of permits issued for this type of construction increased by more than 25%. With a 5.2% rise in revenues to €29.6 billion, public-sector construction recorded its highest growth since 2011 and therefore also outperformed the forecast of 2.2% from the start of the year. Investments increased mainly as a result of the modernisation and expansion of transport infrastructure at federal level.

In Austria, construction activity picked up again in 2016 following the decline in the previous year. At 1.6%, the rise in construction investment somewhat outpaced macroeconomic output, with the sector benefiting in the first quarter from the milder winter than in the previous year. The sector therefore developed better than forecast at the start of the year. Other construction activities saw the strongest growth. Residential construction also grew, although the measures in connection with the government's residential construction initiative have yet to come into effect. This development was driven mainly by the rising need for housing. As expected, civil engineering, in which some 60% of orders originate from the public sector, did not see any improvement.

Business performance

The building materials business benefited in the financial year 2016 from the mild weather conditions at the start of the year, the ongoing positive development in the construction industry in Germany and high capacity utilisation in the construction industry throughout the year. Sales volumes of the entire building materials portfolio benefited in particular from the boom in residential construction. As a result, demand for prefabricated construction components such as stairs, ceilings and garages also rose sharply. The increase in repairs and modernisations performed on motorways, bridges and tunnels throughout the course of the year buoyed demand for the product range for civil engineering and road construction work. Contrary to the original forecast, and despite the continued fierce price competition in the building materials sector, revenues in the Building Materials Segment increased on account of sales volumes by €33.7 million, or 2.3%, to €1,530.1 million (2015: €1,496.4 million). Although the share attributable to the lower-margin transit business rose slightly, EBITDA improved thanks to the expansion of own brands, the further optimisation of the network of locations and the oil-price-related €1.7 million reduction in logistics costs to €43.9 million. Following depreciation and amortisation of €15.3 million (2015: €14.8 million), the segment's operating result (EBIT) increased by €1.1 million to €28.5 million. A slight decline in EBIT had been anticipated at the start of the year. At €18.8 million, earnings before tax were up €1.3 million year on year due to the €0.2 million drop in financing costs to €9.8 million.

Innovation & Digitalisation Segment

Market and industry development

The market for digital applications in agriculture primarily comprises the fields of precision farming and smart farming. Precision farming focuses on the automation of processes and the optimisation of the use of operating resources. Smart farming builds on this and makes it possible to connect all areas of operations, from logistics to linking to the customer via online interfaces for the electronic ordering of spare parts or operating resources. Worldwide, market volume was estimated at around €3 billion in 2016. Forecasts predict growth to around €4.5 billion by 2020, which corresponds to an average annual growth rate of almost 11%. Drivers of growth include the cost advantages for small and medium-sized farms as well as the further consolidation in the agriculture sector, which is leading to ever-larger farms. At the same time, qualified personnel is in ever-shorter supply, resulting in the need to manage larger farms with fewer staff. The provider structure in this market is highly fragmented. On the one hand, every manufacturer of agricultural equipment already offers a wide range of electronic components to support farmers. On the other hand, new companies – software start-ups – that are making it possible to professionally use the opportunities offered by information technology in agriculture are joining established IT providers in the market. Here, the spectrum ranges from satellite-based soil analysis for precision agriculture to business analysis software. The challenge is to connect the technological possibilities to create an overall system.

Market volume in interactive retail (online and mail-order retail) and e-commerce has doubled over the past eight years and stood at around €72.5 billion in total for all goods and services in Germany in 2016. According to estimates by the German E-Commerce and Distance Selling Trade Association (bevh), interactive retail grew by around 10% in 2016, and e-commerce grew by around 15%, thereby significantly outpacing overall retail growth. At around €35.5 billion, almost half of overall revenues generated with physical goods was attributable to the top 1,000 online shops. Market growth in e-commerce is being driven mainly by these major players. As a result, market concentration has increased consistently in recent years.

Business performance

In the second half of 2016, the activities of the former Digital Farming business unit were transferred to the newly founded Innovation & Digitalisation Segment, which pools all of the BayWa Group's activities in the fields of digital farming and e-commerce. BayWa has set itself the target of taking on a leading role as a component partner to the agricultural industry when it comes to digital farming and farm management solutions. Its offerings include the Agrar Office and NEXT Farming software products, digital map material, analyses and advisory services. E-commerce brings together all of the BayWa Group's online activities. However, the revenues and income from the activities are attributed to the respective business unit responsible for the respective sold product. In addition to product revenues with external customers, the segment plays a service role within the Group. In the reporting year, the Innovation & Digitalisation Segment generated revenues of €6.0 million, which was 14.9% higher than those of the Digital Farming business unit in 2015. At more than 60%, the majority of those revenues were attributable to software licences and maintenance contracts, followed by digital map material, including analyses and advice, at just under 30%; sensors and other hardware accounted for around 10%. On account of the high investment volume for the development of digital farming solutions and the new BayWa Online World in addition to the service function for the operating business units, which is not offset by immediate income, the Innovation & Digitalisation Segment reported negative EBITDA of €6.6 million (2015: €–2.2 million). After depreciation and amortisation of €1.9 million, EBIT came to €–8.6 million in 2016 (2015: €–2.9 million) and was within the expected range. The business unit's earnings before tax also came to this figure, since no major financing costs were incurred, as in the previous year.

Development of the Other Activities Segment in 2016

At €13.3 million, the Other Activities Segment's revenues in the reporting year were essentially on par with the previous year (2015: €12.8 million). EBIT resulting from Other Activities consists of the Group's administration costs, as well as consolidation effects; in 2016, it came to €–28.6 million following €–33.7 million in the previous year.

Assets, Financial Position and Earnings Position of the BayWa Group

Earnings position

in € million	2012	2013	2014	2015	2016	Change in % 2016/15
Revenues	10,531.1	15,957.6	15,201.8	14,928.1	15,409.9	3.2
EBITDA	306.6	281.4	279.8	288.3	272.6	– 5.4
EBITDA margin (in %)	2.9	1.8	1.8	1.9	1.8	–
EBIT	186.8	137.4	152.1	158.1	144.7	– 8.5
EBIT margin (in %)	1.8	0.9	1.0	1.1	0.9	–
EBT	122.6	75.1	80.4	88.1	69.6	– 21.0
Consolidated net income	118.0	54.3	80.7	61.6	52.7	– 14.4

Revenues of the BayWa Group rose in the financial year 2016 by 3.2%, or €481.8 million, to €15,409.9 million. The increase in the BAST and BAV business units due to the expansion of international trading activities was the main reason for this rise. Revenues in agricultural trade increased accordingly year on year by €646.9 million to €8,968.4 million. Fruit trading also saw revenue growth of €91.9 million to €659.3 million. In the Agriculture Segment, agricultural equipment reported a €3.9 million drop in revenues to €1,256.8 million on account of farms' tense liquidity situation. The Building Materials Segment also performed well on the back of good development in the construction sector and posted a €33.7 million increase in revenues to €1,530.1 million. The Innovation & Digitalisation Segment contributed €6.0 million to total revenues. In the Energy Segment, the sharp drop in the prices of heating oil and fuels was the main factor behind the decline in revenues in the Conventional Energy business unit from €2,246.4 million to €2,030.1 million. With total revenues of €945.9 million, the Renewable Energies business unit was unable to match the previous year's figure of €1,017.8 million. This was due in particular to lower market prices for solar components.

Other operating income increased by a total of €37.0 million in the reporting year to €194.9 million. This increase was due primarily to far higher income from asset disposals and higher price gains. At around €41.3 million, income from asset disposals was significantly higher than the previous year's figure of €26.5 million and was mainly attributable to the disposal of real estate (€7.1 million) not essential to the operations of the Group and purchase price adjustments related to real estate purchases made in previous years, as well as to the disposal of the packaging logistics business unit in New Zealand by Group company T&G Global Limited. The increase in price gains from €18.1 million to €36.1 million resulted in particular from project-related hedges in the field of renewable energies and the global business activities of the Group companies in New Zealand. At €43.3 million, other income was up €6.3 million year on year, which was mainly due to the transitional consolidation of VIELA Export GmbH (€6.6 million) and Hafen Vierow - Gesellschaft mit beschränkter Haftung (€2.5 million). These two companies have been included in the consolidated financial statements of BayWa AG as associated companies rather than affiliated companies since BayWa AG relinquished control over them effective 1 January 2016. Higher income from the reversal of provisions in the amount of €11.6 million (2015: €10.0 million) also contributed to this increase. The reversal of value adjustments of receivables and income from receivables written down of €5.7 million offset this increase (2015: €7.5 million). Total remaining other income came to €56.9 million, up €1.7 million year on year.

The increase in inventories in the financial year of €66.7 million was largely due to the project developments in the Renewable Energies business unit during the financial year 2016.

Along with the increase in revenues, cost of materials also increased, rising by €477.4 million, or 3.5%. Gross profit rose by €25.4 million, or 1.6%, to €1,626.6 million.

Personnel expenses climbed year on year by 4.6%, or €38.0 million, to €863.1 million, primarily due to the expansion of business activities. This was largely a result of the business activities of the companies newly acquired in the previous year, which were included for the full year for the first time in the current year, and the company acquisitions in the current year, as well as the further expansion of business activities in the BayWa Agri Supply & Trade and Renewable Energies business units.

At €512.8 million, other operating expenses were up by €17.4 million, or 3.5%, on the 2015 figure of €495.3 million in the financial year 2016. The primary factors in this increase were rental and leasing costs of €54.2 million (2015: €51.3 million); consultancy, auditing and legal fees of €41.8 million (2015: €36.3 million); amortisation of receivables and/or value adjustments of €16.5 million (2015: €11.4 million); currency losses of €23.4 million (2015: €17.7 million); and higher other expenses of €46.5 million (2015: €40.5 million). These were offset in particular by losses from the sale of assets of €4.1 million (2015: €11.1 million), lower vehicle fleet costs of €71.6 million (2015: €73.9 million) and lower decommissioning and disposal costs of €6.3 million (2015: €8.4 million). Total remaining other operating expenses came to €248.4 million, up €3.8 million year on year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) fell by €15.7 million, or 5.5%, to €272.6 million in the financial year 2016 (2015: €288.3 million).

Scheduled depreciation and amortisation at the BayWa Group decreased marginally by €2.3 million in the reporting year from €130.2 million to €127.9 million, as the previous year's figure contained impairment losses on existing plants in the Renewable Energies business unit.

All in all, earnings before interest and tax (EBIT) of the BayWa Group declined by €13.5 million, or 8.5%, in the financial year 2016 to €144.7 million.

The financial result comprises income from participating interests, which is allocated to EBITDA and EBIT, and net interest. The result of participating interests increased in the reporting year by €14.2 million to €21.8 million. Income from the disposal of the joint venture Süddeutsche Geothermie-Projekte GmbH & Co. KG, which led to a significant rise in the equity result to €18.9 million, made a particular contribution to this development. By contrast, the other result of participating interests declined. Net interest fell by €5.0 million to €–75.1 million on account of higher interest expenses payable to banks and for project financing.

The BayWa Group's earnings before tax (EBT) fell by €18.5 million, or 21.0%, to €69.6 million. Accounting for €21.0 million, the Agriculture Segment was primarily responsible for this decline. Due to the intensification of product development activities, the Innovation & Digitalisation Segment also reported a decrease of €5.7 million. By contrast, EBT increased by €1.3 million in the Building Materials Segment and by €3.6 million in the Energy Segment. The corresponding earnings indicators from the Other Activities Segment, together with the consolidation effects presented in the transition, came to €–41.7 million in the reporting year, up by €3.5 million on the previous year's figure of €–45.2 million.

Income tax expense for the BayWa Group stood at €16.9 million in the financial year 2016, which corresponds to a year-on-year decrease of €9.6 million, or 36.1%. The tax rate therefore came to 24.3% in the reporting year (2015: 30.1%).

Taking account of income tax, the BayWa Group generated net income of €52.7 million in the financial year 2016 (2015: €61.6 million); compared with the previous year's figure; this represents a decline of 14.4%. The share in profit due to shareholders of the parent company went down by 35.4% from €48.2 million in the previous year to €31.1 million in the reporting year.

Earnings per share (EPS), which is calculated from the portion of the result attributable to the shareholders of the parent company in relation to the average number of shares outstanding of 34,764,480 (dividend-bearing shares less treasury shares), fell from €1.39 in the previous year to €0.90 in the financial year 2016.

Comparison of forecast business development with actual business development

In the Outlook section of the 2015 Management Report on the Group, BayWa forecast a substantial rise in consolidated revenues in the financial year 2016 and a slight improvement in the Group's tax-relevant key earnings indicators, EBITDA, EBIT and EBT.

In the BAST and BAV business units' agricultural trade activities, sales volumes of agricultural produce were supposed to rise on the back of good subsequent collection and storage business, higher inventories of grain and the high forecast harvest for the grain year 2015/16. It was assumed that sales of operating resources would also rise marginally on account of gains in market share. The operating result (EBIT) was also supposed to benefit from the resulting significant rise in revenues by posting an unusually sharp increase. In fact, actual development in the financial year 2016 differed from these expectations. High harvest volumes of important agricultural produce led to a rise in trading volume, but also to a sharp drop in grain prices in the first half of the year and unfavourable development in the price of soya. In trade in operating resources, sales of seed, fertilisers and crop protection fell, in particular due to savings by farmers and adverse weather conditions. As a consequence, original expectations regarding revenues and the operating result were not fulfilled; revenues exceeded the previous year's figure by a clear margin, while EBIT fell significantly year on year.

In fruit trading, the acquisition of the Dutch company TFC fuelled expectations of significant revenue growth. The operating result (EBIT) was supposed to see an exceptionally strong rise due to anticipated one-off income from the sale of FCC. Both revenues and the forecast increase in EBIT materialised to their full extent.

Revenues in agricultural equipment business were expected to rise slightly, with a significant decline in the operating result (EBIT). With a decline of 0.3%, revenues saw weaker-than-expected development. The development of EBIT, which fell by 50.7%, corresponded to the forecast range.

In total, revenues in the Agriculture Segment increased significantly by 7.2% to €10,884.5 million. However, the forecast unusually sharp increase did not materialise. The operating result (EBIT) fell by 22.1% to €70.1 million despite the forecast of a significant rise.

Revenues from the conventional energy business were forecast to increase substantially year on year, with a significant decrease in the operating result (EBIT). The business unit recorded a 9.6% decrease in revenues in 2016 on account of the crude oil price, which was lower on average over the course of the year. In contrast, the operating result (EBIT) significantly outperformed expectations by rising 2.6% as a result of the increase in sales and positive margin development in the fuel business.

According to the forecast, revenues in the Renewable Energies business unit were set to rise by a substantial margin in 2016 compared to the previous year. By contrast, a significant decline in the operating result (EBIT) was forecast. With revenue down 7.1%, the developments failed to meet the expectations. EBIT significantly outperformed expectations by improving 8.9%, as many more projects were realised and sold in the reporting year than initially anticipated thanks to the positive market climate.

Total revenues of the Energy Segment were down on expectations at –8.8%, with a substantial rise having been forecast. The operating result (EBIT) fared significantly better by rising 7.7% to €83.1 million. The forecast had predicted a significant decline.

A marginal revenue decrease was anticipated in the Building Materials Segment. Actual development exceeded the forecast, with a 2.3% increase in revenues. The operating result (EBIT), which was forecast to decline marginally, also outperformed expectations by rising 4.0%.

The forecast for the then Digital Farming business unit at the start of 2016 anticipated revenues in the high single-digit millions. In reality, the Innovation & Digitalisation Segment that emerged from the business unit in the second half of 2016 did not live up to the forecast, with revenues of €6.0 million. The operating result (EBIT), which was expected to be negative in the low single-digit millions, disappointed expectations by coming in at €–8.6 million.

No forecast was possible for the Other Activities Segment, as revenue and earnings development in this business area is primarily driven by opportunism in capitalising on market opportunities within the scope of BayWa's portfolio management system.

A substantial overall rise in revenues and a marginal improvement in earnings in the financial year 2016 were forecast for the BayWa Group in the 2015 Group management report. On account of the outlined developments in the business units, revenues at Group level rose by 3.2% and therefore failed to live up to the expectations. The operating consolidated result (EBIT) fell by 8.5% and therefore did not develop as well as expected.

Financial position

Financial management

The aim of financial management within the BayWa Group is to provide the cash and cash equivalents required for the purpose of conducting regular business at all times. This task includes hedging against interest rate risk, currency risk and merchandise-related market risks by using suitable derivative instruments.

Forward exchange transactions and swaps are used selectively to hedge receivables and liabilities denominated in a foreign currency. These forward exchange transactions and swaps serve exclusively to hedge existing and future receivables and liabilities from underlyings in the purchase and sale of merchandise within the scope of customary business operations. Hedging transactions in the BayWa Group are designed to reduce the risks from fluctuating exchange rates. The volume of open positions arising from the respective underlyings and the resulting cash flows form the basis for currency hedges. Terms reflect those of the underlyings.

Within the BayWa Group, financial management has been set up as a service centre for the operating units and not as a profit centre in its own right. In accordance with this conservative approach to providing services, the use of fungible financial products to generate original profit contribution in financial operations has been waived. In particular, there are no speculative risk positions in our financial operations.

Daily financial management is focused on liquidity management through cash pooling within the whole Group and the same-day provision of liquidity. The Treasury Department uses suitable IT systems and appropriate treasury management software for this purpose.

The procurement of funds is organised decentrally and based on the principle that the national entities refinance in the local currency of the respective country. This applies mainly to activities in Eastern Europe, the US, New Zealand and the UK. Apart from this, however, the BayWa Group conducts its business mainly in euros. Treasury is responsible for the centralised monitoring of Group-wide financial exposures.

Financial management is subject to the most stringent requirements imposed by an internal control system, which includes the documentation of transactions, a hierarchy of approval and resolution procedures, comprehensive application of the principle of dual control as well as the segregation of Treasury front, middle and back offices.

The most important financing principle of the BayWa Group consists in observing the principle of matching maturities. Short-term debt is used to finance the working capital. Investments in property, plant and equipment as well as acquisitions are funded from equity, bonded loans and other long-term loans.
In addition, the project companies in the Renewable Energies business unit have access to separate non-recourse financing (without the lenders having access to the BayWa Group's assets and cash flows).

The management of working capital is a focal point at BayWa and comprises the optimisation of working capital as a net figure for current assets less current liabilities. For years, BayWa has placed great importance on the best possible working capital performance. Furthermore, in 2013, a Group-wide project began to further optimise working capital management. The aim of the project is to continue to drive forward the ongoing reduction of the current assets employed within the company and the resulting release of liquidity without jeopardising the company's profitability. Consistent process management along the entire turnover chain is the key to success. To this end, working capital responsibilities have been redefined, the systematic inclusion of relevant parameters has been anchored in internal reporting systems, specific training and coaching programmes have been carried out and existing guidelines and process descriptions have been adapted.

Interest rate risks inherent in short-term debt are covered by BayWa in the context of its risk management through the use of simple derivative instruments. Around 50% of the borrowing portfolio is to be secured against interest rate risk through the respective hedging instruments. This partial hedging takes account of the seasonally induced strong fluctuations in financing requirements.

Long-term interest rates were hedged naturally by issuing bonded loans in 2015, 2014, 2011 and 2010, as fixed-interest as well as variable-interest rate tranches were issued and the interest rate risk was reduced as a result.

BayWa evolved from the cooperatives sector, with which it remains closely connected through its shareholder structure as well as through the congruence of the regional interests of banks and commerce. These historical ties form the basis for a special kind of mutual trust. Particularly in the face of the great uncertainty still prevailing in the financial markets, both sides benefit from this partnership. The cooperative banks boast a particularly strong primary customer and deposit portfolio, which is made available for the preferential financing of stable business models.

Along with its integration into the cooperative financial association, the broad transnational diversification of the bank portfolio and the financial instruments, in particular, lower the financing risk within the BayWa Group.

Capital structure and capital base

in € million	2012	2013	2014	2015	**2016**	Change in % 2016/15
Equity	1,078.0	1,115.0	1,050.4	1,075.9	1,098.3	2.1
Equity ratio (in %)	24.2	21.4	18.6	17.8	17.0	–
Short-term borrowing [1]	1,974.2	2,421.7	2,493.5	2,769.3	3,084.4	11.4
Long-term borrowing	1,408.0	1,662.5	2,108.1	2,191.5	2,292.2	4.6
Debt	3,382.2	4,084.2	4,601.6	4,960.8	5,376.6	8.4
Debt ratio (in %)	75.8	78.6	81.4	82.2	83.0	–
Total capital (equity plus debt)	4,460.2	5,199.3	5,652.0	6,036.7	6,474.9	7.3

1 Including liabilities from non-current assets held for sale

As at the balance sheet date, the BayWa Group equity ratio stood at 17.0%. The equity base is a sound foundation for a trading company and a stable platform for business to develop. As an indicator, a rigid equity ratio is only of limited use for a trading company such as the BayWa Group. In particular, the change in current assets with the storage of inventories in the form of agricultural commodities, as well as the acquisition of project licences in the area of renewable energies, has a direct influence on the balance sheet total and equity ratio, but actually forms the basis for trading activities in the subsequent year. As a result, the BayWa Group uses equity-to-fixed-assets ratio II as a target in its capital management process. Equity and long-term borrowing should cover at least 90% of non-current assets. As at 31 December 2016, the equity-to-fixed-assets ratio was in excess of 100%. The year-on-year reduction in the equity ratio was due to the increase in total assets as a result of the Group's growth. Additional short-term debt was taken out to expand international agricultural trade activities, and additional long-term debt was taken out for project financing purposes in the Renewable Energies business unit. Furthermore, the method in which actuarial gains and losses from provisions for pensions and severance pay in the financial year 2016 and in previous years are offset against equity without affecting profit or loss once again led to a reduction in equity. The reserve for actuarial losses from pension and severance pay obligations less deferred taxes came to €–245.4 million as at 31 December 2016 following €–215.7 million in the previous year. As this reserve results from a change of parameters not within the company's control when calculating provisions for pensions and severance pay, BayWa's capital management uses an equity ratio of 20.8% (2015: 21.4%), which has been adjusted for this effect.

Short-term borrowing is used exclusively to finance short-term funds tied up in working capital. The status of short-term borrowing disclosed at year-end regularly reflects the highest level of utilisation. Due to seasonal influences, borrowing rises through preliminary storing of operating resources and through buying up harvest produce in the fourth quarter of the financial year. Short-term borrowing rose year on year by €315.1 million, or 11.4%, and includes a rise in current liabilities of €198.1 million. By contrast, long-term borrowing increased by just 4.6%, or €100.7 million. Some obligations from bonded loans that had already been issued in previous years were reclassified into current liabilities, as they are due for repayment in the subsequent year. Additionally borrowed funds were used to expand agricultural trade business activities and project business in the renewable energies business sector. Besides the rise in financial liabilities, an increase in trade payables and liabilities from inter-group business relationships and other liabilities also pushed up debt.

As at 31 December 2016, the BayWa Group's total assets climbed by €438.2 million in comparison with the previous year's figure. Borrowing increased by €415.8 million, whereas equity increased by €22.4 million.

Cash flow statement and development of cash and cash equivalents

in € million	2012	2013	2014	2015	**2016**
Cash flow from operating activities	150.0	230.3	– 90.6	19.0	208.6
Cash flow from investing activities	– 193.7	84.5	– 227.6	– 143.5	– 123.6
Cash flow from financing activities	37.4	– 297.0	334.4	98.7	– 63.0
Cash and cash equivalents at the end of the period	83.2	92.1	108.4	84.5	104.4

Cash flow from operating activities stood at €208.6 million in the financial year 2016, which was €189.6 million higher than the previous year's figure of €19.0 million. With consolidated net income down €8.9 million year on year, this increase – which was accompanied by a rise in inventories and trade receivables – resulted in particular from a decline in other assets not attributable to investment and financing activities along with a rise in trade payables and other liabilities not attributable to investment and financing activities. The increase in inventories and trade receivables was therefore financed by cash outflows.

Despite a rise in payments for company acquisitions, cash flow from investing activities recorded a €19.9 million decline in cash outflow. Payments for company acquisitions amounted to €71.2 million in the financial year 2016 (2015: €36.9 million) and mainly pertained to the acquisition of TFC Holland B.V., Evergrain Germany GmbH & Co. KG and Agrimec Group B.V. This figure also includes subsequent purchase price payments for company acquisitions made in previous years. By contrast, the disposal of intangible assets, property, plant and equipment, and investment property resulted in cash inflow of €54.0 million (2015: €64.7 million); disposals of financial assets resulted in cash inflow of €41.0 million (2015: €16.3 million). Investments in intangible assets and property, plant and equipment totalled €154.1 million (2015: €174.5 million); €11.3 million (2015: €23.3 million) was invested in financial assets. Furthermore, the dividend received, other income assumed and interest received led to cash inflows of €14.1 million.

Cash flow from financing activities amounted to €–63.0 million in the financial year and resulted in particular from the partial repayment of the bonded loans issued in previous years as well as the repayment of additional debts. In addition, cash outflows from dividend payments at the parent company and at subsidiaries totalled €35.7 million and interest payments €27.8 million. This was offset by cash inflows from the borrowing of financial liabilities primarily related to renewable energies project business. The year-on-year reduction in cash flow from financing activities was particularly the result of the placement of a long-term BayWa AG bonded loan of €200.0 million in the previous year along with lower loan repayments

In an overall analysis of the incoming and outgoing cash payments from operating activities, investing and financing activities, and in consideration of changes to the group of consolidated companies and changes in foreign exchange rates, cash outflow from investment and financing activities was completely compensated by cash inflow from operating activities. As a result, cash and cash equivalents as at the end of the reporting year came to €104.4 million, which is €19.9 million higher than in the previous year.

Financial base and capital requirements

The BayWa Group's financial base is primarily replenished by funds from operating activities. Furthermore, the Group was allocated funds from the placement of a new bonded loan in the previous year; these funds are used both for company acquisitions and to finance non-current and current assets. Moreover, the Group receives funds from measures to streamline portfolios, such as the disposal of real estate not essential to operations or non-strategic financial participation and sale-and-lease-back transactions.

Capital requirements are defined by investment financing and the ongoing financing of operations, the repayment of financial liabilities and ongoing interest payments. The overall view of liquidity and debt is determined through the calculation of adjusted net liquidity or net debt and used for internal financial management as well as for external communication with financial investors and analysts. Net liquidity and net debt is calculated from the sum total of cash and cash equivalents less outstanding commercial paper, bank debt and finance lease obligations, as reported in the balance sheet.

Along with short-term borrowing, the Group finances itself by way of a multi-currency Commercial Paper Programme, which was topped up by €100.0 million in 2015 to a total volume of €500.0 million. As at the balance sheet date, securities were issued in various currencies in the amount of €475.0 million (2015: €266.5 million) with an average weighted residual term of 49 days (2015: 33 days). By the end of the reporting period, €127.1 million (2015: €121.8 million) in receivables had been financed at their nominal value from the ongoing Asset-Backed Securitisation Programme.

Investments

In the financial year 2016, the BayWa Group invested around €154.1 million in intangible assets (€25.9 million) and property, plant and equipment (€128.2 million) together with its acquisitions. These investments were primarily for the purpose of repair and maintenance of buildings, facilities and office fixtures and fittings, as modern locations and seamlessly operating facilities are a precondition for efficient logistics processes.

BayWa will continue to invest in modern site infrastructure in future. This includes investments in land and buildings, wherever such investments are expedient and prudent. By contrast, real estate no longer used for operations is consistently sold off. The proceeds accruing from these transactions are used to reduce debt or to finance the Group's growth.

In 2016, roughly €57.2 million was invested in new business premises Group-wide. The main focus was on the completion of buildings related to company operations and investment in sites' technical facilities.

Investments in the financial year 2016 included €11.4 million in a logistics centre for the Agricultural Equipment business unit in Röthlein. A further €3.2 million was invested in other agricultural equipment sites in Großweitzschen and Heimerdingen.

In the BAV business unit, major investments were made at the locations in Großmehring (€5.6 million), Tettnang (€3.1 million) and Vilsbiburg (€2.6 million) in the reporting year. In addition, a plot of land in Großenhain was acquired for €3.0 million. A total of €6.5 million was invested in the building materials centre in Munich-Moosfeld. Furthermore, €7.1 million was invested in the expansion of the DIY and garden centre in Wolfratshausen.

The Group company BayWa Obst GmbH & Co. KG invested €1.7 million, in particular for a sorting machine in Kressborn. In addition, RWA AG invested €12.2 million in its warehouse for agricultural produce in Aschach.

Ultimately, investment measures totalling €50.4 million began in the financial year 2016; these concern BayWa AG sites as well as sites belonging to other Group companies and are to be completed in the financial year 2017.

Payments for company acquisitions amounted to €71.2 million in the financial year 2016 and mainly pertained to the acquisition of TFC Holland B.V., Evergrain Germany GmbH & Co. KG and Agrimec Group B.V., as well as to subsequent purchase price payments for company acquisitions made in previous years.

Including acquisitions, roughly 67% of total investments in non-current assets at the BayWa Group were attributed to the Agriculture Segment. The high share in investments attributed to the Agriculture Segment reflects the international expansion of agricultural trade. Some 14% of the total investments were made in the Energy Segment, while almost 8% was attributed to the Building Materials Segment and just under 10% to Other Activities. Owing to the development of the Group's business portfolio with the addition of the Innovation & Digitalisation Segment, some 1% was invested here.

Asset position

In the reporting year, non-current assets increased marginally year on year by 3.0%, or €68.5 million, to €2,355.7 million. Additions to intangible assets and property, plant and equipment amounting to €216.6 million within the scope of investing activities and changes to the group of consolidated companies in core business were offset by disposals of €37.8 million and transfers amounting to €33.0 million. Adjusted for scheduled depreciation and amortisation in the financial year of €126.2 million and exchange rate-induced increases of €9.1 million, intangible assets and property, plant and equipment increased by a total of €28.7 million. Shares in companies recognised at equity rose by €11.3 million to €215.2 million. This was primarily due to the inclusion of VIELA Export GmbH and Hafen Vierow - Gesellschaft mit beschränkter Haftung as a joint venture in accordance with the provisions of the equity method since 1 January 2016. Largely caused by the first-time valuation of the shares of Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria, in a financial institution at fair value, other financial assets increased by €20.9 million to €189.1 million. Sales completed in the financial year 2016 or property sales planned for the coming financial year and the resulting recognition of the properties concerned under non-current assets held for sale, coupled with scheduled depreciation, led to a reduction in investment real estate of €14.3 million. Non-current liabilities and other assets declined by €11.1 million, whereas deferred tax assets were up by €34.5 million.

Project developments in the Renewable Energies business unit and the international expansion of agricultural trade activities saw the BayWa Group's inventories increased by €238.7 million year on year to €2,380.3 million. The decline in financial assets from €222.4 million to €153.1 million was due to a reduction in fluctuations of agricultural produce and operating resources prices. At €1,395.9 million, the value of other current receivables and other assets as at the reporting date climbed by €141.1 million year on year. This development was primarily due to a rise in trade receivables, which was partially compensated for by a decline in receivables from affiliated companies and a decrease in other assets. There was also an increase in non-current assets and disposal groups held for sale, which rose by €15.1 million to €24.9 million. As at the reporting date, this item only contained real estate inventories, which are intended to be sold in the subsequent year. The BayWa Group's balance sheet increased by 7.3%, or €438.2 million, to €6,474.9 million as at the reporting date of 31 December 2016.

Traditionally, BayWa has always placed an emphasis on ensuring matching maturities in the financing of assets. Current liabilities of €3,084.3 million – consisting of current financial liabilities, trade payables, financial liabilities, tax, other liabilities along with current provisions and liabilities from disposal groups – were offset by current assets and assets held for sale/disposal groups of €4,119.1 million. By the same token, there is roughly 144% coverage for non-current assets amounting to €2,355.8 million through equity and long-term borrowing of €3,390.5 million. Ensuring matched maturities in financing is an important quality criterion for the financing partners of BayWa in the context of raising short-term funds.

Composition of assets

in € million	2012	2013	2014	2015	**2016**	Change in % 2016/15
Non-current assets	1,783.3	2,094.0	2,261.7	2,287.2	2,355.7	3.0
of which land and buildings	530.1	775.4	814.4	845.4	850.4	0.6
of which financial assets	232.8	251.5	181.5	168.2	189.1	12.4
of which investment property	86.2	82.4	72.8	55.9	41.9	– 25.0
Non-current asset ratio (in %)	40.0	40.3	40.2	37.9	36.4	–
Current assets	2,444.4	3,061.8	3,371.8	3,739.7	4,094.8	9.5
of which inventories	1,432.6	1,836.0	1,986.3	2,141.5	2,459.9	14.9
Current asset ratio (in %)	54.8	58.9	59.5	61.9	63.2	
Assets/disposal groups held for sale	232.5	43.4	18.5	9.8	24.9	> 100
Total assets	**4,460.2**	**5,199.3**	**5,652.0**	**6,036.7**	**6,474.9**	**7.3**

General statement on the business situation of the Group

The Board of Management considers the business performance of the BayWa Group to be satisfactory overall at the time this management report is prepared, even though development in individual business units and segments was extremely varied in 2016. The Fruit business unit in the Agriculture Segment generated the best result in its history, providing impressive confirmation of its internationalisation strategy. However, earnings in the Agriculture Segment were negatively impacted in 2016 primarily by a number of unusual, market-related factors in the BayWa Agri Supply & Trade (BAST), BayWa Agri Services (BAS) and Agricultural Equipment business units. The medium- to long-term prospects of the Agriculture Segment remain positive. By contrast, the Energy Segment – and particularly the Renewable Energies business unit – performed extremely well and set a new earnings record. Restructuring efforts in previous years also had an impact in the Building Materials Segment and resulted in an improvement in earnings. Diversification, the strategic orientation towards international markets and the development of new business areas stabilised the development of the BayWa Group considerably in 2016. The BayWa Group has a well-balanced, fit-for-the-future business portfolio to underpin its success in the future. It will continue to focus on optimising portfolio quality and expanding its specialities business.

Financial Performance Indicators

BayWa orients the short-term management of its corporate divisions with the development of key earnings indicators EBITDA, EBIT and EBT. Key earnings indicators for the segments of the BayWa Group developed as follows in the financial year 2016:

Key financial earnings figures

	Earnings before interest, tax, depreciation and amortisation (EBITDA)			Earnings before interest and tax (EBIT)			Earnings before tax (EBT)		
in € million 2016		Change (absolute)	Change (in %)		Change (absolute)	Change (in %)		Change (absolute)	Change (in %)
BayWa Agri Supply & Trade (BAST)	– 8.0	– 25.3	– 35.2	– 11.5	– 24.4	– 58.4	– 18.2	– 25.0	> – 100
BayWa Agricultural Sales (BAV)	54.6			28.7			12.8		
Fruit	57.2	17.1	42.8	42.3	15.3	56.5	36.4	15.2	71.3
Agricultural Equipment	21.8	– 10.1	– 31.6	10.6	– 10.9	– 50.7	0.8	- 11.1	– 93.2
Agriculture Segment	**125.6**	**– 18.3**	**– 12.7**	**70.1**	**– 19.9**	**– 22.1**	**31.8**	**– 21.0**	**– 39.8**
Energy	24.2	0.2	1.0	15.8	0.4	2.6	15.7	0.5	3.3
Renewable Energies	89.5	– 1.3	– 1.4	67.3	5.5	8.9	53.7	3.1	6.0
Energy Segment	**113.7**	**– 1.1**	**– 0.9**	**83.1**	**5.9**	**7.7**	**69.3**	**3.6**	**5.4**
Building Materials Segment	**43.9**	**1.7**	**4.0**	**28.5**	**1.1**	**4.0**	**18.8**	**1.3**	**7.4**
Innovation & Digitalisation Segment	**– 6.6**	**– 4.4**	**> – 100**	**– 8.6**	**– 5.7**	**> – 100**	**– 8.6**	**– 5.7**	**> – 100**

The difference in the contributions from each segment to the total earnings of the BayWa Group in all three key earnings indicators, EBITDA, EBIT and EBT, is calculated from the earnings contribution of the Other Activities Segment as well as on the basis of economic influence factors at Group level. BayWa does not perform any entrepreneurial management in the Other Activities Segment, as this segment encompasses peripheral activities that are of secondary importance in the BayWa Group. Group-wide economic influence factors are circumstances not attributable to the operational management of the segments.

Medium- to long-term portfolio optimisation in the BayWa Group is carried out through value-oriented management. Using economic profit as a basis, this system calculates the surplus return on invested capital (ROIC) of the corporate divisions by means of their risk-weighted costs of capital.

Economic profit

in € million 2016	BayWa Agri Supply & Trade (BAST)	BayWa Agricultural Sales (BAV)	Fruit	Agricultural Equipment	Energy	Renewable Energies	Building Materials	Innovation & Digitalisation
Net operating profit	– 11.5	28.7	42.3	10.6	15.8	67.3	28.5	– 8.6
Average invested capital [1]	847.3	1,016.0	327.4	476.1	31.7	980.5	394.5	6.0
ROIC (in %)	– 1.36	2.82	12.92	2.23	49.84	6.86	7.22	– 143.33
Weighted average cost of capital (WACC) (in %)	5.70	5.70	5.80	6.70	5.90	4.40	6.10	5.70
Difference (ROIC less WACC) (in %)	– 7.06	– 2.88	7.12	– 4.47	43.94	2.46	1.12	– 149.03
Economic profit by business unit	– 59.8	– 29.2	23.3	– 21.3	13.9	24.2	4.4	– 8.9
				Agriculture		Energy	Building Materials	Innovation & Digitalisation
Economic profit by segment				– 87.0		38.1	4.4	– 8.9

1 Intangible assets + property, plant and equipment + net working capital

In the financial year 2016, the BayWa Group's Energy and Building Materials Segments, as well as its Fruit business unit in the Agriculture Segment, achieved positive economic profit (in other words, positive net income after respective capital costs). In the Energy Segment, the Renewable Energies business unit raised its economic profit to €24.2 million from €15.0 million in the previous year as a result of its strong international project business. In the Conventional Energy business unit, the economic profit was able to be increased in the reporting year primarily through higher sales volumes and a positive margin trend to €13.9 million (2015: €12.9 million). The Energy Segment's economic profit totalled €38.1 million. The Building Materials Segment generated positive economic profit in the financial year 2016 of €4.4 million, primarily as a result of increased sales volumes caused by the positive development of the construction industry. The Fruit business unit was able to more than double its economic profit year on year from €9.8 million to €23.3 million in the reporting year. This increase was due to the ongoing positive performance of international business and the larger range of fruit on offer. However, the Agriculture Segment as a whole recorded economic profit of €–87.0 million in 2016. In the BayWa Agri Supply & Trade (BAST) business unit, economic profit stood at €–59.8 million owing to negative effects impacting the trading result and stiff competition. Economic profit of €–29.2 million was recorded in the BayWa Agricultural Sales (BAV) business unit; this was due to weaker business involving operating resources and a fall in income in recording agricultural produce. Economic profit in the Agricultural Equipment business unit of €–21.3 million was primarily the result of the fall in farmers' willingness to invest. The Innovation & Digitalisation Segment posted economic profit of €–8.9 million as expected in its planning.

Employees

The number of employees at BayWa rose once again in 2016. By the end of the year, the BayWa Group employed 16,711 employees (2015: 16,229). In terms of an annual average, the number of employees rose year on year by 351 to 16,960, equating to an increase of 2.1%. This increase is largely based on a number of strategic acquisitions in various business areas. The international standing of BayWa's fruit and agricultural equipment trading activities was strengthened through targeted acquisitions, while the Innovation & Digitalisation Segment, established in 2016, was expanded further. There were also two smaller acquisitions in the Building Materials Segment. The number of employees in the Conventional Energy business unit remained stable year on year, whereas there were major increases in employee numbers in the Renewable Energies business unit.

Development of the average number of employees in the BayWa Group

	2013	2014	2015	2016	Change 2016/15	in %
Agriculture	9,038	9,489	9,997[1]	10,212	215	2.2
Energy	1,720	1,830	1,825	1,911	86	4.7
Building Materials	4,718	4,178	4,093	4,081	– 12	– 0.3
Innovation & Digitalisation	–	–	97[2]	126	29	29.9
Other Activities	498	575	597	630	33	5.5
BayWa Group	**15,974**	**16,072**	**16,609**	**16,960**	**351**	**2.1**

1 Figure adjusted for the former Digital Farming business unit 2 Figure attributable to the former Digital Farming business unit

Human resources development – E-learning, webinars and blended learning for a digital BayWa world

Motivated and highly qualified employees and managers are the cornerstone of BayWa's success. That is why strategic human resources development and the latest innovations in training are absolutely essential. The digitalised world is a decisive factor in how we learn and work today. BayWa already draws on online training, new blended learning training concepts and webinars with great success.

Over 21,000 people took part in various online training courses in 2016. At the current time these are primarily used for compulsory training such as courses on issues of compliance or data protection, but also for specific training courses relating to agriculture and building materials. Online training courses are an integral part of the HR portal, allowing every employee to keep up to date on his or her training history and manage their courses at the touch of a button.

Blended learning involves marrying conventional on-site training with virtual elements. This concept applies to the "Ideenschmiede" internal development programme and to leadership training for managers at building materials sites, among others. Here, the virtual element comprises webinars held via Skype. As part of BayWa's seminar programme, human resources development is offering Führungs-Toolbox 2, a course for experienced management personnel, as a Skype webinar in 2017.

In total, well over 17,000 employees took part in training courses and seminars in 2016, completing just under 29,500 days' training. The majority of training courses focused on qualification in specialist topics, which accounted for 17,500 days' training. Just under 12,000 training days were spent on developing personal and social competences.

"Development of the Group" programme

Topics such as internationalisation and digitalisation are constantly shifting the goalposts. In order to remain successful moving forward, BayWa requires management personnel who are able to cope with these changes. That is why BayWa launched a programme in 2016 with the aim of uncovering the potential of its managers and developing customised development plans. This programme involves carrying out online assessments and management audits and, after analysing the results, determining the next steps in manager development. A follow-up project, Development of the Group II, is planned in 2017 alongside individual measures with a view of achieving the long-term goal of changing the management culture at BayWa.

Diversity and opportunity

BayWa strives to achieve diversity in every facet and aspect – including gender, nationality and age. Diversity and equal opportunities are key components of the corporate social responsibility BayWa bears for its employees. It focuses on gender management to ensure that female and male employees have the same career opportunities at all levels of the BayWa hierarchy and across all the company's functions. Another of BayWa's focuses is the process of demographic change and the challenges this presents, as well as internationalisation and the promotion of dialogue between different cultures.

Quality training for a successful future

High-quality training lays the best possible foundations for a successful future – both for trainees and for BayWa. The Group is a very important training company, with just under 1,300 trainees. At over 10%, the trainee ratio is far higher than the average among companies providing training. In 2016, BayWa launched an online campaign with social media elements, expanded its cooperation with schools and visited trade fairs to ensure that its supply of new talent continues in 2017.

New management trainee programme

On 1 December 2016, a new training programme began at the BayWa headquarters in Munich involving four management trainees in the Agriculture Segment. The first group of trainees to start the new two-year programme will gain hugely varied insight into a number of different product areas and complete a three-month assignment at one of BayWa's agricultural subsidiaries abroad. This prepares these young management trainees for the international orientation of the Group right from the outset and ensures that they are well equipped for functional and management tasks after completing their traineeship.

Healthy employees in safe workplaces

Occupational health and safety for all employees and the protection of the environment are key issues at BayWa. That is why BayWa launched the "Fit für alle Felder" employee campaign in collaboration with the FC Bayern Basketball team. With the focus on physical and mental fitness, healthy eating and basketball knowledge, participating employees are given the opportunity to improve their health and safety in their day-to-day activities. The kick-off event in Munich in November 2016 was a resounding success, with the programme set to be rolled out across further BayWa sites in 2017.

In spring 2016, all employees who work at height received training on height safety and using the right equipment at a BayWa training centre. In addition, all truck drivers in the Building Materials business unit received extra training on first aid and what to do in the event of an accident. The environmental protection department also organised a number of seminars involving practical exercises on the subjects of transporting hazardous goods, storing and disposing of hazardous materials and fire safety. Since mid-2016, all international issues relating to occupational health and safety and environmental protection have been pooled in the Environment, Health & Safety department.

BayWa Foundation: Educational projects to promote healthy eating and renewable energies

BayWa' corporate social responsibility has been set in stone since the establishment of the BayWa Foundation in 1998. The Foundation's 20 educational projects help contribute to ensuring that everyone has access to a healthy diet and an education as well as generating clean energy. The issue of nutrition is particularly important. For the BayWa Foundation, the work starts at home by raising awareness for a healthy diet and improving children's health. In its "Planting vegetables. Harvesting health." project, for instance, the BayWa Foundation has already opened 120 school gardens. Children are shown where food comes from and why maintaining a balanced diet is so important for their daily school lives. At the same time, the project also conveys the value of agriculture. Another project involves the creation of clean energy in Tanzania, with the BayWa Foundation organising the construction of eight biogas plants and one municipal plant at a girls' school. A centre for biogas competence has since been set up there. All of these projects are about helping people to help themselves, thus increasing quality of life over the long term. For further information on the projects please visit www.baywastiftung.de.

Sustainability at BayWa

BayWa's products and services cover basic human needs, such as food, energy and shelter. The company has always linked solid and profitable growth with a focus on the interests of future generations. Tradition and innovation are defining elements of BayWa's sustainability philosophy, which is supported by strategic sustainability goals. Working together with customers, employees, investors and suppliers as a partner across all processes plays a key role. The principles of the brand concept – trust, solidity and innovation – form the foundation of this approach.

The Code of Conduct, adopted by the Board of Management in 2015, applies to the employees, managers and Board of Management or Board of Director members of all companies in the BayWa Group. It defines the standards for general business conduct, as well as for special topics, such as legal conformity or the avoidance of conflicts of interest. Other binding guidelines for fair conduct with integrity include BayWa's Articles of Association, its corporate guidelines, the management policy as well as the regulations on corporate governance.

As a listed trading company, BayWa maintains constant dialogue with its stakeholders. To do so, BayWa engages in transparent communication as part of its investor relations and press work, organises one-to-one meetings with customers and employees, attends events, carries out surveys and ensures that it maintains efficient risk and complaints management processes.

Our society and economy have a number of global challenges to contend with, such as rising demand for food and extreme weather events. That is why BayWa helps its customers to maximise yields and conserve resources when it comes to their processes and products – increasingly through digital solutions. In addition, the extensive range of products and services offered as part of the BayWa Eco range is aimed at the growing market for ecological agriculture. BayWa is also committed to the efficient use of resources and environmentally friendly logistics in its internal process, with examples including the greater use of rail and ship transport. BayWa works for its employees to ensure equal opportunities among genders, foster dialogue between different generations and embrace cultural diversity. BayWa is one of the leading companies in Germany where training is concerned.

The BayWa Foundation (www.baywastiftung.de) is the face of BayWa's wide range of corporate social commitments. Its mission is to help ensure that everyone has access to an education, a healthy diet and clean energy. BayWa covers the Foundation's administrative costs and doubles the donations received. BayWa's corporate responsibility has traditionally also extended to promoting sporting activities. In the reporting year, BayWa supported FC Bayern as the main sponsor of its basketball team and maintained its commitment to top-level sport.

Since 2014, BayWa has published detailed information on its sustainability strategy and activities in the defined fields of action – Market, Environment and Climate, Employees and Quality of Life – in an annual Sustainability Report. This can be found online at www.baywa.com/en/sustainability/.

Takeover-relevant Information

Composition of subscribed capital

The subscribed capital of BayWa AG amounted to €89,347,033.60 on the reporting date and is divided up into 34,901,185 registered shares with an arithmetical portion of €2.56 each in the share capital. Of the shares issued, 33,540,729 are registered shares with restricted transferability and 117,205 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2017 onwards). 1,243,251 shares are not registered shares with restricted transferability. With regard to the rights and obligations transferred by the shares (e.g. the right to a portion of the unappropriated retained earnings or to participate in the Annual General Meeting of Shareholders), reference is made to the provisions laid down under the German Stock Corporation Act (AktG). There are no special rights or preferences.

Restrictions on voting rights and the transfer of shares

Pursuant to Section 68 para. 2 of the German Stock Corporation Act (AktG), in conjunction with Article 6 of BayWa AG's Articles of Association, the purchase of shares with restricted transferability by individuals and legal entities under civil and public law requires the approval of the Board of Management of BayWa AG. BayWa AG holds a small portfolio of registered shares (19,500 units), which, pursuant to Section 71b of the German Stock Corporation Act (AktG), do not carry voting rights as long as they are in BayWa AG's possession. There are no other restrictions that relate to the voting rights or the transfer of shares.

Affiliated companies with over 10% of voting rights

On the reporting date, the following shareholders held stakes in the capital that exceeded 10% of the voting rights:

Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany
Raiffeisen Agrar Invest GmbH, Vienna, Austria

Legal requirements and provisions of the Articles of Association on the appointment or dismissal of members of the Board of Management and on amendments to the Articles of Association

Supplemental to Sections 84 et seq. of the German Stock Corporation Act (AktG), Article 9 of the Articles of Association of BayWa AG on the appointment or dismissal of members of the Board of Management also requires members of the Board of Management to be appointed by the Supervisory Board. Members of the Board of Management are appointed for a maximum term of five years, and reappointment is permitted. The Supervisory Board appoints the Chairman of the Board of Management.

Pursuant to Section 179 of the German Stock Corporation Act (AktG) in conjunction with Article 21 of the Articles of Association of BayWa AG, amendments to the Articles of Association are always passed by the Annual General Meeting of Shareholders.

Authorisation of the Board of Management relating in particular to the option of issuing or buying back shares

Subject to the approval of the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 31 May 2021 by up to a nominal amount of €12,500,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to specify the further content of the share rights and conditions under which the shares are to be issued.

Furthermore, the Board of Management is also authorised to raise the share capital one or several times on or before 18 May 2020 by up to a nominal amount of €4,389,847.04 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to specify the further content of the share rights and conditions under which the shares are to be issued.

Furthermore, subject to approval by the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 31 May 2018 by up to a nominal amount of €10,000,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to specify the further content of the share rights and conditions under which the shares are to be issued.

Furthermore, the Board of Management is authorised to offer held shares to third parties within the framework of the acquisition of or investment in companies or of mergers and to withdraw part or all of the shares without requiring a further resolution to be passed by the Annual General Meeting of Shareholders.
The Board of Management has not been further authorised by the Annual General Meeting of Shareholders to buy back shares. There are no agreements within the meaning of Section 315 para. 4 items 8 and 9 of the German Commercial Code (HGB).

Remuneration Report

The Remuneration Report is part of the Management Report and explains the system of remuneration for members of the Board of Management and the Supervisory Board.

Remuneration of the Board of Management

The remuneration system, including the main contractual components, is reviewed by the Supervisory Board once a year and adjusted if necessary.
Since 1 January 2010, the remuneration of members of the Board of Management has comprised an annual fixed salary, a short-term variable component (annual bonus) and a long-term variable component (known as the bonus bank). The ratio of fixed to variable short-term remuneration and long-term variable remuneration is roughly 50 to 20 to 30 based on full (100%) achievement of goals. The non-performance-related component comprises an annual fixed salary and benefits, such as the use of a company car and contributions to accident and health insurance. Short-term variable remuneration takes the form of an annual bonus. The amount of this bonus depends on the extent to which objectives, determined by the Supervisory Board and geared to individually agreed goals and to the successful development of the company's business (earnings before tax), are achieved. If the targets are achieved, the agreed bonuses are paid out in full. If the targets are exceeded, the bonus will be increased, but only up to a maximum amount (cap) of 150%. If the targets are not fulfilled, the bonus will be reduced proportionately. Both negative and positive developments are therefore taken into account in calculating short-term variable remuneration.

The long-term variable component takes the form of what is known as a bonus bank. The bonus bank will be supplemented or charged on a yearly basis depending on the extent to which objectives, linked to the success of the company (earnings before tax) and determined by the Supervisory Board for three years in advance, have been achieved, exceeded or undershot. If objectives are exceeded, the amount which can be transferred to the bonus bank is capped at 150% of the target figure. If there is a credit balance on the bonus bank, one third will be provisionally paid out for the financial year 2016 to the members of the Board of Management. The remaining two thirds of the credit balance on the bonus bank remain in the bonus bank. The amount is paid linearly; in other words, the amount carried in the bonus bank will be paid out provisionally to members of the Board of Management in equal instalments across three financial years, provided there is a sufficient credit balance in the bonus bank and after calculating negative bonuses. If, owing to payments made in previous years or a charge reducing the bonus bank, there is a negative balance in the bonus bank, the respective Board of Management members are obliged to pay back the provisional payments made in the two preceding years. Both negative and positive developments are therefore also taken into account in calculating long-term variable remuneration. Alongside the agreed cap on both components of remuneration, there is also a cap imposed for extraordinary developments.

In addition, there are pension commitments for the members of the Board of Management. These commitments are based partly on the most recent fixed salary (30%) and partly on the number of years of service to the company (with increases limited to 35% and 50% of the salary most recently received). Employees do not reach retirement age before they turn 66. Since 1 December 2012, all obligations from pension commitments have been transferred to an external pension fund in the form of an earned entitlement, or to a provident fund. Running payments made to the pension fund or provident fund are included in the overall remuneration disclosed for the Board of Management.
There are no commitments in the employment contracts of the Board of Management members if service to the company is prematurely terminated. There are also no Change of Control clauses.

The total remuneration of the Board of Management for the financial year 2016 came to €6.910 million (2015: €6.326 million); of this amount, €2.036 million (2015: €2.262 million) is variable. Contributions amounting to €1.555 million (2015: €1.105 million) were paid in benefits after termination of the employment contract (pensions).

The remuneration of the Board of Management is not itemised. Instead, it is divided up into fixed and variable/performance-related amounts and disclosed once a year in the Notes to the Consolidated Financial Statements. The relevant resolution was passed by the Annual General Meeting of Shareholders in accordance with Section 286 para. 5 of the German Commercial Code (HGB) on 19 May 2015 (Code Item 4.2.4 sentence 3). There is more information on other remuneration in the Notes to the Financial Statements and Consolidated Financial Statements.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is based on the responsibilities and the scope of tasks of the members of the Supervisory Board as well on as the Group's financial position and performance.
Since 1 January 2010, members of the Supervisory Board have received fixed annual remuneration of €10,000, payable after the conclusion of the financial year, plus variable remuneration of €250 for each cash dividend portion of €0.01 per share approved by the Annual General Meeting of Shareholders which is distributed to shareholders in excess of a share in profit of €0.10 per share. Variable remuneration is due and payable at the end of the Annual General Meeting of Shareholders, which has passed a resolution on the aforementioned cash dividend portion.

The Chairman of the Supervisory Board receives three times the amount and the Vice Chairman twice the amount of remuneration paid as described in the paragraph above. Additional fixed annual remuneration of €2,500 is paid for committee work. The chairmen each receive three times the respective amount.
Supervisory Board members who serve on the Supervisory Board and/or its committees for only part of the financial year will receive remuneration on a proportionate basis.
In addition, they are reimbursed for their expenses and value added tax which falls due on account of their activities as member of the Supervisory Board or its committees. In addition, members of the Supervisory Board are also included in the company's group accident insurance policy. The company also maintains an insurance policy against legal proceedings and pecuniary losses and a D&O insurance and legal protection policy on behalf of its Supervisory Board members and in the interests of the company. The company pays the insurance premiums.
The total remuneration of the Supervisory Board comes to €0.761 million (2015: €0.686 million); of this amount €0.425 million (2015: €0.369 million) is variable.
Disclosure of remuneration paid to the members of the Supervisory Board in the Notes to the Consolidated Financial Statements has not been itemised (reason given in the Declaration of Conformity).

Opportunity and Risk Report

Opportunity and risk management

The corporate policy of BayWa Group is geared towards weighing up the opportunities against the risks of entrepreneurship in a responsible way. The management of opportunities and risks is an ongoing task of entrepreneurial activity designed to ensure the long-term success of the Group. This enables BayWa Group to innovate, secure and improve what is already in place. The management of opportunities and risks is closely aligned to BayWa Group's long-term strategy and medium-term planning. The decentralised regional organisation and management structure of operating business enables the Group to identify trends, requirements, and the opportunities and risk potential of frequently fragmented markets at an early stage, analyse them and take action which is both flexible and market oriented. Internationalisation also allows BayWa to tap new business opportunities, which in turn reduces its dependence on the individual country markets and their risks. Moreover, the systematically intense screening of the markets and of peer competitors is carried out with a view to identifying opportunities and risks. This is flanked by ongoing communication and the targeted exchange of information between the individual parts of the Group, which leverages additional opportunities and synergy potential.

Principles of opportunity and risk management

BayWa exploits opportunities that arise in the context of its business activities but, at the same time, also enters into entrepreneurial risks. The identification of entrepreneurial opportunities, the safeguarding of the assets and the enhancing of enterprise value therefore necessitate an opportunity and risk management system.

The principles underlying the system set in place within BayWa Group to identify and monitor risks specific to the business have been described in a risk management manual approved by the Board of Management. In addition, the Internal Audit Department regularly audits the internal risk management system which supports the processes. ISO certifications for the standardisation of workflows and for risk avoidance and the concluding of insurance policies supplement the Group's management of risk.

Moreover, BayWa Group has established binding goals and a code of conduct in its corporate policy and ethical principles as well as the Code of Conduct which have been implemented throughout the Group. They regulate the individual employees' actions when applying the corporate values as well as their fair and responsible conduct towards suppliers, customers and colleagues.

Opportunity and risk management within BayWa Group

In BayWa Group risk management is an integral component of the planning and management and control processes. A comprehensive risk management system records and monitors both the development of the Group and any existing weak points on an ongoing basis. The risk management system covers all segments and is included as a key component of reporting. A particularly important task of risk management is to guarantee that risks to the Group as a going concern are identified and kept to a minimum. This enables the management of Group companies to react swiftly and effectively. All units have risk officers and risk reporting officers who are responsible for implementing the reporting process.

The reporting process classifies opportunities and risks into categories and estimates their probable occurrence and potential financial impact. The system is based on individual observations, supported by the relevant management processes, and forms an integral part of core activities. It starts with strategic planning and proceeds through to procurement, sales and distribution and, finally, to the management of counterparty risk. As an extension of the planning process that takes place in the business units and in procurement, sales organisations and centralised functions, the opportunity and risk management system serves to detect and assess potential divergences from expected developments. In addition to identifying and assessing key developments influencing business, this system facilitates the prioritisation and implementation of activities. As a result, BayWa Group can make better use of the opportunities while avoiding or reducing the risks.

A cornerstone of the risk management system are the risk reports which are regularly prepared by the operating units. These reports are subject to evaluation by the Board of Management and by the heads of the business units. The systematic development of existing and new systems with a built-in warning component makes an indispensable contribution to strengthening and consistently building up a Group-wide opportunity and risk culture.

A key component and, at the same time, an evolution of the opportunity and risk management is the "Risk Board", which has been in place since the financial year 2009. Presided over by the Chief Executive Officer, the Risk Board, which consists of operations managers and support staff, meets regularly to discuss and assess operational opportunities and risks. Minuted meetings are used to develop an understanding of the opportunities and risks and form the basis of the measure of risk applied to operational decisions.

The Group-wide risk management system for the agriculture group implemented in 2014 includes the business activities of BayWa, the Cefetra Group, BayWa Agrarhandel GmbH and BayWa Agrar International B.V. The minimum requirements for risk management (MaRisk) published by the German Financial Supervisory Authority (BaFin) serve as a benchmark for BayWa's risk management. The minimum requirements for risk management (MaRisk) contain regulations for identifying, assessing, managing and monitoring all major risk types, including counterparty risk as well as operational risks, such as quality and logistics risks. BayWa adapted the standards established in the financial services sector and leading trading companies for its Agricultural Trade business unit due to the flexible and practical framework of the material regulations. Appropriate and effective risk management pursuant to MaRisk comprises the risk-bearing capacity as well as the formulation of strategies and the establishment of internal control procedures. The internal control system consists in particular of:

- Arrangements governing the organisational structure and workflow,
- Processes for identifying, evaluating, managing, monitoring and reporting risks (risk management and control processes), and
- The setting up of a risk controlling function.

In order to manage market risks on each trading day, the positions, including the spreads (underlying risks), are determined and monitored for all Group companies. Value-oriented procedures, in addition to the volume limits, serve to ensure that the positions are managed in a manner that is appropriate for the risks. These procedures include the regular mark-to-market valuation of pending agricultural transactions and the determination of the trading results derived from this, as well as the portfolio-based value-at-risk procedure. In addition, scheduled and ad-hoc stress tests are performed to recognise the effect that extraordinary market price changes have on profit and loss and, where necessary, implement measures to reduce risks. The trading positions of the agriculture group as well as the risks these pose are reported to the operating units and the local risk management officer daily and to the Board of Management in the form of the Risk Board.

These control mechanisms are supported by a standardised IT system solution that was introduced in 2014, which sees all functions and processes being monitored by an external auditing company within the scope of user acceptance testing.

The Agriculture Risk Committee is part of Risk Governance and acts as the highest decision-making body within the agriculture group; It is composed of members of the Board of Management and meets regularly and when warranted. The Committee decides on risk limits and limit systems for the Agricultural Trade business unit and, where necessary, implements risk-controlling and mitigating measures.

A form of risk controlling that is independent of trading was established at both the level of the Group and in the individual agriculture trading companies to ensure that the provisions of the Agriculture Risk Committee are implemented in full. Group Risk Control is responsible for the Group-wide developments and implementation of risk management, risk monitoring and risk reporting methods, processes and systems. The Risk Officer's responsibility in the trading companies covers all risk processes within the company, including limit monitoring and reporting. The Agrar Risk Controlling Board, which is comprised of Group Risk Control as well as the Risk Officers of the trade departments, is also part of Risk Governance and aims to promote regular, at least weekly, structured exchange on risk-relevant incidents.

The Global Book System (GBS) was created in 2014 and continues to coordinate trade management activities; it is responsible for the overarching coordination and optimisation of the trading and risk positions of the individual product lines in the trading of grain, oilseed and co-products for the national and international sectors. The Economics and Public Affairs Department (EPAD) organisational unit was disbanded in 2016. However, fundamental market analyses continue to be performed within the scope of the market research activities to estimate the global supply and demand situation; these analyses are discussed in weekly meetings with the trade departments.

Macroeconomic opportunities and risks

General economic factors have an influence on consumer behaviour and investment patterns in BayWa's core markets. However, these environmental factors exert less of an influence on BayWa's business activities than on other companies. BayWa Group's business model is largely geared to satisfying fundamental human requirements, such as the need for food, shelter, mobility and the supply of energy. Accordingly, the impact of cyclical swings is likely to be less strong than in other sectors. As a result, BayWa is even able to turn certain opportunities arising in times of crisis to its advantage through, for instance, the identification and acquisition of suitable companies with a view to building up or expanding existing or new areas of business. BayWa is, however, unable to fully decouple from any severe setbacks to international economic development that result from, among other things, the slump in global commodity prices.

Sector and Group-specific opportunities and risks

Changes in the political framework, such as changes to the regulation of markets for individual agricultural products or tax-related government subsidies of energy carriers, in addition to volatile markets, create risks. At the same time, however, they open up new prospects. Extreme weather conditions can have a direct impact on offerings, quality, pricing and trading in agricultural produce and also downstream on the operating resources business. This is offset by the rise in product and geographical presence diversification in the Agriculture Segment as this would reduce the dependence on individual markets and increase procurement and marketing flexibility. BayWa also combats quality risks by performing samplings and checks. Risks posed by a deterioration in the quality of inventories are reduced by professional warehousing standards. Logistics risks resulting from a lack of transport capacities due to weather conditions or strikes are identified and managed early on by the early warning systems. Global climate changes also have a long-term effect on agriculture. The global demand for agricultural products, particularly grain, continues to grow. This may give rise to a sustained price uptrend. The fruit-growing activities pose a financial risk to the Group, which arises from the delay between cash outflow for buying, growing and maintaining the trees and vines as well as the costs of the harvest and cash inflow from the sale of the fruit. This risk is managed by actively monitoring net working capital. The development of income in the agriculture sector filters through directly to investment capacity and propensity and therefore to the sale of operating equipment and high-end agricultural machinery.

In the energy business, renewable energies are particularly affected by changes in promotion measures. Against this backdrop, geographic diversification stabilises the development of revenues and income and diversification across a number of different energy carriers – above all, wind energy, solar power and biomass – mitigates risk in certain markets that remain strongly dependent on subsidisation. Climatic risks (wind, sunshine) also play a role for BayWa's electricity-generating Group companies in the field of renewable energies. Long-term expert opinions mean that average wind and sunshine are relatively easy to forecast in the medium term, although both positive and negative deviations can occur at short notice. Plant availability also poses a risk, though this is greatly reduced by the assortment of proven components provided by well-known manufacturers. The conclusion of full-service maintenance contracts ensures that maintenance and repair work is performed within defined time periods.

Political and economic factors exert the main influence on demand in the construction sector. Political factors of influence include, for instance, special depreciation for listed buildings, measures to promote energy efficiency and the construction of social housing. In general terms, ageing housing stock in Germany will encourage growing demand for modernisation and renovation. In the Building Materials Segment, BayWa Group is the franchiser for DIY and garden centres. After the inclusion of BayWa Bau- und Gartenmärkte in a joint venture with Hellweg, the newly established BayWa Bau- und Gartenmärkte GmbH & Co. KG, operational management was transferred to Hellweg. In light of this, there is a risk that the franchise company in BayWa Group will no longer meet its contractual obligations to the franchisees in the previous way and of the previous quality. Among other things, this may lead to claims for damages on the part of franchisees. This risk was counteracted by the Group concluding long-term agreements with Hellweg.

Risks and opportunities from financial instruments

In addition to fixed- and variable-rate financial instruments, which are subject to varying degrees of interest rate risks, BayWa Group also uses derivative hedging instruments such as options and futures contracts to hedge its commodity futures. As well as interest rate change risks, these derivative hedging instruments are also subject to risks posed by changes to the prices of underlying transactions as well as, depending on the basis currency in which the derivative instrument is denominated, currency risks. Transactions that were not conducted via a stock exchange are also subject to counterparty risk. By the same token, changes to interest rates, currency exchange rates or forward market prices can lead to unplanned opportunities.

Price opportunities and risks

BayWa trades in merchandise that displays very high price volatility, such as grain, oilseeds, fertilizers, mineral oil, biomethane and solar components, especially in its Agriculture and Energy segments. The warehousing of the merchandise and the signing of delivery contracts governing the acquisition of merchandise in the future means that BayWa is also exposed to the risk of prices fluctuating. Whereas the risk inherent in mineral oils and biomethane is relatively low due to BayWa's pure distribution function, fluctuations in the price of grain, oilseeds, fertilizers and solar components may incur greater risks, also owing to their warehousing, if there is no matching in the agreements on the buying and selling of merchandise. What's more, activities by financial investors and technical market mechanisms can sometimes exacerbate price volatility considerably. In addition to absolute price risks, business developments may be influenced by various price developments in the local premiums, in the temporal price curve as well as different quality grades. If there are no hedging transactions existing at the time when agreements are signed, the ensuing risk is monitored on an ongoing basis by the respective executive bodies. Whenever necessary, appropriate measures to limit risk are initiated. BayWa also operates as a project developer in the field of renewable energies. This business harbours a risk that, for instance, the planning and building of solar power plants, wind farms and biogas plants are delayed and that they may be connected to the grid later than originally planned. In such cases, if the deadline for the further reduction in feed-in tariffs is not adhered to, there is a risk that the low feed-in and electricity income could result in the profitability of the projects being lower than planned.

The BayWa Group uses a portfolio-based value-at-risk method to measure and control risks from commodity futures, which are treated as financial instruments in the sense of IAS 39 (International Accounting Standard). The value-at-risk used by BayWa aims to quantify the negative changes in the value of a portfolio, which – with a certain degree of probability (95%) – will not be exceeded during a defined period of time (5 trading days). The value-at-risk calculated as at 31 December 2016 amounted to €1.791 million and indicates that the potential loss from the commodity futures considered will, with a probability of 95%, not exceed €1.791 million within the next five trading days.

Currency opportunities and risks

BayWa's business activities are largely located in the euro zone. If foreign currency positions arise from goods and services transactions or projects, they are always hedged without delay.
Other payment obligations or receivables denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing bonds denominated in foreign currencies is prohibited.

Interest rate opportunities and risks

Interest rate risk positions arise from the Group's floating-rate financing activities, especially from the issuing of short-term commercial papers, short-term loans as well as variable-interest bonded loans. Short-term debt is used mainly to finance working capital. To reduce the interest rate risk, which is not hedged using a natural hedge, BayWa uses derivatives instruments in the form of futures, interest rate caps and swaps.

In the financial year 2016, the average interest rate for variable-interest financial liabilities stood at 1.1100% (2015: 1.0225%) A change in this interest rate of plus 1.0% to 2.1100% would cause interest expenses to rise by €10,878 million, provided this could not at least be partially covered by revenues. A 1.0% reduction in the interest rate to 0.1100% would result in interest expenses declining by €10.878 million.

Legal and regulatory opportunities and risks

The companies of the Group are exposed to a number of risks in connection with litigation in which they are currently involved or may be involved in the future. Such litigation comes about in the course of normal business activities, in particular in relation to the assertion of claims from services and deliveries that are not up to standard or from payment disputes. Legal risks can also rise from breaches of compliance regulations by individual employees. Antitrust investigations were conducted at various agricultural companies in Germany in 2015, including BayWa, with regard to crop protection wholesale operations. The Bundeskartellamt (German federal antitrust authority) conducted a further search in a number of agricultural equipment offices at BayWa headquarters in January 2016 on the basis of a warrant issued by the Bonn district court. The investigation is based on the suspicion that employees of BayWa were allegedly involved in agreements aimed at restricting competition in the sale of agricultural equipment. According to the court order authorising the search, several companies from the industry are being investigated. Both investigations continue and the results or partial results were not available at the time of the conclusion of the consolidated financial statements. Accordingly, no provisions have been made, aside from those for legal counsel, as the Board of Management is currently unable to assess the situation. BayWa forms reserves for the event of such legal risks if the occurrence of an obligation event is probable and the amount can be adequately estimated. In the individual case, actual utilisation may exceed the reserve amount.

Changes in the regulatory environment can affect the Group's performance such as, in particular, government intervention in general framework conditions for the agricultural industry and the renewable energies business. Negative impacts emanate from the adjustment, reduction or abolition of funding measures. Conversely, new regulatory and legislative developments influencing bioenergy can also result in opportunities. In the construction sector, changes to building or fiscal regulations may also have an impact on the development of business.

Plant efficiency in terms of energy generation using renewable energy carriers is strongly reliant on regulatory frameworks and government subsidies. Politically motivated changes to subsidy parameters, in particular the retroactive cuts to or abolition of feed-in tariffs, can significantly impact the value of such facilities: either in the form of lower future disposal prices or lower cash inflows from the operation of the facilities. BayWa combats the potential implications of such risks on earnings by pursuing a threefold diversification strategy in its Renewable Energies business unit. The portfolio is diversified in terms of countries, energy carriers and business units (projects and service on the one hand, and other trading on the other hand).

Credit and counterparty risks

As part of its entrepreneurial activities, BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group is exposed to a financing risk arising from the advance financing of agricultural resources and equipment, the repayment of which is made through acquiring and selling the harvest. Moreover, BayWa grants financing to commercial customers particularly in the construction sector in the form of payment terms of a considerable scope. Beyond this, there are the customary default risks inherent in trade receivables. Risks are kept to a minimum by way of an extensive debt monitoring system which spans all business units. To this end, credit limits are defined through a documented process of approval and monitored on an ongoing basis.

In addition to credit risks, the Agriculture Trade business unit also regularly monitors counterparty risks; consequently, market value changes to open selling and buying contracts are measured so as to monitor the risk of the non-fulfilment of contract obligations.

There is currently no discernible concentration of default risk from business relationships with individual debtors or groups of debtors. The maximum credit risk exposure at the end of the reporting period corresponds to the book value of trade receivables. The expected default risk amounts to €13.533 million (2015: €12.604 million).

Liquidity risks

The liquidity risk is the risk that BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. In BayWa Group, funds are generated by operations and by borrowing from external financial institutions. In addition, financing instruments, such as multi-currency commercial paper programmes or asset-backed securitisation, are used as well as bonded loans. Existing credit lines are therefore measured to an extent deemed sufficient to guarantee business performance at all times – even in the event of growing volume. The financing structure therefore accounts for the pronounced seasonality of business activities. Owing to the diversification of the sources of financing, BayWa Group does not currently have any risk clusters in liquidity. BayWa Group's financing structure with its mostly matching maturities ensures that interest-related opportunities are reflected within the Group.

Rating of BayWa Group

BayWa AG enjoys a positive rating among banks. This achievement is due to the solidity as well as to the long and successful history of the company and its high enterprise value, underpinned by assets such as real estate. In 2016, the BayWa Group was once again able to raise its total credit lines. For reasons of cost effectiveness, BayWa AG deliberately dispenses with the use of external ratings.

Opportunities and risks associated with personnel

As regards personnel, BayWa Group competes with other companies for highly qualified managers as well as for skilled and motivated staff. The Group continues to require qualified personnel in order to secure its future success. Excessively high employee fluctuation, brain drain and failure to win junior staff loyalty may have a detrimental effect on the Group's business performance. BayWa counteracts these risks by offering its employees extensive training and continuous professional development in order to secure expertise. Management based on trust, the tasking of employees in line with their natural talents and abilities, as well as the definition and adherence to our ethical principles create a positive working environment.

At the same time, BayWa AG promotes the ongoing vocational training and development of its employees. With more than 1,300 trainees in 2016, the Group ranks among the largest companies offering training specifically in rural areas. BayWa recruits a large majority of its future specialist and managerial employees from the ranks of these trainees. Long years of service to the company are a testament to the great loyalty that employees show to BayWa. This attitude creates stability and continuity and also secures the transfer of expertise down the generations.

IT opportunities and risks

The use of cutting-edge information technology characterises the entire business activity of BayWa Group. All key business processes are supported by IT and mapped using state-of-the-art software solutions. In a trading company with high numbers of employees, having work processes supported electronically is imperative. The continuous monitoring and reviewing of processes mapped electronically, however, involves more than the mere implementation of new IT components. It is always accompanied by an optimisation of process workflows, as a result of which opportunities in the form of energy and cost savings potential can be identified and realised. At the same time, the risk inherent in the system rises in tandem with the growing complexity and dependency on the availability and reliability of the IT systems.

To realise the opportunities and minimise the risks, the IT skills and expertise of the BayWa Group are always kept up to date. The resources are combined under RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, a company belonging to the Group that provides the Group companies with IT services to the highest standard. Extensive precautionary measures, such as firewalls, virus protection updated on a daily basis, disaster recovery plans and training in data protection, serve to safeguard data processing. Segregated in organisational terms, a data protection officer monitors compliance with security and data protection standards.

Overall assessment of the opportunity and risk situation by Group management
An overall assessment of the current opportunity and risk situation shows that there are no risks which could endanger the Group as a going concern. There are currently no such risks discernible for the future either. All in all, the risks to BayWa Group are limited and manageable.

Along with potentially non-influenceable or only indirectly influenceable geopolitical risks and macroeconomic risks, operational risks are also the focus of monitoring. As far as the latter are concerned, BayWa Group has taken appropriate measures to manage and control these risks.

Internal Control System and Risk Management System in Relation to the Group Accounting Process

The Internal Control System (ICS), which monitors accounting processes, is a key component of opportunity and risk management. BayWa Group has set in place a professional control system, which has been certified in many areas, comprising measures and processes to safeguard its assets and to guarantee the presentation of a true and fair view of the result of operations.

The annual consolidated financial statements are drawn up through a centralised process. Compliance with legal provisions and regulations pertaining to the Articles of Association during this process is guaranteed by the prescribed accounting standards. Corporate Accounting acts as a direct point of contact for the managers of the subsidiaries in matters pertaining to reporting and the annual and interim financial statements and draws up the consolidated financial statements in accordance with IFRS.

A control system which monitors the accounting process ensures the complete and timely capturing of all business transactions in accordance with the statutory provisions and the regulations laid down under the Articles of Association. Moreover, it serves to guarantee that stocktaking is duly and properly performed and that assets and liabilities are recognised, valued and disclosed appropriately. The control system uses both IT-based and manual control mechanisms to fully ensure the regularity and reliability of accounting. Beyond this, suitable control mechanisms, such as strict compliance with the principle of dual control and analytical reviews, have been established in all processes relevant for accounting. In addition, Internal Audit, which is independent of these processes, audits all accounting-related processes.

The obligation of all subsidiaries to report their figures every month to BayWa on an IFRS basis in a standardised reporting format makes it possible to swiftly identify deviations from planned targets, thereby offering an opportunity to take action at short notice.

Corporate Accounting monitors all processes relating to the consolidated financial statements as part of quarterly reporting, such as the capital, liabilities, expenses and income consolidation and the elimination of inter-company results, in conjunction with the Group companies.

The departments and units of the Group involved in the accounting process are suitably equipped in terms of quantity and quality, and training courses are regularly conducted.

The integrity and responsibility of all employees in respect of finance and financial reporting is ensured through taking each employee under obligation to observe the code of conduct adopted by the respective company.

The employment of highly qualified personnel, targeted and regular training and continuous professional development, along with stringent functional segregation in financial accounting in the preparation, booking and controlling of vouchers is guaranteed through compliance with local and international accounting principles in the annual and consolidated financial statements.

Outlook

Outlook for the Agriculture Segment

Expected market and industry development

According to the Federal Ministry of Food and Agriculture (BMEL), the agricultural industry is an international growth market. The long-term forces driving expansion include, in particular, the constantly expanding global population, whose need for food is continuously increasing. At the same time, the decline in the amount of land available for cultivation per capita necessitates constant increases in yield per hectare, which can only be achieved through further increases in productivity in the agricultural sector. The degree of mechanisation in agricultural production will therefore continue to increase over the medium term. In addition, the digitalisation of agriculture, expanding at a dynamic rate, is having a significant impact on the optimisation of workflows and boosting income. At the same time, the need for operating resources is also growing in order to improve yields per hectare. The global interlinking of agricultural produce markets is broadening the procurement and sales basis, while particularly good or poor harvests of certain agricultural products or in certain regions can cause strong fluctuations in global market prices over the short term. That being said, a stable to positive price trend for agricultural produce can be assumed over medium- and long-term perspectives.

According to the latest forecasts by the United States Department of Agriculture (USDA), the 2016/17 harvest season promises excellent grain and oilseeds harvests. The worldwide harvest volume of grain – excluding rice – is set to rise by 93 million tonnes to a new record-breaking figure of 2,077 million tonnes. Worldwide consumption is expected to rise by some 5% to 2,065 million tonnes, meaning that inventories are likely to increase by approximately 12 million tonnes to 498 million tonnes. The coverage of the inventory stocks will decline marginally by 2 days to 88 days due to the sharp rise in consumption in grain year 2016/17. The harvest in the European Union is forecast to decline by just under 5% to 297 million tonnes in grain year 2016/17, but the supply situation will remain positive overall thanks to a self-sufficiency rate of over 100%. Compared over several years, grain prices are currently well down on the record-breaking figures recorded in 2011 and 2012. Following the slight recovery in the fourth quarter of 2016, grain prices are expected to remain stable at their current level of roughly €170 per tonne in 2017, with production and consumption growing in almost equal measure worldwide. Worldwide oilseed harvest volumes are forecast to rise by 5% to 712 million tonnes in grain year 2016/17. Given the anticipated record-breaking harvest volume, there is little potential for long-term price increases from a fundamental perspective.

In the case of feedstuff grain, the USDA forecasts a minor increase in inventories in the grain year 2016/17, as the anticipated consumption of 1,315 million tonnes is just below the production volume at 1,320 million tonnes. Following the significant decline in prices in 2016, the positive supply situation means that there is once again little potential for feedstuff grain price increases in 2017. Generally, the prices of staple feed and mixed feed tend to follow the grain and oilseed markets, meaning that price development over the course of the year will be increasingly influenced by expectations for the grain year 2017/18.

In terms of agricultural operating resources, market volume of seed is expected to remain stable at least in Germany in 2017, as the severe frost in January and February 2017 could have resulted in winter kill, which would necessitate resowing in certain areas. Assuming that the cultivation structure remains largely the same in 2017 and that we will see normal weather conditions, the use of crop protection is expected to be slightly up on the previous year's level. Sustained strong rainfall early in the summer of 2016 made access to fields impossible, particularly in Bavaria and Baden-Württemberg, meaning that crop protection could not be applied. Rising demand for fertilizers is expected in 2017. In the previous year, a number of farmers reduced the scope of their fertilizer application for reasons of cost. This means that the amount of nutrients available to plants in fields will be low in spring 2017. In order to maintain yields, it is assumed that high volumes of fertilizer will be applied in the 2017 fertilizer season. However, the introduction of the German Fertiliser Ordinance (DuV) 2017 in March could see restrictions imposed on fertilizer application in the second half of the year under the planned blackout periods. Assuming normal weather and vegetation conditions, it is expected that prices will tend to be high throughout 2017 following the significant rise in the price of fertilizer at the start of the year. Rising energy prices and a decline in production in China could inflate the price of nitrogen fertilizers particularly, according to the German Farmers' Association (Deutscher Bauernverband – DVB). As in previous years, different types of fertilizer are expected to develop differently.

Assuming normal weather conditions and no changes in the amount of land available for cultivation in Germany, the Federal Statistical Office (Destatis) expects the average harvest volume of apples – the most important of the pome fruits – to stand at roughly 965,000 tonnes in 2017. The political and regulatory framework is also the same as in the previous year. The Russian ban on importing European fruit has been extended until the end of 2017. Demand is likely to experience virtually constant development. In light of this, fruit prices are expected to remain stable. Similar development is anticipated for the other EU countries. According to the World Apple and Pear Association (WAPA), the southern hemisphere apple harvest is expected to stand at approximately 5.4 million tonnes based on current fruit development (2015: approximately 5.0 million tonnes). In New Zealand, apple production is expected to increase by some 6% to roughly 572,000 tonnes – a new record. This is due to the start of production at new plantations and favourable weather conditions in the bloom phase. Exports are set to rise slightly to 365,000 tonnes. This is due to an increase in trade with Asian markets in which New Zealand is specialising by cultivating varieties popular there. Due to an increasing focus on greater quality and a further rise in exports to Asia, apple prices are expected to either remain stable or rise slightly.

Revenues for many types of agricultural produce suffered a considerable decline in the first half of 2016. As a result, there was a significant deterioration in sentiment, which slumped to its lowest point in several years in March 2016. Sentiment may not have recovered yet, but it has already improved noticeably. At 29%, the propensity of farmers to make investments in the first half of 2017 is slightly up on the previous-year figure of 28%. Planned investment volume rose slightly to €3.6 billion, from €3.3 billion in the previous year. The volume of investment in machinery and equipment is likely to continue to fall, whereas higher investments are planned in the areas of renewable energies, commercial buildings and farm and animal equipment. Against this backdrop, the German Engineering Foundation (DVMA) anticipates a slight decline in investment in Germany in 2017 of approximately 1% to €7.1 billion (2015: €7.2 billion). However, the agricultural equipment industry will benefit over the medium and long term from the continued increase in the use of technology to step up agricultural production and boost efficiency.

Anticipated business performance

Trading volumes of agricultural produce – particularly grain and oilseeds – in the BayWa Agri Supply & Trade (BAST) business unit is likely to increase slightly on the previous year in 2017. This is based on the positive business from the subsequent collection and storage of the harvest, high grain inventories and the high harvest volume forecasts for the grain year 2016/17. In addition, malting barley trader Evergrain, acquired in February 2016 as part of BayWa's international expansion strategy, and speciality trader Thegra Tracomex, acquired at the start of 2017, will contribute to revenues and earnings for the entire year. Altogether, this is likely to result in the expansion of the handling volume of grain and oilseed to approximately 35 million tonnes. Based on anticipated price developments, the revenues generated by the BayWa Agri Supply & Trade (BAST) business unit are likely to increase considerably. Its operating result (EBIT) is also expected to rise by a significant margin. The main driving forces behind this improvement in earnings are the optimisation of the purchase price allocation in international business, which was achieved by adjusting the financing provided for trading in standard produce with lower rates of return. The funding released as a result will be used to further expand higher-margin speciality business.

In the BayWa Agricultural Sales (BAV) business unit, a noticeable year-on-year rise in revenues is expected in the financial year 2017. Sales of operating resources are forecast to rise overall. This is likely to be due for the most part to farms' improved liquidity situation after the noticeable recovery in prices for agricultural produce in the second half of 2016. On the other hand, the use of fertilizers and crop protection is also likely to be up year on year assuming weather conditions are normal. However, demand for fertilizers in the second half of the year could be impacted by the new German Fertiliser Ordinance (DuV). Sales of seed are forecast to increase slightly on the previous year's figures, as this area of business could benefit from potential winter kill. In addition, the locations in Großenhain and Tuningen acquired in July 2016 will contribute to full-year revenues and earnings for the first time. Sales of feedstuffs are not likely to increase in 2017, as farmers could use more of their own grain to feed their animals. The operating result (EBIT) of the BayWa Agricultural Sales (BAV) business unit is likely to increase significantly due to the anticipated rise in the volumes of seed, crop protection and fertilizers and rising prices for fertilizers in particular.

In the fruit business, the entire marketing volume of the BayWa Group is set to increase further. This expectation is based on the forecast record-breaking apple harvest in New Zealand. The full-year inclusion of the Dutch supplier of exotic fruits and vegetables, TFC Holland B.V. (TFC), also contributed to this rise. Additional sales channels were also established in Germany and Europe for TFC. In addition, the investment of Chinese firm Golden Wing Mau in a 19.99% stake in T&G could open up new distribution opportunities in China. Overall, the Fruit business unit will be able to considerably increase revenues year on year. The operating result (EBIT) will be noticeably down on the high level recorded in 2016, as the previous year's figure includes one-off income of approximately €7.5 million from the sale of T&G's packaging logistics company (Fruit Case Company).

Investments in the agricultural equipment business could rise again over the course of the year against the backdrop of recovering prices for agricultural produce, as order intake has picked up since the second half of 2016. Business with newly registered tractors is therefore set to remain on par with the previous year at least in 2017. Service business should also develop stably. The new sales organisation for Massey Ferguson products in southern Germany is also expected to create positive momentum. International business will generate further growth in 2017: This is primarily due to the full-year inclusion of revenue and earnings contributions from the full acquisition of Dutch company Agrimec in July 2016 and the cooperation with CLAAS in Canada since August 2016. All in all, the revenues generated by the Agricultural Equipment business unit are expected to increase markedly. Additional earnings contributions are also expected from BHBW Holdings, a joint venture established in November 2016 in South Africa, meaning that this business unit's operating result (EBIT) should increase significantly.

On the whole, BayWa anticipates significant revenue growth in the Agriculture Segment and a significant rise in the operating result (EBIT) in the financial year 2017.

Outlook for the Energy Segment

Expected market and industry development

Demand for fossil fuels in the heating business is subject to weather-related fluctuations in consumption. Purchasing behaviour is also influenced by the heating oil price trend, which, in turn, is highly dependent on the price of crude oil. The DZ Bank crude oil price forecasts are based on the assumption that current supply surplus will be reduced over the course of the first quarter of 2017 as a result of agreed production cuts. This should have a stabilising effect on the price of oil. Against this backdrop, it is expected that the price of oil will range from USD50 to 60 per barrel in 2017. Structural factors such as the rise of renewable energies, the increased use of gas and cuts to consumption through the use of modern technologies and energy-efficient building renovation have resulted in a long-term decline in heating oil consumption in core BayWa regions. This trend is also likely to continue moving forward. However, the significantly colder winter in 2017 compared to previous years is likely to offset this effect. The resulting increase in heating oil consumption would have to be covered over the rest of the year. Sales of wood pellets are benefiting from the sharp rise in installed wood pellet-based heating systems over the past few years. The growth potential of this energy carrier is, however, limited by the regional availability of the raw material and the limited transportation distance in economic terms. Sales of fuels and lubricants are primarily dependent on economic development. In view of the forecast economic growth of 1.8% for Germany in 2017, demand can be expected to rise moderately.

In terms of renewable energies, the course has been set for long-term development: In December 2015, 196 nations adopted a climate agreement binding under international law at the Climate Change Conference in Paris. The aim of this agreement is to limit the rise in global temperatures. At its core is carbon-neutral energy production from renewable sources. At the United Nations' Marrakech Climate Change Conference in November 2016, 196 participating nations agreed to fully ratify the Paris agreement. The energy concept introduced by the German federal government aims to expand the proportion of electricity generated from renewable sources from the current level of around 33% to between 40% and 45% in 2025, then to 55% to 60% by 2035, and then to at least 80% in 2050. In the EU, the proportion of total energy consumed from renewable sources is to rise to at least 27% by 2030. However, renewable energy subsidies have been cut back or abolished in many countries on account of the European sovereign debt crisis.

The new version of the German Renewable Energy Sources Act (EEG), which entered into force on 1 January 2017, pursues three goals: The first of these is compliance with existing expansion corridors for wind and solar power and biomass plants, so that the development of the power grid can match the pace of expansion in renewable energies. Secondly, competitive tendering is to be used to achieve greater cost efficiency in capacity expansion projects. Thirdly, the variety of potential bidders able to take part in a tendering process is to be maintained, giving all market stakeholders a fair chance. In the Bundesnetzagentur's annual tender procedure, contracts are awarded to the lowest bidders until the scope of services to be tendered has been covered.

In Germany, the new version of the German Renewable Energy Sources Act (EEG) is expected to slow down the rate of capacity expansion in renewable energies, as is policymakers' intention. Capacity expansion, particularly in terms of wind power, will significantly exceed the expansion corridor in the short term as a result of the projects with a total output of 8.5 gigawatts (GW) that were already approved in 2016; under the transitional regulations, these projects fall under the remuneration system of the former version of the EEG. Capacity expansion in some southern European countries and the United Kingdom will decline further due to reductions in or complete cuts to subsidies. Chinese and Japanese capacity expansion is also expected to lose considerable momentum. All in all, worldwide expansion of installed capacity is expected to marginally exceed the 2016 figure in 2017, as new markets such as India, the Middle East and North Africa are still set to generate increased growth. However, the volume of global investment in renewable energies is only likely to remain on par with the previous year due to falling system prices.

According to Bloomberg New Energy Finance (BNEF), total worldwide capacity of wind energy is likely to increase by 7.5%, or 54 GW, in 2017. This growth will be driven by a number of new markets. Particularly high growth is expected in the Middle East and in southern Africa. China remains the largest single market in wind energy by some considerable distance, with installed capacity expansion expected to reach 21 GW; this does, however, equate to a 9% year-on-year decline. In the US, the world's second largest wind energy market, expansion of wind turbine capacity in 2017 is expected to decline year on year to 7.3 GW. Newly installed output in Germany, the largest market in Europe, is set to remain on par with the previous year at a minimum of 4.5 GW. This puts it above the adjusted expansion corridor for onshore wind turbines for the years 2017 to 2019 of 2.8 GW, as plants approved by 31 December 2016 and to be commissioned over the next two years still fall under the previous subsidy system.

Global expansion of photovoltaic capacity is set to reach 80 GW in 2017 according to the BNEF, equating to a rate of growth of approximately 7%. At approximately 30 GW, China is likely to continue to account for the largest share of this growth, followed by the US, which is expected to see installed output rise by 10.8 GW. With between 8 to 9 GW of newly installed capacity, India is set to become the world's third largest photovoltaic market, pushing Japan down to fourth position with forecast capacity expansion of 6 GW. In Germany, newly installed capacity is expected to amount to 1.7 GW in 2017 due to the fall in prices for system components.

In terms of new biomass systems, all material-based special remuneration was discontinued through the German Renewable Energy Sources Act (EEG) 2014. The expansion of biomass technology has since focused on the use of residual materials such as slurry and refuse. In the EEG 2017, the capacity expansion target has been increased to 150 megawatts (MW), on the basis of which biogas electricity is put out for tender on an annual basis. The bidder with the best offer is then awarded the contract for the EEG remuneration period: in the case of new systems, this period is for 20 years. A second remuneration period of 10 years is granted for existing systems that can also participate in the tender process. This should make investments in the continued operation of systems following the end of subsidisation under the EEG financially attractive again through the reorientation towards peak power requirements and full use of heat energy. Barely any positive momentum is expected to be generated in the construction of new systems in view of the complex regulatory environment. Generally speaking, the new regulations open up prospects to modify existing plants.

Anticipated business performance

Demand for heating oil is expected to increase over the course of the year in the wake of the significantly colder and longer winter in 2017 compared to 2016. However, customer ordering is extremely sensitive to prices. The noticeable rise in prices recently is likely to cause many consumers to bide their time and wait until prices fall. In light of the ongoing structural decline in consumption of heating oil, sales are expected to remain stable in 2017. There are further growth opportunities in the sale of wood pellets through the acquisition of the business operations of Dr. Gies Vermögensverwaltung in June 2016. In terms of fuels, the volume of diesel sales could rise on the back of the increasing mutual acceptance of filling station cards among BayWa, AVIA and star. Sales of lubricants are forecast to increase slightly due to the expansion of sales activities. In 2017, revenues in fossil and renewable heating fuels, fuels and lubricants are set to be up considerably in a year-on-year comparison across all product areas as a result of the rise in prices. However, a sharp decline in the operating result (EBIT) is expected as the higher price of crude oil is likely to shrink margins in heating oil and fuel business.

The Renewable Energies business unit is set to continue down its path towards international growth in 2017 through organic developments and acquisitions. In 2016 BayWa r.e. set up two new companies in Singapore and Bangkok to participate in the dynamic growth in South-East Asia. These companies are initially focused on the Thai, Philippine, Malaysian and Indonesian markets. In addition, a new subsidiary was established in Luxembourg, which involved the partial acquisition of an existing business. BayWa r.e. is also expanding its sales of photovoltaic components in Belgium, the Netherlands and France. As Europe's leading provider, sales at BayWa r.e. are also likely to benefit from further declines in the prices of photovoltaic systems. The acquisition of the photovoltaic wholesale distributor Solarmatrix based in Perth, Australia, in September 2016 marks another step forward on the path towards strategic growth as well. These companies will make full-year contributions to revenues and earnings for the first time in the financial year 2017. Declines in certain countries or technology industries will be more than compensated for by growth in other markets. In terms of project business, the commissioning and turbine/plant sales pipeline in the areas of wind, solar and bioenergy currently totals approximately 510 MW for 2017. Of this amount, 300 MW is attributable to photovoltaic plants, 200 MW to wind power plants and some 10 MW to bioenergy. The focus of solar activities will be on new projects in the UK, France and the US. Activities relating to wind turbines are mainly centred on Germany and France. In terms of bioenergy business in Germany, the focus continues to be on the repowering of existing plants, consultancy services and raw materials management. Three biogas plants are scheduled to be sold in 2017. The BayWa r.e. business unit's revenues are expected to increase by a moderate amount primarily on account of expansion in trading with photovoltaic components and the solid project pipeline. In addition, Kenergia Sviluppo S.r.l. and Green Hedge Operational Services Limited, companies operating in technical and commercial power plant management acquired in 2016, will inject further impetus into service business in 2017. Stable revenues will be able to be generated here thanks to long-term contractual terms. That being said, the operating result (EBIT) is likely to fall significantly short of the record-breaking figure generated in 2016 in 2017 on account of the fall in margin potential caused by the increase in price competition in project business.

Overall, there is likely to be a considerable increase in the Energy Segment's revenues for 2017 on the basis of anticipated development in individual areas. The operating result (EBIT) is likely to be noticeably down on the previous year due to shrinking margins in conventional energy business and business involving renewable energies.

Outlook for the Building Materials Segment

Expected market and industry development

According to industry association Hauptverband der Deutschen Bauindustrie, the pace of growth in the German construction industry is likely to accelerate year on year; the construction industry's revenues are forecast to increase by 5.0% to €112.2 billion overall. This will mark the highest level of revenues recorded in the construction industry in 20 years. This forecast is based on the level of orders recorded at the end of September 2016, which, at almost €37 billion, is at its highest level since 1995, and the positive macroeconomic framework. Based on the 22.0% rise in planning approvals in 2016, revenues in residential construction are expected to rise by 7.0% to €42.9 billion in 2017. New construction is set to be nearly 8.0% higher than in 2016. Investments in modernisation measures, on the other hand, are only likely to increase by 0.3%. The commercial construction sector is set to continue the positive trend observed in the previous year with revenue growth of 3.0% to €38.3 billion. Investment here is expected to be driven by high capacity utilisation in the manufacturing sector. Public construction revenues are expected to rise by 5.0% to €31.1 billion on account of the rise in investment in transport infrastructure by the German federal government. What's more, investment in construction is also expected to increase slightly at the federal state and municipality level in view of the improved income situation.

The Austria construction industry is expected to generate slightly less growth in 2017 compared to the previous year: According to the Austrian Institute of Economic Research (WIFO), real investment in construction activity is expected to reach 1.5%. This would put growth in the construction sector in 2017 at roughly the same level forecast for macroeconomic output. Residential construction and commercial construction are set to expand by slightly above-average margins of 1.6% and 1.9% respectively, while civil engineering activities are likely to struggle to overcome the previous year's figure with a forecast rise of 0.2%.

Anticipated business performance

As was the case already in previous years, a large portion of growth in the construction sector is attributable to the construction of new multi-storey residential properties in major urban areas, as living space in these locations remains highly scarce. In rural areas, however, underlying factors will remain a mixed bag. The volume of construction in terms of agricultural commercial properties is expected to remain on par with the previous year. By contrast, recovery is anticipated in commercial structural engineering. The BayWa building materials trade is likely to be able to participate in the positive overall environment in the construction industry in 2017 thanks to its broad range of products. In particular, BayWa should profit from the growing trend towards pre-fabrication and rising demand for flat roofs, as these are some of the areas it specialises in in terms of distribution activities. In addition, the granite trade business acquired in summer 2016 and the building materials centre in Munich-Moosfeld, which was opened in autumn 2016, will make full-year contributions to revenues and earnings. Additional potential for value creation is being developed through the expansion of digital services: For instance, from mid-2017, private developers and construction firms will be able to plan and calculate their projects using the "Mr+Mrs Homes" property configurator and realise them right through to the turnkey handover of the finished house by drawing on a connected network of partners. In B2B business, the BayWa Bau-Cockpit went online in January in time for the BAU 2017 trade fair; besides intelligent purchasing functions, this system also provides an extensive range of site management tools. Through the continued expansion of e-commerce, additional growth opportunities are opening up beyond the existing market area. Running contrary to this trend in terms of revenues was the sale and closure of several sites in the financial year 2016 within the scope of the site optimisation strategy. However, taken as a whole, the effect of these measures will be positive. Revenues, and particularly sales volumes, in the Building Materials Segment are likely to increase markedly in 2017. The operating result (EBIT) should be able to mildly exceed the figure reported in 2016 in spite of cost rises in certain areas, such as costs of wages.

Outlook for the Innovation & Digitalisation Segment

Expected market and industry development

Digitalisation has long since been a fixed part of supporting day-to-day agricultural operations. Agriculture's ratio of investment to annual revenues of roughly 10% puts it in the top one-third of all industries according to PricewaterhouseCoopers (PwC). More than half of German farmers have already invested in digital technologies. 40% of farmers questioned plan to invest for the first time or continue to invest, while 28% plan to increase their investment. Digitalisation is being fuelled by the optimisation of the value chain. In precision farming, information is processed digitally and made available from farm management systems, weather apps or online platforms to help farmers make decisions. According to a study by PwC in December 2016, smart farming is also going one step further. Here, machines and systems process information independently and make decisions with at least some degree of autonomy. Examples of this include autonomous soil cultivation and harvesting machines, real-time soil analysis and site-specific farm management. This process optimisation not only results in cost savings, it also improves efficiency in the use of operating resources. The best possible use of operating resources ultimately boosts yields. The digital integration of supply chain partners, customers and suppliers also creates the possibility for new services and data-driven business models. Interconnectivity in online stores and applications enables operating resources and spare parts to be provided as and when needed or allows electronic troubleshooting to be carried out in the case of machine failure, with the results sent directly to the responsible service technician. Against this backdrop, the market for digital applications in agriculture is expected to grow by approximately 11% annually over the medium to long term and be worth €4.5 billion by 2020.

According to a study published jointly by eco – Association of the Internet Industry and Arthur D. Little, the internet industry in Germany is expected to generate dynamic annual growth of 12% until 2019. This strong growth is likely to continue across all market segments. E-commerce is expected to generate revenue growth of 11% in 2017, with online retail growing much more significantly than the retail industry as a whole (online and bricks-and-mortar), which is only expected to grow by 2.3%.

Anticipated business performance

In the Digital Farming business unit of the Innovation & Digitalisation Segment, revenues are likely to increase by a significant margin in 2017. Revenue growth should be fuelled primarily by the introduction of paid licences for the NEXT Farming software on 1 January 2017 and the planned international expansion of software sales – such as in Poland and the Netherlands. The German Fertiliser Ordinance (DuV) is also likely to have a positive impact on demand for farm management software and digital farming solutions in 2017, as it stipulates stricter documentation obligations and the optimisation of fertilizer application. The newly developed Leitspurmanager software, coupled with digitalised field databases, enables seed to be sowed and fertilizer and crop protection to be applied automatically and without any overlap. BayWa's e-commerce activities are likely to generate revenues in the high nine-digit range. However, revenues and income from these activities are attributed to the respective business unit responsible for the respective sold product. All in all, the revenues generated by the Innovation & Digitalisation Segment are likely to increase significantly in 2017. Costs of e-commerce activities are distributed using a cost allocation key. Due to administrative costs and start-up costs for investments in new developments, start-up losses are expected through to 2019 within the scope of medium-term planning. In 2017, the operating result (EBIT) of the Innovation & Digitalisation Segment is likely to be negative in the high nine-digit range.

Other Activities

No forecast is possible for the Other Activities Segment, as revenue and earnings development is primarily driven by opportunism in capitalising on market opportunities within the scope of BayWa's portfolio management system.

Outlook for the BayWa Group

Prospects for the BayWa Group are positive overall for 2017 on the basis of the expected underlying conditions in the segments. Group revenues are likely to increase noticeably in 2017 in consideration of anticipated price developments and volatilities. The Group's operating earnings indicators, EBITDA, EBIT and EBT, should improve significantly year on year. BayWa is continuing its strategy of strengthening profitability sustainably in order to safeguard the independence of the company over the long term and ensure that it is fit for the future.

Consolidated Balance Sheet as at 31 December 2016

Assets

in € million	Note	**31/12/2016**	31/12/2015
Non-current assets			
Intangible assets	(C.1.)	212.623	166.809
Property, plant and equipment	(C.2.)	1,402.715	1,419.814
Participating interests recognised at equity	(C.3.)	215.161	203.876
Other financial assets	(C.3.)	189.059	168.196
Investment property	(C.5.)	41.585	55.915
Income tax assets	(C.6.)	0.025	1.432
Other receivables and other assets	(C.8.)	48.557	59.610
Deferred tax assets	(C.9.)	246.013	211.525
		2,355.738	**2,287.177**
Current assets			
Securities	(C.3.)	1.966	1.983
Inventories	(C.10.)	2,380.289	2,141.541
Biological assets	(C.4.)	15.137	11.977
Income tax assets	(C.6.)	43.365	22.595
Financial assets	(C.7.)	153.141	222.373
Other receivables and other assets	(C.8.)	1,395.854	1,254.756
Cash and cash equivalents	(C.11.)	104.436	84.459
		4,094.188	**3,739.684**
Non-current assets held for sale/disposal groups	(C.12.)	**24.931**	**9.796**
Total assets		**6,474.857**	**6,036.657**

Shareholders' equity and liabilities

in € million	Note	31/12/2016	31/12/2015
Equity	(C.13.)		
Subscribed capital		89.297	88.997
Capital reserve		108.153	104.949
Revenue reserves		537.042	538.564
Other reserves		69.850	77.166
Equity net of minority interest		**804.342**	**809.676**
Minority interest		294.003	266.225
		1,098.345	**1,075.901**
Non-current liabilities			
Pension provisions	(C.14.)	660.729	625.466
Other non-current provisions	(C.15.)	86.292	82.618
Financial liabilities	(C.16.)	1,105.191	1,068.340
Financial lease obligations	(C.17.)	164.139	154.823
Trade payables and liabilities from inter-group business relationships	(C.18.)	2.874	5.084
Financial liabilities	(C.20.)	9.476	3.650
Other liabilities	(C.21.)	89.950	93.419
Deferred tax liabilities	(C.22.)	173.514	158.092
		2,292.165	**2,191.492**
Current liabilities			
Pension provisions	(C.14.)	29.238	29.787
Other current provisions	(C.15.)	179.989	175.940
Financial liabilities	(C.16.)	1,512.403	1,314.307
Financial lease obligations	(C.17.)	8.371	6.671
Trade payables and liabilities from inter-group business relationships	(C.18.)	894.310	792.220
Income tax liabilities	(C.19.)	29.924	25.301
Financial liabilities	(C.20.)	152.628	169.868
Other liabilities	(C.21.)	277.484	255.170
		3,084.347	**2,769.264**
Liabilities from non-current assets held for sale/disposal groups		–	–
Total shareholders' equity and liabilities		**6,474.857**	**6,036.657**

Consolidated Income Statement for 2016

Continued operations

in € million	Note	2016	2015
Revenues	(D.1.)	15,409.882	14,928.129
Inventory changes		66.719	86.720
Other own work capitalised		7.844	3.825
Other operating income	(D.2.)	194.895	157.850
Cost of materials	(D.3.)	– 14,052.723	– 13,575.301
Gross profit		**1,626.617**	**1,601.223**
Personnel expenses	(D.4.)	– 863.111	– 825.156
Depreciation and amortisation		– 127.878	– 130.161
Other operating expenses	(D.5.)	– 512.753	– 495.334
Result of operating activities		**122.875**	**150.572**
Income from participating interests recognised at equity	(D.6.)	18.894	3.284
Other income from shareholdings	(D.6.)	2.921	4.291
Interest income	(D.7.)	6.324	5.616
Interest expenses	(D.7.)	– 81.407	– 75.710
Financial result		**– 53.268**	**– 62.519**
Result of ordinary activities		**69.607**	**88.053**
Income tax	(D.8.)	– 16.892	– 26.450
Consolidated net income		**52.715**	**61.603**
of which: due to minority interest	(D.9.)	21.590	13.399
of which: due to shareholders of the parent company		31.125	48.204
EBIT		**144.690**	**158.147**
EBITDA		**272.568**	**288.308**
Basic earnings per share (in €)	**(D.10.)**	**0.90**	**1.39**
Diluted earnings per share (in €)	**(D.10.)**	**0.90**	**1.39**

Consolidated Statement of Comprehensive Income-Transition

in € million	2016	2015
Consolidated net income	**52.715**	**61.603**
Actuarial gains/losses from pension obligations and provisions for severance pay recognised in the reporting period	– 29.719	3.116
Sum of items not subsequently reclassified in the income statement	**– 29.719**	**3.116**
Net gain/loss from the revaluation of financial assets in the “available for sale” category recognised in the reporting period and other income from interests accounted for using the equity method	25.515	– 0.501
Reclassifications to the income statement due to disposal of financial assets in the “available for sale” category and participating interest accounted for using the equity method during the reporting period	5.735	–
Net gain/loss from hedging instruments with a clear hedging relationship recognised in the reporting period	– 1.509	0.016
Reclassifications of net gain/loss from hedging instruments with a clear hedging relationship in the income statement in the reporting period	– 4.497	– 1.647
Differences from currency translation in the reporting period	8.238	1.731
Reclassifications of differences from currency translation in the income statement in the reporting period	1.891	0.301
Sum of items subsequently reclassified in the income statement	**35.373**	**– 0.100**
Gains and losses recognised directly in equity	5.654	3.016
of which: due to minority interest	14.011	– 0.875
of which: due to shareholders of the parent company	– 8.357	3.891
Consolidated total result for the period	**58.369**	**64.619**
of which: due to minority interest	35.601	12.524
of which: due to shareholders of the parent company	22.768	52.095

Consolidated Cash Flow Statement for 2016

Note (E.1.)

in € million	2016	2015
Consolidated net income	52.715	61.603
Income tax expenses	16.892	26.450
Financial result	53.268	62.519
Write-downs/write-ups of non-current assets		
Intangible assets	25.713	21.238
Investment property	100.465	106.915
Other financial assets	1.303	0.914
Investment property	1.700	2.008
Other non-cash related expenses/income		
Expenses relating to share-based payment through profit and loss	1.402	1.431
Other	– 11.209	1.222
Increase/decrease in non-current provisions	– 4.150	– 6.761
Cash effective expenses/income from special items		
Gain/loss from the disposal of financial assets	– 15.787	– 0.447
Income tax paid	– 49.184	– 23.604
Interest received	5.515	4.838
Interest paid	– 37.837	– 34.667
Other financial result	0.903	– 13.643
	141.709	**210.016**
Increase/decrease in current and medium-term provisions	0.874	4.674
Gain/loss from assets disposals	– 37.258	– 15.472
Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	– 233.619	– 355.949
Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	336.866	175.776
Cash flow from operating activities	**208.572**	**19.045**
Outgoing payments for company acquisitions (Note B.1.)	– 71.220	– 36.916
Incoming payments from the divestiture of companies	3.943	–
Incoming payments from the disposal of intangible assets, property, plant and equipment and investment property	54.012	64.713
Outgoing payments for investments in intangible assets, property, plant and equipment and investment property	– 154.104	– 174.538
Incoming payments from the disposal of other financial assets	40.982	16.309
Outgoing payments for investment in other financial assets	– 11.314	– 23.264
Interest received	6.522	0.595
Dividends received and other income assumed	7.552	9.635
of which: dividends from participating interests in joint ventures and associated companies recognised at equity	5.988	7.273
of which: other income from holdings	1.564	2.362
Cash flow from investment activities	**– 123.627**	**– 143.466**

in € million	2016	2015
Incoming payments from equity contributions	2.071	2.195
Dividend payments	– 35.705	– 33.514
Incoming payments from borrowing of (financing) loans	209.335	313.034
Outgoing payments from redemption of (financing) loans	– 210.899	– 157.767
Interest paid	– 27.849	– 25.288
Cash flow from financing activities	**– 63.047**	**98.660**
Payment-related changes in cash and cash equivalents	21.898	– 25.761
Cash and cash equivalents at the start of the period	84.459	108.356
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	– 1.921	1.864
Cash and cash equivalents at the end of the period	**104.436**	**84.459**
Outgoing payments for company acquisitions included in the cash flow from investing activities are as follows:		
Purchase price of company acquisitions	– 62.138	– 36.834
Purchase prices paid in the financial year (including contingent purchase price components from company acquisitions in previous years)	– 76.770	– 38.345
Cash and cash equivalents assumed from company activities	5.550	1.429
Net cash flow from the acquisition of companies	– 71.220	– 36.916

Please see Note B.1 of the Consolidated Financial Statements for details on the assets and liabilities of the subsidiaries and/or operating units over which control is obtained or lost, summarised by each major category. As one of the primary business purposes in the Renewable Energies business sector is the disposing of project companies once a project has been completed, incoming payments from the disposal of project companies from the group of consolidated companies are allocated to cash flow from operating activities, and not cash flows from investing activities.

Consolidated Statement of Changes in Equity

Note (C.13.)

in € million	Subscribed capital	Capital reserve
As at 01/01/2015	**88.687**	**101.683**
Differences resulting from changes in the group of consolidated companies	–	–
Capital increase against cash contribution/share-based payments	0.310	3.266
Changes in the fair value of assets classified as "available for sale" and derivative financial instruments as well as other income from other interests accounted for using the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Inter-company profits from elimination with associates recognised in equity	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Transfer to revenue reserve	–	–
Consolidated net income	–	–
As at 31/12/2015 // 01/01/2016	**88.997**	**104.949**
Differences resulting from changes in the group of consolidated companies	–	–
Capital increase against cash contribution/share-based payments	0.300	3.204
Changes in the fair value of assets classified as "available for sale" and derivative financial instruments as well as other income from interests accounted for using the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Inter-company profits from elimination with associates recognised in equity	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Transfer to revenue reserve	–	–
Consolidated net income	–	–
As at 31/12/2016	**89.297**	**108.153**

Assessment reserve	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
– 2.815	**528.918**	**69.986**	**786.459**	**263.917**	**1,050.376**
–	2.335	– 1.258	1.077	– 4.380	– 3.303
–	–	–	3.576	0.050	3.626
– 1.558	–	–	– 1.558	– 0.574	– 2.132
–	3.348	–	3.348	– 0.232	3.116
–	– 5.903	–	– 5.903	–	– 5.903
–	–	– 27.628	– 27.628	– 5.886	– 33.514
–	–	2.101	2.101	– 0.069	2.032
–	14.239	– 14.239	–	–	–
–	–	48.204	48.204	13.399	61.603
– 4.373	**542.937**	**77.166**	**809.676**	**266.225**	**1,075.901**
–	– 2.342	0.183	– 2.159	– 1.534	– 3.693
–	–	–	3.504	– 0.031	3.473
17.593	– 5.993	–	11.600	13.644	25.244
–	– 28.632	–	– 28.632	– 1.087	– 29.719
–	–	–	–	–	–
–	–	– 29.447	– 29.447	– 6.258	– 35.705
–	–	8.675	8.675	1.454	10.129
–	17.852	– 17.852	–	–	–
–	–	31.125	31.125	21.590	52.715
13.220	**523.822**	**69.850**	**804.342**	**294.003**	**1,098.345**

Notes to the Consolidated Financial Statements
as at 31 December 2016

Drawn up in accordance with the International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) adopted within the European Union, as well as in accordance with the additional information required under Section 315a para. 1 of the German Commercial Code (HGB).

(A.) BACKGROUND TO THE BayWa CONSOLIDATED FINANCIAL STATEMENTS

(A.1.) General information, accounting and valuation methods

BayWa Aktiengesellschaft (for short: BayWa AG) has its principal place of business in Arabellastrasse 4, 81925 Munich, Germany. The BayWa Group, with BayWa AG as the ultimate parent company, is a group of trading and services companies with core activities in the following business areas: Agricultural Trade – which has been split into the new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units since the financial year 2016 –, Fruit, Agricultural Equipment, Energy, Renewable Energies, Building Materials and Innovation & Digitalisation. BayWa Agri Supply & Trade encompasses the BayWa Group's national and international trading, distribution and logistics activities involving grain, oilseed and additional products. The collection business and trade in operating resources and feedstuff have been pooled in the business unit known as BayWa Agricultural Sales. The Fruit business sector combines all activities of the Group in the business of fruit and vegetable growing and trading these products. The full range of agricultural equipment and services is offered in the Agricultural Equipment business sector. The Energy business sector comprises an extensive network, which ensures the supply of heating oil, fuels, lubricants and wood pellets to commercial and private customers. In the Renewable Energies business sector, the Group offers customers services geared towards project planning for wind power, biogas facilities and solar power plants, on the one hand, and operates its own wind and biogas plants to produce electricity, on the other. The range of products and services under Renewable Energies is rounded off by the sale of solar panels. The Building Materials Segment comprises building materials sales activities, as well as the operation of DIY and garden centres of the Austrian Group companies. The newly founded Innovation & Digitalisation Segment, which evolved from the former Digital Farming business unit, provides software solutions and integrated services for process-controlled operations management in agriculture (smart farming).

There have been no changes in the accounting policies and valuation methods applied to the consolidated financial statements as against 31 December 2015.

The consolidated financial statements as at 31 December 2016 were drawn up in compliance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. The standards of the International Accounting Standards Board (IASB), London, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date were fully taken into account. The consolidated financial statements therefore give a true and fair view of the assets, financial position and earnings position of the BayWa Group and were prepared under the assumption that the company will continue as a going concern.

Moreover, the consolidated financial statements comply with the supplementary provisions set out under Section 315a para. 1 of the German Commercial Code (HGB).

The financial statements of BayWa AG and its Group companies are generally prepared in accordance with the balance sheet date of the consolidated financial statements. The financial statements of Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany; BRB Holding GmbH, Munich, Germany; BEEGY GmbH, Mannheim, Germany; Biomethananlage Barby GmbH, Barby, Germany; Biomethananlage Staßfurt GmbH, Mannheim, Germany; LWM Austria GmbH, Hollabrunn, Austria; Frisch & Frost Nahrungsmittel GmbH, Vienna, Austria; AUSTRIA JUICE GmbH, Allhartsberg, Austria; Baltanás Cereales y Abonos, S.L., Baltanás, Spain; Allen Blair Properties Limited, Wellington, New Zealand; Mystery Creek Asparagus Limited, Hamilton, New Zealand; Worldwide Fruit Limited, Spalding, UK, and N.Z. Kumara Distributors Limited, Dargaville, New Zealand, constitute an exception, as these companies are accounted for using the equity method. All of the above companies have different reporting dates, which are 31 January, 28 February, 31 March, 30 June, 31 July, or 30 September, depending on the companies' respective seasonal business development. The interim financial statements of all companies as at 30 November or 31 December form the basis for consolidation.

The accounting implemented within the Group of BayWa AG is carried out in accordance with the accounting and valuation principles uniformly applied by the whole Group; they are described under Notes C. and D. in the notes to the balance sheet and the income statement. Individual items have been disclosed separately in the balance sheet and in the income statement to enhance transparency. They are broken down and explained in the Notes to the Consolidated Financial Statements. The consolidated financial statements have been prepared in euros. Unless otherwise indicated, amounts are shown in millions of euros (€ million; rounded off to three decimal points).

(A.2.) Estimates and assumptions by management

The preparation of the consolidated financial statements necessitates that, to a certain extent, assumptions are made and estimates used which have an impact on the valuation of assets, liabilities capitalised, the income and expenses and the contingent liabilities. Estimates are necessary, particularly in respect to the measurement of property, plant and equipment and intangible assets, as well as inventories, in connection with purchase price allocation, the recognition and measurement of deferred tax assets, the recognition and measurement of pension provisions and other reserves, as well as the carrying out of impairment tests in accordance with IAS 36.

In the case of pension provisions, the discount factor, along with wage and salary and pension trends, are important parameters for estimates. An increase or decrease in the discount factor affects the net present value of the obligations arising from pension plans. Likewise, changes to anticipated wage, salary and pension trends and expected employee fluctuation also impact the defined benefit obligation (DBO).

Impairment tests on goodwill are based on future-oriented assumptions. From today's standpoint, justifiable changes to these assumptions would not result in the book values of the cash-generating unit (CGU) exceeding their recoverable amount, thereby triggering impairment. The underlying assumptions are influenced primarily by the market situation of the CGU. Please refer to Note C.1. of the Consolidated Financial Statements for information on the extent to which justifiable changes to the underlying assumptions for material goodwill could result in the book values of the respective CGU exceeding their recoverable amount.

Deferred tax assets on loss carryforwards are recognised, provided that future tax advantages are likely to be realised within the next five years (maximum). The actual taxable profits in future periods, and thus the actual usability of deferred tax assets, may differ from the estimate at the time when the deferred tax is capitalised.

In respect of property, plant and equipment, assumptions were made relating to the Group-wide establishment of useful economic lives. Deviations from the actual economic life are, therefore, possible but are estimated to be fairly low. Assumptions made in relation to the definition of useful economic lives are reviewed at regular intervals and, if necessary, modified.

Estimates of the future revenues, growth and the inflation-adjusted margins, as well as the location and variety are required for determining the fair value of the biological assets.

Estimates have been made in respect of inventories, especially in the context of write-downs on the net realisable value. Estimates of the net realisable value are based on the substantive information available at the time when the likely recoverable amounts of inventories were estimated. These estimates take account of changes in prices and costs, which are directly associated with events after the reporting period, in as much as these events serve to elucidate the conditions already prevailing at the end of the reporting period.

The measurement of the recoverability of receivables is also subject to assumptions which are based in particular on empirical values on recoverability.

The operating expenses of "investment property" are also subject to estimates based on empirical values.

All assumptions and estimates are based on the conditions prevailing and judgements made on the reporting date. In addition, particular consideration was given to the economic development and the business environment of the BayWa Group. If, in future business periods, framework conditions should develop otherwise, there may be differences between actual and estimated amounts. In such cases, the assumptions and, if necessary, the book value of the assets and liabilities affected will be adjusted on subsequent reporting dates. At the time when the consolidated financial statements were prepared, a material change in the underlying assumptions and estimates was not anticipated.

(A.3.) Impact of new accounting standards

Accounting standards applicable for the first time in the financial year 2016

In the financial year 2016, the following standards and interpretations were applicable for the first time. These new standards had very little or no influence on the presentation of the assets, financial position and earnings position or on earnings per share of the BayWa Group.

In January 2014, the IASB published an interim standard in the form of IFRS 14 (Regulatory Deferral Accounts), which permits an entity which is a first-time adopter of IFRSs to continue to account, with some limited changes, for "regulatory deferral account balances" in accordance with its previous accounting standards. The standard is seen as a short-term interim solution until the IASB concludes its longer-term comprehensive project on rate-regulated activities. Application of IFRS 14 is voluntary for first-time adopters of IFRS. The standard may be applied if the first financial statements for an entity are prepared for financial years starting on or after 1 January 2016. The standard may be applied early. The European Commission resolved in October 2015 not to endorse IFRS 14 in European law as only a few entities in the EU will fall under the scope of this standard. This means that the new standard in effect is of no relevance for German entities.

In November 2013, the IASB published an amendment to IAS 19 (Employee Benefits), which was endorsed in European law in February 2015. The amendment clarifies requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendment enters into force for reporting periods beginning on or after 1 February 2015. It had no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group.

As part of its annual improvements to IFRSs 2010–2012 cycle, the IASB published amendments to seven standards in December 2013, which were endorsed in European law in February 2015. The amendments enter into force for reporting periods beginning on or after 1 February 2015. They had no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group.

An amendment to IFRS 2 (Share-based Payment) clarifies the definitions of "vesting condition" and "market condition" and adds definitions for the terms "performance condition" and "service condition". The latter had previously been part of the definition of "vesting condition".

In addition, IFRS 3 (Business Combinations) contains an amendment clarifying that contingent considerations that are classified as an asset or a liability shall be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument falling within the scope of IAS 39 or IFRS 9, a non-financial asset or a liability. Changes to fair value (within the exception of changes in the valuation period) are to be recognised through profit and loss. Subsequent amendments were made correspondingly to IFRS 9, IAS 39 and IAS 37.

An amendment to IFRS 8 (Operating Segments) stipulates that an entity must disclose judgements made by management on the basis of which the management resolved to apply the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. In addition, it is also clarified that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

An amendment to IFRS 13 (Fair Value Measurement) clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effects of not discounting are immaterial.

An amendment was also made to IAS 16 (Property, Plant and Equipment) as part of the IASB's annual improvement project. This clarifies that, when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount and the aggregated depreciation is calculated as the difference between the gross carrying amount and the net carrying amount, taking into account accumulated impairment losses.

An amendment to IAS 24 (Related Party Disclosures) clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

An amendment to IAS 38 (Intangible Assets) clarifies that, when an intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount and the aggregated amortisation is calculated as the difference between the gross carrying amount and the net carrying amount, taking into account accumulated impairment losses.

In May 2014, the IASB published amendments to IFRS 11 (Joint Arrangements). The amendments clarify that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. The amendments enter into force for reporting periods beginning on or after 1 January 2016. They had no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group.

The IASB published amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) in May 2014. The amendments to IAS 16 clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. IAS 38 was amended to introduce a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in IAS 16. In addition, guidance was introduced into both standards to explain that expected future reductions in selling prices could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset. The amendments enter into force for reporting periods beginning on or after 1 January 2016. They had no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group.

In June 2014, the IASB also published amendments to IAS 16 (Property, Plant and Equipment) and IAS 41 (Agriculture) with regard to the accounting for bearer plants. The amendments entered into force for reporting periods beginning on or after 1 January 2016. In BayWa Group, the amendments had already been applied early and retrospectively in the financial year 2015; as a result, the amendments have no impact on the current reporting period. The comparable previous-year figures were adjusted accordingly.

In August 2014, the IASB published amendments to IAS 27 (Separate Financial Statements). In future, an entity will again be able to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method. The amendments enter into force for reporting periods beginning on or after 1 January 2016. They had no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group.

As part of its annual improvements to IFRSs 2012–2014 cycle, the IASB introduced amendments and clarifications to four standards in September 2014. The amendments have been endorsed in European law. The amendments enter into force for reporting periods beginning on or after 1 January 2016. They had no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group.

In IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) specific guidance was introduced for cases in which an entity reclassifies an asset from "held for sale" to "held for distribution" or vice versa and cases in which held-for-distribution accounting is discontinued.

An amendment to IFRS 7 (Financial Instruments: Disclosures) adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. Another amendment clarifies that the amendments to IFRS 7 on offsetting disclosures are not mandatory for all condensed interim financial statements. However, these disclosures may be required on a case-by-case basis in order to comply with the requirements of IAS 34.

An amendment was also made to IAS 19 (Employee Benefits) as part of the IASB's annual improvement project. It was clarified that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. Therefore, the depth of the market for high quality corporate bonds should be assessed at currency level.

An amendment to IAS 34 (Interim Financial Reporting) clarified the meaning of "elsewhere in the interim financial report" and added the requirement for a cross-reference to this other point in the report if said point is not within the main part of the interim report.

In December 2014, the IASB published amendments to IFRS 10 (Consolidated Financial Statements), IFRS 12 (Disclosure of Interests in Other Entities) and IAS 28 (Investments in Associates and Joint Ventures), which were endorsed in European law in September 2016. The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments enter into force for reporting periods beginning on or after 1 January 2016. The amendments did not have any impact on the assets, financial position and earnings position of the BayWa Group.

In December 2014, the IASB published amendments to IAS 1 (Presentation of Financial Statements). The amendments are aimed at eliminating obstacles that the writers saw as relating to the exercising of discretionary powers when preparing the financial statements. The amendments enter into force for reporting periods beginning on or after 1 January 2016. The amendments did not have any impact on the assets, financial position and earnings position of the BayWa Group.

Standards, interpretations and amendments which have been published but not yet applied

The IASB and IFRS Interpretations Committee have issued the following standards, amendments of standards and interpretations that are not yet mandatorily applicable. In some cases, an endorsement of this IFRS or interpretations thereof in European law has yet to take place. All amended statements are applied at the BayWa Group once they are endorsed in European law from the date on which the endorsement takes effect. The BayWa Group decided against the premature application of these amendments.

The IASB introduced a new standard in the form of IFRS 15 (Revenue from Contracts with Customers) in May 2014, which stipulates in what amount and when or over which period revenue is to be recognised. The standard was endorsed in European law in September 2016. The standard requires that report writers provide users of financial statements with more informative, relevant disclosures. The standard introduces a single, principles based five-step model to be applied to all contracts. IFRS 15 replaces current revenue regulations in IAS 11 (Construction Contracts) and IAS 18 (Revenue). In future, recognised sales will be recognised so that these approximate the consideration for the exchanged goods or services. Sales will be realised once the customer can exercise control. First-time application of the standard is compulsory for financial years starting on or after 1 January 2018. In the financial year 2016, the BayWa Group performed a comprehensive review of the various types of contracts used by the individual business areas to estimate the impact of IFRS 15. This review indicates that there will be no change or only very limited changes to the recognition of income from disposals in all operating units compared to the previous recognition under IAS 18. At BayWa, IFRS 15 will mainly impact Agricultural Equipment business unit in terms of the accounting of large-scale turnkey projects (e.g. the construction of stable equipment), the Agricultural Trade business unit in terms of the construction of crop protection material facilities (e.g. irrigation systems) and the Building Materials business unit in terms of house construction. These projects are construction contracts within the meaning of IAS 11. Pursuant to the provisions of IFRS 15, revenue for these projects is to be realised within a period; project process is to be measured pursuant to the cost-to-cost method. For some types of contracts, the time when revenue is recognised will change as revenue may be recognised earlier. Furthermore, BayWa expects changes to be made to the balance sheet due to the new contract assets and liabilities items, as well as changes in the notes to the financial statements due to the inclusion of quantitative and qualitative disclosures. The full impact of the application of IFRS 15 on the consolidated financial statements is still be assessed; as a result, a reliable estimate of the extent of the financial impact cannot be provided until this assessment has been concluded. The Group has not yet decided which of the available transition methods and simplifications will be utilised.

The IASB published its final draft of IFRS 9 (Financial Instruments) in July 2014. The object of IFRS 9 is to replace the current IAS 39 (Financial Instruments: Recognition and Measurement). The standard was endorsed in European law in November 2016. The standard governs all aspects of accounting for financial instruments. The latest version of IFRS 9 differs from the standard it supersedes by way of the revised classification of financial assets. These are based on the characteristics of the business model as well as on contractual payment flows for financial assets. Requirements concerning the recognition of impairment losses, which is now based on an expected loss model, were also amended. Furthermore, IFRS 9 also redefines the recognition of hedging transactions, which is now more strongly oriented towards risk management. First-time application of the standard is compulsory for financial years starting on or after 1 January 2018. The BayWa Group is currently in the process of transitioning to the use of the new measurement categories. The BayWa Group plans to analyse financial instruments affected in the first quarter of 2017. Strategies to categorise equity instruments and strategies for instruments that had previously been measured at cost are expected to be developed and implemented in the second quarter. A solution is then to be developed for both the general as well as the simplified impairment model. The new standard is expected to be implemented at the end of the third quarter or the start of the fourth quarter of 2017.

The following standards or standard amendments have not yet been endorsed by the EU as part of the IFRS endorsement procedure:

In publishing IFRS 16 (Leases) in January 2016, which governs the principles for the recognition, measurement, presentation and disclosure obligation of leases, the IASB aims to replace the current IAS 17 as well as IFRIC 4, SIC-15 and SIC-27. In the future, the standard will provide a separate lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. There is no longer a distinction made between lessees of operating leases and financial leases. In future, lessees will recognise the right of use of a leased object and a corresponding lease liability for all leases. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from IAS 17. First-time application of the standard is compulsory for financial years starting on or after 1 January 2019. The standard may be applied early provided that IFRS 15 is also applied; however, the BayWa Group does not intend to do so. IFRS 16 has yet to be endorsed in European law. The impact of the new standard on the presentation of the assets, financial position and earnings position of the BayWa Group is currently being reviewed. Due to existing leases that are to be classified as operating leases pursuant to the current provisions of IAS 17, assets and financial liabilities are expected to increase, and the equity ratio to decrease accordingly, following the transition to the provisions of IFRS 16. The operating result is expected to improve at the same time, a development that will be offset by a decline in the financial result. The BayWa Group had payment obligations arising from non-cancellable operating leases of €574.782 million as at 31 December 2016. A preliminary evaluation indicates that these obligations meet the criteria defined in IFRS 16 and corresponding values in use and lease liabilities were to be recognised. The possible impact on the consolidated financial statements is currently being assessed. A reliable estimate of the extent of the financial impact cannot be provided until this assessment has been concluded.

The IASB made amendments to IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures [2011]) in September 2014. The amendments clarify that, in the case of transactions with an associate or a joint venture, the extent of the gain or loss depends on whether the sold or contributed assets constitutes a business as defined in IFRS 3. The date of first-time application was initially postponed until further notice.

In January 2016, the IASB published amendments to IAS 12 (Income Taxes) that aim to clarify the different methods used in the past to recognise deferred tax assets for unrealised losses for assets stated at fair value. The amendments enter into force for reporting periods beginning on or after 1 January 2017. The amendments are not expected to have any impact on the assets, financial position and earnings position of the BayWa Group.

The IASB also amended IAS 7 (Statement of Cash Flows) in January 2016. These amendments are designed to allow users of financial statements to assess changes in liabilities arising from financing activities as well as associated assets where the corresponding payments are reported as a component of cash flows from financing activities. The amendments enter into force for reporting periods beginning on or after 1 January 2017. The amendments are only expected to have any impact on the financial position of the BayWa Group in particular.

In April 2016, the IASB published an amendment to IFRS 15 (Revenue from Contracts with Customers). This deal with a number of implementation questions discussed by the Transition Resource Group for Revenue Recognition (TRG) appointed by the IASB and the FASB. These questions deal with, among other things, the identification of obligations and the transitional provisions, and include guidelines pertaining to principal/agent relations and the licensing of intellectual property rights. The amendments enter into force for reporting periods beginning on or after 1 January 2018. The amendments will be taken into account accordingly within the scope of the BayWa Group's existing projects relating to the transition to IFRS 15. However, this is not expected to result in any changes beyond those effects explained above.

The IASB's amendment to IFRS 2 (Share-based Payment), which was published in June 2016, clarifies the classification and valuation of share-based payments. The amendment states that vesting conditions must be taken into account when valuing cash-settled share-based payments. According to the new standard, market conditions and non-vesting conditions must be taken into account when calculating fair value. The classification of share-based payments, which provides for the net settlement of taxes to be withheld, was also specified. Thirdly, the IASB also incorporated accounting principles for the change in conditions where this results in a change in the classification of cash-settled share-based remuneration to equity-settled share-based payments. The amendments enter into force for reporting periods beginning on or after 1 January 2018. The amendments are not expected to have any impact on the assets, financial position and earnings position of the BayWa Group.

As part of its annual improvements to IFRSs 2014–2016 cycle, the IASB introduced amendments to three standards in December 2016. The amendments enter into force for reporting periods beginning on or after 1 January 2017 or 1 January 2018. They will have no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group.

An amendment to IFRS 1 (First-time Adoption of International Financial Reporting Standards) relates to the abolishment of short-term exemptions for first-time adopters that have become redundant over time.

An amendment was also made to IFRS 12 (Disclosures of Interests in Other Entities) as part of the IASB's annual improvement project. This amendment clarifies that the disclosure obligations of IFRS 12 also apply to an entity's participations that, in compliance with the provisions of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), are classified as held for sale or for distribution, or are classified as being discontinued operations.

An adjustment to IAS 28 (Investments in Associates and Joint Ventures) clarifies that investment funds or similar entities have the option to record shares in associates or joint ventures at fair value in equity through profit and loss upon their initial recognition for each individual investment.

Also in December 2016, the IASB published an amendment to IAS 40 (Investment Property), which is designed to clarify whether an entity may transfer properties under construction from or to investment when there is a change in use. The amendments enter into force for reporting periods beginning on or after 1 January 2018. They are expected to have no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group.

In publishing IFRIC 22 (Foreign Currency Transactions and Advance Consideration) in December 2016, the IASB examines which exchange rate is to be used to recognise the respective assets or liabilities, or income and expenses, when advance consider is paid for foreign currency transactions. The publication indicates when the exchange rate to be used to convert the transaction is to be determined. The amendments enter into force for reporting periods beginning on or after 1 January 2018. They are expected to have no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group.

(B.) INFORMATION ON CONSOLIDATION

(B.1.) Group of consolidated companies – fully consolidated companies pursuant to IFRS 10

Under the principles of full consolidation, all domestic and foreign companies on which BayWa can exercise direct or indirect control within the meaning of IFRS 10 and where the subsidiaries are not of secondary importance have been included in the consolidated financial statements, alongside BayWa AG.

	Share of capital in %	Previous year's share of capital in %*	Comment
Agriculture Segment			
1076230 B.C. Ltd., Vancouver, Canada	90.0	–	Initial consolidation on 01/08/2016
Abemec B.V., Veghel, the Netherlands	100.0	49.0	Transitional consolidation on 01/07/2016
Agrar- und Transportservice Kölleda GmbH, Kölleda, Germany	58.0	58.0	
Agrarhandel Züssow Bohnhorst / Naeve Beteiligungs GmbH, Züssow, Germany	100.0	100.0	
Agrimec Group B.V., Apeldoorn, the Netherlands	100.0	49.0	Transitional consolidation on 01/07/2016
Agrimec Parts B.V., Veghel, Niederlande	100.0	49.0	Transitional consolidation on 01/07/2016
Agrosaat d.o.o., Ljubljana, Slovenia	100.0	100.0	
ALM Regio 1 B.V., Veghel, Niederlande	100.0	49.0	Transitional consolidation on 01/07/2016
ALM Regio 2 B.V., Veghel, Niederlande	100.0	49.0	Transitional consolidation on 01/07/2016
ALM Regio 3 B.V., Veghel, Niederlande	100.0	49.0	Transitional consolidation on 01/07/2016
ALM Regio 4 B.V., Veghel, Niederlande	100.0	49.0	Transitional consolidation on 01/07/2016
ALM Regio 5 B.V., Veghel, Niederlande	100.0	49.0	Transitional consolidation on 01/07/2016
ALM Regio 6 B.V., Veghel, Niederlande	100.0	49.0	Transitional consolidation on 01/07/2016
ALM Regio 7 B.V., Veghel, Niederlande	100.0	49.0	Transitional consolidation on 01/07/2016
Bayerische Futtersaatbau Gesellschaft mit beschränkter Haftung, Ismaning, Germany	79.2	79.2	
BayWa Agrarhandel GmbH, Nienburg, Germany (formerly: Steimbke)	100.0	100.0	
BayWa Agrar International B.V., Rotterdam, the Netherlands	100.0	100.0	
BayWa Agri Romania S.r.l., Bucharest, Romania	98.8	90.0	Acquisition of additional 8.8% of shares on 04/05/2016
BayWa Agro Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0	100.0	
BayWa Canada Ltd., Vancouver, Canada	100.0	–	Initial consolidation on 01/08/2016
BayWa Fruit B.V., De Lier, the Netherlands	100.0	–	Initial consolidation on 01/03/2016
BayWa Marketing & Trading International B.V., Rotterdam, the Netherlands	100.0	100.0	
BayWa Obst Beteiligung GmbH (formerly: BayWa-Lager und Umschlags GmbH), Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2016
BayWa Obst GmbH & Co. KG, Munich, Germany	100.0	100.0	
BayWa Rus LLC, Moscow, Russia	100.0	100.0	
BayWa Ukraine LLC, Kiev, Ukraine	100.0	100.0	
BGA Bio Getreide Austria GmbH, Vienna, Austria	100.0	100.0	
B O R, s.r.o., Choceň, Czech Republic	92.8	92.8	
Cefetra Ibérica S.L.U., Pozuelo de Alarcón, Spain	100.0	100.0	
Cefetra S.p.A., Rome, Italy	100.0	100.0	
CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany	90.0	90.0	
CLAAS Main-Donau GmbH & Co. KG, Vohburg, Germany	90.0	90.0	
CLAAS Südostbayern GmbH, Töging am Inn, Germany	90.0	90.0	
CLAAS Württemberg GmbH, Langenau, Germany	80.0	80.0	
EUROGREEN AUSTRIA GmbH, Mondsee, Austria	100.0	100.0	
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic	100.0	100.0	
EUROGREEN GmbH, Betzdorf, Germany	100.0	100.0	
EUROGREEN Schweiz AG, Zuchwil, Switzerland	100.0	100.0	

	Share of capital in %	Previous year's share of capital in %*	Comment
Evergrain Germany GmbH & Co. KG, Hamburg, Germany	100.0	–	Initial consolidation on 01/02/2016
F. Url & Co. Gesellschaft m.b.H., Lannach, Austria	100.0	100.0	
Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0	100.0	
InterSaatzucht GmbH, Hohenkammer (formerly: Intersaatzucht Verwaltungs GmbH, Munich) , Germany	100.0	100.0	Initial consolidation on 01/02/2016
Ketziner Lagerhaus GmbH & Co. KG, Ketzin, Germany	100.0	100.0	
LTZ Chemnitz GmbH, Hartmannsdorf, Germany	90.0	90.0	
Raiffeisen Kraftfutterwerke Süd GmbH, Würzburg, Germany	100.0	100.0	
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck, Germany	52.0	52.0	
RWA Hrvatska d.o.o. (formerly: RWA RAIFFEISEN AGRO d.o.o.), Zagreb, Croatia	100.0	100.0	
RWA Magyarország Kft. (formerly: Raiffeisen-Agro Magyaroszág Kft.), Ikrény, Hungary	100.0	100.0	
RWA Raiffeisen Agro Romania S.r.l., Orţişoara, Romania	100.0	100.0	
RWA SLOVAKIA spol. s r.o., Bratislava, Slovakia	100.0	100.0	
RWA Srbija d.o.o. (formerly: Raiffeisen Agro d.o.o.), Belgrade, Serbia	100.0	100.0	
TechnikCenter Grimma GmbH, Mutzschen, Germany	70.0	70.0	
TFC Holland B.V., De Lier, the Netherlands	68.4	–	Initial consolidation on 01/03/2016
URL AGRAR GmbH, Premstätten (formerly: Unterpremstätten), Austria	100.0	100.0	
Cefetra Group			
Cefetra B.V., Rotterdam, the Netherlands	100.0	100.0	
Baltic Logistic Holding B.V., Rotterdam, the Netherlands	100.0	100.0	
Burkes Agencies Limited, Glasgow, UK	100.0	100.0	
Cefetra Feed Service B.V., Rotterdam, the Netherlands	100.0	100.0	
Cefetra Hungary Kft., Budapest, Hungary	100.0	100.0	
Cefetra Limited, Glasgow, Uk	100.0	100.0	
Cefetra Polska Sp. z o.o., Gdynia, Poland	100.0	100.0	
Cefetra Shipping B.V., Rotterdam, the Netherlands	100.0	100.0	
Shieldhall Logistics Limited, Glasgow, Uk	100.0	100.0	
Sinclair Logistics Limited, Glasgow, UK	100.0	100.0	
Wessex Grain Ltd., Templecombe, UK	100.0	100.0	
T&G Global group			
T&G Global Limited, Auckland, New Zealand	74.0	73.7	Acquisition of additional 0.3% of shares on 03/06/2016
Apollo Apples (2014) Limited, Auckland, New Zealand	100.0	100.0	
Berryfruit New Zealand Limited, Auckland, New Zealand	100.0	100.0	
Delica (Shanghai) Fruit Trading Company Limited, Shanghai, People's Republic of China	100.0	100.0	
Delica Australia Pty Ltd, Tullamarine, Australia	100.0	100.0	
Delica Domestic Pty Ltd, Tullamarine, Australia	80.0	80.0	
Delica Limited, Auckland, New Zealand	100.0	100.0	
Delica North America, Inc., Torrance, USA	100.0	75.0	Acquisition of additional 25.0% of shares on 14/10/2016
EFL Holdings Limited, Auckland, New Zealand	100.0	100.0	
ENZA Fresh, Inc., Seattle, USA	100.0	100.0	
ENZA Investments USA, Inc., Seattle, USA	100.0	100.0	
ENZA Limited, Auckland, Neuseeland	100.0	100.0	
ENZAFOODS New Zealand Limited, Auckland, New Zealand	100.0	100.0	
ENZAFRUIT New Zealand (Continent) NV, Sint-Truiden, Belgium	100.0	100.0	
ENZAFRUIT New Zealand (U.K.) Limited, Luton, UK	100.0	100.0	
ENZAFRUIT New Zealand International Limited, Auckland, New Zealand	100.0	100.0	
ENZAFRUIT Peru S.A.C., Lima, Peru	100.0	100.0	
ENZAFRUIT Products Inc., Wilmington (Delaware), USA	100.0	100.0	
ENZASunrising (Holdings) Limited, Hong Kong, People's Republic of China	67.0	67.0	
Fruit Distributors Limited, Auckland, New Zealand	100.0	100.0	
Fruitmark NZ Limited, Auckland, New Zealand	100.0	100.0	
Fruitmark Pty Ltd, Mulgrave, Australia	100.0	100.0	
Fruitmark USA Inc., Seattle, USA	100.0	100.0	

	Share of capital in %	Previous year's share of capital in %*	Comment
Frutesa Chile Limitada, Santiago de Chile, Chile	100.0	100.0	
Frutesa, George Town, Cayman Islands	100.0	100.0	
Great Lake Tomatoes Limited, Auckland, New Zealand	100.0	100.0	
Horticultural Corporation of New Zealand Limited, Auckland, New Zealand	100.0	100.0	
Invercargill Markets Limited, Auckland, New Zealand	100.0	100.0	
Kerifresh Growers Trust 2016, Kerikeri, New Zealand	69.0	–	Initial consolidation on 31/03/2016
Safer Food Technologies Limited, Auckland, New Zealand	100.0	100.0	
Status Produce Favona Road Limited, Auckland, New Zealand	100.0	100.0	
Status Produce Limited, Auckland, New Zealand	100.0	100.0	
T&G Fruitmark HK Limited (formerly: ENZAFRUIT (Hong Kong) Limited), Hong Kong, People's Republic of China	100.0	100.0	
T&G Japan Ltd., Tokyo, Japan	100.0	–	Initial consolidation on 12/08/2016
T&G South East Asia Ltd., Bangkok, Thailand	100.0	–	Initial consolidation on 31/03/2016
T&G Vizzarri Farms Pty Ltd, Tullamarine, Australia	50.0	50.0	Operational management as well as majority representation in management body
Taipa Water Supply Limited, Kerikeri, New Zealand	65.0	65.0	
Turners & Growers (Fiji) Limited, Suva, Republic of Fiji	70.0	70.0	
Turners & Growers Fresh Limited, Auckland, New Zealand	100.0	100.0	
Turners & Growers New Zealand Limited, Auckland, New Zealand	100.0	100.0	
Turners and Growers Horticulture Limited, Auckland, New Zealand	100.0	100.0	
Building Materials Segment			
AFS Franchise-Systeme GmbH, Vienna, Austria	100.0	100.0	
Bad und Heizung Krampfl GmbH, Plattling, Germany	70.0	70.0	
BayWa Handels-Systeme-Service GmbH, Munich, Germany	100.0	100.0	
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0	51.0	
Peter Frey GmbH, Wartenberg, Germany	51.0	–	Initial consolidation on 01/10/2016
Energy Segment			
AMUR S.L.U., Barcelona, Spain	100.0	100.0	
Åshults Kraft AB, Malmö, Sweden	100.0	100.0	
Aufwind BB GmbH & Co. Bioenergie Dessau Sechzehnte KG, Regensburg, Germany	100.0	100.0	
Aufwind BB GmbH & Co. Sechsundzwanzigste Biogas KG, Regensburg, Germany	100.0	100.0	
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany	100.0	100.0	
Aufwind Schmack Első Biogáz Szolgáltató Kft., Szarvas, Hungary	100.0	100.0	
AWS Entsorgung GmbH Abfall und Wertstoff Service, Luckau, Germany	100.0	100.0	
BayWa Energie Dienstleistungs GmbH, Munich, Germany	100.0	100.0	
BayWa Ökoenergie GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Republic of Singapore	100.0	–	Initial consolidation on 30/06/2016
BayWa r.e. Bioenergy GmbH, Regensburg, Germany	100.0	100.0	
BayWa r.e. España S.L.U., Barcelona, Spain	100.0	100.0	
BayWa r.e. Green Energy Products GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Italia Assets GmbH (formerly: BayWa r.e. 149. Projektgesellschaft mbH), Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Japan K.K., Tokyo, Japan	100.0	100.0	
BayWa r.e. Nordic AB, Malmö, Sweden	100.0	100.0	
BayWa r.e. Operation Services GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Polska Sp. z o.o., Warsaw, Poland	100.0	100.0	
BayWa r.e. renewable energy GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Rotor Service GmbH, Basdahl, Germany	100.0	100.0	
BayWa r.e. Rotor Service Holding GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Rotor Service Vermögensverwaltungs GmbH, Basdahl, Germany	100.0	100.0	
BayWa r.e. Scandinavia AB, Malmö, Sweden	76.0	76.0	
BayWa r.e. Solar Energy Systems GmbH, Tübingen, Germany	100.0	100.0	
BayWa r.e. Solar Projects LLC, Wilmington (Delaware), USA	100.0	100.0	
BayWa r.e. Solar Pte. Ltd., Singapore, Republic of Singapore	100.0	–	Initial consolidation on 30/06/2016

	Share of capital in %	Previous year's share of capital in %*	Comment
BayWa r.e. Solar Systems LLC, Wilmington (Delaware), USA	100.0	100.0	
BayWa r.e. Solar Systems Ltd., Machynlleth, UK	90.0	90.0	
BayWa r.e. Solar Systems Pty Ltd, Adelaide, Australia	100.0	–	Initial consolidation on 03/08/2016
BayWa r.e. Solar Systems S.à r.l., Wemperhardt, Luxembourg	100.0	–	Initial consolidation on 15/02/2016
BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Solarsystemer ApS, Svendborg, Denmark	100.0	100.0	
BayWa r.e. (Thailand) Co., Ltd., Bangkok, Thailand	100.0	–	Initial consolidation on 14/03/2016
BayWa r.e. USA LLC, Wilmington (Delaware), USA	100.0	100.0	
Biogas Meden Ltd., London, UK	100.0	100.0	
Biomethananlage Welbeck GmbH, Gräfelfing, Germany	100.0	100.0	
Cosmos Power S.L.U., Barcelona, Spain	100.0	100.0	
Diermeier Energie GmbH, Munich, Germany	100.0	100.0	
Furukraft AB, Malmö, Sweden	100.0	100.0	
GENOL Gesellschaft m.b.H. & Co KG, Vienna, Austria	71.0	71.0	
Lyngsåsa Kraft AB, Malmö, Sweden	100.0	100.0	
MHH France SAS, Toulouse, France	99.0	99.0	
Mozart Wind, LLC, Wilmington (Delaware), USA	100.0	100.0	
r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg, Germany	100.0	100.0	
r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG, Regensburg, Germany	100.0	100.0	
r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany	100.0	100.0	
r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany	100.0	100.0	
Real Power S.L.U., Barcelona, Spain	100.0	100.0	
renerco plan consult GmbH, Munich, Germany	100.0	100.0	
Rock Power S.L.U., Barcelona, Spain	100.0	100.0	
Ryfors Vindkraft AB (formerly: Ryfors Kraft AB), Malmö, Sweden	100.0	100.0	
Schradenbiogas GmbH & Co. KG, Gröden, Germany	94.5	94.5	
Sjönnebol Kraft AB, Malmö, Sweden	100.0	100.0	
Solarmarkt GmbH, Aarau, Switzerland	100.0	100.0	
Stormon Energi AB, Malmö, Sweden	100.0	100.0	
Tecno Spot - G.m.b.H., Bruneck, Italy	100.0	100.0	
TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany	100.0	100.0	
Wagner Wind, LLC, Wilmington (Delaware), USA	100.0	100.0	
WAV Wärme Austria VertriebsgmbH, Vienna, Austria	89.0	89.0	
Wingenfeld Energie GmbH, Hünfeld, Germany	100.0	100.0	
BayWa r.e. Asset Holding Group			
BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany	100.0	100.0	
Alisea S.r.l., Rovereto (formerly: Rome), Italy	65.0	65.0	
Aludra Energies SARL, Paris, France	100.0	100.0	
Arlena Energy S.r.l., Milan, Italy	100.0	100.0	
BayWa r.e. 148. Projektgesellschaft mbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. 203. Projektgesellschaft mbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. 205. Projektgesellschaft mbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. 206. Projektgesellschaft mbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Asset Management GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. France SAS, Paris, France	100.0	100.0	
BayWa r.e. Hellas MEPE, Athens, Greece	100.0	100.0	
BayWa r.e. Italia S.r.l., Milan, Italy	100.0	100.0	
BayWa r.e. Progetti S.r.l., Milan, Italy	100.0	–	Initial consolidation on 01/08/2016
BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. UK Limited, London, UK	100.0	100.0	
BayWa r.e. Wind GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Wind Verwaltungs GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Windpark Arlena GmbH, Gräfelfing, Germany	100.0	100.0	

	Share of capital in %	Previous year's share of capital in %*	Comment
BayWa r.e. Windpark Gravina GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Windpark Guasila GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Windpark San Lupo GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Windpark Tessenano GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Windpark Tuscania GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa Ravano Operation Services S.r.l., Genoa, Italy	100.0	87.5	Acquisition of additional 12.5% of shares on 17/11/2016
Berthllwyd Solar Project Limited, London, UK	100.0	–	Initial consolidation on 09/08/2016
Bilsborrow Solar Project Limited, London, UK	100.0	–	Initial consolidation on 21/11/2016
Bish (Holdings) Limited, London, UK	100.0	100.0	
Bishopthorpe Wind Farm Limited, London, UK	100.0	100.0	
Bodwen Solar Project Limited, London, UK	100.0	–	Initial consolidation on 28/07/2016
Breathe Energia in Movimento S.r.l., Trento (formerly: Potenza), Italy	50.0	50.0	Control by appointing management
Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
EEB7 Limited, London, UK	100.0	–	Initial consolidation on 14/12/2016
Ebnal Lodge Solar Project Limited, London, UK	100.0	–	Initial consolidation on 13/12/2016
Energia Rinnovabile Pugliese S.r.l., Milan, Italy	100.0	100.0	
Eole de Plan Fleury SAS, Paris, France	100.0	–	Initial consolidation on 19/07/2016
Eolica San Lupo S.r.l., Rovereto (formerly: Milan), Italy	100.0	100.0	
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0	100.0	
Green Hedge Operational Services Limited, London, UK	100.0	–	Initial consolidation on 14/12/2016
Hunger Hill Solar Project Limited, London, UK	100.0	–	Initial consolidation on 21/11/2016
Kenergia Sviluppo S.r.l., Rome, Italy	100.0	–	Initial consolidation on 17/06/2016
Les Renardieres SAS, Paris, France	100.0	–	Initial consolidation on 10/10/2016
Parco Solare Smeraldo S.r.l., Brixen, Italy	100.0	100.0	
Parque Eólico La Carracha S.L., Zaragoza, Spain	74.0	74.0	
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	74.0	74.0	
Quilly Guenrouet Energies SARL, Paris, France	100.0	100.0	
Rasharkin Solar PV Ltd., London, UK	100.0	–	Initial consolidation on 25/10/2016
RENERCO GEM 1 GmbH, Gräfelfing, Germany	100.0	100.0	
RENERCO GEM 2 GmbH, Gräfelfing, Germany	100.0	100.0	
Rose & Crown Solar PV Limited, London, UK	100.0	100.0	
Sandhutton Solar Project Limited, London, UK	100.0	–	Initial consolidation on 12/09/2016
Solarpark Aquarius GmbH & Co. KG, Munich, Germany	100.0	100.0	
Solarpark Aries GmbH & Co. KG, Munich, Germany	100.0	100.0	
Solarpark Aston Clinton GmbH, Gräfelfing, Germany	100.0	100.0	
Solarpark Homestead GmbH, Gräfelfing, Germany	100.0	100.0	
Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Solarpark Lynt GmbH, Gräfelfing, Germany	100.0	100.0	
Solarpark Vine Farm GmbH, Gräfelfing, Germany	100.0	100.0	
Solesa Engineering S.r.l., Turin, Italy	100.0	100.0	
SPM Solarpark Möhlau GmbH & Co. KG, Gräfelfing, Germany	100.0	–	Initial consolidation on 19/08/2016
Sunshine Movement GmbH, Munich, Germany	100.0	100.0	
Tessennano Energy S.r.l., Milan, Italy	100.0	100.0	
Tierceline Energies SARL, Paris, France	100.0	100.0	Initial consolidation on 01/01/2016
Tuscania Energy S.r.l., Milan, Italy	100.0	100.0	
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Vine Farm Solar Wendy Ltd., London, UK	100.0	100.0	
Wathegar 2 Limited, London, UK	100.0	–	Initial consolidation on 13/07/2016
Windfarm Fraisthorpe GmbH, Gräfelfing, Germany	100.0	100.0	
Windfarm Lacedonia GmbH, Gräfelfing, Germany	100.0	100.0	
Windfarms Italia S.r.l., Milan, Italy	100.0	100.0	
Windpark Berschweiler GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windpark Cashagen GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2016
Windpark Dissau GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2016
Windpark Finkenbach-Gersweiler GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	

	Share of capital in %	Previous year's share of capital in %*	Comment
Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windpark Kamionka GmbH, Gräfelfing, Germany	100.0	100.0	
Windpark Melfi GmbH, Gräfelfing, Germany	100.0	100.0	
Windpark Stockelsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0	–	Initial consolidation on 01/01/2016
Windpark Uphuser Mark GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2016
Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
WP OWD Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	60.0	100.0	
BayWa r.e. Wind Group			
BayWa r.e. Wind, LLC, Wilmington (Delaware), USA	95.0	95.0	
Chopin Wind, LLC, Wilmington (Delaware), USA	100.0	100.0	
Coachella Wind, LLC, Wilmington (Delaware), USA	100.0	–	Initial consolidation on 04/08/2016
ECOWIND Group			
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	100.0	90.0	Acquisition of additional 10.0% of shares on 27/06/2016
ECOwind d.o.o., Zagreb, Croatia	100.0	100.0	
Eko-En Drozkow Sp. z o.o., Żary, Poland	60.0	60.0	
Eko-En Iwonicz 2 Sp. z o.o., Rezesów, Poland	75.0	75.0	
Eko-En Kozmin Sp. z o.o., Poznań, Poland	100.0	100.0	
Eko-En Polanow 1 Sp. z o.o., Koszalin, Poland	75.0	75.0	
Eko-En Polanow 2 Sp. z o.o., Koszalin, Poland	75.0	75.0	
Eko-En Skibno Sp. z o.o., Koszalin, Poland	75.0	75.0	
Eko-En Żary Sp. z o.o., Żary, Poland	60.0	60.0	
Eko-Energetyka Sp. z o.o., Rezesów, Poland	100.0	51.0	Acquisition of additional shares totalling 49.0% on 31/05/2016, 29/11/2016 and 30/11/2016
Ewind Sp. z o.o., Rezesów, Poland	75.0	75.0	
Park Eolian Limanu S.r.l., Sibiu, Romania	99.0	99.0	
Samsonwind Wirtsnock GmbH, Thomatal, Austria	80.0	80.0	
SC Puterea Verde S.r.l. (formerly: Puterea Verde S.r.l.), Sibiu, Romania	75.3	75.3	
Vjetroelektrana Orjak d.o.o., Split, Croatia	80.8	–	Initial consolidation on 22/11/2016
Windpark Bärofen GmbH, Kilb, Austria	100.0	–	Initial consolidation on 31/03/2016
Windpark Fürstkogel GmbH, Kilb, Austria	100.0	100.0	
Windpark Hiesberg GmbH, Kilb, Austria	100.0	100.0	
Windpark Kraubatheck GmbH, Kilb, Austria	100.0	100.0	
Innovation & Digitalisation Segment			
FarmFacts GmbH (ehemals: PC-Agrar Informations- und Beratungsdienst GmbH), Pfarrkirchen, Germany	100.0	100.0	
Other Activities Segment (including Financial Participations)			
Agroterra Warenhandel und Beteiligungen GmbH, Vienna, Austria	100.0	100.0	
Bautechnik Gesellschaft m.b.H., Vienna, Austria	100.0	100.0	
Bauzentrum Westmünsterland GmbH & Co. KG, Munich, Germany	100.0	100.0	
BayWa Agrar Beteiligung Nr. 2 GmbH, Munich, Germany	100.0	100.0	
BayWa Agrar Beteiligungs GmbH, Munich, Germany	100.0	100.0	
BayWa Agri GmbH & Co. KG, Munich, Germany	100.0	100.0	
BayWa Pensionsverwaltung GmbH, Munich, Germany	100.0	100.0	
DRWZ-Beteiligungsgesellschaft mbH, Munich, Germany	64.3	64.3	
Frucom Fruitimport GmbH, Hamburg, Germany	100.0	100.0	
Immobilienvermietung Gesellschaft m.b.H., Traun, Austria	100.0	100.0	
Jannis Beteiligungsgesellschaft mbH, Munich, Germany	100.0	100.0	
Karl Theis GmbH, Munich, Germany	100.0	100.0	
Raiffeisen-Lagerhaus Investitionsholding GmbH, Vienna, Austria	100.0	100.0	
RI-Solution Data GmbH, Vienna, Austria	100.0	100.0	

	Share of capital in %	Previous year's share of capital in %*	Comment
RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany	100.0	100.0	
RUG Raiffeisen Umweltgesellschaft m.b.H., Vienna, Austria	75.0	75.0	
RWA International Holding GmbH, Vienna, Austria	100.0	100.0	
Unterstützungseinrichtung der BayWa Aktiengesellschaft in München GmbH, Munich, Germany	100.0	100.0	
WealthCap Portfolio Finanzierungs-GmbH & Co. KG, Grünwald, Germany	100.0	100.0	
Cross-segment subsidiaries			
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (for short: UNSER LAGERHAUS) (Segments: Agriculture, Energy, Building Materials)	51.1	51.1	
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria (Segments: Agriculture, Energy, Building Materials)	89.9	89.9	
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (for short: RWA AG) (Segments: Agriculture, Energy, Building Materials; Other Activities)	50.0	50.0	Majority of voting rights

* The presentation of the group of consolidated companies does not include the 46 companies deconsolidated in 2016

In the financial year 2015, BayWa AG, Munich, Germany, acquired 100% of the shares in Great Lake Tomatoes Limited, Auckland, New Zealand, through its New Zealand subsidiary T&G Global Limited, Auckland, New Zealand, by way of a share deal to expand the activities in the tomato growing and trading business. Tomato grower Great Lake Tomatoes Limited owns and operates greenhouses with an annual tomato harvest volume of approximately 3,000 tonnes. The acquisition aims to increase the annual harvest and trading volume, as well as ensure the year-round supply to national and international companies. T&G Global Limited has had a controlling influence over Great Lake Tomatoes since 20 October 2015, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. The purchase price allocation to be performed within the scope of the accounting of business combinations was reported in BayWa AG's consolidated financial statements as at 31 December 2015 on a preliminary basis and was finalised in the financial year 2016.

The cost of the shares came to €10.506 million and includes the contractually agreed purchase price component which was disbursed in October 2015.

The transaction costs incurred in connection with the acquisition of the shares amounted to €0.030 million. In the financial year 2015, these costs were included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Great Lake Tomatoes Limited break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	–	–
Property, plant and equipment	4.087	3.812	7.899
Financial assets	–	–	–
Inventories	0.107	0.353	0.460
Receivables and other assets	0.750	–	0.750
Deferred tax assets	–	–	–
Cash and cash equivalents	0.622	–	0.622
Non-current liabilities	–	–	–
Current liabilities	0.622	–	0.622
Deferred tax liabilities	–	1.169	1.169
	4.944	**2.996**	**7.940**
Goodwill			2.566
Total purchase price			**10.506**
Share of the shareholders of the parent company in goodwill			1.875

The goodwill resulting from the transaction includes non-separable intangible assets such as employee expertise and expected synergy effects. Goodwill is not tax deductible.

The gross amount of the receivables amounted to €0.424 million as at the time of acquisition; the full amount is considered to be recoverable.

In the financial year 2015, BayWa AG, Munich, Germany, acquired 100% of the shares in Rianto Limited, Auckland, New Zealand, through its New Zealand subsidiary T&G Global Limited, Auckland, New Zealand, by way of a share deal to expand the activities in the tomato growing and trading business. Together with its subsidiary Rembrandt Van Rijen Limited, tomato grower Rianto Limited owns and operates greenhouses with an annual tomato harvest volume of approximately 1,600 tonnes. The acquisition of the companies also included land and buildings in addition to the greenhouses. The acquisition aims to increase the annual harvest and trading volume, as well as ensure the year-round supply to national and international companies. T&G Global Limited has had a controlling influence over Rianto Limited since 2 November 2015, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. The purchase price allocation to be performed within the scope of the accounting of business combinations was reported in BayWa AG's consolidated financial statements as at 31 December 2015 on a preliminary basis and was finalised in the financial year 2016.

The cost of the shares came to €4.982 million and includes the contractually agreed purchase price component which was disbursed in November 2015.

The transaction costs incurred in connection with the acquisition of the shares amounted to €0.018 million. In the financial year 2015, these costs were included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Rianto Limited and Rembrandt Van Rijen Limited break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	–	–
Property, plant and equipment	3.366	0.847	4.213
Financial assets	–	–	–
Inventories	–	–	–
Receivables and other assets	0.131	–	0.131
Deferred tax assets	–	–	–
Cash and cash equivalents	–	–	–
Non-current liabilities	–	–	–
Current liabilities	0.380	– 0.003	0.377
Deferred tax liabilities	–	0.471	0.471
	3.117	**0.379**	**3.496**
Goodwill			1.486
Total purchase price			**4.982**
Share of the shareholders of the parent company in goodwill			1.086

The preliminary goodwill resulting from the transaction includes non-separable intangible assets such as employee expertise and expected synergy effects. Goodwill is not tax deductible.

The gross amount of the receivables amounted to €0.131 million as at the time of acquisition; the full amount is considered to be recoverable.

In the financial year 2015, BayWa AG, Munich, Germany, acquired 100% of the shares in Wessex Grain Ltd., Templecombe, UK, through Group company Cefetra Limited, Glasgow, UK, by way of a share deal with effect from 24 November 2015 to expand business activities in the Agriculture Segment. Agricultural trader Wessex Grain Ltd. has an annual trading volume of approximately 450,000 tonnes. Cefetra Limited has had a controlling influence over this company since 24 November 2015, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place for reasons of materiality and practicability on 30 November 2015 within the scope of full consolidation. The purchase price allocation to be performed within the scope of the accounting of business combinations was reported in BayWa AG's consolidated financial statements as at 31 December 2015 on a preliminary basis and was finalised in the financial year 2016.

The preliminary cost of the acquired net assets comes to €4.612 million and is made up of a purchase price of €4.211 million that had been offered to the previous shareholders within the scope of a takeover offer and was paid out in November 2015, as well as a security deposit of €0.401 million, which was paid out in 2016.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.477 million. In the financial year 2015, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Wessex Grain Ltd. break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	–	–
Property, plant and equipment	7.234	1.807	9.041
Financial assets	–	–	–
Inventories	0.429	–	0.429
Receivables	5.459	–	5.459
Deferred tax assets	–	–	–
Cash and cash equivalents	0.077	–	0.077
Non-current liabilities	–	–	–
Current liabilities	10.096	–	10.096
Deferred tax liabilities	0.298	0.378	0.676
	2.805	**1.429**	**4.234**
Goodwill			0.378
Total purchase price			**4.612**

The hidden reserves identified when allocating the purchase price were identified using expert opinions.

The gross amount of the receivables amounted to €5.546 million as at the time of acquisition; of this amount, €5.459 million is considered to be recoverable.

In the financial year 2015, BayWa AG, Munich, Germany, acquired 100% of the shares in Solesa Engineering S.r.l., Turin, Italy, through Group company BayWa r.e. Italia S.r.l., Milan, Italy, by way of a share deal. The takeover is designed to expand technical management and maintenance business activities in the Italian market. BayWa r.e. Italia S.r.l. has had a controlling influence over this company since 21 December 2015, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. The purchase price allocation to be performed within the scope of the accounting of business combinations was reported in BayWa AG's consolidated financial statements as at 31 December 2015 on a preliminary basis and was finalised in the financial year 2016.

The cost of the shares came to €0.757 million and includes the contractually agreed purchase price component, which was disbursed in December 2015.

The transaction costs incurred in connection with the acquisition amount to €0.025 million. In the financial year 2015, these costs were included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Solesa Engineering S.r.l. break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.001	0.964	0.965
Property, plant and equipment	0.005	–	0.005
Financial assets	–	–	–
Inventories	–	–	–
Receivables	0.229	–	0.229
Deferred tax assets	–	–	–
Cash and cash equivalents	0.001	–	0.001
Non-current liabilities	–	–	–
Current liabilities	0.220	–	0.220
Deferred tax liabilities	–	0.223	0.223
	0.016	**0.741**	**0.757**
Goodwill			–
Total purchase price			**0.757**

The transaction did not result in any goodwill.

The hidden reserves identified when allocating the purchase price were identified using income capitalisation approach. The series of payments in the income capitalisation approach, fixed at economic useful lives of 15 years, were based on a discount factor of 9.75%.

The gross amount of the receivables amounted to €0.229 million as at the time of acquisition; the full amount is considered to be recoverable.

BayWa AG, Munich, Germany, took over 100% of the shares in Evergrain Germany GmbH & Co. KG, Hamburg, Germany, through Group company BayWa Agrar Beteiligung Nr. 2 GmbH, Germany, by way of a share deal. With the takeover, the BayWa Group is expanding its international specialities business and plans to take a leading role in the malting barley trade. The biggest market potential for malting barley lies in the European Union and increasingly in the growth of South American and Asian markets. BayWa Agrar Beteiligung Nr. 2 GmbH has had a controlling influence over Evergrain Germany GmbH & Co. KG since 29 January 2016, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place for reasons of materiality and practicability on 1 February 2016 within the scope of full consolidation.

The cost of the shares came to €6.600 million and includes the contractually agreed purchase price component of €4.992 million, which was disbursed in January. The purchase agreement also includes purchase price components which, depending on the respective return on capital investment for the financial years 2016 through 2019, amount to a maximum of €1.608 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.466 million. In the financial year 2016, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Evergrain Germany GmbH & Co. KG break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	1.710	1.710
Property, plant and equipment	0.019	–	0.019
Financial assets	0.025	–	0.025
Inventories	–	–	–
Financial assets	6.956		6.956
Receivables and other assets	5.905	–	5.905
Deferred tax assets	0.465	–	0.465
Cash and cash equivalents	0.703	–	0.703
Current financial liabilities	4.637	–	4.637
Current other liabilities	6.804	–	6.804
Deferred tax liabilities	–	0.552	0.552
	2.632	**1.158**	**3.790**
Goodwill			2.810
Total purchase price, including contingent purchase price components			**6.600**

The hidden reserves identified when allocating the purchase price were identified using income capitalisation approach. The series of payments in the income capitalisation approach, fixed at economic useful lives of 3 years, were based on a discount factor of 4.9%.

The goodwill resulting from the transaction includes non-separable intangible assets such as employee expertise and expected synergy effects. Goodwill is not tax deductible.

The gross amount of the receivables amounted to €5.453 million as at the time of acquisition; of this amount, €5.446 million is considered to be recoverable.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €4.610 million higher and the consolidated profit attributable to investors €0.500 million higher.

Since 1 February 2016, the date of its initial inclusion in the group of consolidated companies, Evergrain Germany GmbH & Co. KG has generated revenues of €109.634 million and a loss of €0.031 million.

Effective 1 March 2016, BayWa AG, Munich, Germany, took over the business operations of SOLAR-Center S.à r.l., Wemperhardt, Luxembourg, through Group company BayWa r.e. Solar Systems S.à r.l., Luxembourg, by way of an asset deal to expand its renewable energies activities; these activities include wholesale operations related to PV panels, inverters and other accessories, in the Benelux, France and Germany. The cost of the acquired operations comes to €2.404 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.061 million. In the financial year 2016, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the takeover of operations break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.708	–	0.708
Property, plant and equipment	0.035	–	0.035
Financial assets	–	–	–
Inventories	1.661	–	1.661
Receivables and other assets	–	–	–
Deferred tax assets	–	–	–
Cash and cash equivalents	–	–	–
Non-current liabilities	–	–	–
Current liabilities	–	–	–
Deferred tax liabilities	–	–	–
	2.404	–	**2.404**
Goodwill			–
Total purchase price			**2.404**

The takeover of operations did not result in any goodwill.

Since 1 March 2016, the date of its initial inclusion in the group of consolidated companies, BayWa r.e. Solar Systems S.à r.l. has generated revenues of €36.332 million and gains of €0.445 million.

As the transaction is classified as an asset deal and the resulting lack of availability of information, BayWa dispended with the disclosure of revenues and allocable consolidated profit that would have been presented had the acquired business activities been included from the first day of the financial year.

BayWa AG, Munich, Germany, took over 68.4% of the shares in TFC Holland B.V., De Lier, the Netherlands, through Group company BayWa Fruit B.V., De Lier, the Netherlands, by way of a share deal. The takeover is an important step for BayWa in its international growth strategy in the Agriculture Segment. TFC Holland B.V. has long-standing international trade relations in all procurement markets for exotic fruits – mainly for avocados, mangos, ginger and citrus fruits, as well as with the European food retail industry. By expanding its portfolio in the growth market for exotic speciality fruits, in particular in the "ready-to-eat" sector, the BayWa Group is strengthening its position as a leading international supplier of exotic and pome fruit. BayWa Fruit B.V. has had a controlling influence over TFC Holland B.V. since 8 March 2016, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place for reasons of materiality and practicability on 1 March 2016 within the scope of full consolidation.

The cost of the shares came to €28.705 million and includes the contractually agreed purchase price component which was disbursed in March.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.999 million. In the financial year 2016, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of TFC Holland B.V. break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	15.549	15.549
Property, plant and equipment	5.254	– 1.304	3.950
Financial assets	0.058	–	0.058
Inventories	1.690	0.078	1.768
Receivables and other assets	11.777	–	11.777
Deferred tax assets	0.227	0.326	0.553
Cash and cash equivalents	3.476	–	3.476
Non-current liabilities	0.890	–	0.890
Current liabilities	13.289	–	13.289
Deferred tax liabilities	–	3.907	3.907
	8.303	**10.742**	**19.045**
Proportionate net assets			13.031
Goodwill			15.674
Total purchase price			**28.705**
Portion of net assets attributable to non-controlling shares			6.014

The portion of net assets of €6.014 million attributable to the non-controlling shares in TFC Holland B.V. comprises the fair value of the assets and liabilities attributable to minority interests.

The hidden reserves and hidden encumbrances identified when allocating the purchase price were identified using expert opinions and the income capitalisation approach or observable market prices. The series of payments in the income capitalisation approach, fixed at economic useful lives of 6 years, were based on a discount factor of 4.6%.

The goodwill resulting from the transaction includes non-separable intangible assets such as employee expertise and expected synergy effects. Goodwill is not tax deductible.

The gross amount of the receivables amounted to €11.079 million as at the time of acquisition; of this amount, €11.008 million is considered to be recoverable.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €31.399 million higher and the consolidated profit attributable to investors €2.547 million higher.

Since 1 March 2016, the date of its initial inclusion in the group of consolidated companies, TFC Holland B.V. has generated revenues of €51.182 million and gains of €3.872 million.

BayWa AG, Munich, Germany, took over 100% of the shares in Kenergia Sviluppo S.r.l., Rome, Italy, through Group company BayWa r.e. Italia S.r.l., Milan, Italy, by way of a share deal. The takeover is designed to expand technical management activities in the Renewable Energies business sector and the maintenance of wind parks in the Italian market. BayWa r.e. Italia S.r.l. has had a controlling influence over Kenergia Sviluppo S.r.l. since 17 June 2016, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The cost of the shares came to €3.129 million and includes the contractually agreed purchase price component which was disbursed in June and September.

The transaction costs incurred in connection with the acquisition amount to €0.125 million.

The net assets acquired in connection with the purchase of Kenergia Sviluppo S.r.l. break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.475	3.004	3.519
Property, plant and equipment	0.020	–	0.020
Financial assets	–	–	–
Inventories	0.134	–	0.134
Receivables and other assets	1.409	–	1.409
Deferred tax assets	–	–	–
Cash and cash equivalents	0.134	–	0.134
Non-current liabilities	–	–	–
Current liabilities	1.383	–	1.383
Deferred tax liabilities	–	0.704	0.704
	0.789	**2.340**	**3.129**
Goodwill			–
Total purchase price			**3.129**

The hidden reserves identified when allocating the purchase price were identified using income capitalisation approach. The series of payments in the income capitalisation approach, fixed at economic useful lives of 15 years, were based on a discount factor of 8.51%.

The purchase of the company did not result in any goodwill.

The gross amount of the receivables amounted to €1.387 million as at the time of acquisition; the entire amount is considered to be recoverable.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €1.712 million higher and the consolidated profit attributable to investors €0.285 million higher.

Since 17 June 2016, the date of its initial inclusion in the group of consolidated companies, Kenergia Sviluppo S.r.l. has generated revenues of €1.748 million and a loss of €0.423 million.

Effective 9 June 2016, BayWa AG, Munich, Germany, took over the business operations of Kohler Landhandel GmbH & Co. KG, Tuningen, Germany, with regard to a property and by way of an asset deal as at 1 July 2016 to expand business activities in the Agriculture Segment; these activities include trading in grain, fertilisers, crop protection, feedstuff and seeds. By way of this takeover, BayWa AG is strengthening its network of locations used for supplying farmers with operating resources as well as the collection of grain in the Baar-Heuberg region, Germany. The location has grain intake capacity totalling 120 tonnes per hour, grain processing and drying machinery as well as a laboratory. The cost of the acquired net assets comes to €1.800 million.

No transaction costs were incurred in connection with the acquisition.

The net assets acquired in connection with the takeover of operations break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	0.540	0.540
Property, plant and equipment	0.060	1.200	1.260
Financial assets	–	–	–
Inventories	–	–	–
Receivables and other assets	–	–	–
Deferred tax assets	–	–	–
Cash and cash equivalents	–	–	–
Non-current liabilities	–	–	–
Current liabilities	–	–	–
Deferred tax liabilities	–	–	–
	0.060	**1.740**	**1.800**
Goodwill			–
Total purchase price			**1.800**

The takeover of operations did not result in any goodwill.

The hidden reserves identified when allocating the purchase price were identified using observable market prices.

No deferred tax liabilities were recognised within the scope of the purchase price allocation as the figures pertaining to the fair values of assets also correspond to the tax valuation.

As the transaction is classified as an asset deal and the resulting lack of availability of information, BayWa dispended with the disclosure of revenues and allocable consolidated profit that would have been presented had the acquired business activities been included from the first day of the financial year.

BayWa AG, Munich, Germany, took over 51.0% of the shares in Agrimec Group B.V., Apeldoorn, the Netherlands, by way of a share deal. Together with the previously held 49.0% of the shares in the company, which had been recognised at equity until the date of the successive acquisition, BayWa AG has held 100% of the shares since the time of acquisition. By way of this acquisition, BayWa AG is now the sole shareholder of Agrimec Group B.V. and its subsidiaries. The complete takeover of Agrimec Group B.V. is part of BayWa AG's internationalisation strategy in the Agricultural Equipment business unit. BayWa AG has had a controlling influence over this company since 11 July 2016, the date when the purchase price was paid for the additionally acquired 51.0% of the shares. The initial consolidation of the company therefore took place for reasons of materiality and practicability on 1 July 2016 within the scope of full consolidation.

The cost of 100% of the shares came to €11.499 million and includes the contractually agreed purchase price component of €5.047 million for the purchase of the additional 51% of the shares, which was disbursed in July, as well as the at equity shares recognised at fair value by BayWa AG on the date of transition (€6.452 million). The measurement at fair value of the 49.0% share previously held in Agrimec Group B.V. resulted in an accounting profit of €1.430 million. This amount is included in the income statement under other operating income.
The transaction costs incurred in connection with the acquisition of the shares amount to €0.090 million. In the financial year 2016, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Agrimec Group B.V. and its subsidiaries break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.790	0.959	1.749
Property, plant and equipment	4.604	2.648	7.252
Financial assets	–	–	–
Inventories	15.527	0.370	15.897
Receivables and other assets	8.370	–	8.370
Deferred tax assets	0.321	–	0.321
Cash and cash equivalents	0.545	–	0.545
Non-current liabilities	6.905	–	6.905
Current liabilities	14.423	–	14.423
Deferred tax liabilities	–	0.994	0.994
	8.829	**2.983**	**11.812**
Negative goodwill			– 0.313
Total cost			**11.499**

The negative goodwill of €0.313 million was recognised under other operating income through profit and loss in the financial year 2016 and is mainly due to future business risks that cannot be recognised when allocating the purchase price.

The hidden reserves identified when allocating the purchase price were identified using expert opinions and the income capitalisation approach or observable market prices. The series of payments in the income capitalisation approach, fixed at economic useful lives of 3 years, were based on a discount factor of 5.4%.

The gross amount of the receivables amounted to €7.494 million as at the time of acquisition; of this amount, €7.362 million is considered to be recoverable.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €38.030 million higher and the consolidated profit attributable to investors €0.288 million higher.

Since 1 July 2016, the date of its initial inclusion in the group of consolidated companies, Agrimec Group B.V., together with its subsidiaries, has generated revenues of €31.057 million and gains of €0.075 million.

Effective 22 September 2016, BayWa AG, Munich, Germany, took over the photovoltaic (PV) operations of Solar Matrix Pty Ltd, Adelaide, Australia, through Group company BayWa r.e. Solar Systems Pty Ltd, Perth, Australia, by way of an asset deal to expand its renewable energies activities, thereby entering the solar module and components business in Australia. The cost of the acquired operations comes to €1.270 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.089 million. In the financial year 2016, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the takeover of operations break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.078	–	0.078
Property, plant and equipment	0.121	–	0.121
Financial assets	–	–	–
Inventories	1.071	–	1.071
Receivables and other assets	–	–	–
Deferred tax assets	–	–	–
Cash and cash equivalents	–	–	–
Non-current liabilities	–	–	–
Current liabilities	–	–	–
Deferred tax liabilities	–	–	–
	1.270	**–**	**1.270**
Goodwill			–
Total purchase price			**1.270**

The takeover of operations did not result in any goodwill.

Since 22 September 2016, the date of its initial inclusion in the group of consolidated companies, BayWa r.e. Solar Systems Pty Ltd. has generated revenues of €1.572 million and a loss of €0.142 million.

As the transaction is classified as an asset deal and the resulting lack of availability of information, BayWa dispended with the disclosure of revenues and allocable consolidated profit that would have been presented had the acquired business activities been included from the first day of the financial year.

BayWa AG, Munich, Germany, took over 51.0% of the shares in Peter Frey GmbH, Wartenberg, Germany, by way of a share deal. By way of this takeover, BayWa AG is expanding its building materials portfolio. The core competency of Peter Frey GmbH is in making use of expert advice to utilise high-quality natural stone products from Germany and other countries, particularly in road, path and landscaping projects. BayWa AG has had a controlling influence over Peter Frey GmbH since 1 October 2016, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The cost of the purchased shares came to €1.539 million and includes the contractually agreed purchase price component which was disbursed in October – within the scope of a purchase price adjustment – and in November.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.019 million. In the financial year 2016, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Peter Frey GmbH break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	0.460	0.460
Property, plant and equipment	0.163	–	0.163
Financial assets	0.052	–	0.052
Inventories	1.670	0.060	1.730
Receivables and other assets	1.397	–	1.397
Deferred tax assets	–	–	–
Cash and cash equivalents	0.054	–	0.054
Non-current liabilities	–	–	–
Current liabilities	2.616	–	2.616
Deferred tax liabilities	–	0.142	0.142
	0.720	**0.378**	**1.098**
Proportionate net assets			0.560
Goodwill			0.979
Total purchase price			**1.539**
Portion of net assets attributable to non-controlling shares			0.538

The portion of net assets of €0.538 million attributable to the non-controlling shares in Peter Frey GmbH comprises the fair value of the assets and liabilities attributable to minority interests.

The hidden reserves identified when allocating the purchase price were identified using the income capitalisation approach or observable market prices. The series of payments in the income capitalisation approach, fixed at economic useful lives of 3.5 years, were based on a discount factor of 4.7%.

The goodwill resulting from the transaction includes non-separable intangible assets such as employee expertise and expected synergy effects. Goodwill is not tax deductible.

The gross amount of the receivables amounted to €1.497 million as at the time of acquisition; of this amount, €1.377 million is considered to be recoverable.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €8.491 million higher and the consolidated profit attributable to investors €0.087 million higher.

Since 1 October 2016, the date of its initial inclusion in the group of consolidated companies, Peter Frey GmbH has generated revenues of €1.897 million and gains of €0.015 million.

Effective 1 June 2016, BayWa AG, Munich, Germany, took over the operation of two silos through Group company BayWa Agri Romania S.r.l., Bucharest, Romania, by way of an asset deal to expand its agricultural trade activities; effective 28 September 2016, BayWa AG, Munich, Germany, took over CARGILL CEREALE S. R. L., B, Bucharest, Romania. The cost of the acquired net assets comes to €1.850 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.063 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the takeover of operations break down as follows:

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	–	–
Property, plant and equipment	1.850	0.170	2.020
Financial assets	–	–	–
Inventories	–	–	–
Receivables and other assets	–	–	–
Deferred tax assets	–	–	–
Cash and cash equivalents	–	–	–
Non-current liabilities	–	–	–
Current liabilities	–	–	–
Deferred tax liabilities	–	–	–
	1.850	**0.170**	**2.020**
Negative goodwill	–	–	– 0.170
Total purchase price	**–**	**–**	**1.850**

The negative goodwill of €0.170 million was recognised under other operating income through profit and loss in the financial year 2016 and is mainly due to business risks that cannot be recognised when allocating the purchase price.

The hidden reserves identified when allocating the purchase price were identified using expert opinions.

No deferred tax liabilities were recognised within the scope of the purchase price allocation as the figures pertaining to the fair values of assets also correspond to the tax valuation.

As the transaction is classified as an asset deal and the resulting lack of availability of information, BayWa dispended with the disclosure of revenues and allocable consolidated profit that would have been presented had the acquired business activities been included from the first day of the financial year.

BayWa AG, Munich, Germany, took over 100% of the shares in Green Hedge Operational Services Limited, London, UK, through Group company BayWa r.e. UK Limited, London, UK, by way of a share deal. The takeover is designed to expand technical management activities and the maintenance of solar parks in the UK. BayWa AG has had a controlling influence over Green Hedge Operational Services Limited since 14 December 2016, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The preliminary cost of the shares came to €1.660 million and includes the contractually agreed purchase price component which was disbursed in December.

No transaction costs were incurred to date in connection with the acquisition.

The net assets acquired in connection with the purchase of Green Hedge Operational Services Limited break down as follows (preliminary figures):

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	1.776	1.776
Property, plant and equipment	0.012	–	0.012
Financial assets	–	–	–
Inventories	–	–	–
Receivables and other assets	0.215	–	0.215
Deferred tax assets	–	–	–
Cash and cash equivalents	0.146	–	0.146
Non-current liabilities	–	–	–
Current liabilities	0.133	–	0.133
Deferred tax liabilities	–	0.356	0.356
	0.240	**1.420**	**1.660**
Goodwill			–
Total purchase price (preliminary)			**1.660**

The takeover of operations did not result in any goodwill.

The hidden reserves identified when allocating the purchase price were identified using income capitalisation approach or observable market prices. The series of payments in the income capitalisation approach, fixed at economic useful lives of two years, were based on a discount factor of 7.4%.

The gross amount of the receivables amounted to €0.084 million as at the time of acquisition; the total amount of the receivables is considered to be recoverable.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €1.164 million higher and the consolidated profit attributable to investors €0.056 million higher.

Since 14 December 2016, the date of its initial inclusion in the group of consolidated companies, Green Hedge Operational Services Limited has generated revenues of €0.058 million and net income of €0.001 million.

The final purchase price allocation pertaining to the acquisition has not yet been made as the fair value of the assets and liabilities had not yet been definitively calculated at the time when the consolidated financial statements were drawn up.

BayWa AG, Munich, Germany, acquired 100.0% of the shares in Coachella Wind, LLC, Wilmington (Delaware), USA, through Group company BayWa r.e. Wind, LLC, Wilmington (Delaware), USA, by way of a share deal to expand its renewable energies activities. BayWa r.e. Wind, LLC has had a controlling influence over this company since 31 December 2016. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. The preliminary cost of the shares came to €1.682 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.575 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Coachella Wind, LLC break down as follows (preliminary figures):

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.096	–	0.096
Property, plant and equipment	0.537	1.263	1.800
Financial assets	–	–	–
Inventories	0.591	–	0.591
Receivables and other assets	0.948	–	0.948
Deferred tax assets	–	–	–
Cash and cash equivalents	0.284	–	0.284
Non-current liabilities	1.682	–	1.682
Current liabilities	0.355	–	0.355
Deferred tax liabilities	–	–	–
	0.419	**1.263**	**1.682**
Goodwill			–
Total purchase price (preliminary)			**1.682**

The takeover of operations did not result in any goodwill.

The hidden reserves identified when allocating the purchase price were identified using observable market prices.

The gross amount of the receivables amounted to €0.948 million as at the time of acquisition; the entire amount is considered to be fully recoverable.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €1.900 million higher and the consolidated profit attributable to investors €0.200 million higher.

The final purchase price allocation pertaining to the acquisition has not yet been made as the fair value of the assets and liabilities had not yet been definitively calculated at the time when the consolidated financial statements were drawn up.

In summary, the additions to assets (excluding goodwill) and liabilities from company acquisitions according to major category break down as follows for the financial year 2016:

in € million	Additions from company acquisition in the financial year 2016
Intangible assets	26.185
Property, plant and equipment	16.652
Financial assets	0.135
Inventories	22.852
Financial assets	6.956
Receivables and other assets	30.021
Deferred tax assets	1.339
Cash and cash equivalents	5.342
Non-current liabilities	14.114
Current liabilities	39.003
Deferred tax liabilities	6.655

Effective 4 May 2016, BayWa AG, Munich, Germany, participated in a capital increase of Group company BayWa Agri Romania S.r.l., Bucharest, Romania, through Group company BayWa Agrar International B.V., Rotterdam, the Netherlands. As the minority interest did not participate in the capital increase, the shares held by BayWa Agrar International B.V. in the company rose from 90% to 98.75%. The book value of the additionally acquired previous minority interests in the equity of BayWa Agri Romania S.r.l. amounted to €–0.309 million as at the time of acquisition. As a result of this transaction, the minority interest in equity included in the consolidated financial statements rose by €0.309 million and the equity attributable to the shareholders of the parent company decreased by €0.309 million due to the offsetting of the difference arising from the purchase of additional shares. No additional transaction costs were incurred in connection with the purchase of additional shares.

BayWa AG, Munich, Germany, acquired a further 19%, 24.5% and 5.5% of the shares in Eko-Energetyka Sp. z o.o., Rezesów, Poland, effective 31 May, 29 and 30 November 2016, respectively, through Group company ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria, meaning that ECOWIND Handels- & Wartungs-GmbH has been entitled to 100% of the shares in this company since the conclusion of the acquisitions. The cost of the purchased shares came to €0.022 million and includes contractually agreed purchase price components totalling €0.022 million, which were disbursed in May and November. The book value of the previous minority interests in the equity of Eko-Energetyka Sp. z o.o. amounted to €–0.211 million as at the time of acquisition. As a result of this transaction, the minority interest in equity included in the consolidated financial statements rose by €0.211 million and the equity attributable to the shareholders of the parent company decreased by €0.233 million due to the offsetting of the difference arising from the successive acquisition. No additional transaction costs were incurred in connection with the purchase of additional shares.

BayWa AG, Munich, Germany, participated in a capital increase by Group company T&G Global Limited, Auckland, New Zealand, on 3 June 2016. As the participation of shareholders in the capital increase was not always proportional to the shares held, the shares held by BayWa AG in T&G Global Limited rose from 73.68% to 73.99%. The book value of the additionally acquired previous minority interests in the equity of T&G Global Limited amounted to €0.541 million as at the time of acquisition. As a result of this transaction, the minority interest in equity included in the consolidated financial statements fell by €0.541 million and the equity attributable to the shareholders of the parent company increased by €0.541 million due to the offsetting of the difference arising from the purchase of additional shares. No additional transaction costs were incurred in connection with the purchase of additional shares.

BayWa AG, Munich, Germany, acquired the remaining 10% of the shares in ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria, effective 27 July 2016, through Group company BayWa r.e. renewable energy GmbH, Munich, Germany, meaning that BayWa r.e. renewable energy GmbH has been entitled to 100% of the shares in this company since the acquisition. The cost of the purchased shares came to €0.450 million and includes the contractually agreed purchase price component of €0.450 million, which was disbursed on 27 July 2016. The book value of the previous minority interests in the equity of ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria, amounted to €0.354 million as at the time of acquisition. As a result of this transaction, the minority interest in equity included in the consolidated financial statements fell by €0.354 million and the equity attributable to the shareholders of the parent company declined by €0.096 million due to the offsetting of the difference arising from the successive acquisition. No additional transaction costs were incurred in connection with the purchase of additional shares.

BayWa AG, Munich, Germany, acquired the remaining 25% of the shares in Delica North America, Inc., Torrance, USA, effective 14 October 2016, through Group company Delica Limited, Auckland, New Zealand, meaning that Delica Limited has been entitled to 100% of the shares in this company since the acquisition. The cost of the purchased shares came to €4.494 million and includes the contractually agreed purchase price component of €4.494 million, which was disbursed on 14 October 2016. The book value of the previous minority interests in the equity of Delica North America, Inc., Torrance, USA, amounted to €1.042 million as at the time of acquisition. As a result of this transaction, the minority interest in equity included in the consolidated financial statements fell by €1.042 million and the equity attributable to the shareholders of the parent company decreased by €2.554 million due to the offsetting of the difference arising from the successive acquisition. The minority interest in equity included in the consolidated financial statements also declined by €0.898 million for the same reason. The transaction costs incurred in connection with the purchase of additional shares amount to €0.016 million.

Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany, was deconsolidated effective 1 January 2016 due to the loss of control of the BayWa Group; as a result of the existing significant influence, the company has since been included in BayWa AG's consolidated financial statements as a joint venture in accordance with the provisions of the equity method. No purchase price was paid within the scope of the transitional consolidation. The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

in € million	01/01/2016
Shares recognised at equity in Hafen Vierow - Gesellschaft mit beschränkter Haftung reported at fair value when recognised	6.064

Assets and liabilities derecognised owing to control relinquished

in € million	01/01/2016
Non-current assets	
Intangible assets	0.021
Property, plant and equipment	8.133
Financial assets	0.188
Deferred tax assets	0.020
	8.362
Current assets	
Inventories	0.015
Receivables and other assets	0.644
Cash and cash equivalents	0.638
	1.297

in € million	01/01/2016
Non-current liabilities	
Non-current provisions	0.268
Financial liabilities	1.042
Trade payables and other liabilities	0.223
Deferred tax liabilities	1.049
	2.582
Current liabilities	
Current provisions	0.160
Financial liabilities	0.687
Trade payables and other liabilities	0.063
	0.910
Net assets at the time of the loss of control	**6.167**
of which: attributable to minority shareholders	3.083
of which: attributable to shareholders of the parent company	3.084

Gains/losses from the transitional consolidation

in € million	01/01/2016
Shares recognised at equity in Hafen Vierow - Gesellschaft mit beschränkter Haftung	6.064
Portion of relinquished net assets attributable to shareholders of the parent company	3.084
Gain from transitional consolidation	**2.980**

Gains/losses from transitional consolidation are disclosed in the income statement under other operating income, while tax components are disclosed under tax expenses.

Outgoing net cash and cash equivalents from the disposal of the Group company

in € million	
Consideration received in the form of cash and cash equivalents	–
Less cash and cash equivalents relinquished within the scope of the transitional consolidation	– 0.638
	– 0.638

VIELA Export GmbH, Vierow, Germany, was deconsolidated effective 1 January 2016 due to the loss of control of the BayWa Group; as a result of the existing significant influence, the company has since been included in BayWa AG's consolidated financial statements as a joint venture in accordance with the provisions of the equity method. No purchase price was paid within the scope of the transitional consolidation. The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

in € million	01/01/2016
Shares recognised at equity in VIELA Export GmbH reported at fair value when recognised	10.973

Assets and liabilities derecognised owing to control relinquished

in € million	01/01/2016
Non-current assets	
Intangible assets	0.008
Property, plant and equipment	8.608
Financial assets	0.035
Deferred tax assets	0.032
	8.683
Current assets	
Inventories	0.005
Receivables and other assets	0.609
Cash and cash equivalents	1.025
	1.639

in € million	01/01/2016
Non-current liabilities	
Non-current provisions	0.075
Financial liabilities	1.040
Trade payables and other liabilities	–
Deferred tax liabilities	0.664
	1.779
Current liabilities	
Current provisions	0.572
Financial liabilities	0.483
Trade payables and other liabilities	1.024
	2.079
Net assets at the time of the loss of control	**6.464**
of which: attributable to minority shareholders	2.453
of which: attributable to shareholders of the parent company	4.011

Gains/losses from the transitional consolidation

in € million	01/01/2016
Shares recognised at equity in VIELA Export GmbH	10.973
Portion of relinquished net assets attributable to shareholders of the parent company	4.011
Gain from transitional consolidation	**6.962**

Gains/losses from transitional consolidation are disclosed in the income statement under other operating income, while tax components are disclosed under tax expenses.

Outgoing net cash and cash equivalents from the disposal of the Group company

in € million	01/01/2016
Consideration received in the form of cash and cash equivalents	–
Less cash and cash equivalents relinquished within the scope of the transitional consolidation	– 1.025
	– 1.025

BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany, sold 100% of its shares in Windpark Namborn GmbH & Co. KG, Gräfelfing, Germany, on 13 September 2016.

The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

in € million	13/09/2016
Consideration received in the form of cash and cash equivalents for the sold shares	0.473

Assets and liabilities derecognised owing to control relinquished

in € million	13/09/2016
Non-current assets	
Intangible assets	–
Property, plant and equipment	2.867
Financial assets	0.012
Deferred tax assets	–
	2.879
Current assets	
Inventories	–
Receivables and other assets	0.040
Cash and cash equivalents	0.229
	0.269

in € million	13/09/2016
Non-current liabilities	
Non-current provisions	0.177
Financial liabilities	2.119
Trade payables and other liabilities	–
Deferred tax liabilities	0.061
	2.357
Current liabilities	
Current provisions	0.020
Financial liabilities	0.204
Trade payables and other liabilities	0.016
	0.240
Net assets on the disposal date	**0.551**

Gains/losses from the disposal

in € million	13/09/2016
Consideration received for the sold shares	0.473
Net assets relinquished	0.551
Disposal loss	**– 0.078**
of which: attributable to minority shareholders	–
of which: attributable to shareholders of the parent company	– 0.078

The disposal is disclosed in the income statement under other operating income, while tax components are disclosed under tax expenses.

Incoming net cash and cash equivalents from the disposal of the Group company

in € million	13/09/2016
Purchase price settled through cash and cash equivalents	0.473
Less cash and cash equivalents paid out in connection with the disposal	– 0.229
	0.224

BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany, sold 100% of its shares in Les Eoliennes de Saint Fraigne SAS, Paris, France, on 22 December 2016.

The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

in € million	22/12/2016
Consideration received in the form of cash and cash equivalents for the sold shares	3.470

Assets and liabilities derecognised owing to control relinquished

in € million	22/12/2016
Non-current assets	
Intangible assets	–
Property, plant and equipment	16.483
Financial assets	–
Deferred tax assets	0.018
	16.501
Current assets	
Inventories	–
Receivables and other assets	0.662
Cash and cash equivalents	0.557
	1.219

in € million	22/12/2016
Non-current liabilities	
Non-current provisions	1.240
Financial liabilities	13.302
Trade payables and other liabilities	–
Deferred tax liabilities	–
	14.542
Current liabilities	
Current provisions	0.111
Financial liabilities	0.163
Trade payables and other liabilities	0.126
	0.400
Net assets on the disposal date	**2.778**

Gains/losses from the disposal

in € million	22/12/2016
Consideration received for the sold shares	3.470
Net assets relinquished	2.778
Disposal gain	**0.692**
of which: attributable to minority shareholders	–
of which: attributable to shareholders of the parent company	0.692

The disposal is disclosed in the income statement under other operating income, while tax components are disclosed under tax expenses.

Incoming net cash and cash equivalents from the disposal of the Group company

in € million	22/12/2016
Purchase price settled through cash and cash equivalents	3.470
Less cash and cash equivalents paid out in connection with the disposal	– 0.557
	2.913

Solarpark Homestead GmbH, Gräfelfing, Germany, sold 100% of its shares in Haymaker (Homestead) Ltd., London, UK, on 18 March 2016.

BayWa r.e. France SAS, Paris, France, also sold 100% of its shares in Saint Congard Energies SAS, Paris, France, on 31 July 2016.

BayWa r.e. Development, LLC, Wilmington (Delaware), USA, sold 100% of its shares in NLP Granger A82, LLC, Wilmington (Delaware), USA, and NLP Valley Center Solar, LLC, Wilmington (Delaware), USA, on 29 August 2016.

BayWa r.e. UK Limited, London, UK, sold 100% of its shares in Fraisthorpe (Holding) Limited, London, UK, on 30 September 2016. This also resulted in the sale of the shares held in Fraisthorpe Wind Farm Ltd., London, UK, which had been held by Fraisthorpe (Holding) Limited, London, UK.

BayWa r.e. Wind GmbH, Gräfelfing, Germany, also sold 100% of its shares in Windpark Creußen Neuhof GmbH & Co. KG, Gräfelfing, Germany, on 14 October 2016.

On 20 October 2016, BayWa r.e. Solar Projects GmbH, Gräfelfing, Germany, sold 100% of its shares in Carnemough Solar Project Limited, London, UK, Sellindge Solar Limited, London, UK, and SESMP110 Lower House Solar Farm Ltd., London, UK, and on 21 December 2016, sold 100% of its shares in INRG (Solar Parks) 14 Ltd., London, UK.

BayWa r.e. Development, LLC, Wilmington (Delaware), USA, also sold 100% of its shares in Cork Oak Solar LLC, Raleigh (North Carolina), USA, and Sunflower Solar LLC, Raleigh (North Carolina), USA, on 16 December 2016.

On 20 December 2016, BayWa r.e. France SAS, Paris, France, also sold 100% of its shares in Les Pointes Energies SARL, Paris, France, and on 22 December 2016, sold 100% of its shares in Montjean Energies SARL, Paris, France, and Theil Rabier Energies SARL, Paris, France.

The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

in € million	
Consideration received in the form of cash and cash equivalents for the sold shares	54.206

Assets and liabilities derecognised owing to control relinquished

in € million	
Non-current assets	
Intangible assets	–
Property, plant and equipment	–
Financial assets	–
Deferred tax assets	4.843
	4.843
Current assets	
Inventories	227.371
Receivables and other assets	20.104
Cash and cash equivalents	9.611
	257.086

in € million	
Non-current liabilities	
Non-current provisions	3.275
Financial liabilities	119.109
Trade payables and other liabilities	4.479
Deferred tax liabilities	1.155
	128.018
Current liabilities	
Current provisions	8.503
Financial liabilities	68.119
Trade payables and other liabilities	41.561
	118.183
Net assets on the disposal date	**15.728**

Gains/losses from the disposal of Group companies

in € million	
Consideration received for the sold shares	54.206
Net assets relinquished	– 15.728
Disposal gain	**38.478**
of which: attributable to minority shareholders	–
of which: attributable to shareholders of the parent company	38.478

As the companies being disposed of are all project companies from the Renewable Energies business sector that are being sold because they will not be viewed as a material part of operating activities once the corresponding plants have been completed, the disposals are disclosed in the income statement under revenues and changes in inventories, while tax components are disclosed under tax expenses.

Incoming net cash and cash equivalents from the disposal of Group companies

in € million	
Purchase price settled through cash and cash equivalents	54.206
Less cash and cash equivalents paid out in connection with the disposal	– 9.611
	44.595

Companies in which BayWa AG either directly or indirectly holds less than 100% of the capital and voting rights are also included in BayWa AG's consolidated financial statements.

The summary of financial information for Group companies in which non-controlling shares are held is as follows:

	T&G Global Limited, Auckland, New Zealand		RWA Raiffeisen Ware Austria AG, Vienna, Austria	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Share in the capital and voting rights held by the non-controlling shares	26.01%	26.32%	50.00%	50.00%
in € million				
Share in the annual result attributable to non-controlling shares	– 0.776	– 1.345	3.588	4.674
Aggregated non-controlling shares	27.556	27.513	150.222	136.517
Dividends distributed to non-controlling shares	1.248	1.187	2.108	2.108
Financial information (prior to consolidation)				
Current assets	92.141	110.945	381.288	347.101
Non-current assets	223.229	167.359	239.367	184.010
Current liabilities	103.598	70.142	279.686	228.544
Non-current liabilities	105.825	103.637	40.525	29.534
Revenues	–	–	1,165.158	1,233.856
Net income	– 2.983	– 5.110	7.177	9.347
Other earnings	– 0.016	– 0.828	24.535	– 0.358
Total earnings	– 2.999	– 5.938	31.712	8.989
Net cash flows from operating activities	16.649	– 21.911	18.027	25.396
Net cash flows from investing activities	0.753	– 0.290	– 24.581	– 5.111
Net cash flows from financing activities	– 16.598	21.299	4.101	– 17.901
Total net cash flows	**0.804**	**– 0.901**	**– 2.453**	**2.384**

	"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria		BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Share in the capital and voting rights held by the non-controlling shares	48.94%	48.94%	49.00%	49.00%
in € million				
Share in the annual result attributable to non-controlling shares	2.879	2.449	0.896	1.030
Aggregated non-controlling shares	33.129	31.833	6.586	6.708
Dividends distributed to non-controlling shares	1.167	1.150	0.992	0.522
Financial information (prior to consolidation)				
Current assets	101.868	100.621	14.082	11.869
Non-current assets	81.909	80.779	19.025	17.713
Current liabilities	99.510	101.363	12.413	8.420
Non-current liabilities	16.575	14.992	7.253	7.473
Revenues	464.313	487.084	69.314	72.218
Net income	5.883	5.004	1.828	2.103
Other earnings	– 0.850	– 0.192	– 0.052	– 0.039
Total earnings	5.033	4.812	1.776	2.064
Net cash flows from operating activities	16.655	10.022	1.472	4.207
Net cash flows from investing activities	– 7.575	– 10.950	– 2.203	– 0.633
Net cash flows from financing activities	– 9.077	0.937	0.734	– 3.564
Total net cash flows	**0.003**	**0.009**	**0.003**	**0.010**

	TFC Holland B.V., De Lier, the Netherlands
	31/12/2016
Share in the capital and voting rights held by the non-controlling shares	31.58%
in € million	
Share in the annual result attributable to non-controlling shares	1.223
Aggregated non-controlling shares	3.845
Dividends distributed to non-controlling shares	–
Financial information (prior to consolidation)	
Current assets	22.190
Non-current assets	5.159
Current liabilities	14.313
Non-current liabilities	0.860
Revenues	51.182
Net income	3.872
Other earnings	–
Total earnings	3.872
Net cash flows from operating activities	1.908
Net cash flows from investing activities	– 0.153
Net cash flows from financing activities	– 0.030
Total net cash flows	**1.725**

Owing to their generally secondary importance, 75 (2015: 70) domestic and 101 (2015: 45) foreign affiliated companies were not included in the group of consolidated companies. The recognition of these companies in the group of consolidated companies was carried out at cost. The aggregated annual results and aggregated equity (unconsolidated HB I values based on the individual financial statements) of these companies in the financial year 2016 are set out below:

Unconsolidated affiliated companies	in € million	Share in % in relation to the sum total of all fully consolidated companies
Net income	– 0.179	– 0.07
Equity	17.458	0.51

(B.2.) Joint ventures pursuant to IFRS 11 in conjunction with IAS 28

The following 11 (2015: 10) joint ventures over which the BayWa Group exerts joint control together with one or more external third parties on the basis of a contractual agreement are recognised under the equity method.

	Share in capital in %	Previous year's share in capital in %	Comment
Agriculture Segment			
Apollo Foods Limited, Auckland, New Zealand	–	50.0	Initial consolidation on 06/09/2016
Baltanás Cereales y Abonos S.L., Baltanás, Spain	50.0	–	Initial consolidation on 31/03/2016
Baltic Grain Terminal Sp. z o.o., Gdynia, Poland	50.0	50.0	
BHBW Limited, Maidenhead, UK	50.0	50.0	
Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany	50.0	50.0	Transition to recognition at equity on 01/01/2016
Transhispania Agraria, S.L., Torquemada, Spain	28.3	–	Initial consolidation on 31/03/2016
VIELA Export GmbH, Vierow, Germany	50.0	50.0	Transition to recognition at equity on 01/01/2016
Wawata General Partner Limited, Nelson, New Zealand	50.0	50.0	
Worldwide Fruit Limited, Spalding, UK	50.0	50.0	
Energy Segment			
BEEGY GmbH, Mannheim, Germany	25.1	25.1	
Süddeutsche Geothermie-Projekte GmbH & Co. KG, Gräfelfing, Germany	–	50.0	Deconsolidation on 22/09/2016
Süddeutsche Geothermie-Projekte Verwaltungsgesellschaft mbH, Gräfelfing, Germany	50.0	50.0	
Other Activities Segment (including financial participation)			
BayWa Hochhaus GmbH & Co. KG, Grünwald, Germany	99.0	99.0	50% of voting rights
IFS S.r.l., Bozen, Italy	–	51.0	Deconsolidation on 31/12/2016

The shares of these companies have been recognised at cost, taking account of changes in the net assets of the affiliated companies since the purchase of the shares.

BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany, also sold its 50% participating interest in Süddeutsche Geothermie-Projekte GmbH & Co. KG on 22 September 2016. Until this date, the company had been recognised at equity.

Summary of financial information about the material joint ventures included under the equity method:

	BayWa Hochhaus GmbH & Co. KG, Grünwald, Germany		BEEGY GmbH, Mannheim, Germany	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Shareholding	99.00%	99.00%	25.10%	25.10%
Voting rights	50.00%	50.00%	25.10%	25.10%
in € million				
Dividends received from joint ventures	–	–	–	–
Current assets	4.783	4.916	5.712	15.459
Non-current assets	172.148	104.847	5.813	3.779
Current liabilities	164.685	21.824	1.046	1.793
Non-current liabilities	–	73.250	0.024	0.001
Cash and cash equivalents	3.767	4.310	2.982	15.222
Current financial liabilities	164.550	20.200	–	–
Non-current financial liabilities	–	73.250	–	–
Revenues	–	–	0.610	0.045
Amortisation	–	–	– 1.029	– 0.216
Interest expense	–	–	–	–
Income tax expense	– 0.035	– 0.035	–	–
Interest income	–	–	–	–
Net income from continued operations	– 2.443	– 0.892	– 10.195	– 7.011
Other earnings	–	–	–	–
Total earnings	– 2.443	– 0.892	– 10.195	– 7.011
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Joint venture's net assets	12.246	14.689	10.455	17.444
Shareholding and voting rights	50.00%	50.00%	25.10%	25.10%
Goodwill	–	–	2.445	2.223
Other adjustments	– 6.123	– 7.344	–	–
Book value	–	–	5.070	6.601

The purpose of BayWa Hochhaus GmbH & Co. KG is real estate and project development, particularly the construction and real estate planning, the acquisition and disposal of land, and the construction of buildings. BEEGY GmbH provides decentralised energy management services and plans, constructs and operates sustainable facilities.

	Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany	VIELA Export GmbH, Vierow, Germany
	31/12/2016	31/12/2016
Shareholding	50.00%	50.00%
Voting rights	50.00%	50.00%
in € million		
Dividends received from joint ventures	–	–
Current assets	1.416	1.149
Non-current assets	9.322	12.119
Current liabilities	0.627	2.312
Non-current liabilities	3.752	3.635
Cash and cash equivalents	0.723	0.063
Current financial liabilities	0.332	0.723
Non-current financial liabilities	2.194	2.883
Revenues	2.539	6.261
Amortisation	– 0.297	– 0.457
Interest expense	– 0.121	– 0.135
Interest income	0.004	0.001
Income tax expense	– 0.060	– 0.332
Net income from continued operations	0.259	0.933
Other earnings	– 0.017	– 0.017
Total earnings	0.242	0.916
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–
Transition		
Joint venture's net assets	6.359	7.321
Shareholding and voting rights	50.00%	50.00%
Goodwill	3.015	7.779
Other adjustments	–	–
Book value	6.194	11.440

Hafen Vierow - Gesellschaft mit beschränkter Haftung is responsible for managing and operating the port of Vierow and the construction of transhipment facilities as well as the shipment and warehousing of various goods. VIELA Export GmbH imports and exports agricultural goods and products.

	Worldwide Fruit Limited, Spalding, UK	
	31/12/2016	31/12/2015
Shareholding	50.00%	50.00%
Voting rights	50.00%	50.00%
in € million		
Dividends received from joint ventures	1.555	0.261
Current assets	17.506	19.894
Non-current assets	9.435	11.143
Current liabilities	17.186	18.881
Non-current liabilities	3.264	4.544
Cash and cash equivalents	1.381	2.197
Current financial liabilities	–	–
Non-current financial liabilities	3.264	4.544
Revenues	155.975	156.621
Amortisation	– 0.760	– 0.914
Interest expense	– 0.129	– 0.138
Interest income	0.022	0.020
Income tax expense	– 0.638	– 0.869
Net income from continued operations	2.489	2.859
Other earnings	–	–
Total earnings	2.489	2.859
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–
Transition		
Joint venture's net assets	6.491	7.612
Shareholding and voting rights	50.00%	50.00%
Goodwill	–	–
Other adjustments	0.625	1.157
Book value	3.871	4.963

Worldwide Fruit Limited operates in the international marketing and sale of fruit.

The above financial information relate to values used as a basis for the IFRS financial statements of the respective joint ventures.

Summary of financial information about the joint ventures included under the equity method which are, in and of themselves, not material:

in € million	31/12/2016	31/12/2015
Book value as at the balance sheet date	8.360	7.855
BayWa Group's share in net income from continued operations	– 0.313	– 3.424
BayWa Group's share in earnings from discontinued operations after tax	–	–
BayWa Group's share in other earnings	– 0.034	– 0.465
BayWa Group's share in total earnings	– 0.347	– 3.889
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–

(B.3.) Associates pursuant to IAS 28

The following 22 (2015: 22) associates over which the BayWa Group either has a proportion of voting rights of at least 20% and a maximum of 50%, or over whose business management or supervisory functions the BayWa Group exerts a significant influence, and which are not jointly held companies or companies of secondary importance, are recognised under the equity method.

	Share in capital in %	Previous year's share in capital in %	Comment
Agriculture Segment			
Agrimec Group B.V., Apeldoorn, the Netherlands	100.0	49.0	Transition to full consolidation on 01/07/2016
Allen Blair Properties Limited, Wellington, New Zealand	33.3	33.3	
David Oppenheimer and Company I, L.L.C., Seattle, USA	15.0	15.0	Significant economic ties and represented in management body
David Oppenheimer Transport Inc., Wilmington (Delaware), USA	15.0	15.0	Significant economic ties and represented in management body
Fresh Vegetable Packers Limited, Christchurch, New Zealand	–	41.4	Deconsolidation on 22/12/2016
McKay Shipping Limited, Auckland, New Zealand	25.0	25.0	
MoSagri B.V., Breda, New Zealand	25.0	–	Initial consolidation on 08/04/2016
Mystery Creek Asparagus Limited, Hamilton, New Zealand	14.5	14.5	Significant economic ties and represented in management body
N.Z. Kumara Distributors Limited, Dargaville, New Zealand	20.4	20.4	
Energy Segment			
Aufwind BB GmbH & Co. Zwanzigste Biogas KG, Regensburg, Germany	100.0	100.0	50% share in voting rights
Biomethananlage Barby GmbH, Barby, Germany	25.1	25.1	
Biomethananlage Staßfurt GmbH, Mannheim, Germany	25.1	25.1	
CRE Project S.r.l., Matera, Italy	49.0	49.0	
EAV Energietechnische Anlagen Verwaltungs GmbH, Staßfurt, Germany	49.0	49.0	
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich, Germany	33.3	33.3	
Building Materials Segment			
Pure Applikationen GmbH & Co. KG, Regensburg, Germany	25.0	–	Initial consolidation on 04/10/2016
Other Activities Segment (including Financial Participations)			
AHG- Autohandelsgesellschaft mbH, Horb am Neckar, Germany	49.0	49.0	
AUSTRIA JUICE GmbH, Allhartsberg, Austria	50.0	50.0	
BayWa Bau- & Gartenmärkte GmbH & Co. KG, Dortmund, Germany	50.0	50.0	
biohelp – biologischer Pflanzenschutz- Nützlingsproduktions-, Handels- und Beratungs-GmbH, Vienna, Austria	24.9	–	Initial consolidation on 09/09/2016
BRB Holding GmbH, Munich, Germany	45.3	45.3	
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany	37.8	37.8	
Frisch & Frost Nahrungsmittel GmbH, Vienna, Austria	25.0	25.0	
LWM Austria GmbH, Hollabrunn, Austria	25.0	25.0	
Raiffeisen Beteiligungs GmbH, Frankfurt am Main, Germany	–	47.4	Deconsolidation on 27/12/2016

The shares of these companies have been recognised at cost, taking account of changes in the net assets of the affiliated companies since the purchase of the shares. The shares in BayWa Bau- & Gartenmärkte GmbH & Co. KG constitute an exception, as these are measured at cost due to the contractual terms; the cost also corresponds to the future contractually agreed disposal price and, in turn, to the fair value of the shares.

Summary of financial information about the material companies included under the equity method:

	BayWa Bau- & Gartenmärkte GmbH & Co. KG, Dortmund, Germany		David Oppenheimer and Company I, L.L.C., Seattle, USA	
	31/12/2015	28/02/2015	31/12/2016	31/12/2015
Shareholding	50.00%	50.00%	15.00%	15.00%
Voting rights	50.00%	50.00%	15.00%	15.00%
in € million				
Dividends received from associates	–	–	0.578	0.612
Current assets	118.911	131.866	78.768	67.872
Non-current assets	20.471	20.604	0.365	0.303
Current liabilities	50.651	71.950	71.265	63.325
Non-current liabilities	68.239	61.903	–	–
Revenues	228.480	250.212	527.848	466.144
Net income from continued operations	1.875	2.287	6.968	4.773
Other earnings	–	–	–	–
Total earnings	1.875	2.287	6.968	4.773
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Associate's net assets	20.492	18.617	7.868	4.850
Shareholding and voting rights	50.00%	50.00%	15.00%	15.00%
Goodwill	–	–	–	–
Other adjustments	3.756	4.693	1.609	1.637
Book value	14.002	14.002	2.789	2.365

Until the financial year 2014/2015, the financial year of BayWa Bau- & Gartenmärkte GmbH & Co. KG ended on 28 February and therefore differed from that of the BayWa Group. The financial year was changed to match the calendar year in the financial year 2015. The annual financial statements of BayWa Bau- & Gartenmärkte GmbH & Co. KG had not yet been prepared at the time when the consolidated financial statements were drawn up, meaning that no financial information could be provided as at this reporting date. However, the shares in the company are measured at cost, which also corresponds to the fair value, due to the terms of the contractual agreement, meaning that the differing reporting periods have no impact on the assets, financial position and earnings position of the Group.

	BRB Holding GmbH, Munich, Germany		AUSTRIA JUICE GmbH, Allhartsberg, Austria	
	31/12/2016	31/12/2015	30/11/2016	30/11/2015
Shareholding	45.26%	45.26%	49.99%	49.99%
Voting rights	45.26%	45.26%	49.99%	49.99%
in € million				
Dividends received from associates	1.856	1.729	–	3.499
Current assets	0.086	0.168	211.039	237.391
Non-current assets	234.825	234.845	82.419	93.948
Current liabilities	0.043	0.159	239.223	273.905
Non-current liabilities	–	–	6.418	7.543
Revenues	–	–	246.713	213.253
Net income from continued operations	4.096	3.806	0.827	– 1.445
Other earnings	–	–	– 2.901	– 0.920
Total earnings	4.096	3.806	– 2.074	– 2.365
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Associate's net assets	234.868	234.854	47.817	49.891
Shareholding and voting rights	45.26%	45.26%	49.99%	49.99%
Goodwill	–	–	22.449	22.449
Other adjustments	– 17.295	– 17.295	–	–
Book value	89.016	89.000	46.353	47.390

Due to the company's business activities, the financial year of AUSTRIA JUICE GmbH ends on 28 February. For this reason, the reporting periods, which are used as the basis for the inclusion of the financial statements of AUSTRIA JUICE GmbH in the consolidated financial statements of BayWa AG, end on 30 November, and therefore deviates from the parent company's reporting date. Differing reporting periods have no impact on the assets, financial position and earnings position of the BayWa Group.

	AHG- Autohandelsgesellschaft mbH, Horb am Neckar, Germany	
	31/12/2016	31/12/2015
Shareholding	49.00%	49.00%
Voting rights	49.00%	49.00%
in € million		
Dividends received from associates	0.245	0.245
Current assets	107.450	92.522
Non-current assets	41.823	42.093
Current liabilities	16.490	31.798
Non-current liabilities	115.699	88.409
Revenues	451.084	434.273
Net income from continued operations	3.176	3.920
Other earnings	–	–
Total earnings	3.176	3.920
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–
Transition		
Associate's net assets	17.084	14.408
Shareholding and voting rights	49.00%	49.00%
Goodwill	0.099	0.099
Other adjustments	–	–
Book value	8.470	7.159

The above financial information relate to values used as a basis for the IFRS financial statements of the associate.

Summary of financial information about the associates included under the equity method which are, in and of themselves, not material:

in € million	31/12/2016	31/12/2015
Book value as at the balance sheet date	19.596	19.690
BayWa Group's share in net income from continued operations	1.561	3.041
BayWa Group's share in earnings from discontinued operations after tax	–	–
BayWa Group's share in other earnings	–	–
BayWa Group's share in total earnings	1.561	3.041
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–

A total of 38 (2015: 31) associates of generally secondary importance for the consolidated financial statements have been accounted for at cost and by using the equity method. The aggregated assets, liabilities, revenues and annual results (each based on the individual financial statements) of these companies in the financial year 2016 are set out below:

Associates not included under the equity method	in € million
Assets	279.878
Liabilities	242.429
Revenues	455.007
Net income	– 1.101

(B.4.) Summary of the changes to the group of consolidated companies of BayWa AG

Compared with the previous year, the group of consolidated companies, including the parent company, has changed as follows:

	Germany	International	Total
Included as at 31/12/2015	**114**	**213**	**327**
of which fully consolidated	100	195	295
of which recognised at equity	14	18	32
Included as at 31/12/2016	**118**	**214**	**332**
of which fully consolidated	103	196	299
of which recognised at equity	15	18	33

All Group holdings are listed separately (appendix to the Notes to the Consolidated Financial Statements).

(B.5.) Principles of consolidation

Capital consolidation at the time of initial consolidation is carried out through offsetting the cost against the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the time of acquisition (purchase method). If the cost exceeds the fair value of the identifiable assets, liabilities and contingent liabilities purchased, the difference is disclosed as goodwill under intangible assets as part of non-current assets. Goodwill is subject to an annual impairment test (Impairment Only Approach). If the book value of goodwill is higher than the recoverable amounts, impairment must be carried out; otherwise goodwill remains unchanged. If the cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities, the differences are booked immediately through profit and loss.

All receivables and liabilities, as well as provisions within the group of consolidated companies, are offset. Interim results, if material, are eliminated. Interim results realised from associates are eliminated against the corresponding investments recognised at equity. If the respective investment does not exist to a sufficient extent for elimination, other assets related to the affected company are eliminated. If these do not exist or do not exist to a sufficient extent, the interim result is eliminated by recognising it in revenue reserves on the liabilities side to ensure that the result of operations reflects actual developments. It is not recognised as “deferred income” under other liabilities, as the eliminated interim result does not represent a liability and recognition as other liabilities would incorrectly depict the actual asset position. Intra-Group revenues, expenses and earnings are netted.

(B.6.) Currency translation

The translation of the financial statements prepared in a foreign currency into euros is carried out by applying the concept of functional currency as defined under IAS 21 (The Effects of Changes in Foreign Exchange Rates). The companies of the BayWa Group operate independently. They are therefore considered “foreign operations”. Functional currency is the respective national currency or, in exceptional cases, the currency in which most of the respective company's transaction are settled in. Assets and liabilities are converted at the exchange rate on the reporting date. This does not apply to investments, which are measured at historical exchange rates. With the exception of income and expenses included directly in equity, equity is carried at historical rates. The translation of the income statement is carried out using the average rate for the year. Differences resulting from currency translation are treated without effect on income, until such time as the subsidiary is disposed of and set off against other reserves in equity. The differences resulting from currency translation increased by €10.129 million in the reporting year (2015: €2.032 million).

The exchange rates used for translations are shown in the table below:

		Balance sheet		Income statement	
		Middle rate on		Average rate	
	€1	31/12/2016	31/12/2015	2016	2015
Australia	AUD	1.460	1.490	1.485	1.478
Canada	CAD	1.419	–	1.462	–
Cayman Islands	KYD	0,878	0.907	0,922	0.925
Chile	CLP	698.510	771.950	748.750	728.180
China	CNY	7.320	7.061	7.352	6.973
Croatia	HRK	7.560	7.638	7.544	7.621
Czech Republic	CZK	27.020	27.025	27.041	27.301
Denmark	DKK	7.434	7.463	7.446	7.460
Hong Kong	HKD	8.175	8.438	8.592	8.601
Hungary	HUF	311.020	313.120	311.928	309.672
Japan	JPY	123.400	131.070	120.935	134.414
New Zealand	NZD	1.516	1.592	1.582	1.589
Peru	PEN	3.491	3.701	3.753	3.560
Poland	PLN	4.410	4.264	4.365	4.190
Republic of Fiji	FJD	2.237	2.326	2.313	2.326
Romania	RON	4.539	4.524	4.496	4.444
Russia	RUB	64.300	80.674	73.494	67.833
Sweden	SEK	9.553	9.190	9.445	9.341
Serbia	RSD	123.472	121.626	123.069	120.772
Switzerland	CHF	1.074	1.084	1.090	1.074
Thailand	THB	37.726	–	38.880	–
Ukraine	UAH	28.739	26.159	28.204	23.707
USA	USD	1.054	1.089	1.102	1.112
UK	GBP	0.856	0.734	0.813	0.728

(C.) NOTES TO THE BALANCE SHEET

(C.1.) Intangible assets

Intangible assets purchased against payment are capitalised at cost and, with the exception of goodwill, amortised on a straight-line basis over their useful economic lives (generally three to five years). Intangible assets which have been created in-house (self-created) have been capitalised in accordance with IAS 38 (Intangible Assets) if it is likely that the future economic benefit will accrue from the use of the assets and if the cost of the assets can be reliably determined. These assets have been recognised at cost, with an appropriate portion of the overheads relating to their development, and amortised on a straight-line basis. The calculation of impairment losses has been carried out in consideration of IAS 36 (Impairment of Assets). The calculation of the recoverable amount is based on the value in use. In the financial year 2016, this resulted in a need for impairment of €0.404 million in the other activities business for an internally generated software solution that is no longer used within the Group.

In addition, goodwill impairment of €1.235 million was recognised in the Agriculture Segment for BayWa Agri Romania S.r.l. in the reporting year due to impairment; goodwill impairment of €0.086 million was also recognised for BOR, s.r.o. – also due to impairment. Both impairment are the result of unfavourable economic development.

In the previous year, goodwill impairment of €1.159 million was recognised in the Energy Segment for renerco plan consult GmbH due to the change in business activities. The disposal of Net Environment S.L.U. and the Rock Power Group, comprising Rock Power Cáceres S.L.U. and Serrezuela Solar XXI S.L.U., resulted in a €1.596 million reduction in the assigned goodwill.

The goodwill disclosed under intangible assets relates to the following company acquisitions:

in € million	**2016**	2015
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H.	0.624	0.624
AWS Entsorgung GmbH Abfall und Wertstoff Service	0.507	0.507
Bad und Heizung Krampfl GmbH	0.659	0.659
BayWa Agri Romania S.r.l.	–	1.235
BayWa Agrarhandel Group	7.857	7.857
BayWa r.e. Bioenergy GmbH	1.428	1.428
BayWa r.e. Rotor Service GmbH und BayWa r.e. Rotor Service Vermögensverwaltungs GmbH	0.221	0.221
BayWa r.e. Solar Energy Systems GmbH	14.035	14.035
BayWa r.e. Solar Projects LLC	0.812	0.787
BayWa r.e. Solar Systems LLC	16.145	16.463
BayWa r.e. Solar Systems Ltd.	0.806	0.940
BayWa r.e. Wind, LLC	0.285	0.276
Cefetra Group	12.179	12.179
CLAAS Württemberg GmbH	1.189	1.189
ECOWIND Handels- & Wartungs-GmbH	1.348	1.348
EUROGREEN Group	3.445	3.445
Evergrain GmbH & Co. KG	2.810	–
Great Lake Tomatoes Limited	2.118	1.979
LTZ Chemnitz GmbH	0.030	0.030
FarmFacts GmbH (formerly: PC-Agrar Informations- und Beratungsdienst GmbH) Group	1.533	1.533
Peter Frey GmbH	0.979	–
Rianto Limited (merged with Status Produce Limited)	1.203	1.124
RWA SLOVAKIA spol. s r.o.	0.152	0.152
Schradenbiogas GmbH & Co. KG	1.924	1.924
Sempol spol. s r.o. (merged with RWA SLOVAKIA spol. s r.o.)	0.245	0.245
Solarmarkt GmbH	3.568	3.536
Stark GmbH & Co. KG (goodwill from asset deal)	0.450	0.450
T&G Vizzarri Farms Pty Ltd	1.480	1.383
Tecno Spot Group	4.969	4.969

in € million	2016	2015
TFC Holland B.V.	15.674	–
WAV Wärme Austria VertriebsgmbH	4.224	4.224
Wessex Grain Ltd.	0.378	–
Other	0.811	0.893
	104.088	**85.635**

Additional changes in the reporting year relate mainly to goodwill from the initial inclusion of the companies acquired into the group of consolidated companies. The goodwill arising from the acquisition of BayWa r.e. Wind, LLC, Solarmarkt GmbH, Rianto Limited, T&G Vizzarri Farms Pty Ltd, Great Lake Tomatoes Limited, BayWa r.e. Solar Systems LLC, BayWa r.e. Solar Systems Ltd. and BayWa r.e. Solar Projects LLC is subject to exchange rate fluctuations, resulting in year-on-year differences.

Of the overall goodwill disclosed, an amount of €0.398 million (2015: €0.398 million) is tax deductible in subsequent years.

Goodwill is subject to an impairment test once a year. In the context of the impairment test, the residual values of the goodwill allocated to the individual cash-generating unit are compared with fair value in use.

Cash-generating units are essentially defined as legally independent organisation units directly assignable to the reporting segments within BayWa Group (see Note B.1.). In the event of a business combination of legally independent organisation units, the respective operating unit or the respective geographically defined segment of the incorporating organisation unit is viewed as the cash-generating unit.

The calculation of the value in use is based on the net present value of future cash flows anticipated from the ongoing use of the cash-generating unit. In this process, the forecast of the cash flows is derived from the current planning prepared by Management on a three-year horizon, as well as other assumptions which are based on the knowledge available at the time, market forecasts and empirical experience.

The cash flows were based on business sector-specific discount factors before tax between 4.4% and 8.5%. The growth rates are the expected average for the sector. For the purpose of extrapolating the forecast based on the third budget year, a currently expected business sector-specific growth rate of between 1.0% and 3.0% has been assumed for the periods thereafter.

Based on market data, the impairment test for cash-generating unit BayWa Agrarhandel Group used a discount factor of 7.5% as well as a constant growth rate, derived from the industry average and historical values, of 2.0%. A 1.0% increase in the discount factor would likely result in the carrying value exceeding the fair value in use of the cash-generating unit by approximately €4.850 million.

Based on market data, the impairment test for cash-generating unit AWS Entsorgung GmbH Abfall und Wertstoff Service used a discount factor of 6.1% as well as a constant growth rate, derived from the industry average and historical values, of 2.0%. A 1.0% increase in the discount factor would likely result in the carrying value exceeding the fair value in use of the cash-generating unit by approximately €0.100 million (2015: €0.300 million).

Based on market data, the impairment test for cash-generating unit CLAAS Südostbayern GmbH used a discount factor of 8.4% as well as a constant growth rate, derived from the industry average and historical values, of 3.0%. A 1.0% increase in the discount factor would likely result in the carrying value exceeding the fair value in use of the cash-generating unit by approximately €1.100 million. A 0.5% decrease in the discount factor would, in turn, likely result in the carrying value exceeding the fair value in use of the cash-generating unit by approximately €0.400 million.

The following is a breakdown of the additions to intangible assets:

in € million	2016	2015
Additions from developments within the company	11.879	4.843
Additions from separate acquisition	13.990	16.448
Additions from business combinations	46.070	16.864
	71.939	**38.155**

(C.2.) Property, plant and equipment

All property, plant and equipment are used for operations. This item is measured at cost, minus depreciation. If necessary, an impairment loss is recognised. The cost is made up of the purchase price, incidental purchase (transaction) costs and subsequent purchase costs, less any price reductions received. If there is an obligation to decommission an asset which is part of non-current assets at the end of its useful life, or to dismantle or rebuild a site, the estimated costs of these activities will raise the cost of purchasing the asset. Property, plant and equipment are depreciated on a straight-line basis over the course of their useful life. The units of production method was also used in exceptional cases where this provided a true representation of the pattern in which the future economic benefits are expected to be consumed. Depreciation is based on the following periods of useful life applied uniformly throughout the Group:

	In years
Company premises and office buildings	25 – 33
Residential buildings	50
Land improvements	10 – 20
Technical facilities and machinery	4 – 30
Other facilities, fixtures and office equipment	3 – 15

The calculation of impairment losses has been carried out in consideration of IAS 36 (Impairment of Assets). Impairment requirements are calculated by comparing the book value of land and buildings and technical facilities with their recoverable amount. The calculation of the recoverable amount is based on the value in use. This did not result in a need for impairment in the financial year 2016. This resulted in a need for impairment of €6.380 million in the prior year, which was due to the lower earnings potential of four wind parks and one biogas plant allocated to technical facilities and machinery in the Energy Segment. Added to this was a need for impairment of €0.170 million on the technical facilities of a further Group company, which was the result of the limited utilisation of affected asset.

Borrowing costs in connection with the purchase of property, plant and equipment, which under IAS 23 should be capitalised, are not recognised in BayWa's consolidated financial statements owing to the lack of qualifying assets.

An amount of €5.827 million (2015: €3.961 million) of total property, plant and equipment recognised at the end of the reporting period served as collateral for liabilities.

Assets from leasing are also disclosed under non-current assets. These are mainly finance lease qualifications in the area of real estate, technical facilities and machinery and EDP hardware. Under IAS 17, lease agreements are to be valued on the basis of opportunities and risks according to whether the beneficial ownership of the leased object is allocable to the lessee (finance lease) or the lessor (operating lease). Consequently, under IFRS the substance rather than the form of such transactions is the factor for determining value.

Under IAS 17, property, plant and equipment rented by way of finance lease are reported at fair value, provided that the net present value of the minimum lease payments is not lower. Depreciation is carried out on a straight-line basis over the expected useful life or over the shorter term of the contract. Payment obligations arising from future lease instalments are reported on the liabilities side as financial liabilities.

Non-current assets comprise assets worth €223.286 million (2015: €215.822 million) that qualify as finance leases and which are assignable to the Group as beneficial owner owing to the content of the related lease agreements. Of this amount, €213.034 million (2015: €210.717 million) relates to land and buildings, €0.455 million (2015: €0.242 million) to technical facilities and machinery, €9.766 million (2015: €4.801 million) to office fixtures and fittings as well as €0.031 million (2015: €0.062 million) to intangible assets. In individual cases, purchase options, classified as finance leases, were agreed at the end of the term for lease agreements. A decision is made on a case-by-case basis as to whether to exercise the option to purchase at the end of the respective term.

Leases of land and buildings result almost exclusively from a BayWa AG sale and lease back transaction in the financial year 2013 for a portfolio of 80 items of real estate. Due to the terms of the uniform lease agreements for the real estate that BayWa AG has leased ever since this time, these agreements are to be classified as finance leases pursuant to the classification criteria of IAS 17. The lease agreements include a fixed terms of 10 years initially, with the lessor having two lease extension options of 10 and then 5 years. In the event that the lessor exercises both of the lease extension options, BayWa AG will then have the option to extend the lease term by a further 5 years. There is no option to purchase the real estate at the end of the lease term. The accounting profit resulting from the transaction is included as deferred income under other liabilities and is released through profit and loss over the term of the lease.

The overall future lease instalments under the existing lease agreements totalled as follows:

in € million	2016	2015
Sum total of future minimum lease payments		
Due within one year	20.192	18.622
Due between one and five years	74.181	69.452
Due after more than five years	215.000	220.610
	309.373	**308.684**
Interest portion included in future minimum lease payments		
Due within one year	11.821	11.951
Due between one and five years	42.606	43.668
Due after more than five years	82.436	91.571
	136.863	**147.190**
Present value of future minimum lease payments		
Due within one year	8.371	6.671
Due between one and five years	31.575	25.784
Due after more than five years	132.564	129.039
	172.510	**161.494**

In respect of agreements which are classified as operating leases, largely real estate rental contracts, vehicle leasing and irrevocable building rights agreements, the future minimum lease payments are as follows:

in € million	2016	2015
Sum total of future minimum lease payments		
Due within one year	81.536	77.807
Due between one and five years	191.676	203.859
Due after more than five years	301.570	295.394
	574.782	**577.060**

In the financial year, rental expenses of €68.888 million (2015: €67.723 million) from operating leases were paid.

(C.3.) Participating interests recognised at equity, other financial assets and securities

Joint ventures and associates included in the consolidated financial statements are recognised using the equity method in proportion to their equity plus any goodwill generated from the acquisition process.

Other financial assets of BayWa Group comprise interests in non-consolidated affiliated companies, interest in other holdings, credit balances with cooperatives, loans and securities. These financial assets are allocated to the categories “held for trading”, “available for sale”, “loans and receivables” and “held to maturity”, capitalised and measured in accordance with IAS 39.

Financial assets held for trading are always recognised at their fair value. The fair value corresponds to the market or stock market value (level 1 of the fair value hierarchy). Changes in fair value are recorded through profit and loss under other income from shareholdings.

Securities assigned to the “financial assets held for trading” category were stated at a fair value totalling €1.966 million on the reporting date (2015: €1.983 million). As they are held for trading, they have been disclosed under current assets.

Assets assigned to the “available for sale” category are reported at fair value provided there is an active market or fair values can be reliably calculated with a justifiable amount of effort, recognised at their fair values and otherwise carried at cost and, if necessary, less impairments. In the case of assets stated at fair value, the difference between the cost originally recognised and the fair value at the end of the reporting period is offset in equity on the reporting date without effect on income. Assets reported at fair value are measured using stock market quotations prevailing at the end of the reporting period (level 1 of the fair value hierarchy).

In the reporting year, appreciations without effect on income totalling €33.898 million (2015: impairment of €0.225 million) were carried out on assets classified as “available for sale” and recognised at fair value. Of this amount, €33.693 million is attributable to the shares in Raiffeisen Zentralbank AG, Vienna, Austria, for which a market price was available for the first time on account of an existing fusion; this market price could be used for the valuation.

All the shares in non-consolidated subsidiaries are recognised at cost. Sale is at present not intended in the case of financial assets measured at cost.

Loans to affiliated companies and other holdings as well as other loans are classified as “loans and receivables”. These are measured at amortised cost using the effective yield method.

There are currently no assets classified as “held to maturity” in BayWa Group.

Development of the consolidated non-current assets for 2016

Noe (C.1. – C.3. and C.5.)

in € million		Acquisition/production costs						
	01/01/2016	Currency differences	Additions from consolidation	Additions	Disposals	Disposals from consolidation	Transfers	31/12/2016
Intangible assets								
Industrial property rights, similar rights and assets	209.234	– 0.148	26.559	9.907	2.353	0.084	1.318	244.433
Goodwill	108.313	– 0.119	19.894	–	–	–	– 0.396	127.692
Prepayments on account	2.357	0.017	–	15.962	0.030	–	– 0.810	17.496
	319.904	**– 0.250**	**46.453**	**25.869**	**2.383**	**0.084**	**0.112**	**389.621**
Property, plant and equipment								
Land, similar rights and buildings, including buildings on leasehold land	1,418.156	8.803	16.647	28.894	8.644	15.413	– 0.943	1,447.500
Technical facilities and machinery	998.341	6.550	7.123	28.652	35.415	7.496	– 11.821	985.934
Other facilities, fixtures and office equipment	302.538	0.608	1.893	28.348	27.406	1.764	0.699	304.916
Prepayments and assets under construction	48.496	0.282	–	41.999	1.222	1.102	– 38.102	50.351
Non-current biological assets	18.143	0.916	–	0.258	0.646	–	0.574	19.245
	2,785.674	**17.159**	**25.663**	**128.151**	**73.333**	**25.775**	**– 49.593**	**2,807.946**
Participating interests recognised at equity	**203.895**	**–**	**20.402**	**3.526**	**–**	**12.574**	**– 0.088**	**215.161**
Other financial assets								
Shareholdings in affiliated companies	26.180	–	0.025	1.627	0.381	0.171	–	27.280
Loans to affiliated companies	0.500	–	–	0.003	0.244	–	–	0.259
Participations in other companies	100.844	– 0.945	0.021	2.526	0.556	0.137	0.088	101.841
Loans to associated companies	45.930	0.014	–	2.637	12.999	–	– 0.118	35.464
Non-current marketable securities	5.278	0.010	0.052	0.006	0.108	–	–	5.238
Other loans	6.909	0.020	0.037	2.254	5.989	–	0.118	3.349
	185.641	**– 0.901**	**0.135**	**9.053**	**20.277**	**0.308**	**0.088**	**173.431**
Investment property								
Land	44.821	–	–	0.055	1.374	0.003	– 9.824	33.675
Buildings	74.605	–	–	0.029	0.492	1.368	– 3.428	69.346
	119.426	**–**	**–**	**0.084**	**1.866**	**1.371**	**– 13.252**	**103.021**
Consolidated non-current assets	**3,614.540**	**16.008**	**92.653**	**166.683**	**97.859**	**40.112**	**– 62.733**	**3,689.180**

	Depreciation/amortisation									Book values	
	01/01/2016	Currency differences	Depreciation related to additions from consolidation	Write-downs in current year	Disposal-related depreciation	Depreciation related to disposals from consolidation	Write-ups	Transfers	31/12/2016	31/12/2016	31/12/2015
	130.417	0.177	0.383	24.392	2.154	0.055	–	0.234	153.394	91.039	78.817
	22.678	–	–	1.321	–	–	–	– 0.395	23.604	104.088	85.635
	–	–	–	–	–	–	–	–	–	17.496	2.357
	153.095	**0.177**	**0.383**	**25.713**	**2.154**	**0.055**	**–**	**– 0.161**	**176.998**	**212.623**	**166.809**
	572.728	1.834	5.917	33.964	6.081	1.960	–	– 9.311	597.091	850.409	845.428
	575.249	5.031	1.953	38.906	25.292	2.809	–	– 6.926	586.112	399.822	423.092
	213.031	0.546	1.256	26.779	23.563	1.093	–	– 0.093	216.863	88.053	89.507
	0.643	–	–	–	–	0.642	–	0.005	0.006	50.345	47.853
	4.209	0.248	–	0.816	0.114	–	–	–	5.159	14.086	13.934
	1,365.860	**7.659**	**9.126**	**100.465**	**55.050**	**6.504**	**–**	**– 16.325**	**1,405.231**	**1,402.715**	**1,419.814**
	0.019	**–**	**–**	**–**	**–**	**0.019**	**–**	**–**	**–**	**215.161**	**203.876**
	13.326	–	–	0.110	–	–	0.003	–	13.433	13.847	12.854
	0.017	–	–	–	0.011	–	–	–	0.006	0.253	0.483
	3.858	–	–	1.437	0.634	–	33.684	–	– 29.023	130.864	96.986
	–	–	–	–	–	–	–	–	–	35.464	45.930
	0.178	– 0.018	–	0.035	0.034	–	0.271	–	– 0.110	5.348	5.100
	0.066	–	–	–	–	–	–	–	0.066	3.283	6.843
	17.445	**– 0.018**	**–**	**1.582**	**0.679**	**–**	**33.958**	**–**	**– 15.628**	**189.059**	**168.196**
	3.369	–	–	–	–	–	–	–	3.369	30.306	41.452
	60.142	–	–	1.700	0.492	1.368	–	– 1.915	58.067	11.279	14.463
	63.511	**–**	**–**	**1.700**	**0.492**	**1.368**	**–**	**– 1.915**	**61.436**	**41.585**	**55.915**
	1,599.930	**7.818**	**9.509**	**129.460**	**58.375**	**7.946**	**33.958**	**– 18.401**	**1,628.037**	**2,061.143**	**2,014.610**

Development of consolidated non-current assets for 2015
Note (C.1. – C.3. and C.5.)

in € million		Acquisition/production costs						
	01/01/2015	Currency differences	Additions from consolidation	Additions	Disposals	Disposals from consolidation	Transfers	31/12/2015
Intangible assets								
Industrial property rights, similar rights and assets	180.065	2.605	11.573	19.018	6.790	–	2.763	209.234
Goodwill	98.401	3.589	7.914	–	1.591	–	–	108.313
Prepayments on account	2.491	0.006	0.083	2.273	–	–	– 2.496	2.357
	280.957	**6.200**	**19.570**	**21.291**	**8.381**	**–**	**0.267**	**319.904**
Property, plant and equipment								
Land, similar rights and buildings, including buildings on leasehold land	1,382.279	– 4.547	17.713	33.161	19.295	–	8.845	1,418.156
Technical facilities and machinery	1,003.953	– 1.369	4.100	33.145	53.482	–	11.994	998.341
Other facilities, fixtures and office equipment	305.018	– 0.164	1.251	29.205	34.908	–	2.136	302.538
Prepayments and assets under construction	52.181	– 0.178	0.041	55.470	2.766	–	– 56.252	48.496
Non-current biological assets	13.609	– 0.339	–	2.221	–	–	2.652	18.143
	2,757.040	**– 6.597**	**23.105**	**153.202**	**110.451**	**–**	**– 30.625**	**2,785.674**
Participating interests recognised at equity	**196.463**	**–**	**9.176**	**10.244**	**–**	**12.424**	**0.436**	**203.895**
Other financial assets								
Shareholdings in affiliated companies	25.480	–	0.598	1.811	0.039	1.670	–	26.180
Loans to affiliated companies	0.806	–	–	0.280	0.586	–	–	0.500
Participations in other companies	101.787	0.670	0.005	1.469	0.821	1.830	– 0.436	100.844
Loans to associated companies	57.468	– 0.007	–	2.363	12.468	1.426	–	45.930
Non-current marketable securities	5.944	– 0.010	–	0.011	0.667	–	–	5.278
Other loans	6.772	0.008	–	1.186	1.046	0.011	–	6.909
	198.257	**0.661**	**0.603**	**7.120**	**15.627**	**4.937**	**– 0.436**	**185.641**
Investment property								
Land	56.446	–	–	0.018	0.782	–	– 10.861	44.821
Buildings	92.867	–	–	0.027	2.132	–	– 16.157	74.605
	149.313	**–**	**–**	**0.045**	**2.914**	**–**	**– 27.018**	**119.426**
Consolidated non-current assets	**3,582.030**	**0.264**	**52.454**	**191.902**	**137.373**	**17.361**	**– 57.376**	**3,614.540**

Depreciation/amortisation									Book values	
01/01/2015	Currency differences	Depreciation related to additions from consolidation	Write-downs in current year	Disposal-related depreciation	Depreciation related to disposals from consolidation	Write-ups	Transfers	31/12/2015	31/12/2015	31/12/2014
111.245	1.670	2.706	20.079	5.267	–	–	– 0.016	130.417	78.817	68.820
21.604	–	–	1.159	0.085	–	–	–	22.678	85.635	76.797
–	–	–	–	–	–	–	–	–	2.357	2.491
132.849	**1.670**	**2.706**	**21.238**	**5.352**	**–**	**–**	**– 0.016**	**153.095**	**166.809**	**148.108**
567.834	– 0.763	0.064	33.814	17.654	–	–	– 10.567	572.728	845.428	814.445
573.804	– 2.164	–	45.539	39.956	–	–	– 1.974	575.249	423.092	430.149
217.731	– 0.129	0.578	26.820	31.908	–	–	– 0.061	213.031	89.507	87.287
0.634	–	–	–	0.216	–	–	0.225	0.643	47.853	51.547
0.502	– 0.014	–	0.742	–	–	–	2.979	4.209	13.934	13.107
1,360.505	**– 3.070**	**0.642**	**106.915**	**89.734**	**–**	**–**	**– 9.398**	**1,365.860**	**1,419.814**	**1,396.535**
0.019	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.019**	**203.876**	**196.444**
13.309	–	–	0.030	0.013	–	–	–	13.326	12.854	12.171
0.089	–	–	0.017	0.089	–	–	–	0.017	0.483	0.717
3.159	–	–	1.227	0.068	–	0.460	–	3.858	96.986	98.628
–	–	–	–	–	–	–	–	–	45.930	57.468
0.094	0.003	–	0.111	0.020	–	0.010	–	0.178	5.100	5.850
0.064	0.002	–	–	–	–	–	–	0.066	6.843	6.708
16.715	**0.005**	**–**	**1.385**	**0.190**	**–**	**0.470**	**–**	**17.445**	**168.196**	**181.542**
4.137	–	–	–	–	–	–	– 0.768	3.369	41.452	52.309
72.327	–	–	2.008	1.655	–	–	– 12.538	60.142	14.463	20.540
76.464	**–**	**–**	**2.008**	**1.655**	**–**	**–**	**– 13.306**	**63.511**	**55.915**	**72.849**
1,586.552	**– 1.395**	**3.348**	**131.546**	**96.931**	**–**	**0.470**	**– 22.720**	**1,599.930**	**2,014.610**	**1,995.478**

(C.4.) Biological assets

The unharvested fruits of bearer plants of T&G Global Limited and its subsidiaries in New Zealand are recognised in biological assets. Biological assets are also measured at fair value based on their location and the condition of the respective plants, less estimated selling costs. Gains or losses from the change in the fair value of biological assets are recognised in the income statement. Selling costs include all costs required to sell the assets.

The fair values of biological assets developed as follows:

in € million	**2016**	2015
Biological assets		
Biological assets on 1 January	11.977	9.171
Capitalised costs	18.944	44.577
Additions from acquisitions	–	–
Additions from company acquisitions	–	0.370
Change in fair value less selling costs	4.850	5.116
Disposals due to harvest	– 21.238	– 47.024
Reclassification of current assets		–
Disposal due to sales		–
Currency differences	0.604	– 0.233
Biological assets on 31 December	**15.137**	**11.977**

The fair values of the biological assets of the BayWa Group, which comprise apples, blueberries, citrus fruits, kiwis and tomatoes, are calculated annually on the basis of discounted cash flows. The measurement methods applied at the Group are to be allocated to level 3 of the fair value hierarchy and are therefore not based on observable market data. There were no transfers between the individual levels of the fair value hierarchy as at 31 December 2016.

Costs are based on current average costs and are in line with standard industry costs. The underlying costs vary depending on the location, cultivation and variety of the bearer plants. A suitable discount rate is determined to allow the fair value of the cash flows to be calculated. The market value of the biological assets before or during the harvest period is based on harvest volumes and estimated market prices, less harvesting and cultivation costs. Changes in the assumptions and estimates used to determine the market value may have a significant impact on the carrying value of the biological assets and the reported result of the valuation.

The following key assumptions and considerations were taken into account when determining the fair value of the Group's biological assets:

Predictions for the following year are based on the cash flows forecasted by the Management, estimates of the future revenues and the inflation-adjusted margins, and take into account the location and variety of the biological assets.

Risk-adjusted discount rates take into account risks associated with the harvest, such as natural disasters, diseases in plants, or other factors that could negatively affect quality, yields, or prices.

All material changes in the current year and the following year from harvest management.

The following unobservable input factors were used to measure the Group's biological assets:

	Unobservable input factors	Variance of unobservable input factors 2016	2015
Tomatoes	Tonnage per hectare per year Price per kilogram ex works price per season Risk-adjusted discount rate	190 tonnes to 1,641 tonnes per hectare per year €1.14 to €11.74 per kg 25.0%	187 tonnes to 1,702 tonnes per hectare per year €1.16 to €11.21 per kg 25.0%
Apples	tce[1] per hectare per year Export price per tce[1] Risk-adjusted discount rate	2,500 tce[1] to 4,750 tce[1] per hectare per year €13.19 to €32.98 per tce[1] 25.0%	2,500 tce[1] to 5,000 tce[1] per hectare per year €12.56 to €31.41 per tce[1] 35.0%
Citrus fruits	Tonnage per hectare per year Price per tonne ex works price per season Risk-adjusted discount rate	23 tonnes to 40 tonnes per hectare per year €857.63 to €1,603.11 per tonne 14.0%	20 tonnes to 39 tonnes per hectare per year €816.58 to €1,526.38 per tonne 10.0%
Kiwi fruits	Crates per hectare per year Price per crate ex works price per season Risk-adjusted discount rate	8,500 crates to 15,000 crates per hectare per year €3.08 to €4.68 per crate 18.0%	8,500 crates to 15,000 crates per hectare per year €2.93 to €4.46 per crate 10.0%
Blueberries	Tonnage per hectare per year Price per kilogram ex works price per season Risk-adjusted discount rate	10.9 tonnes per hectare per year €6.37 to €12.96 per kg 18.0%	5.6 tonnes per hectare per year €6.06 to €12.34 per kg 10.0%

tce[1] – tray carton equivalent (corresponds to approximately 18 kg)

A rise in the harvest volume or a price increase will result in an increase in the fair value of the biological assets. A rise in the discount rate, on the other hand, will result in a decrease in the fair value of the biological assets.

The following table shows the fair values of the harvest as at 31 December 2016:

in € million	**2016**	2015
Biological assets		
Apples	11.757	8.533
Blueberries	0.299	0.189
Citrus fruits (lemons, mandarins, oranges)	1.294	0.938
Kiwi fruits	0.881	0.624
Tomatoes	0.703	1.672
Other biological assets (including grapes and strawberries)	0.203	0.021
Biological assets on 31 December	**15.137**	**11.977**

Financial risks may arise from the Group's agricultural activities as a result of unfavourable climatic conditions or natural disasters. Furthermore, the Group may be exposed to financial risks as a result of unfavourable changes in market prices or harvest volumes or unfavourable change in exchange rates.

Price risks are minimised by the constant monitoring of commodity prices and the influences of these. The Group also implements appropriate measures to ensure that climatic conditions, natural disasters, diseases in plants, or other factors do not negatively impact harvest quality and yields. Derivative financial instruments, such as commodity futures, are used to reduce foreign currency risks.

The following table shows the owned and leased land available for the cultivation of the various types of biological assets:

	2016 hectare	2015 hectare
Biological assets		
Apples	721	686
Blueberries	11	11
Citrus fruits (lemons, mandarins, oranges)	155	154
Grapes	74	–
Kiwi fruits	42	55
Tomatoes	29	29
Other biological assets	2	1

The following table shows the production volume of the various types of biological assets on own and leased land available for cultivation:

	2016	2015	Units of production
Biological assets			
Apples	2,046,889	1,688,322	tce
Blueberries	69,454	38,918	kg
Citrus fruits (lemons, mandarins, oranges)	4,014,432	3,818,403	kg
Grapes	349,320	–	kg
Kiwi fruits	416,471	621,251	Class 1 crates
Tomatoes	12,493,878	9,847,132	kg
Other biological assets	23,880	25,428	kg

(C.5.) Investment property

The “Investment property” item comprises 100 (2015: 110) pieces of land and buildings under lease and/or not essential to the operations of the Group. Allocation is made if the property is leased by third parties, if it is land or greenfield sites not built on and not expressly intended for development or use, and in the case of properties used for a number of purposes, if use by the Group is of minor significance. Properties in this category are mainly warehouses, market buildings, garden centres, farm buildings (barns etc.), silos, farmland and other undeveloped land as well as, to a minor extent, office and residential buildings.

In accordance with the option under IAS 40, these properties are recognised exclusively at amortised cost – and not at fair value – and depreciated over their periods of useful life as indicated under Note C.2. The book value on the reporting date came to €41.585 million (2015: €55.915 million). In the financial year, depreciation of buildings came to €1.700 million (2015: €2.008 million). The expense in the same amount has been included under depreciation and amortisation in the income statement. No impairment losses were recognised in the reporting year. In the reporting year, buildings with a book value of €1.513 million (2015: €3.619 million) were reclassified from investment property to property, plant and equipment and non-current assets held for sale. In addition, land with a book value of €9.824 million (2015: €10.093 million) recognised in investment property was reclassified to property, plant and equipment and non-current assets held for sale.

The fair value of these properties was set at €105.273 million (2015: €120.057 million). Fair value is not usually calculated by an expert. Fair value at the end of the reporting period is generally determined on the basis of discounted cash flow calculations (level 3 of the fair value hierarchy). The value of the land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking actual annual rental income generated, less standard management expenses and the residual useful life of the building. A comparison of fair value against the book value of the individual properties showed that there were no impairment requirements in the reporting year. As a result, no impairment losses were recognised on land and buildings – as was also the case in the previous year.

Rental income came to €6.026 million (2015: €5.883 million); operating expenses (excluding depreciation) for the properties for which rental income was realised came to €0.499 million (2015: €0.507 million). In regard to properties for which no rental income was generated, operating expenses amounted to €0.207 million (2015: €0.262 million).

(C.6.) Tax assets

Income tax receivables comprise the residual amount of the long-term corporate tax credit of BayWa AG pursuant to Section 37 para. 4 of the German Corporate Tax Act (KStG) and also short-term reimbursement claims; they break down as follows:

in € million	**2016**	2015
Non-current income tax claims (with a residual term of more than one year)	0.025	1.432
Current income tax claims (with a residual term of up to one year)	43.365	22.595
	43.390	**24.027**

(C.7.) Financial assets

BayWa Group's financial assets comprise currency and interest rate hedges as well as commodity futures classified as financial instruments pursuant to IAS 39. Financial assets are recognised at fair value as at the balance sheet date. Financial assets are classified as "financial assets held for trading" pursuant to IAS 39 as they are held for trading. Foreign exchange and interest rate hedges are measured at their respective stock market or market values (level 1 of the fair value hierarchy) at the end of the reporting period or derived therefrom (level 2 of the fair value hierarchy). Commodity futures are measured at fair value either directly at prices quoted in an active market at the end of the reporting period (level 1 of the fair value hierarchy) or at prices quoted for the respective goods taking into account the term at the end of the reporting period (level 2 of the fair value hierarchy).

The classification of the fair values of financial assets in the fair value hierarchy breaks down as follows:

	Fair values			
in € million 31/12/2016	Level 1	Level 2	Level 3	Total
Financial assets				
Commodity futures	18.203	84.939	–	103.142
Currency hedges	49.987	–	–	49.987
Interest rate hedges	–	0.012	–	0.012
	68.190	**84.951**	**–**	**153.141**

	Fair values			
in € million 31/12/2015	Level 1	Level 2	Level 3	Total
Financial assets				
Commodity futures	13.563	166.124	–	179.687
Currency hedges	42.529	–	–	42.529
Interest rate hedges	–	0.157	–	0.157
	56.092	**166.281**	**–**	**222.373**

(C.8.) Other receivables and other assets

Receivables and other assets are always recognised at amortised cost and are allocated to the "loans and receivables" category.

All discernible risks, which focus in particular on the solvency of the respective contractual parties, are taken account of by appropriate value adjustments. If a receivable shows signs of impairment, a value adjustment is carried out through to the net present value of expected future cash flows. Receivables which are non- or low-interest-bearing with terms of more than one year have been discounted.

The “Other receivables and other assets” item breaks down as follows:

in € million	2016	2015
Non-current receivables (with a residual term of more than one year)		
Trade receivables	8.814	13.504
Receivables from other taxes	0.020	0.672
Other receivables, including deferred income	39.723	45.434
	48.557	**59.610**
Current receivables (with a residual term of up to one year)		
Trade receivables	969.856	766.432
Receivables from affiliated companies	11.083	9.669
Receivables from companies in which a participating interest is held	38.403	57.809
Receivables from other taxes	62.506	40.078
Other receivables, including deferred income	314.006	380.768
	1,395.854	**1,254.756**

The current values of items recognised at amortised cost do not diverge materially from the book values disclosed.

The table below shows the extent of the credit risks inherent in the receivables and other assets.

					Of which: without specific value adjustments at the end of the reporting period and overdue in the following periods			
in € million	Gross value 2016	Specific value adjustments on receivables	Receivables neither overdue nor adjusted	Overdue receivables charged specific value adjustments	Less than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
Receivables	1,473.633	25.847	1,228.529	219.257	137.770	18.115	25.821	37.551

					Of which: without specific value adjustments at the end of the reporting period and overdue in the following periods			
in € million	Gross value 2015	Specific value adjustments on receivables	Receivables neither overdue nor adjusted	Overdue receivables charged specific value adjustments	Less than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
Receivables	1,337.100	21.781	1,157.564	157.755	109.768	19.449	6.784	21.754

BayWa Group’s customer structure is strongly diversified, both regionally and in terms of the specific segments. As part of risk management, minimum requirements for creditworthiness and, beyond this, individual credit limits in respect of individual customers have been established for all customers of BayWa Group. The receivables portfolio of BayWa Group is largely made up of numerous small receivables. Credit limits of more than €1 million are only accorded to a small number of customers with particularly good credit standing. The continual analysis of the receivables portfolio and special monitoring of customers with high credit limits enable the early identification and evaluation of concentration risks (risk clusters). As at 31 December 2016, the credit risk positions of 75 debtors (2015: 74) were more than €1 million respectively. The Group does not anticipate any material default risk in respect of these customers.

Value adjustment account:
There are material value adjustments requiring disclosure under the IFRS 7 category “Loans and Receivables (LaR)” at BayWa Group in the “Trade receivables” balance sheet item under other receivables and other assets; otherwise, value adjustments play a minor role.

The value adjustment account developed as follows:

in € million	2016	2015
Status of value adjustments on 1 January	22.734	26.608
Currency differences	0.154	– 0.003
Changes in specific value adjustments	4.433	– 0.306
Changes in specific value adjustments calculated on a flat rate basis	1.901	– 3.565
Status of value adjustments on 31 December	**29.222**	**22.734**

The estimates underlying the calculation of value adjustments to trade receivables are based on historical default rates. In the reporting year, there was an allocation to value adjustments with effect on profit or loss of €6.334 million (2015: release of €3.871 million) due to an increase in receivables portfolio as at the reporting date.

Receivables due from affiliated companies and shareholdings relate to both trade receivables and current financings.

Other assets comprise first and foremost supplier credits not yet settled and other receivables items as well as collateral that is required to be posted within the scope of the trading activities. In addition, payments on account for inventories amounting to €102.100 million (2015: €64.688 million) are included.

In order to enhance its financing structure, the Group has secured trade receivables by way of asset-backed securitisation (ABS measure). The total volume from the ABS measure amounted to €140.000 million. Utilisation will be adjusted in line with the variable and seasonal circumstances. The trade receivables secured as at the balance sheet date by way of an ABS measurement totalled €127.107 million (2015: €121.783 million).

(C.9.) Actual and deferred tax assets

Income tax expenses constitute the sum total of current tax expenses and deferred taxes. Current tax expenses are calculated on the basis of taxable income in the year. Taxable income differs from the consolidated result before tax due to expenses and income which are either taxable or tax deductible in subsequent years or never. The Group's liability in respect of current taxes is calculated on the basis of the prevailing tax rates or those that will be valid in the near future from the standpoint of the reporting date. Deferred taxes are recognised for the differences between the book values of the assets and liabilities in the consolidated financial statements and the corresponding tax valuations in the context of calculating taxable income. Deferred tax liabilities are generally reported for all taxable temporary differences; deferred tax assets are only recognised if it is probable that there are taxable gains which can be used for deductible temporary differences. Deferred tax assets on loss carryforwards are recognised provided that future tax advantages are likely to be realised within the next five years (maximum). Such deferred tax assets and deferred tax liabilities are not reported if they arise from temporary differences in goodwill (separate consideration of tax-related goodwill) or from the initial recognition (excepting business combinations) of other assets and liabilities resulting from transactions which have no effect on taxable income or net income. Deferred tax liabilities are formed for taxable temporary differences arising from shares held in subsidiaries or in associates as well as interests in joint ventures, except where the timing of the reversal can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arise through temporary differences in the context of investments and loans which are only recorded to the extent that it is probable that there will be sufficient taxable income available from which assets from temporary differences can be used and where the assumption can be made that they will reverse in the foreseeable future.

The book value of deferred tax assets is assessed every year at the end of the reporting period and lowered if it is unlikely that there will be sufficient taxable income for fully or partially realising the claim.

Deferred tax assets and liabilities are calculated on the basis of expected tax rates (and tax laws) which are likely to be valid at the time when liabilities are settled or assets realised. The measurement of deferred tax assets and liabilities reflects the fiscal consequences which would arise from the way in which, at the end of the reporting period, the Group expects the liabilities to be settled and the assets realised.

Deferred tax assets and liabilities are netted if there is an enforceable right for offsetting current tax assets against current tax liabilities and if they are subject to income tax levied by the same tax authority, and the Group has the intention of settling its current tax assets and current tax liabilities on a net basis. Current and deferred taxes are reported as expenses or income through profit and loss unless they are incurred in connection with items not reported in the income statement (either in other results or directly in equity). In this case, the tax is also to be reported outside the income statement. Moreover, there is no recognition through profit and loss if tax effects arise from the initial recognition of a business combination. In the case of a business combination, the tax effect is to be included when the business combination is accounted for.

(C.10.) Inventories

Raw materials, consumables and supplies, semi-finished and finished goods as well as services and merchandise are disclosed under inventories.

Raw materials, consumables and supplies as well as merchandise are generally valued at cost, taking account of lower net realisable values. In most cases, the average-cost method is applied. In some cases, the FIFO (first in first out) method was applied. Semi-finished and finished goods are recognised at their cost of production. They include all costs directly allocable to the production process as well as an appropriate portion of production-related overheads. Financing costs which can be directly assigned to the purchase, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Agricultural produce, harvested from biological assets, is recognised at fair value at the time of harvest less the expected selling costs (see Note C.4. for details on the fair value measurement of biological assets). Inventory risks arising from the storage period or diminished marketability trigger impairment. Lower values on the reporting date due to lower realisable value are accounted for. One exception to this rule applies to the inventories of the Group companies, which are held exclusively for trading and are therefore measured at fair value less selling costs.

Inventories break down as follows:

in € million	**2016**	2015
Raw materials, consumables and supplies	34.067	29.107
Unfinished goods/services	626.994	485.349
Finished goods/services and merchandise	1,719.228	1,627.085
	2,380.289	**2,141.541**

In the case of lower net realisable value, write-downs are generally carried out in the form of specific value adjustments. Only in exceptional cases was a flat rate calculation applied. Impairment recognised in profit or loss for the reporting year increased year on year, from €85.130 million in 2016 to €97.661 million in the reporting year. There were no reversals through profit and loss in the year under review.

The book value of the inventories reported at fair value less selling costs amounted to €449.319 million at the end of the reporting period (2015: €419.873 million). The fair value of inventories is derived from prices quoted for comparable inventories in active markets at the end of the reporting period.

€18.933 million of the inventories disclosed on the reporting date served as collateral for liabilities (2015: €17.602 million).

In the reporting year, borrowing costs of €0.969 million (2015: €0.810 million) were capitalised as part of the cost of unfinished goods. The calculation of borrowing costs eligible for capitalising was based on a borrowing rate of 1.15% (2015: 1.84%).

The calculation of inventories is carried out through a (brought forward) end-of-period inventory or through continuous inventory.

Construction contracts include contracts relating to the construction of photovoltaic systems; these contracts were accounted for using the percentage-of-completion method. Where the result of a construction contract can be reliably estimated, the BayWa Group recognises revenues using the percentage-of-completion method on the basis of the ratio of the costs already incurred to the estimated total cost of the construction contract. Changes to contractual work, benefits and performance bonuses are included to the extent that the amount can be reasonably estimated and their receipt is considered likely.

If the outcome of a construction contract cannot be reliably estimated, revenue is only recognised to the extent of the contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss shall immediately be recognised as an expense.

The BayWa Group recognises amounts received before construction work is performed in the consolidated balance sheet as payments received. All invoiced amounts that have not yet been paid by customers are presented in the balance sheet as part of trade receivables and other receivables.

Incurred costs and realised profit shares, less losses incurred for current construction contracts, amounted to €84.966 million as at the reporting date. The BayWa Group's sales revenues include revenue from construction contracts determined using the percentage-of-completion method of €77.186 million. The BayWa Group had no construction contracts in the previous year.

No payments received for current construction contracts and from customers include amounts relating to current construction contracts were incurred in the current financial year.

The "Other receivables and other assets" item includes receivables from construction contracts of €79.603 million. Liabilities from construction contracts amounted to €0.079 million as a result of an impending loss.

(C.11.) Cash and cash equivalents

Cash and cash equivalents worth €104.436 million (2015: €84.459 million) comprise cash in hand, cheques and deposits in banks with initial terms of no more than three months.

(C.12.) Non-current assets held for sale/disposal groups

Assets of BayWa Group are classified as non-current assets held for sale if there is a Board of Management resolution on the sale and the sale is highly probable within the following year (2017).

At the end of the reporting period, there were 12 properties (2015: 5) intended for sale and disclosed under the non-current assets held for sale item. These relate to two parcels of undeveloped land, developed land with warehouses, halls, petrol stations and a car dealership as well as one parcel of developed land with a DIY and garden centre.

The standard under IFRS 5 regulating measurement specifies that depreciation of the respective assets must be suspended and impairment losses must only be recognised owing to lower fair values less costs to sell.

There were assets with book values assigned to non-current assets held for sale/disposal groups totalling €24.931 million at the end of the reporting period (2015: €9.796 million). Fair value less estimated costs to sell came to a total of €31.346 million (2015: €16.095 million).

Fair value is measured on the basis of ongoing purchase price negotiations taking into account possible costs to sell. In those cases in which no disposal prices could be derived from ongoing purchase price negotiations, the fair value of real estate is measured on the basis of discounted cash flow calculations (level 3 of the fair value hierarchy). The value of the land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking actual annual rental income generated, less standard management expenses and the residual useful life of the building.

Non-current assets held for sale/disposal groups break down as follows:

in € million 2016	Agriculture Segment	Building Materials Segment	Energy Segment	Innovation & Digitalisation Segment	Other Activities Segment	Total
Non-current assets						
Property, plant and equipment	–	–	–	–	24.931	**24.931**
Non-current assets held for sale/disposal groups	–	–	–	–	**24.931**	**24.931**

in € million 2015	Agriculture Segment	Building Materials Segment	Energy Segment	Innovation & Digitalisation Segment	Other Activities Segment	Total
Non-current assets						
Property, plant and equipment	–	–	–	–	9.796	9.796
Non-current assets held for sale/disposal groups	**–**	**–**	**–**	**–**	**9.796**	**9.796**

The gains or losses from disposal realised in the current financial year in connection with non-current assets held for sale/disposal groups were reported in the income statement under other operating income (Note D.2.) and other operating expenses (Note D.5.).

(C.13.) Equity

The consolidated statement of changes in equity shows the development of equity in detail.

Share capital

On 31 December 2016, BayWa AG's share capital of €89.347 million (2015: €89.047 million) was divided into 34,901,185 ordinary registered shares with an arithmetical portion in the share capital of €2.56 per share. Of the shares issued, 33,540,729 are registered shares with restricted transferability and 117,205 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2017 onwards). 1,243,251 shares are not registered shares with restricted transferability.

In respect of subscribed capital disclosed and pursuant to IAS 32, the share capital was reduced by the mathematical value of the shares bought back (19,500 units, the equivalent of €0.050 million) in previous years; the capital reserve also decreased by €0.063 million for the same reason. No shares were bought back in the financial year 2016.

The number of shares in circulation, excluding repurchased treasury shares, developed as follows during the reporting year:

	Registered shares without restricted transferability	Registered shares with restricted transferability
As at 01/01/2016	1,243,251	33,521,229
Issuing of employee shares		117,205
As at 31/12/2016	**1,243,251**	**33,638,434**

Subject to the approval by the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 31 May 2021 by up to a nominal amount of €12,500,000 through the issuance of new registered shares with restricted transferability against contributions in kind. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (Authorised Capital 2016).

Furthermore, subject to the approval of the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 18 May 2020 by up to an overall nominal amount of €5,000,000.00 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued. Of this amount, €610,152.96 has been utilised as at 31 December 2016 through the issuing of employee shares. The remaining amount stands at €4,389,847.04 (remaining Authorised Capital 2015).

Subject to approval by the Supervisory Board, the Board of Management of BayWa AG is authorised to raise the share capital one or several times on or before 31 May 2018 by up to a nominal amount of €10,000,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in partial amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (Authorised Capital 2013).

Capital reserve

The capital reserve of €108.153 million (2015: €104.949 million) is derived mainly from the premiums in an amount of €78.444 million (2015: €75.240 million) from the capital increases executed to date by BayWa AG. Furthermore, premiums were generated on the nominal values of the BayWa shares issued in connection with the acquisition of RWA AG and WLZ AG and the participations exchanged below their rating at the historical stock market prices. These have also been disclosed under capital reserve.

As in 2015, employees of BayWa AG and associates in Germany and Austria had the opportunity to acquire BayWa shares at favourable conditions within the scope of a voluntary Employee Share Scheme in 2016. In this context, 117,205 recent (as at 1 January 2017 dividend-bearing) (2015: 121,136 recent [as at 1 January 2016 dividend-bearing]) registered shares with restricted transferability were issued in the financial year 2016. The exercise price of employee shares came to €17.94 (2015: €17.71) and was thus 60% of the stock market price of registered BayWa shares with restricted transferability, which, on the preceding day, had stood at €29.90 (2015: €29.52); BayWa's Board of Management had passed the resolution on the capital increase required for this measure. As in 2015, the contribution of each participating employee amounted to at least €135.00 and no more than €540.00. The advantage granted of €1.402 million (2015: €1.431 million), which was the difference between the actual buying price and the stock market price, was posted to capital reserve in accordance with IFRS 2 and reported as an expense under personnel expenses. The vesting period for these shares will end on 31 December 2018. The shares issued to Austrian employees are also subject to a tax retention period, which will end on 31 December 2021.

Revenue reserves

The revenue reserves of the Group stood at €537.042 million at the end of the reporting period (2015: €538.564 million). Of this amount, €5.204 million (2015: €5.162 million) was attributable to the statutory reserve, €13.220 million (2015: €–4.373 million) to the assessment reserve, €–238.148 million (2015: €–209.543 million) to the reserves for actuarial gains and losses for provisions for pensions and severance pay and €756.766 million (2015: €747.318 million) to other reserves. Transfers to and withdrawals from the revenue reserves were recorded both at the parent company BayWa AG and at the consolidated subsidiaries.

Other reserves

Other reserves comprise consolidated profit available for distribution of €54.210 million (2015: €69.679 million) as well as currency differences of €15.640 million (2015: €7.487 million) carried without effect on income.

Minority interest

The minority interest in equity primarily pertains to the cooperatives invested in the Austrian subsidiaries as well as the minority shareholders in T&G Global Limited and their respective subsidiaries. Details on the shares held by the non-controlling shareholders can be found in Note B.1. of the Consolidated Financial Statements.

Capital management

The capital structure of the Group is made up of liabilities and equity. It is described in more detail in Notes C.13. to C.22. Equity capital came to 17.0% (2015: 17.8%) of total equity at the end of the reporting period. Adjusted for the recognised reserve for actuarial gains and losses from provisions for pensions and severance pay including minority interests in the amount of €–245.373 million (2015: €–215.712 million), the equity ratio is 20.8% (2015: 21.4%). As this reserve results from a change of parameters not within the company's control when calculating personnel provisions, BayWa's capital management uses an adjusted equity ratio. For trading companies such as BayWa Group, a fixed equity ratio is only of limited relevance as a key business figure. However, in particular the change in current assets following the warehousing of inventories in the form of agricultural commodities, as well as the acquisition of project rights in the Renewable Energies business sector filters through directly to total assets and, in turn, the equity ratio forms the foundation for corresponding trading activities in the following year. As a result, BayWa Group uses equity-to-fixed-assets ratio II as a target. This is designed to ensure that equity and long-term borrowings cover at least 90% of non-current assets. As at 31 December 2016, the equity-to-fixed-assets ratio was in excess of 100%.

Gearing

BayWa Group's management assesses and manages the capital structure in regular intervals via factors such as the key indicators "adjusted net debt", "adjusted equity" and "adjusted net debt/EBITDA".

Cash and cash equivalents are deducted from current and non-current financial liabilities at banks. Non-recourse financings are also deducted despite them carrying interest. They pertain to loans extended to project companies in the Renewable Energies business sector that are solely based on project cash flow instead of BayWa Group's credit rating. Lenders have no access whatsoever to BayWa Group's assets and cash flows outside each project company. EBITDA generated by the project companies during the reporting year came to €53.865 million (2015: €25.061 million). Grain inventories for immediate use are also deducted. These inventories could be converted into cash and cash equivalents as soon as they are recognised due to their highly liquid and current nature as well as their daily prices listed on international markets and stock exchanges. Any price risk is fully eliminated by a physical asset for sale, either through concluding a sales agreement with a highly solvent business partner or through a forward contract on the stock exchange. On account of the highly liquid nature of these inventories, BayWa Group deems it to be appropriate to deduct them as cash and cash equivalents when calculating net debt and the related financial key figures.

in € million	**31/12/2016**	31/12/2015
Non-current and current liabilities at banks	2,617.594	2,382.647
less cash and cash equivalents	– 104.436	– 84.459
Net debt	**2,513.158**	**2,298.188**
less non-recourse financing	– 260.158	– 181.247
less inventories for immediate use	– 781.835	– 737.215
Adjusted net debt	**1,471.165**	**1,379.726**
Annualised EBITDA	272.568	288.308
Adjusted equity	1,343.719	1,291.613
Net debt (adjusted) to equity (adjusted) (in %)	**109**	**107**
Net debt (adjusted)/EBITDA	**5.40**	**4.79**

(C.14.) Pension provisions

In Germany, there is a defined benefit statutory basic care scheme for employees which undertakes pension payments depending on the contributions made. In addition, pension provisions are set up as part of the company pension scheme to cover obligations arising from accrued pension rights and from ongoing payments to employees in active service and former employees of BayWa Group and their dependents. According to the legal, economic and fiscal circumstances of the respective countries, there are different systems of provisioning for retirement which are generally based on the length of service and the remuneration of the employees.

BayWa Group's current pension commitments are based exclusively on defined benefit plans. They are based both on company agreements and commitments made on a case-by-case basis. For the most part, these are final pay plans. The obligation of the company consists in fulfilling the committed benefits to active and former employees ("defined benefit plans"). The benefit commitments undertaken by the Group are financed by allocations to provisions.

Due to pension plans no longer being available to new participants, the risks for BayWa related to defined benefit plans – such as longevity or salary increases – have been significantly reduced. Prior commitments relate to 12,469 claimants. Of this number, 2,738 are active employees, 2,256 former employees with vested benefits and 7,475 are pensioners and surviving dependants. More details on the arrangement of the key defined benefit plans are provided below.

BayWa grants retirement benefits on the basis of the benefit commitments of benefit plans taken out; the amount paid out depends on the employees' wages or salary. These constitute traditional defined benefit obligations in the form of fixed-sum systems, benchmark systems or final salary based commitments granted in the form of old-age, invalidity, widow/widower or orphan's pensions.

The Group bears the actuarial risks for these prior commitments; these risks include longevity and interest rate risks.

The Group's Austrian companies also grant benefit plans; the amount paid out also depends on the employees' wages or salary. These benefit plans are also granted in the form of old-age, invalidity, widow/widower or orphan's pensions.

The Group also bears the actuarial risks for these commitments; these risks include longevity and interest rate risks.

In addition, the Austrian Group companies have statutory obligations to issue severance payments after the termination of an employment contract. These obligations are defined benefit plans and, as such, also fall within the scope of IAS 19. The Group also bears interest rate risks in these cases.

The provisions for pensions and severance pay have been formed according to the projected unit credit method in accordance with IAS 19. Pursuant to this method, not only the pension and pension rights at the end of the reporting period, but also future increases in pensions and salaries are accounted for applying a cautious assessment of the relevant variables. This calculation is derived from actuarial appraisals and based on a biometric calculation.

The amount of the pension obligations (defined benefit obligation) has been calculated using actuarial methods where estimates are indispensable. Along with assumptions of life expectancy, the following premises, which have been established for the companies in Germany and Austria, play a role. In the case of Group companies which are not located in Germany and Austria, benefit commitments only exist in exceptional cases.

in %	**31/12/2016**	31/12/2015
Discount factor	1.70	2.15
Salary trend	1.00 – 3.00	2.00 – 3.00
Pension trend	1.00 – 3.00	1.50 – 2.50

The amount of severance pay obligations (defined benefit obligation) has also been calculated using actuarial methods based on estimates. The following assumptions were applied as a standard for all Austrian Group companies. The non-Austrian Group companies do not have any severance pay obligations.

in %	**31/12/2016**	31/12/2015
Discount factor	1.15	1.50
Salary trend	2.50 – 3.50	2.50 – 3.50

The salary trend reflects anticipated increases in salaries which, depending on inflation and the length of service to the company, among other factors, are estimated on an annual basis.

For the German companies, assumptions on life expectancy were based on the mortality tables of Prof. Dr. Klaus Heubeck (actuarial tables 2005 G). “AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler” (computational framework for post-employment benefit insurance) in the version intended for employees is used for the Austrian companies.

Increases and decreases in the present value of defined benefit obligations can give rise to actuarial gains or losses, the cause of which can also be divergences between actual and estimated parameters of calculation. The resulting actuarial gains and losses are recognised directly in equity.

Actuarial losses of €43.431 million (2015: actuarial gains of €5.720 million) were recorded directly in equity in the reporting year. This includes actuarial gains in the amount of €0.061 million (2015: actuarial losses of €0.221 million) from associates accounted for using the equity method. As at the end of the reporting period, actuarial losses recognised directly in equity before deferred taxes amounted to €313.578 million (2015: €270.058 million).

Total expenses from BayWa Group’s benefit commitments amounted to €20.986 million (2015: €21.110 million) and comprise the following:

in € million	**2016**	2015
Ongoing service cost	7.233	7.041
+ Share of interest	13.753	14.069
= Sum total recognised through profit and loss	**20.986**	**21.110**

Total expenses from the Austrian Group companies' severance pay obligations amounted to €1.923 million (2015: €1.915 million) and comprise the following:

in € million	2016	2015
Ongoing service cost	1.384	1.379
+ Share of interest	0.539	0.536
= Sum total recognised through profit and loss	**1.923**	**1.915**

The expenses arising from the accrued interest on rights acquired in the past are disclosed under the financial result. Rights accrued in the respective financial year are included under personnel expenses.

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of pension obligations reported at Group level have changed as follows:

in € million		2016	2015
DBO as at 1 January		655.253	671.647
+	Changes in the group of consolidated companies	0.862	–
+	Sum total through profit and loss	20.986	21.110
+/–	Changes in actuarial gains (–)/losses (+)	42.184	– 5.751
–	Pension payments during the reporting period	– 29.271	– 28.953
+/–	Assumption of obligations	– 0.047	– 2.800
=	**DBO as at 31 December**	**689.967**	**655.253**

The actuarial losses calculated for the reporting year (2015: actuarial gains) comprise actuarial losses from adjustments based on empirical experience of €3.408 million (2015: €0.698 million), actuarial losses of €38.664 million (2015: actuarial gains of €6.449 million) from the change in financial assumptions as well as actuarial losses of €0.112 million (2015: €0.000 million) from the change in demographic assumptions.

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of provisions for severance pay reported at Group level have changed as follows:

in € million		2016	2015
DBO as at 1 January		32.695	32.275
+	Changes in the group of consolidated companies	–	–
+	Sum total through profit and loss	1.923	1.915
+/–	Changes in actuarial gains (–)/losses (+)	1.308	– 0.190
–	Pension payments during the reporting period	– 1.724	– 1.305
+/–	Assumption of obligations	–	–
=	**DBO as at 31 December**	**34.202**	**32.695**

The actuarial losses calculated for the reporting year (2015: actuarial gains) comprise actuarial losses from adjustments based on empirical experience of €0.202 million (2015: €0.051 million), actuarial gains of €0.229 million (2015: €0.227 million) from the change in demographic assumptions as well as actuarial losses of €1.335 million (2015: actuarial gains of €0.014 million) from the change in financial assumptions.

Defined pension obligations developed as follows:

in € million	
2012	559.701
2013	540.848
2014	671.647
2015	655.253
2016	**689.967**

The actuarial gains (–)/losses (+) from adjustments with regard to pension obligations based on empirical experience are as follows:

in € million	
2012	7.410
2013	5.980
2014	0.161
2015	0.698
2016	**3.408**

Severance pay obligations developed as follows:

in € million	
2012	27.753
2013	28.923
2014	32.275
2015	32.695
2016	**34.202**

The actuarial gains (–)/losses (+) from adjustments with regard to severance pay obligations based on empirical experience are as follows:

in € million	
2012	1.034
2013	0.187
2014	– 0.590
2015	0.051
2016	**0.202**

In the financial year 2017, we expect that a probable amount of €18.495 million will be recognised through profit and loss for defined benefit plans and €1.808 million for severance pay obligations.

Sensitivity analyses

The material measurement parameters for pension obligation and severance pay provisions are the discount factor as well as the salary trend, and for pension obligations also include the pension trend and the remaining life expectancy, all of which may be subject to a certain degree of fluctuation over time. The following sensitivity analyses for pension and severance pay obligations show the effects on the obligations resulting from changes to material actuarial assumptions. In each case, one material factor was changed with the others remaining constant. In reality, however, it is rather unlikely that these factors would not correlate.

Sensitivity analysis for the DBO from pension obligations

	Change in parameter in % or years	If the parameter increases, the DBO changes by	If the parameter decreases, the DBO changes by	Relationship between measurement parameter and DBO
Discount rate	± 0.75%	– 10.53%	12.54%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	0.94%	– 1.04%	The higher the salary increase, the higher the DBO
Pension increase	± 0.50%	6.26%	– 5.83%	The higher the pension increase, the higher the DBO
Remaining life expectancy according to mortality tables	± 1 year	5.91%	– 6.11%	The higher the life expectancy, the higher the DBO

Sensitivity analysis from the DBO from severance pay obligations

	Change in parameter in % or years	If the parameter increases, the DBO changes by	If the parameter decreases, the DBO changes by	Relationship between measurement parameter and DBO
Discount rate	± 0.75%	– 6.94%	7.80%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	4.99%	– 4.67%	The higher the salary increase, the higher the DBO

The weighted duration of pension obligations is 15 years (2015: 15 years).

The weighted duration of severance pay obligations is 9 years (2015: 10 years).

The expected undiscounted payments from pension and severance pay obligations in subsequent years are as follows:

in € million	Sum total	2017	2018 – 2021	2022 – 2026	> 2026
Pension obligations	978.776	29.079	117.858	146.144	685.695
Severance pay obligations	41.910	1.235	8.035	13.183	19.457

(C.15.) Other provisions

Other provisions are formed when there is an obligation towards a third party which is likely to be called upon and when the amount of the provision can be reliably estimated. Provisions are recognised in the amount of the anticipated utilisation. Provisions which were not drawn upon in the following year are recognised at the discounted settlement amount at the end of the reporting period. Discounting is based on market rates.

Other provisions are mainly attributable to:

in € million	2016	2015
Non-current provisions (with a majority of more than one year)		
Obligations from personnel and employee benefits	62.413	60.033
Other provisions	23.879	22.585
	86.292	**82.618**
Current provisions (with a maturity of up to one year)		
Obligations from personnel and employee benefits	69.222	63.703
Other provisions	110.767	112.237
	179.989	**175.940**

Provisions for obligations arising from personnel and employee benefits consist mainly of provisions for jubilee expenses, service units, vacation backlogs and flexitime credits as well as for age-related part-time service.

Other provisions mainly comprise provisions for obligations from dismantling operations, for outstanding invoices, guarantee obligations, sales-related bonuses and discounts as well as for impending losses from uncompleted transactions.

In addition, there are a number of discernible risks and uncertain obligations. They mainly relate to costs for inherited contamination, follow-up costs and litigation risks.

The provisions developed as follows:

in € million 2016	As at 01/01/2016	Addition	Reclassifi-cation	Compound interest/ discounting	Utilisation	Release	Currency differences	As at 31/12/2016
Non-current provisions								
Obligations from personnel and employee benefits	60.033	8.716	– 0.439	0.689	6.513	0.073	–	62.413
Other provisions	22.585	3.009	– 0.119	1.286	3.016	0.134	0.268	23.879
	82.618	**11.725**	**– 0.558**	**1.975**	**9.529**	**0.207**	**0.268**	**86.292**
Current provisions								
Obligations from personnel and employee benefits	63.703	55.169	0.439	–	46.975	3.349	0.235	69.222
Other provisions	112.237	115.937	0.119	0.072	110.100	8.008	0.510	110.767
	175.940	**171.106**	**0.558**	**0.072**	**157.075**	**11.357**	**0.745**	**179.989**

in € million 2015	As at 01/01/2015	Addition	Reclassifi- cation	Compound interest/ discounting	Utilisation	Release	Currency differences	As at 31/12/2015
Non-current provisions								
Obligations from personnel and employee benefits	61.038	21.479	– 0.740	1.041	22.339	0.446	–	60.033
Other provisions	22.098	5.763	– 2.311	0.822	3.281	0.478	– 0.028	22.585
	83.136	**27.242**	**– 3.051**	**1.863**	**25.620**	**0.924**	**– 0.028**	**82.618**
Current provisions								
Obligations from personnel and employee benefits	62.559	52.285	0.740	–	49.034	2.839	– 0.008	63.703
Other provisions	108.642	115.317	2.311	0.074	108.628	6.220	0.741	112.237
	171.201	**167.602**	**3.051**	**0.074**	**157.662**	**9.059**	**0.733**	**175.940**

(C.16.) Financial liabilities

Financial liabilities include all interest-bearing obligations of BayWa Group effective on the reporting date. These liabilities break down as follows:

in € million 2016	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	1,036.032	775.265	329.926	2,141.223
Commercial paper	475.000	–	–	475.000
Dormant equity holding	1.371	–	–	1.371
	1,512.403	**775.265**	**329.926**	**2,617.594**

in € million 2015	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	1,046.488	633.632	434.708	2,114.828
Commercial paper	266.448	–	–	266.448
Dormant equity holding	1.371	–	–	1.371
	1,314.307	**633.632**	**434.708**	**2,382.647**

BayWa Group finances itself through credit lines, on the one hand, and short-term loans for which no collateral is furnished, on the other. In individual cases, long-term bank loans are used. In the financial year 2016, BayWa AG placed a short-term bonded loan in a nominal amount of €75.000 million on 11 May. BayWa AG placed other bonded loans in 2010, 2011, 2014 and 2015.

The bonded loans serve to diversify the Group's financing and are reported under liabilities due to banks.

2016	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 364-day variable	75.000	11/05/2017	1-month Euribor plus 0.45%

2015	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 5-year fixed	26.000	09/11/2020	1.03%
Bonded loan 5-year variable	20.000	09/11/2020	6-month Euribor plus 0.75%
Bonded loan 6-year fixed	28.000	09/11/2021	1.52%
Bonded loan 6-year variable	21.500	09/11/2021	6-month Euribor plus 1.10%
Bonded loan 7-year fixed	33.500	09/11/2022	1.71%
Bonded loan 7-year variable	24.500	09/11/2022	6-month Euribor plus 1.15%
Bonded loan 10-year fixed	46.500	09/11/2025	2.32%

2014	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 5-year fixed	100.500	06/10/2019	1.34%
Bonded loan 5-year variable	53.000	06/10/2019	6-month Euribor plus 0.85%
Bonded loan 7-year fixed	79.500	06/10/2021	1.87%
Bonded loan 7-year variable	52.000	06/10/2021	6-month Euribor plus 1.10%
Bonded loan 10-year fixed	80.000	06/10/2024	2.63%
Bonded loan 10-year variable	18.000	06/10/2024	6-month Euribor plus 1.45%

2011	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 7-year fixed	67.500	12/12/2018	3.77%
Bonded loan 7-year variable	28.000	12/12/2018	6-month Euribor plus 1.40%

2010	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 7-year variable	42.500	05/10/2017	6-month Euribor plus 1.35%

The bonded loans were reported at the fair value corresponding to the nominal value at the time when they were recognised, less transaction costs. The bonded loans are measured at amortised cost.

Of the current liabilities due to banks, loans of €902.825 million (2015: €842.260 million) are due at any time. The difference of €133.207 million (2015: €204.228 million) relates to the short-term portion of non-current liabilities due to banks. The average effective interest rate on short-term loans is currently approximately 1.11% (2015: 1.38%) per year.

Of the Commercial Paper Programme concluded by BayWa with a total volume of €500,000 million, €475,000 million in commercial paper with an average term of 49 days (2015: 33 days) and an average weighted effective interest rate of 0.38% (2015: 0.56%) had been issued as at the balance sheet date (2015: €266.488 million).

Of the liabilities due to banks, €3.859 million at Group level (2015: €3.532 million) have been secured by a charge over property.

The fair value of the financial liabilities does not diverge materially from the book values disclosed and is reported in Note C.25.

The dormant equity holdings of four Austrian warehouses (“Lagerhäuser”) in RWA AG each have an infinite term which can be terminated by the warehouses at any time. Interest is charged on the dormant equity holdings; the interest rate is fixed contractually. Owing to the short-term nature of these holdings due to termination being possible at any time, the fair value is the book value.

(C.17.) Financial lease obligations

The liabilities-side net present values of future leasing instalments are carried under the finance lease obligations (see also Note C.2.).

in € million 2016	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial lease obligations	8.371	31.575	132.564	172.510

in € million 2015	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial lease obligations	6.671	25.784	129.039	161.494

(C.18.) Trade payables and liabilities from inter-group business relationships

Non-current liabilities are disclosed in the balance sheet at amortised cost. Differences between the historical costs and the repayment amount are taken account of using the effective yield method. Current liabilities are recognised in their repayment or settlement amount.

Liabilities due to affiliated companies and companies in which a participating interest is held comprise not only trade payables but also liabilities arising from financing.

in € million 2016	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Trade payables	744.834	2.596	0.278	747.708
Liabilities due to affiliated companies	5.801	–	–	5.801
Liabilities to companies in which a participating interest is held	45.998	–	–	45.998
Payments received on orders	97.677	–	–	97.677
	894.310	**2.596**	**0.278**	**897.184**

in € million 2015	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Trade payables	673.186	4.684	0.400	678.270
Liabilities due to affiliated companies	3.845	–	–	3.845
Liabilities to companies in which a participating interest is held	38.290	–	–	38.290
Payments received on orders	76.899	–	–	76.899
	792.220	**4.684**	**0.400**	**797.304**

(C.19.) Income tax liabilities

Income tax liabilities according to residual terms break down as follows:

in € million 2016	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Income tax liabilities	29.924	–	–	29.924
	29.924	**–**	**–**	**29.924**

in € million 2015	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Income tax liabilities	25.301	–	–	25.301
	25.301	**–**	**–**	**25.301**

(C.20.) Financial liabilities

BayWa Group's financial liabilities comprise currency and interest rate hedges as well as commodity futures classified as financial instruments pursuant to IAS 39. Financial liabilities are recognised at fair value as at the balance sheet date. Financial liabilities are classified as "financial liabilities held for trading" pursuant to IAS 39 as they are held for trading. Foreign exchange and interest rate hedges are measured at their respective stock market or market values (level 1 of the fair value hierarchy) at the end of the reporting period or derived therefrom (level 2 of the fair value hierarchy). Commodity futures are measured at fair value either directly at prices quoted in an active market at the end of the reporting period (level 1 of the fair value hierarchy) or at prices quoted for the respective goods taking into account the term at the end of the reporting period (level 2 of the fair value hierarchy).

The classification of the fair values of financial liabilities in the fair value hierarchy breaks down as follows:

	Fair values			
in € million 31/12/2016	Level 1	Level 2	Level 3	Total
Financial liabilities				
Commodity futures	17.711	86.848	–	104.559
Currency hedges	50.575	–	–	50.575
Interest rate hedges	–	6.970	–	6.970
	68.286	**93.818**	**–**	**162.104**

	Fair values			
in € million 31/12/2015	Level 1	Level 2	Level 3	Total
Financial liabilities				
Commodity futures	41.287	107.621	–	148.908
Currency hedges	20.603	–	–	20.603
Interest rate hedges	–	4.007	–	4.007
	61.890	**111.628**	**–**	**173.518**

€152.628 million of the disclosed financial liabilities had a residual term of a maximum of one year (2015: €169.868 million). The residual term for financial liabilities of €9.476 million was between one and a maximum of five years (2015: €3.650 million).

(C.21.) Other liabilities

The table below shows a breakdown of other liabilities:

in € million 2016	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Social security	4.549	0.807	–	5.356
Allowances received	0.045	0.389	0.510	0.944
Liabilities from other taxes	65.567	–	–	65.567
Other liabilities including accruals	207.323	28.266	59.978	295.567
	277.484	**29.462**	**60.488**	**367.434**

in € million 2015	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Social security	4.395	0.797	0.191	5.383
Allowances received	0.045	0.273	0.639	0.957
Liabilities from other taxes	65.846	–	–	65.846
Other liabilities including accruals	184.884	27.683	63.836	276.403
	255.170	**28.753**	**64.666**	**348.589**

The fair value of the items disclosed does not diverge materially from the book values disclosed.

In the case of public subventions, these are amounts granted by public-sector authorities in connection with new investments. These subventions are released over the probable useful life of the respective asset with the concurrent effect on income. In the financial year, the release came to €0.112 million (2015: €0.155 million) which is disclosed under other operating income.

(C.22.) Deferred tax liabilities

The deferral of tax on the liabilities side has been carried out according to the temporary concept under IAS 12 using the valid or official and known tax rate as at the reporting date. Further explanations on deferred tax can be found under Note D.8. “Income tax”.

(C.23.) Contingent liabilities

in € million	2016	2015
Bills and notes payable	0.201	1.805
(of which to affiliated companies)	(–)	(–)
Guarantees	148.714	211.457
(of which to affiliated companies)	(5.742)	(3.951)
(of which to associates)	(112.621)	(152.370)
Warranties	83.954	85.905
(of which to affiliated companies)	(–)	(–)
(of which to associates)	(81.234)	(82.500)
Collateral for liabilities of third parties	12.653	8.807
(of which to affiliated companies)	(–)	(–)

For practical reasons, BayWa dispenses with the disclosures specified in IAS 37.86 and IAS 37.89.

(C.24.) Other financial obligations

Along with obligations from rental and leasing agreements (Note C.2.) disclosed as operating leases, there are the following financial obligations:

in € million	2016	2015
Other financial obligations		
from buyback obligations	20.630	14.347
from amounts guaranteed for interests in cooperative companies	9.962	9.974

There are contractual obligations (purchase commitments) of €0.072 million (2015: €0.278 million) for the purchase of intangible assets, €17.689 million (2015: €21.990 million) for property, plant and equipment (real estate, vehicles) and €329.230 million (2015: €307.498 million) for inventories.

(C.25.) Financial instruments

Accounting policies and valuation methods

Under IAS 32, a financial instrument is an agreement which gives rise simultaneously to a financial asset of one entity and a financial liability or equity instrument of another. Initial recognition is carried out at fair value; for subsequent measurements, the financial instruments are allocated to the measurement categories defined under IAS 39 and treated accordingly. Financial assets in BayWa Group are in particular trade receivables and financial investments as well as positive fair values from currency and interest rate hedges. In addition, the positive fair value of commodity futures classified as financial assets within the meaning of IAS 39 would only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group. Financial liabilities regularly constitute a right of repayment in funds or another financial asset. In BayWa Group, these are especially liabilities due to banks and trade payables as well as currency and interest rate hedges. In addition, the negative fair value of commodity futures classified as financial liabilities within the meaning of IAS 39 would only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group.

The financial assets cover the following classes:

Financial assets available for sale (AfS): Financial assets available for sale are primarily financial investments, i.e. participating interests in non-consolidated companies, participations and securities. Measurement is carried out at fair value which is based on the stock market price or the market price in as much as there is an active market which allows realistic measurement. The majority of assets in this category are traded in an active market. For those financial assets in this category not traded in an active market and for which deriving the fair value using comparable transactions of the respective period was also not possible, measurement at cost and, if necessary, less any impairments, was used as the best evidence of fair value. Gains and losses not realised are reported in equity under an available-for-sale reserve without effect on income. Upon disposal of financial assets, the accumulated gains and losses from subsequent measurements at fair value are recorded in equity through profit and loss until this date. If there is evidence of a significant or permanent impairment of the fair value, this is carried out in the income statement through profit and loss.

Loans and receivables (LaR): After initial recognition, loans and receivables are carried in the balance sheet exclusively at amortised cost. In BayWa Group, they mainly have short residual terms. The book value is thus a reasonable approximation of fair value. Gains and losses are recorded directly in the consolidated result when the loans and receivables are charged off or impairment is carried out.

Financial assets held for trading (FAHfT): Financial assets held for trading are recognised at their fair value. This category also comprises derivative financial instruments which do not fulfil the conditions of a hedging instrument. Measurement is based on the market or stock market value. Gains and losses from subsequent measurements are recorded through profit and loss. In addition, this category only includes the positive fair values of those commodity futures scheduled for trading. The measurement of commodity futures is based on the market or stock market value for comparable transactions at the end of the reporting period.

The option of recording financial assets at fair value upon their initial recognition was not selected by BayWa Group.

Financial assets are reported in the balance sheet on the settlement date.

The financial liabilities cover the following classes:

Financial liabilities measured at amortised cost (FLAC): These financial liabilities measured at residual book value are measured at amortised cost after their initial recognition. They mainly have short residual terms. The book value is thus a reasonable approximation of fair value for current financial liabilities. Gains and losses are recorded directly in the consolidated result.

Financial liabilities held for trading (FLHfT): Derivative financial instruments which are not included in an effective hedging strategy under IAS 39 and whose market value from subsequent measurements has resulted in a negative attributable fair value are to be disclosed under this category. Market changes are recorded in the consolidated result through profit and loss. Measurement is made at market/stock market value. In addition, this category only includes the negative fair values of those commodity futures scheduled for trading. The measurement of commodity futures is based on the market or stock market value for comparable transactions at the end of the reporting period.

In addition, BayWa Group may also use a few fair value hedges to hedge inventories through commodities futures. Changes in the market value of derivative financial instruments and their attributable underlying transactions are recorded through profit and loss.

The option of recording financial liabilities at fair value upon their initial recognition was not selected by BayWa Group.

Derivative financial instruments are used in BayWa Group in particular to hedge the interest rate and currency risks arising from operating activities. Interest rate caps, interest rate swaps and futures as well as commodity futures are the main instruments used. Derivative financial instruments are carried at fair value upon their initial recognition and at the end of each subsequent reporting period. The fair value corresponds to the positive or negative market value.

BayWa Group conducts its business mainly in the euro zone. However, business transactions in foreign currencies are also concluded via consolidated Group companies. The majority of the business activities of the New Zealand companies consolidated are denominated in New Zealand dollars as well as in US dollars, euros and pound sterling. The business transactions of the agricultural trade companies are denominated in euros and US dollars as well as in pound sterling, Polish zloty, Hungarian forint, Romanian leu, Russian ruble and Ukrainian hryvnia. The business activities of the consolidated American companies and companies in the UK currency area pertain almost exclusively to their respective currency areas. Similarly, the business activities of the consolidated Hungarian companies are restricted almost without exception to the Hungarian currency area. In BayWa Group, a few transactions in foreign currencies are also carried out in agricultural trading. If foreign currency futures are concluded, they are hedged by the respective forward exchange transactions. For those forward exchange transactions for which there is a clear hedging relationship with an identifiable underlying transaction, the transaction is a hedge within the meaning of IAS 39. In cases in which a hedge exists and is designated as such, changes in the market value of derivative financial instruments are recognised directly in other results. For those derivative financial instruments for which there is no clear hedging relationship with an identifiable underlying, the transaction is not a hedge within the meaning of IAS 39. As a result, forward exchange transactions are marked to market separately from the underlying transactions on the reporting date. Market values are ascertained on the basis of market information available on the reporting date. Hedges generally pertain to the following year's foreign currency futures. On 31 December 2016, there were forward exchange transactions denominated in US dollars, pound sterling, Canadian dollars, Australian dollars, New Zealand dollars, Polish zloty, Swiss francs, Japanese yen, Russian ruble, Croatian kuna, Swedish krona, South African rand, Thai baht and Hungarian forint to hedge currency risks.

In the context of financial management, the Group is active on the money market primarily in borrowing short-term term deposits. The procuring of funds is carried out on the regional market of the respective operating unit. BayWa Group is therefore exposed to interest rate risk in particular. The Group counteracts this risk by using derivatives of financial instruments, in the main interest rate swaps, interest rate caps and futures. Volume-related hedging always comprises only a base amount of the borrowed funds. For those derivative financial instruments for which there is a clear hedging relationship with an identifiable underlying transaction, the transaction is a hedge within the meaning of IAS 39. In cases in which a hedge exists and is designated as such, changes in the market value of derivative financial instruments are recognised directly in other results. For those derivative financial instruments for which there is no clear hedging relationship with an identifiable underlying, the transaction is not a hedge within the meaning of IAS 39. As a result, interest rate derivatives are marked to market separately from the underlying transactions at the end of the reporting period. Market values are ascertained on the basis of market information available at the end of the reporting period. Interest rate hedges relate to both non-current and current financings.

Book and fair values of financial instruments

The table below shows the transition between the balance sheet positions and the IFRS 7 classes and IAS 39 measurement categories, broken down into subsequent "measurement at amortised cost" and "measurement at fair value". The book values are then ultimately shown against fair value for the purpose of comparison. The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability between market participants in an arm's length transaction at the end of the measurement period. Trade receivables and receivables from inter-Group business relationships and other assets generally have short residual terms. Their book values at the end of the reporting period therefore approximate to fair value. Trade payables and liabilities from inter-Group business relationships generally have short residual terms. Their book values approximate to fair value.

in € million 31/12/2016	IAS 39 category of IFRS 7 class	Book value 31/12/2016	Measurement subsequent to initial recognition			Not IFRS 7 class	Fair Value 31/12/2016
			Amortised cost	Fair value without effect on income	Fair value through profit and loss		
Non-current financial assets							
Other financial assets	AfS	150.237	55.814	94.423	–	–	150.237
Other financial assets	LaR	38.822	38.822	–	–	–	38.822
Trade receivables	LaR	8.814	8.814	–	–	–	8.814
Other assets	LaR	39.743	36.756	–	–	2.987	39.743
Current financial assets							
Securities	FAHfT	1.966	–	–	1.966	–	1.966
Financial assets	FAHfT	153.141	–	–	153.141	–	153.141
Trade receivables and receivables from inter-group business relationships	LaR	1,019.341	1,019.341	–	–	–	1,019.341
Other assets	LaR	376.513	290.331	–	–	86.182	376.513
Non-current financial liabilities							
Financial liabilities	FLAC	1,105.191	1,105.191	–	–	–	1,111.349
Trade payables and liabilities from inter-group business relationships	FLAC	2.874	2.874	–	–	–	2.874
Financial liabilities	FLHfT	9.476	–	–	9.476	–	9.476
Other liabilities	FLAC	89.950	13.800	–	–	76.150	89.950
Current financial liabilities							
Financial liabilities	FLAC	1,512.403	1,512.403	–	–	–	1,512.403
Trade payables and liabilities from inter-group business relationships	FLAC	894.310	796.633	–	–	97.677	894.310
Financial liabilities	FLHfT	152.628	–	–	152.628	–	152.628
Other liabilities	FLAC	277.484	199.451	–	–	78.033	277.484
Aggregated by IAS 39 category/IFRS 7 class							
Assets available for sale	AfS	150.237	55.814	94.423	–	–	150.237
Loans and receivables	LaR	1,483.233	1,394.064	–	–	89.169	1,483.233
Financial assets held for trading	FAHfT	155.107	–	–	155.107	–	155.107
Financial liabilities measured at amortised cost	FLAC	3,882.212	3,630.352	–	–	251.860	3,888.370
Financial liabilities held for trading	FLHfT	162.104	–	–	162.104	–	162.104

in € million 31/12/2015	IAS 39 category of IFRS 7 class	Book value 31/12/2015	Measurement subsequent to initial recognition			Not IFRS 7 class	Fair Value 31/12/2015
			Amortised cost	Fair value without effect on income	Fair value through profit and loss		
Non-current financial assets							
Other financial assets	AfS	114.940	109.840	5.100	–	–	114.940
Other financial assets	LaR	53.256	53.256	–	–	–	53.256
Trade receivables	LaR	13.504	13.504	–	–	–	13.504
Other assets	LaR	46.106	42.527	–	–	3.579	46.106
Current financial assets							
Securities	FAHfT	1.983	–	–	1.983	–	1.983
Financial assets	FAHfT	222.373	–	–	222.373	–	222.373
Trade receivables and receivables from inter-group business relationships	LaR	833.910	833.910	–	–	–	833.910
Other assets	LaR	420.846	363.184	–	–	57.662	420.846
Non-current financial liabilities							
Financial liabilities	FLAC	1,068.340	1,068.340	–	–	–	1,076.468
Trade payables and liabilities from inter-group business relationships	FLAC	5.084	5.084	–	–	–	5.084
Financial liabilities	FLHfT	3.650	–	–	3.650	–	3.650
Other liabilities	FLAC	93.419	14.546	–	–	78.873	93.419
Current financial liabilities							
Financial liabilities	FLAC	1,314.307	1,314.307	–	–	–	1,314.307
Trade payables and liabilities from inter-group business relationships	FLAC	792.220	715.321	–	–	76.899	792.220
Financial liabilities	FLHfT	169.868	–	–	169.868	–	169.868
Other liabilities	FLAC	255.170	180.549	–	–	74.621	255.170
Aggregated by IAS 39/IFRS 7 class							
Assets available for sale	AfS	114.940	109.840	5.100	–	–	114.940
Loans and receivables	LaR	1,367.622	1,306.381	–	–	61.241	1,367.622
Financial assets held for trading	FAHfT	224.356	–	–	224.356	–	224.356
Financial liabilities measured at amortised cost	FLAC	3,528.540	3,298.147	–	–	230.393	3,536.668
Financial liabilities held for trading	FLHfT	173.518	–	–	173.518	–	173.518

Hierarchy of financial assets and liabilities measured at fair value

In order to take account of the material factors which form part of the measurement of financial assets and liabilities at fair value, the financial assets and liabilities of BayWa Group, each of which were measured at current value, have been divided up into a hierarchy of three levels.

The levels of the fair value hierarchy and their application to the assets and liabilities are described below:

Level 1: Prices are identical to those quoted in active markets for identical assets or liabilities.

Level 2: Input factors which are not synonymous with the prices assumed at Level 1 but which can be observed either directly (i.e. as prices) or indirectly (i.e. derived from prices) for the respective asset or liability.

Level 3: Factors not based on observable market data for the measurement of the asset or a liability (non-observable input factors).

Derivative financial instruments are used in BayWa Group to hedge currency and interest rate risks. This category also includes the fair values of those commodity futures that are scheduled exclusively for trading and are therefore to be classified as financial instruments within the meaning of IAS 39. These commodity futures are measured at fair value as at the end of the reporting period. The measurement of commodity futures is based on the market or stock market value for identical or comparable transactions at the end of the reporting period. Currency hedges are measured at the closing price of the respective currency at the end of the reporting period. The fair values of commodity futures for those transactions that are traded directly on the stock market are measured at the respective market price. For those transactions not traded directly on the stock market, the fair value is derived from observable market prices. For the main product groups, the fair value is derived from futures so as to include the temporal components of the commodity futures. For those products for which no futures are traded, the fair value is measured at daily prices on the physical markets. The measurement takes into account market liquidity and is discounted from the fair value. For interest rate hedges, the measurement does not take into account relevant basis instruments on the basis of current observable market data and using recognised valuation models, such as the present value method or the Libor market model. CAPs are also measured using valuation models such as the present value method or the option pricing models.

The table below shows the financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy:

Hierarchical assignment of the financial assets and liabilities measured at fair value in the financial year 2016

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments & commodity futures	68.190	84.951	–	153.141
Securities FAHfT	1.966	–	–	1.966
Financial assets AfS	94.423	–	–	94.423
Sum total of financial assets	**164.579**	**84.951**	**–**	**249.530**
Financial liabilities measured at fair value				
Derivative financial instruments & commodity futures	68.286	93.818	–	162.104
Sum total of financial liabilities	**68.286**	**93.818**	**–**	**162.104**

Hierarchical assignment of the financial assets and liabilities measured at fair value in the financial year 2015

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments & commodity futures	56.092	166.281	–	222.373
Securities FAHfT	1.983	–	–	1.983
Financial assets AfS	5.100	–	–	5.100
Sum total of financial assets	**63.175**	**166.281**	**–**	**229.456**
Financial liabilities measured at fair value				
Derivative financial instruments & commodity futures	61.890	111.628	–	173.518
Sum total of financial liabilities	**61.890**	**111.628**	**–**	**173.518**

The rise in level 1 financial assets available for sale (AfS) was mainly the result of shares in Raiffeisen Zentralbank AG, Vienna, Austria, which had previously been reported at amortised cost and for which a market price was available for the first time on account of an existing fusion; this market price could be used for the valuation. The decline in level-2 derivative financial instruments and commodity futures is due to the year-on-year drop in fluctuations in the prices of individual product groups for which the commodity futures were concluded and that are scheduled exclusively for trading.

Net gains and losses

The following table shows net gains/losses from fincancial instruments and in other result reported in the income statement.

2016	Assets			Shareholders' equity and liabilities			Total	Transition	
Category	FAHfT	AfS	LaR	FLHfT	FLAC	No allocation	FI	Not an FI	Total
1. Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4.220**	**4.220**
Income from participating interests	–	1.345	–	–	–	–	1.345	–	1.345
Expenses from participating interests	–	– 1.497	–	–	–	–	– 1.497	–	– 1.497
Result from disposals	–	1.091	–	–	–	–	1.091	14.674	15.765
Result of participating interests	**–**	**0.939**	**–**	**–**	**–**	**–**	**0.939**	**14.674**	**15.613**
Income from other financial assets	–	1.961	–	–	–	–	1.961	–	1.961
Result from disposals	–	0.021	–	–	–	–	0.021	–	0.021
Result of other financial assets	**–**	**1.982**	**–**	**–**	**–**	**–**	**1.982**	**–**	**1.982**
Interest income	–	–	6.302	–	–	–	6.302	–	6.302
Interest income from fair value measurement	0.022	–	–	–	–	–	0.022	–	0.022
Sum total of interest income	**0.022**	**–**	**6.302**	**–**	**–**	**–**	**6.324**	**–**	**6.324**
Interest expenses	–	–	–	–	– 53.400	–	– 53.400	– 12,125	– 65.525
Interest portion in personnel provisions	–	–	–	–	–	–	–	– 15.804	– 15.804
Interest expenses from fair value measurement	–	–	–	– 0.078	–	–	– 0.078	–	– 0.078
Sum total of interest expenses	**–**	**–**	**–**	**– 0.078**	**– 53.400**	**–**	**– 53.478**	**– 27.929**	**– 81.407**
Net interest	**0.022**	**–**	**6.302**	**– 0.078**	**– 53.400**	**–**	**– 47.154**	**– 27.929**	**– 75.083**
Sum total net gain/loss	**0.022**	**2.921**	**6.302**	**– 0.078**	**– 53.400**	**–**	**– 44.233**	**– 9.035**	**– 53.268**
Financial result									**– 53.268**
2. Net gain/loss in the operating result									
Income from derivative financial instruments and commodity futures	16.051	–	–	–	–	–	16.051		
Income from the receipt of written-off receivables/release of receivables value adjustments	–	–	5.687	–	–	–	5.687		
Expenses from derivative financial instruments and commodity futures	–	–	–	– 76.188	–	–	– 76.188		
Value adjustments/write-downs of receivables	–	–	– 16.498	–	–	–	– 16.498		
Sum total net gain/loss	**16.051**	**–**	**– 10.811**	**– 76.188**	**–**	**–**	**– 70.948**		
3. Net gain/loss in equity									
Change in the fair value from the market valuation of securities	–	33.898	–	–	–	–	33.898		
Reclassifications in the income statement due to disposal of financial assets in the “available for sale” category	–	–	–	–	–	–	–		
Net gain/loss from hedging instruments with a clear hedging relationship	2.288	–	–	– 1.424	–	–	0.864		
Currency translation	–	–	–	–	–	10.129	10.129		
Sum total net gain/loss	**2.288**	**33.898**	**–**	**– 1.424**	**–**	**10.129**	**44.891**		

2015	Assets			Shareholders' equity and liabilities			Total	Transition	
Category	FAHfT	AfS	LaR	FLHfT	FLAC	No allocation	FI	Not an FI	Total
1. Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3.284**	**3.284**
Income from participating interests	–	2.750	–	–	–	–	2.750	–	2.750
Expenses from participating interest	–	– 1.432	–	–	–	–	– 1.432	–	– 1.432
Result from disposals	–	0.368	–	–	–	–	0.368	–	0.368
Result of participating interests	**–**	**1.686**	**–**	**–**	**–**	**–**	**1.686**	**–**	**1.686**
Income from other financial assets	–	2.527	–	–	–	–	2.527	–	2.527
Result from disposals	–	0.078	–	–	–	–	0.078	–	0.078
Result from other financial assets	**–**	**2.605**	**–**	**–**	**–**	**–**	**2.605**	**–**	**2.605**
Interest income	–	–	5.613	–	–	–	5.613	–	5.613
Interest income from fair value measurement	0.003	–	–	–	–	–	0.003	–	0.003
Sum total of interest income	**0.003**	**–**	**5.613**	**–**	**–**	**–**	**5.616**	**–**	**5.616**
Interest expenses	–	–	–	–	– 48.149	–	– 48.149	– 12.351	– 60.500
Interest portion in personnel provisions	–	–	–	–	–	–	–	– 15.096	– 15.096
Interest expenses from fair value measurement	–	–	–	– 0.114	–	–	– 0.114	–	– 0.114
Sum total of interest expenses	**–**	**–**	**–**	**– 0.114**	**– 48.149**	**–**	**– 48.263**	**– 27.447**	**– 75.710**
Net interest	**0.003**	**–**	**5.613**	**– 0.114**	**– 48.149**	**–**	**– 42.647**	**– 27.447**	**– 70.094**
Sum total net gain/loss	**0.003**	**4.291**	**5.613**	**– 0.114**	**– 48.149**	**–**	**– 38.356**	**– 24.163**	**– 62.519**
Financial result									**– 62.519**
2. Net gain/loss in the operating result									
Income from derivative financial instruments and commodity futures	68.964	–	–	–	–	–	68.964		
Income from the receipt of written-off receivables/release of receivables value adjustments	–	–	7.549	–	–	–	7.549		
Expenses from derivative financial instruments and commodity futures	–	–	–	– 33.972	–	–	– 33.972		
Value adjustments/write-downs of receivables	–	–	– 11.440	–	–	–	– 11.440		
Sum total net gain/loss	**68.964**	**–**	**– 3.891**	**– 33.972**	**–**	**–**	**31.101**		
3. Net gain/loss in equity									
Change in fair value from the market valuation of securities	–	– 0.225	–	–	–	–	– 0.225		
Reclassifications in the income statement due to disposal of financial assets in the “available for sale” category	–	–	–	–	–	–	–		
Net gain/loss from hedging instruments with a clear hedging relationship	– 0.671	–	–	– 1.232	–	–	– 1.903		
Currency translation	–	–	–	–	–	2.032	2.032		
Sum total net gain/loss	**– 0.671**	**– 0.225**	**–**	**– 1.232**	**–**	**2.032**	**– 0.096**		

Income from participating interests includes dividend payments.

The following table shows an analysis of the maturity dates of undiscounted financial liabilities by IFRS 7 class.

in € million 2016	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities measured at amortised cost (FLAC)	2,710.308	936.982	348.023	3,995.313
Financial liabilities held for trading (FLHfT)	152.628	9.476	–	162.104
	2,862.936	**946.458**	**348.023**	**4,157.417**

in € million 2015	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities measured at amortised cost (FLAC)	2,473.456	721.058	457.370	3,651.884
Financial liabilities held for trading (FLHfT)	169.868	3.650	–	173.518
	2,643.324	**724.708**	**457.370**	**3,825.402**

The following schedule of maturities shows the distribution of the forecast cash flows of the contractually agreed interest and redemption payments in the IFRS 7 class "Liabilities measured at amortised cost" (FLAC) as at 31 December 2016.

in € million	Sum total	Until 6/2017	7 – 12/2017	2018 – 2021	> 2021
Share of interest	113.101	8.847	19.472	64.629	20.153
Redemption portion	3,882.212	1,991.735	690.254	872.353	327.870
Sum total	**3,995.313**	**2,000.582**	**709.726**	**936.982**	**348.023**

The following schedule of maturities shows the distribution of the forecast cash flows of the contractually agreed interest and redemption payments in the IFRS 7 class "Liabilities measured at amortised cost" (FLAC) as at 31 December 2015.

in € million	Sum total	Until 6/2016	7 – 12/2016	2017 – 2020	> 2020
Share of interest	123.344	9.871	20.847	67.391	25.235
Redemption portion	3,528.540	1,879.175	563.563	653.667	432.135
Sum total	**3,651.884**	**1,889.046**	**584.410**	**721.058**	**457.370**

Information on derivative financial instruments

A few derivatives in the context of fair value hedges for commodities futures may also be used in BayWa Group as hedging transactions under IAS 39 and hedging transactions for interest rate and currency risks in the form of interest rate caps, interest rate swaps and futures as well as foreign exchange transactions. In addition, the fair value of commodity futures classified as financial assets and financial liabilities within the meaning of IAS 39 would only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group. The fair values are shown in the table below. In the reporting year, gains of €16.051 million (2015: €68.964 million) and losses of €76.188 million (2015: €33.972 million) were included in the calculation of the fair value in the income statement.

The following table shows the maturities of the fair values for the derivative financial instruments as well as the commodity futures scheduled exclusively for trading at the end of the reporting period.

in € million 31/12/2016	Fair values Total	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years
Assets				
Interest rate hedges	0.012	0.012	–	–
Commodity futures	103.142	103.142	–	–
Currency hedges	49.987	49.987	–	–
	153.141	**153.141**	**–**	**–**
Shareholders' equity and liabilities				
Interest rate hedges	6.970	1.169	5.801	–
Commodity futures	104.559	101.577	2.982	–
Currency hedges	50.575	49.882	0.693	–
	162.104	**152.628**	**9.476**	**–**

in € million 31/12/2015	Fair values Total	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years
Assets				
Interest rate hedges	0.157	0.157	–	–
Commodity futures	179.687	179.687	–	–
Currency hedges	42.529	42.529	–	–
	222.373	**222.373**	**–**	**–**
Shareholders' equity and liabilities				
Interest rate hedges	4.007	0.357	3.650	–
Commodity futures	148.908	148.908	–	–
Currency hedges	20.603	20.603	–	–
	173.518	**169.868**	**3.650**	**–**

The fair value of currency and interest rate hedges is ascertained on the basis of market prices quoted at the end of the reporting period without netting off against counter-developments from possible underlying transactions. The market value corresponds to the amount which the Group would have to pay or would receive if the hedging transaction were closed out prior to the due date. The fair value of commodity futures is determined on the basis of or derived from stock market quotations at the end of the reporting period. Fair value corresponds to the profit or loss from the commodity futures taking into account buying and selling prices to be used at the end of the reporting period to conclude an identical commodity future.

(C.26.) Risk management

Opportunity and risk management

The corporate policy of BayWa Group is geared towards weighing up the opportunities against the risks of entrepreneurship in a responsible way. The management of opportunities and risks is an ongoing task of entrepreneurial activity designed to ensure the long-term success of the Group. This enables BayWa Group to innovate, secure and improve what is already in place. The management of opportunities and risks is closely aligned to BayWa Group's long-term strategy and medium-term planning. The decentralised regional organisation and management structure of operating business enables the Group to identify trends, requirements, and the opportunities and risk potential of frequently fragmented markets at an early stage, analyse them and take action which is both flexible and market oriented. Internationalisation also allows BayWa to tap new business opportunities, which in turn reduces its dependence on the individual country markets and their risks. Moreover, the systematically intense screening of the markets and of peer competitors is carried out with a view to identifying opportunities and risks. This is flanked by ongoing communication and the targeted exchange of information between the individual parts of the Group, which leverages additional opportunities and synergy potential.

Principles of opportunity and risk management

BayWa exploits opportunities that arise in the context of its business activities but, at the same time, also enters into entrepreneurial risks. The identification of entrepreneurial opportunities, the safeguarding of the assets and the enhancing of enterprise value therefore necessitate an opportunity and risk management system.

The principles underlying the system set in place within BayWa Group to identify and monitor risks specific to the business have been described in a risk management manual approved by the Board of Management. In addition, the Internal Audit Department regularly audits the internal risk management system which supports the processes. ISO certifications for the standardisation of workflows and for risk avoidance and the concluding of insurance policies supplement the Group's management of risk.

Moreover, BayWa Group has established binding goals and a code of conduct in its corporate policy and ethical principles as well as the Code of Conduct which have been implemented throughout the Group. They regulate the individual employees' actions when applying the corporate values as well as their fair and responsible conduct towards suppliers, customers and colleagues.

Opportunity and risk management within BayWa Group

In BayWa Group risk management is an integral component of the planning and management and control processes. A comprehensive risk management system records and monitors both the development of the Group and any existing weak points on an ongoing basis. The risk management system covers all segments and is included as a key component of reporting. A particularly important task of risk management is to guarantee that risks to the Group as a going concern are identified and kept to a minimum. This enables the management of Group companies to react swiftly and effectively. All units have risk officers and risk reporting officers who are responsible for implementing the reporting process.

The reporting process classifies opportunities and risks into categories and estimates their probable occurrence and potential financial impact. The system is based on individual observations, supported by the relevant management processes, and forms an integral part of core activities. It starts with strategic planning and proceeds through to procurement, sales and distribution and, finally, to the management of counterparty risk. As an extension of the planning process that takes place in the business sectors and in procurement, sales organisations and centralised functions, the opportunity and risk management system serves to detect and assess potential divergences from expected developments. In addition to identifying and assessing key developments influencing business, this system facilitates the prioritisation and implementation of activities. As a result, BayWa Group can make better use of the opportunities while avoiding or reducing the risks.

A cornerstone of the risk management system are the risk reports which are regularly prepared by the operating units. These reports are subject to evaluation by the Board of Management and by the heads of the business units. The systematic development of existing and new systems with a built-in warning component makes an indispensable contribution to strengthening and consistently building up a Group-wide opportunity and risk culture.

A key component and, at the same time, an evolution of the opportunity and risk management is the “Risk Board”, which has been in place since the financial year 2009. Presided over by the Chief Executive Officer, the Risk Board, which consists of operations managers and support staff, meets regularly to discuss and assess operational opportunities and risks. Minuted meetings are used to develop an understanding of the opportunities and risks and form the basis of the measure of risk applied to operational decisions.

The Group-wide risk management system for the agriculture group implemented in 2014 includes the business activities of BayWa, the Cefetra Group, BayWa Agrarhandel GmbH and BayWa Agrar International B.V. The minimum requirements for risk management (MaRisk) published by the German Financial Supervisory Authority (BaFin) serve as a benchmark for BayWa’s risk management. MaRisk includes arrangements governing the identification, assessment, management and monitoring of all material risk types, including counterparty risks as well as operational risks, such as quality and logistics risks. BayWa adapted the standards established in the financial services sector and leading trading companies for its gricultural trade activities due to the flexible and practical framework of the material regulations. Appropriate and effective risk management pursuant to MaRisk comprises the formulation of strategies and the establishment of internal control procedures, taking the risk-bearing capacity into consideration. The internal control system consists in particular of:

- Arrangements governing the organisational structure and workflow,
- Processes for identifying, evaluating, managing, monitoring and reporting risks (risk management and control processes), and
- The setting up of a risk controlling function.

In order to manage market risks on each trading day, the positions, including the spreads (underlying risks), are determined and monitored for all Group companies. Value-oriented procedures, in addition to the volume limits, serve to ensure that the positions are managed in a manner that is appropriate for the risks. These procedures include the regular mark-to-market valuation of pending agricultural transactions and the determination of the trading results derived from this, as well as the portfolio-based value-at-risk procedure. In addition, scheduled and ad-hoc stress tests are performed to recognise the effect that extraordinary market price changes have on profit and loss and, where necessary, implement measures to reduce risks. The trading positions of the agriculture group as well as the risks these pose are reported to the operating units and the local risk management officer daily and to the Board of Management in the form of the Risk Board.

These control mechanisms are supported by a standardised IT system solution for risk management that was introduced in 2014, which sees all functions and processes being monitored by an external auditing company within the scope of user acceptance testing.

The Agriculture Risk Committee is part of Risk Governance and acts as the highest decision-making body within the agriculture group. It is composed of members of the Board of Management and others and meets regularly and when warranted. The Committee decides on risk limits and limit systems for the Agricultural Trade business unit and, where necessary, implements risk-controlling and mitigating measures.

A form of risk controlling that is independent of trading was established at both the level of the Group and in the individual agriculture trading companies to ensure that the provisions of the Agriculture Risk Committee are implemented in full, including adherence to limits. Group Risk Control is responsible for the Group-wide developments and implementation of risk management, risk monitoring and risk reporting methods, processes and systems. The Risk Officer’s responsibility in the trading companies covers all risk processes within the company, including limit monitoring and reporting. The Agrar Risk Controlling Board, which is comprised of Group Risk Control as well as the Risk Officers of the trade departments, is also part of Risk Governance and aims to promote regular, at least weekly, structured exchange on risk-relevant incidents.

The Global Book System (GBS) was created in 2014 and continues to coordinate trade management activities; it is responsible for the overarching coordination and optimisation of the trading and risk positions of the individual product lines in the trading of grain, oilseed and co-products for the national and international sectors. The Economics and Public Affairs Department (EPAD) organisational unit was disbanded in 2016. However, fundamental market analyses continue to be performed within the scope of the market research activities to estimate the global supply and demand situation; these analyses are discussed in weekly meetings with the trade departments.

Macroeconomic opportunities and risks

General economic factors have an influence on consumer behaviour and investment patterns in BayWa’s core markets. However, these environmental factors exert less of an influence on BayWa’s business activities than on other companies. BayWa Group’s business model is largely geared to satisfying fundamental human requirements, such as the need for food, shelter, mobility and the supply of energy. Accordingly, the impact of cyclical fluctuations is likely to be less strong on our business than in other sectors. As a result, BayWa is even able to turn certain opportunities arising in times of crisis to its advantage through, for instance, the identification and acquisition of suitable companies with a view expanding or establishing existing or new areas of business. BayWa is, however, unable to fully decouple itself from any severe setbacks to international economic development that result from, among other things, the slump in global commodity prices.

Sector and Group-specific opportunities and risks

Changes in the political framework, such as changes to the regulation of markets for individual agricultural products or tax-related government subsidies of energy carriers, in addition to volatile markets, create risks. At the same time, however, they open up new prospects. Extreme weather conditions can have a direct impact on offerings, quality, pricing and trading in agricultural produce and also downstream on the operating resources business. This is offset by the rise in product and geographical presence diversification in the Agriculture Segment as this would reduce the dependence on individual markets and increase procurement and marketing flexibility. BayWa also combats quality risks by performing samplings and checks. Risks posed by a deterioration in the quality of inventories are reduced by professional warehousing standards. Logistics risks resulting from a lack of transport capacities due to weather conditions or strikes are identified and managed early on by the early warning systems. Global climate changes also have a long-term effect on agriculture. The global demand for agricultural products, particularly grain, continues to grow. This may give rise to a sustained price uptrend. The fruit-growing activities pose a financial risk to the Group, which arises from the delay between cash outflow for buying, growing and maintaining the trees and vines as well as the costs of the harvest and cash inflow from the sale of the fruit. This risk is managed by actively monitoring net working capital. The development of income in the agriculture sector filters through directly to investment capacity and propensity and therefore to the sale of operating equipment and high-end agricultural machinery.

In the energy business, renewable energies are particularly affected by changes in promotion measures. Against this backdrop, geographic diversification stabilises the development of revenues and income and diversification across a number of different energy carriers – above all, wind energy, solar power and biomass – mitigates risk in certain markets that remain strongly dependent on subsidisation. Climatic risks (wind, sunshine) also play a role for BayWa's electricity-generating participations in the field of renewable energies. Long-term expert opinions mean that average wind and sunshine are relatively easy to forecast in the medium term, although both positive and negative deviations can occur at short notice. Plant availability also poses a risk, though this is greatly reduced by the assortment of proven components provided by well-known manufacturers. The conclusion of full-service maintenance contracts ensures that maintenance and repair work is performed within defined time periods.

Political and economic factors exert the main influence on demand in the construction sector. Political factors of influence include, for instance, special depreciation for listed buildings, measures to promote improved energy efficiency and the construction of social housing. As a general rule, the ageing housing stock in Germany will encourage growing demand for modernisation and renovation. In the Building Materials Segment, the BayWa Group is the franchiser for DIY and garden centres. After the inclusion of BayWa Bau- und Gartenmärkte in a joint venture with Hellweg, the newly established BayWa Bau- und Gartenmärkte GmbH & Co. KG, operational management was transferred to Hellweg. In light of this, there is a risk that the franchise company in BayWa Group will no longer be able to meet its contractual obligations to the franchisees in the previous way and of the previous quality. Among other things, this may lead to claims for damages on the part of franchisees. This risk was counteracted by the Group concluding long-term agreements with Hellweg.

Risks and opportunities from financial instruments

In addition to fixed- and variable-rate financial instruments, which are subject to varying degrees of interest rate risks, BayWa Group also uses derivative hedging instruments such as options and futures contracts to hedge its commodity futures. As well as interest rate change risks, these derivative hedging instruments are also subject to risks posed by changes to the prices of underlying transactions as well as, depending on the basis currency in which the derivative instrument is denominated, currency risks. Transactions that were not conducted via a stock exchange are also subject to counterparty risk. By the same token, changes to interest rates, currency exchange rates or forward market prices can lead to unplanned opportunities.

Price opportunities and risks

BayWa trades in merchandise that displays very high price volatility, such as grain, oilseeds, fertilisers, mineral oil, biomethane and solar components, especially in its Agriculture and Energy Segments. The warehousing of the merchandise in question and the signing of delivery contracts governing the acquisition of merchandise in the future means that BayWa is also exposed to the risk of prices fluctuating. Whereas the risk inherent in mineral oils and biomethane is relatively low due to BayWa's pure distribution function, fluctuations in the price of grain, oilseeds, fertilisers and solar components may incur greater risks, also owing to their warehousing, if there is no matching in the agreements on the buying and selling of merchandise. What is more, activities by financial investors and technical market mechanisms can sometimes exacerbate price volatility considerably. In addition to absolute price risks, business developments may be influenced by various price developments in the local premiums, in the temporal price curve as well as different quality grades. If there are no hedging transactions existing at the time when agreements are signed, the ensuing risk is monitored on an ongoing basis by the respective executive bodies. Whenever necessary, appropriate measures to limit risk are initiated. BayWa also operates as a project developer in the field of renewable energies. This business harbours a risk that, for instance, the planning and building of solar power plants, wind farms and biogas plants are delayed and that they may be connected to the grid later than originally planned. In such cases, if the deadline for the further reduction in feed-in tariffs is not adhered to, there is a risk that the low feed-in and electricity income could result in the profitability of the projects being lower than planned.

The BayWa Group uses a portfolio-based value-at-risk method to measure and control risks from commodity futures, which are treated as financial instruments in the sense of IAS 39 (International Accounting Standard). The value-at-risk used by BayWa aims to quantify the negative changes in the value of a portfolio, which – with a certain degree of probability (95%) – will not be exceeded during a defined period of time (5 trading days). The value-at-risk calculated as at 31 December 2016 amounted to €1.791 million and indicates that the potential loss from the commodity futures considered will, with a probability of 95%, not exceed €1.791 million within the next five trading days.

Currency opportunities and risks
BayWa's business activities are largely located in the euro zone. If foreign currency positions arise from goods and services transactions or projects, they are always hedged without delay.
Other payment obligations or receivables denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing bonds denominated in foreign currencies is prohibited.

Share price opportunities and risks
To a small extent, BayWa Group's investment portfolio comprises direct and indirect investments in listed companies. Equity investments are continuously monitored on the basis of their current market values.

Interest rate opportunities and risks
Interest rate risk positions arise from the Group's floating-rate financing activities, especially from the issuing of short-term commercial papers, taking out short-term loans as well as variable-interest bonded loans. Short-term debt is used mainly to finance working capital. To reduce the interest rate risk, which is not hedged using a natural hedge, BayWa uses derivatives instruments in the form of futures, interest rate caps and swaps.

In the financial year 2016, the average interest rate for variable-interest financial liabilities stood at 1.1100% (2015: 1.0225%). A change in this interest rate of plus 1.0% to 2.1100% would cause interest expenses to rise by €10.878 million, provided that these cannot be, at least, partially passed on through revenues. A fall in this interest rate of minus 1.0% to 0.1100% would cause interest expenses to fall by €10.878 million.

Legal and regulatory opportunities and risks
The companies of the Group are exposed to a number of risks in connection with litigation in which they are currently involved or may be involved in the future. Such litigation comes about in the course of normal business activities, in particular in relation to the assertion of claims from services and deliveries that are not up to standard or from payment disputes. Legal risks can also arise from breaches of compliance regulations by individual employees. Antitrust investigations were conducted at various agricultural companies in Germany in 2015, including BayWa, with regard to crop protection wholesale operations. The Bundeskartellamt (German federal antitrust authority) conducted another search in a number of offices of the agricultural equipment business at BayWa headquarters in January 2016 on the basis of a warrant issued by the Bonn district court. The investigation is based on the suspicion that employees of BayWa were allegedly involved in agreements aimed at restricting competition in the sale of agricultural equipment. According to the court order authorising the search, several companies from the industry are being investigated. Both investigations continue and the results or partial results were not available at the time of the conclusion of the consolidated financial statements. Accordingly, no provisions have been made, aside from those for legal counsel, as the Board of Management is currently unable to assess the situation. BayWa forms reserves for the event of such legal risks if the occurrence of an obligation event is probable and the amount can be adequately estimated. In individual cases, actual utilisation may exceed the reserve amount.

Changes in the regulatory environment can affect the Group's performance such as, in particular, government intervention in general framework conditions for the agricultural industry and the renewable energies business. Negative impacts emanate from the adjustment, reduction or abolition of funding measures. Conversely, new regulatory and legislative developments influencing bioenergy can also result in opportunities. In the construction sector, changes to building or fiscal regulations may also have an impact on the development of business.

Plant efficiency in terms of energy generation using renewable energy carriers is strongly reliant on regulatory frameworks and government subsidies. Politically motivated changes to subsidy parameters, in particular the retroactive cuts to or abolition of feed-in tariffs, can significantly impact the value of such facilities: either in the form of lower future disposal prices or lower cash inflows from the operation of the facilities. BayWa combats the potential implications of such risks on earnings by pursuing a threefold diversification strategy in its Renewable Energies business sector. The portfolio is diversified in terms of countries, energy carriers and business units (projects and service on the one hand, and other trading on the other hand).

Credit and counterparty risks
As part of its entrepreneurial activities, BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group is exposed to a financing risk arising from the upfront financing of agricultural resources and equipment, the repayment of which is made through acquiring and selling the harvest. Moreover, BayWa grants financing to commercial customers particularly in the construction sector in the form of payment terms of a considerable scope. Beyond this, there are the customary default risks inherent in trade receivables. Risks are kept to a minimum by way of an extensive debt monitoring system which spans all business units. To this end, credit limits are defined through a documented process of approval and monitored on an ongoing basis.

In addition to credit risks, the trade department also regularly monitors counterparty risks; consequently, market value changes to open selling and buying contracts are measured so as to monitor the risk of the non-fulfilment of contract obligations.

Credit risks are constituted by the economic loss of a financial asset brought about by default on a contractual payment by a contractual partner and the deterioration of its credit standing, together with the danger of concentration on only a few contractual partners (risk clusters). Credit risks may arise in the IFRS 7 classes of financial assets “available for sale” (AfS), “loans and receivables” (LaR) and “financial assets held for trading” (FAHfT).

Financial assets available for sale (AfS): This class mainly comprises shares in affiliated companies and participating investments and securities. These financial assets are not subject to further credit risk beyond the value adjustments made to date in this class. The maximum credit risk exposure at the end of the reporting period corresponds to the value of this class. BayWa Group does not consider this to be significant.

Loans and receivables (LaR): As part of its entrepreneurial activities, BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group enters into a financing risk arising from the upfront financing of agricultural equipment and resources. Settlement is effected by way of buying up and selling the harvest. An extensive debt monitoring system ensures that risks are kept to a minimum in this business, as well as for other segments of the Group. This is performed through establishing and consistently monitoring credit limits, flanked by a documented approval procedure. Value adjustments are carried out on the residual risk of the trade receivables.

There is currently no discernible concentration of default risks from business relationships with individual debtors or groups of debtors. The maximum credit risk exposure at the end of the reporting period corresponds to the book value of the trade receivables. The expected default risk amounts to €13.533 million (2015: €12.604 million).

Financial assets held for trading (FAHfT): This category covers derivative financial instruments which are held to hedge currency and interest rate risks. The contractual partners of derivative financial instruments are mainly banks with international operations which have been given a good credit rating by an external rating agency. This category also includes the positive fair values of those commodity futures that are scheduled exclusively for trading and are therefore to be classified as financial instruments within the meaning of IAS 39. These commodity futures are measured at fair value as at the end of the reporting period. The measurement of commodity futures is based on the market or stock market value for identical or comparable transactions at the end of the reporting period. In addition, this class of assets comprises a low volume of securities. There are currently no payments overdue or value adjustments for default in this class.

Liquidity risks

The liquidity risk is the risk that BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. In BayWa Group, funds are generated by operations and by borrowing from external financial institutions. In addition, financing instruments, such as multicurrency commercial paper programmes or asset-backed securitisation, are used as well as bonded loans. Existing credit lines are therefore measured to an extent deemed sufficient to guarantee business performance at all times – even in the event of growing volume. The financing structure therefore accounts for the pronounced seasonality of business activities. Owing to the diversification of the sources of financing, BayWa Group does not currently have any risk clusters in liquidity. BayWa Group’s financing structure with its mostly matching maturities ensures that interest-related opportunities are reflected within the Group.

Rating of BayWa Group

BayWa AG enjoys a positive rating among banks. This achievement is due to the solidity as well as to the long and successful history of the company and its high enterprise value, underpinned by assets such as real estate. In 2016, the BayWa Group was again able to raise the total amount of its credit facilities. For reasons of cost effectiveness, BayWa AG deliberately dispenses with the use of external ratings.

Opportunities and risks associated with personnel

As regards personnel, BayWa Group competes with other companies for highly qualified managers as well as for skilled and motivated staff. The Group continues to require qualified personnel in order to secure its future success. Excessively high employee fluctuation, brain drain and failure to win junior staff loyalty may have a detrimental effect on the Group’s business performance. BayWa counteracts these risks by offering its employees extensive training and continuous professional development in order to secure expertise. Management based on trust, the tasking of employees in line with their natural talents and abilities, as well as the definition and adherence to our ethical principles create a positive working environment.

At the same time, BayWa AG promotes the ongoing vocational training and development of its employees. With more than 1,300 trainees in 2016, the Group ranks among the largest companies offering training specifically in rural areas. BayWa recruits a large majority of its future specialist and managerial employees from the ranks of these trainees. Long years of service to the company are a testament to the great loyalty that employees show to BayWa. This attitude creates stability and continuity and also secures the transfer of expertise down the generations.

IT opportunities and risks

The use of cutting-edge information technology characterises the entire business activity of BayWa Group. All key business processes are supported by IT and mapped using state-of-the-art software solutions. In a trading company with high numbers of employees, having work processes supported electronically is imperative. The continuous monitoring and reviewing of processes mapped electronically, however, involves more than the mere implementation of new IT components. It is always accompanied by an optimisation of process workflows, as a result of which opportunities in the form of synergies and cost savings potential can be identified and realised. At the same time, the risk inherent in the system rises in tandem with the growing complexity and dependency on the availability and reliability of the IT systems.

To realise the opportunities and minimise the risks, the IT skills and expertise of the BayWa Group are always kept up to date. The resources are combined under RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, a company belonging to the Group that provides the Group companies with IT services to the highest standard. Extensive precautionary measures, such as firewalls, virus protection updated on a daily basis, disaster recovery plans and training in data protection, serve to safeguard data processing. Segregated in organisational terms, a data protection officer monitors compliance with security and data protection standards.

Internal Control System and risk management system in relation to the Group accounting process

The Internal Control System (ICS), which monitors accounting processes, is a key component of opportunity and risk management. BayWa Group has set in place a professional control system, which has been certified in many areas, comprising measures and processes to safeguard its assets and to guarantee the presentation of a true and fair view of the result of operations.

The annual consolidated financial statements are drawn up through a centralised process. Compliance with legal provisions and regulations pertaining to the Articles of Association during this process is guaranteed by the prescribed accounting standards. Corporate Accounting acts as a direct point of contact for the managers of the subsidiaries in matters pertaining to reporting and the annual and interim financial statements and draws up the consolidated financial statements in accordance with IFRS.

A control system which monitors the accounting process ensures the complete and timely capturing of all business transactions in accordance with the statutory provisions and the regulations laid down under the Articles of Association. Moreover, it serves to guarantee that stocktaking is duly and properly performed and that assets and liabilities are recognised, valued and disclosed appropriately. The control system uses both IT-based and manual control mechanisms to fully ensure the regularity and reliability of accounting. Beyond this, suitable control mechanisms, such as strict compliance with the principle of dual control and analytical reviews, have been established in all processes relevant for accounting. In addition, Internal Audit, which is independent of these processes, audits all accounting-related processes.

The obligation of all subsidiaries to report their figures every month to BayWa on an IFRS basis in a standardised reporting format makes it possible to swiftly identify deviations from planned targets, thereby offering an opportunity to take action at short notice.

Corporate Accounting monitors all processes relating to the consolidated financial statements as part of quarterly reporting, such as the capital, liabilities, expenses and income consolidation and the elimination of inter-company results, in reconciliation with the Group companies.

The departments and units of the Group involved in the accounting process are suitably equipped in terms of quantity and quality, and training courses are regularly conducted.

The integrity and responsibility of all employees in respect of finance and financial reporting is ensured through taking each employee under obligation to observe the code of conduct adopted by the respective company.

The employment of highly qualified personnel, targeted and regular training and continuous professional development, along with stringent functional segregation in financial accounting in the preparation, booking and controlling of vouchers is guaranteed through compliance with local and international accounting principles in the annual and consolidated financial statements.

Overall assessment of the opportunity and risk situation by Group management

An overall assessment of the current opportunity and risk situation shows that there are no risks which could endanger the Group as a going concern. There are currently no such risks discernible for the future either. All in all, the risks to BayWa Group are limited and manageable.

Along with potentially non-influenceable or only indirectly influenceable geopolitical risks and macroeconomic risks, operational risks are also the focus of monitoring. As far as the latter are concerned, BayWa Group has taken appropriate measures to manage and control these risks.

(D.) NOTES TO THE INCOME STATEMENT

The layout of the income statement accords with total cost-type accounting.

(D.1.) Revenues

Revenues and earnings are always recorded at the time when the benefits of and the risks associated with the ownership of the goods and products sold and the services provided have passed to the buyer. Revenues and earnings are reported minus discounts, rebates and bonuses granted.

The breakdown by business unit and region can be seen in the segment report (Note E.2.). Owing to the diversified business activities of the individual segments, inter-segment revenues are transacted only to a minor extent.

in € million	**2016**	2015
Goods	15,173.498	14,719.450
Services	236.384	208.679
	15,409.882	**14,928.129**

(D.2.) Other operating income

in € million	**2016**	2015
Rental income	26.561	26.330
Gains from the disposal of assets	41.336	26.549
Gains from negative goodwill	0.312	–
Income from release of provisions	11.564	9.983
Reimbursement of expenses	18.264	17.597
Staff placement	4.771	4.418
Advertising allowance	2.382	2.378
Price gains	36.113	18.117
Income from receivables written down/release of value adjustments	5.687	7.549
Other income	47.905	44.929
	194.895	**157.850**

Other income comprises income from licences and numerous other individual items. Rental income includes gains from incidental costs. Gains from the disposal of assets primarily comprise the disposal of BayWa AG property inventories and also includes the proportionate distribution of the accounting profit resulting from a sale and lease back transaction for real estate in the financial year 2013 and, due to the classification of the lease agreement as a financial lease, is to be distributed over the term of this agreement (€3.614 million). Furthermore, income from asset disposals in the reporting year also include the disposal of the packaging logistics unit of the New Zealand Group company T&G Global Limited. The increase in price gains is mainly due to the project business outside the euro zone in the field of renewable energy as well as the business activities of the New Zealand Group companies. This item also includes price gains effects from forward exchange transactions for which there is no clear hedging relationship with an underlying transaction and is therefore not included in a hedge relationship.

(D.3.) Cost of materials

in € million	**2016**	2015
Expenses for raw materials, consumables and supplies, and for goods sourced	13,703.011	13,278.875
Expenses for services outsourced	349.712	296.426
	14,052.723	**13,575.301**

(D.4.) Personnel expenses

in € million	**2016**	2015
Wages and salaries	715.543	676.271
Share-based payment	1.402	1.431
Expenses for pensions, support and severance pay	17.119	15.483
(of which ongoing service cost)	(8.617)	(8.420)
Social insurance contributions	129.047	131.971
	863.111	**825.156**

After calculating the provisions for pension and severance pay according to IAS 19, expenses for pension and severance pay total €22.909 million (2015: €23.025 million). Of this amount, a portion amounting to €8.617 million (2015: €8.420 million) has been disclosed under personnel expenses and a portion totalling €14.292 million (2015: €14.605 million) under interest expenses.

Number	**2016**	2015
Employees		
Annual average (Section 267 para. 5 of the German Commercial Code [HGB])	16,960	16,609
of which jointly held companies within the meaning of Section 310 of the German Commercial Code (HGB)	0	0
As at 31 December	16,711	16,229
of which jointly held companies within the meaning of Section 310 of the German Commercial Code (HGB)	0	0

(D.5.) Other operating expenses

in € million	2016	2015
Vehicle fleet	71.589	73.899
Maintenance	49.260	49.345
Advertising	43.855	43.642
Energy	29.755	29.761
Rent	54.173	51.291
Expenses for staff hired externally	25.218	24.312
Information expenses	13.864	13.969
Commission	15.324	13.958
Insurances	19.770	18.544
Cost of legal and professional advice, audit fees	41.813	36.349
Amortisation/value adjustments of receivables	16.498	11.440
IT costs	3.778	3.149
Travel expenses	16.826	15.593
Office supplies	8.727	8.216
Other tax	7.386	8.242
Administrative expenses	2.940	4.923
Training and continuous professional development	8.346	8.324
Decommissioning and disposal	6.319	8.447
Currency-induced losses	23.377	17.726
Losses from asset disposals	4.078	11.077
Other expenses	49.857	43.127
	512.753	**495.334**

Other expenses comprise mainly general selling and other costs, such as those incurred by securing against operating risks.

(D.6.) Income from participating interests recognised at equity and other income from shareholdings

in € million	2016	2015
Profit/loss from participating interests recognised at equity	**18.894**	**3.284**
Income/expenses from affiliated companies	0.641	1.065
Income/expenses from the disposal of affiliated companies	0.635	– 0.004
Other income from holdings and similar income	1.800	3.485
Write-downs of financial assets and other expenses	– 0.155	– 0.255
Other income from shareholdings	**2.921**	**4.291**
	21.815	**7.575**

The increase in the profit from participating interests recognised at equity was mainly due to the disposal of the shares in Süddeutsche Geothermie-Projekte GmbH & Co. KG, which was completed in the financial year 2016.

Dividend income is recorded as and when a claim to payout arises.

(D.7.) Interest income and expenses

in € million	2016	2015
Interest and similar income	6.302	5.613
(of which from affiliated companies)	(0.787)	(0.594)
Interest from fair value measurement	0.022	0.003
Interest income	**6.324**	**5.616**
Interest and similar expenses	– 53.400	– 48.149
(of which from affiliated companies)	(– 0.589)	(– 0.217)
Interest from fair value measurement	– 0.078	– 0.114
Interest portion of finance leasing	– 12.125	– 12.351
Interest portion of the allocation to pension provisions and other personnel provisions	– 15.804	– 15.096
Interest expense	**– 81.407**	**– 75.710**
Net interest	**– 75.083**	**– 70.094**

(D.8.) Income tax

Income tax breaks down as follows:

in € million	2016	2015
Actual taxes	– 34.446	– 28.095
Deferred taxes	17.554	1.645
	– 16.892	**– 26.450**

Actual tax income and expenses comprise the corporate and trade tax of the companies in Germany and comparable taxes on foreign companies.

Deferred taxes are formed for all temporary differences between the tax-related assigned value and IFRS values as well as the consolidation measures. Equity includes deferred tax assets of €68.205 million (2015: €54.346 million) that were offset against the reserve for actuarial gains and losses from provisions for pensions and severance pay. Moreover, deferred tax liabilities of €9.125 million (2015: assets of €0.135 million) were offset against the assessment reserve in equity without effect on income. Deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the years ahead, the realisation of which is assured with sufficient probability. These came to €72.664 million (2015: €74.591 million). As part of corporate planning, a time horizon of five years (maximum) has been assumed here. Deferred tax was not formed on loss carryforwards of subsidiaries in an amount of €30.237 million (2015: €27.155 million), as their usability is not anticipated within the specified period. Loss carryforwards of individual Group companies can be partly carried forward within a limited period of time. No tax assets which are eligible as carryforwards are likely to expire. The deferred tax income from the origination and/or reversal of temporary differences amounts to €19.481 million (2015: deferred tax expense of €0.757 million).

Deferred taxes are calculated on the basis of the tax rates which apply or are anticipated given the current legal situation in the individual countries at the time when taxes are levied. The tax rate of BayWa AG amounted to 29.13% for the reporting year (2015: 28.18%).

Deferred tax assets and liabilities are allocated to the individual balance sheet items as shown in the table below:

	Deferred tax assets		Deferred tax liabilities	
in € million	**2016**	2015	**2016**	2015
Intangible assets and property, plant and equipment	8.336	10.084	103.722	98.959
Financial assets	4.939	4.446	36.605	24.709
Current assets	15.598	8.483	23.434	13.792
Other assets	5.758	0.015	–	0.748
Tax loss carryforwards	102.902	102.106	–	–
Provisions	124.931	99.283	1.456	1.976
Liabilities	7.686	1.475	1.762	1.568
Other liabilities	28.532	31.752	20.799	27.494
Value adjustments deferred tax assets	– 35.308	– 29.461	–	–
Balance	– 29.912	– 27.175	– 29.912	– 27.175
Consolidation	12.551	10.517	15.648	16.021
	246.013	**211.525**	**173.514**	**158.092**

The actual tax expenses are €3.385 million lower than the amount that would have been incurred if the German corporate tax rate had been applied under the currently prevailing law, plus the solidarity surcharge and the trade tax burden on the consolidated earnings before tax. The computational tax rate of 29.13% calculated for actual tax is based on the uniform corporate tax rate of 15.0%, plus the solidarity surcharge of 5.5% and the average effective trade tax of 13.31%. Deferred tax liabilities were not recognised for subsidiaries and associates as the company can control the timing of reversals and because it is therefore probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liabilities were formed for temporary differences in an amount of €15.302 million (2015: €13.472 million) from subsidiaries and associates.

The table below shows the transition from the computed tax expenses in accordance with the corporate tax rate to the income tax expenses actually reported:

in € million	**2016**	2015
Consolidated result before income tax	**69.607**	**88.053**
Computational tax expenses based on a tax rate of 29.13%	20.277	24.813
Difference against foreign tax rates	1.694	1.250
Tax not relating to the period	– 2.477	– 4.152
Permanent difference changes	– 6.595	5.296
Tax effect due to non-tax deductible expenses	6.225	3.827
Trade tax deductions and additions	2.108	– 2.845
Final consolidation effect	– 3.641	1.115
Tax-exempt income	– 6.251	– 8.664
Changes in the value adjustment of deferred tax assets	6.213	8.379
Tax effect from equity results	0.875	0.963
Effect from expenses recognised directly in equity	–	– 0.529
Effects from changes in tax rates	0.203	– 2.928
Other tax effects	– 1.739	– 0.075
Income tax	**16.892**	**26.450**

(D.9.) Profit share of minority interest

The share of consolidated net income of €21.590 million (2015: €13.399 million) due to other shareholders is mainly attributable to the minority shareholders of the Austrian subsidiaries as well as the minority shareholders of T&G Global Limited and their respective subsidiaries.

(D.10.) Earnings per share

Earnings per share are calculated by dividing the portion of profit of BayWa AG's shareholders by the average number of the shares issued in the financial year and dividend-bearing shares. There were no diluting effects.

		2016	2015
Income adjusted for minority interest	in € million	31.125	48.204
Average number of shares issued	Units	34,764,480	34,643,344
Basic earnings per share	€	0.90	1.39
Diluted earnings per share	€	0.90	1.39
Proposed dividend per share	€	0.85	0.85
Dividend per share paid out per financial year	€	0.85	0.80

(E.) OTHER INFORMATION

(E.1.) Explanations on the Cash Flow Statement of BayWa Group

The cash flow statement shows how the cash and cash equivalents of BayWa Group have changed due to cash inflows and outflows during the year under review. Cash and cash equivalents shown in the cash flow statement comprise all liquid funds disclosed in the balance sheet, i.e. cash in hand, cheques and deposits in banks. Owing to the fact that the Group conducts its business mainly in the euro zone, the impact of exchange-rate induced changes in cash and cash equivalents is of secondary importance and is therefore not disclosed separately. The funds are not subject to any restraints on disposal.

In accordance with the standards set out under IAS 7, the cash flow statement is divided up into cash flow from operating activities, investing activities and financing activities.

The cash flow from operating activities is calculated indirectly, based on consolidated net income for the year. This cash flow is ascertained by adjusting it for non-cash expenses (mainly depreciation and amortisation) and income. The cash flow from investing activities is calculated on a cash-effective basis and comprises cash-effective changes in consolidated non-current assets as well as incoming and outgoing payments from the acquisition of companies. Cash flow from financing activities is also ascertained on a cash-effective basis and comprises primarily cash-effective changes in borrowings and cash outflows from dividend distribution and the reduction of funds. Within the scope of the indirect calculation of these positions, changes from currency translation and from the group of consolidated companies were eliminated as they do not affect cash. For this reason, a comparison of these figures with the corresponding figures in the consolidated balance sheet is not possible. Further details on acquisitions and disposals can be found under Note B.1.

(E.2.) Explanations on the segment report

Dividing up of operations into segments

The segment report provides an overview of the important segments of BayWa Group. The breakdown of the segments accords with the provisions set out under IFRS 8. The segments are to be presented in the same form as is submitted to decision makers, namely the Board of Management of BayWa AG, in the respective reports made on a regular basis, and which therefore form the basis for strategic decisions. This results in greater uniformity of the internal and external reporting system. All consolidation measures are shown in a separate column of the segment report. Aside from the depreciation and amortisation included in this section, there are no other material non-cash items that must be reported separately in the segment report.

Segment reporting by business sector

The change in the internal structure of the BayWa Group’s agricultural trading business activities since the start of the financial year 2016 impacted segment reporting during the reporting period. The agricultural trading business activities, which had previously been aggregated in the Agricultural Trade business unit, were split into two separate business units, BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV), effective 1 January 2016. BAST combines the BayWa Group’s national and international trade, distribution and logistics activities for grain, oilseed and additional products. The collection business and trade in operating resources and feedstuff have been pooled in the business unit known as BAV. The comparable figures for the previous year do not need to be adjusted in line with the change in the organisational structure as the information required to do so is unavailable, and the costs of preparing such information would be disproportionate to its benefits. In terms of content, the consolidation of the key figures of the BAST and BAV business units for the financial year 2016 is comparable with the values reported in the previous year for the Agricultural Trade business unit; as a result, the aggregated key figures for the Agricultural Trade business unit have also been provided to allow for comparisons. The Fruit business sector combines the activities of the Group in the business of fruit and vegetable cultivation and trading. Along with the sale of agricultural and municipal equipment, the Agricultural Equipment business sector also operates the workshops providing services.

The Energy business sector mainly covers trading in mineral oils, fuels and lubricants and the filling station business. The Renewable Energies business sector combines the activities of the Group in the field of renewable energies. Business is focused on project development as well as trading and offering services for the operation of photovoltaic, wind power and biogas facilities.

The Building Materials Segment sells building materials for construction and civil engineering. This segment also comprises the retail activities of Austrian Group companies.

The Digital Farming activities, which had been presented in the consolidated financial statements as at 31 December 2015 as a business unit within the Agriculture Segment, are presented as a separate segment for the first time in these consolidated financial statements on account of the cross-segment activities of the Innovation & Digitalisation Segment as well as its increasing significance for the BayWa Group. The previous year's segment reporting was adjusted to ensure comparability, with the Digital Farming activities, which had been presented as a business until with the Agriculture Segment, being presented as a separate segment.

Aside from peripheral activities, the Other Activities Segment mainly encompasses BayWa Group's real estate operations.

Apart from sales revenues generated through business with third parties that are disclosed in the business sectors, intra- and inter-segment sales are also reported. Revenues are not broken down by individual products and service at Group level due to the heterogeneity of the products sold at the Group. Both intra- and inter-segment sales are conducted at arm's length terms and conditions. Any interim profits arising in this context are eliminated in the consolidated financial statements. Moreover, write-downs and write-ups and the financial results per business sector are disclosed, along with earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest and tax (EBIT) and earnings before tax (EBT). This is also applicable to the segmental assets, with separate disclosure of the inventories and segmental liabilities. Investments made (excluding financial assets) are also divided up among the business sectors. Such investments concern the addition of intangible assets and property, plant and equipment as well as additions from company acquisitions. Moreover, information in this segment report includes the annual average number of employees per business sector.

Segment information by business unit

in € million 31/12/2016	BayWa Agri Supply & Trade	BayWa Agricultural Sales	**Agricultural Trade**	Fruit	Agricultural Equipment	**Agriculture**
Revenues generated through business with third parties	6,144.358	2,824.004	8,968.362	659.289	1,256.839	10,884.490
Intra-segment revenues	570.999	273.773	844.772	0.034	19.876	864.682
Inter-segment revenues	58.474	44.203	102.677	–	0.992	103.669
Total revenues	**6,773.831**	**3,141.980**	**9,915.811**	**659.323**	**1,277.707**	**11,852.841**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**– 8.037**	**54.635**	**46.598**	**57.162**	**21.808**	**125.568**
Depreciation/amortisation	– 3.424	– 25.895	– 29.319	– 14.877	– 11.229	– 55.425
Earnings before interest and tax (EBIT)	**– 11.461**	**28.740**	**17.279**	**42.285**	**10.579**	**70.143**
Financial result	– 5.694	– 15.131	– 20.825	– 0.854	– 11.237	– 32.916
of which: net interest	– 6.765	– 15.950	– 22.715	– 5.848	– 9.769	– 38.332
of which: equity result	0.743	–	0.743	4.804	– 0.289	5.258
Earnings before tax (EBT)	**– 18.226**	**12.789**	**– 5.437**	**36.437**	**0.809**	**31.809**
Income tax						
Net income						
Assets	1,722.465	1,263.154	2,985.619	475.034	621.673	4,082.326
of which: participating interests recognised at equity	21.687	1.039	22.726	14.762	1.310	38.798
of which: non-current assets held for sale	–	–	–	–	–	–
Inventories	469.554	656.936	1,126.490	47.486	305.169	1,479.145
of which: non-current assets held for sale	–	–	–	–	–	–
Liabilities:	1,382.695	758.746	2,141.441	238.110	567.902	2,947.453
of which: liabilities from non-current assets held for sale	–	–	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	13.722	46.205	59.927	60.818	24.251	144.996
Employee annual average	312	3,770	4,082	2,574	3,556	10,212

	Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities***	Transition	**Group**
	2,030.133	945.853	2,975.986	1,530.145	5.953	13.308	–	15,409.882
	198.073	81.225	279.298	37.820	0.567	51.836	– 1,234.203	–
	5.228	0.237	5.465	– 1.203	0.010	7.112	– 115.053	–
	2,233.434	**1,027.315**	**3,260.749**	**1,566.762**	**6.530**	**72.256**	**– 1,349.256**	**15,409.882**
	24.202	**89.525**	**113.727**	**43.890**	**– 6.611**	**163.009**	**– 167.015**	**272.568**
	– 8.416	– 22.184	– 30.600	– 15.344	– 1.949	– 15.843	– 8.717	– 127.878
	15.786	**67.341**	**83.127**	**28.546**	**– 8.560**	**147.166**	**– 175.732**	**144.690**
	– 0.105	1.397	1.292	– 9.133	0.024	148.616	– 161.151	– 53.268
	– 0.112	– 13.676	– 13.788	– 9.794	– 0.010	– 12.292	– 0.867	– 75.083
	–	14.138	14.138	– 0.016	–	– 0.486	–	18.894
	15.675	**53.665**	**69.340**	**18.752**	**– 8.570**	**134.875**	**– 176.599**	**69.607**
								– 16.892
								52.715
	255.618	2,599.455	2,855.073	555.233	8.021	3,984.672	– 5,010.468	6,474.857
	–	10.311	10.311	0.209	–	165.843	–	215.161
	–	–	–	–	–	24.931	–	24.931
	45.483	612.165	657.648	141.861	0.168	0.709	100.758	2,380.289
	–	–	–	–	–	–	–	–
	377.447	2,069.840	2,447.287	625.201	8.368	2,554.375	– 3,206.172	5,376.512
	–	–	–	–	–	–	–	–
	11.144	19.133	30.277	17.516	2.467	21.455	–	216.711
	977	934	1,911	4,081	126	630	–	16,960

*** before consolidation**

Segment information by business unit

in € million 31/12/2015	Agricultural Trade	Fruit	Agricultural Equipment	**Agriculture**
Revenues generated through business with third parties	8,321.436	567.353	1,260.711	10,149.500
Intra-segment revenues	894.380	0.037	18.453	912.870
Inter-segment revenues	1.747	–	0.897	2.644
Total revenues	**9,217.563**	**567.390**	**1,280.061**	**11,065.014**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**71.898**	**40.022**	**31.880**	**143.800**
Depreciation/amortisation	– 30.308	– 13.005	– 10.404	– 53.717
Earnings before interest and tax (EBIT)	**41.590**	**27.017**	**21.476**	**90.083**
Financial result	– 20.657	– 1.008	– 10.311	– 31.976
of which: net interest	– 21.971	– 5.741	– 9.523	– 37.235
of which: equity result	– 0.029	4.032	0.311	4.314
Earnings before tax (EBT)	**19.619**	**21.276**	**11.953**	**52.848**
Income tax				
Net income				
Assets	2,821.566	412.505	549.733	3,783.804
of which: participating interests recognised at equity	3.164	14.555	6.620	24.339
of which: non-current assets held for sale	–	–	–	–
Inventories	1,086.682	29.628	291.188	1,407.498
of which: non-current assets held for sale	–	–	–	–
Liabilities	1,935.987	284.131	434.614	2,654.732
of which: liabilities from non-current assets held for sale	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	52.488	45.415	25.745	123.648
Employee annual average	4,147	2,361	3,489	9,997

Energy	Regenerative Energies	**Energy**	**Building Materials**	Innovation & Digitalisation	**Other Activities***	Transition	**Group**
2,246.419	1,017.762	3,264.181	1,496.434	5.182	12.832	–	14,928.129
225.660	29.882	255.542	35.521	0.846	49.805	– 1,254.584	–
16.201	18.530	34.731	1.403	–	4.308	– 43.086	–
2,488.280	**1,066.174**	**3,554.454**	**1,533.358**	**6.028**	**66.945**	**– 1,297.670**	**14,928.129**
23.969	**90.814**	**114.783**	**42.202**	**– 2.222**	**141.514**	**– 151.769**	**288.308**
– 8.579	– 29.004	– 37.583	– 14.753	– 0.655	– 16.560	– 6.893	– 130.161
15.390	**61.810**	**77.200**	**27.449**	**– 2.877**	**124.954**	**– 158.662**	**158.147**
– 0.109	– 15.073	– 15.182	– 9.956	– 0.104	147.072	– 152.373	– 62.519
– 0.210	– 11.200	– 11.410	– 9.984	– 0.006	– 9.720	– 1.739	– 70.094
–	– 4.501	– 4.501	–	–	3.471	–	3.284
15.180	**50.610**	**65.790**	**17.465**	**– 2.883**	**115.234**	**– 160.401**	**88.053**
							– 26.450
							61.603
224.639	2,084.607	2,309.246	562.733	7.218	3,597.880	– 4,224.224	6,036.657
–	10.964	10.964	0.051	–	168.522	–	203.876
–	–	–	–	–	9.796	–	9.796
36.302	474.748	511.050	138.722	0.225	0.833	83.213	2,141.541
–	–	–	–	–	–	–	–
305.921	1,619.700	1,925.621	556.719	5.083	2,412.878	– 2,594.277	4,960.756
–	–	–	–	–	–	–	–
7.130	24.947	32.077	26.240	9.154	22.746	–	213.865
985	840	1,825	4,093	97	597	–	16,609

*** before consolidation**

Segment reporting by region

Beyond reporting under IFRS 8, which does not require secondary segmental information, information on segment reporting by region is also disclosed. Consequently, external sales are allocated according to where the customer is domiciled; the Group's core markets are in Germany and Austria. Accordingly, the external sales for these countries are shown separately. External sales attributable to New Zealand have not been included here due to the secondary importance of said external sales.

Segment information by region

	External sales		Non-current assets	
in € million	**2016**	2015	**2016**	2015
Germany	6,231.968	6,414.126	1,445.420	1,489.772
Austria	2,060.470	2,193.732	429.637	371.165
New Zealand	–	–	272.415	258.747
Other international operations	7,117.444	6,320.271	208.266	167.493
Group	**15,409.882**	**14,928.129**	**2,355.738**	**2,287.177**

(E.3.) Significant events after the reporting date

BayWa AG, Munich, Germany, acquired 100% of the shares in the Thegra Tracomex Group, Oosterhout, the Netherlands, through Dutch Group company Cefetra B.V., Rotterdam, the Netherlands. The cost of the shares came to €14.500 million. The purchase agreement also includes purchase price components which, depending on the EBIT generated in the financial years 2017 through 2019, amounted to between €0.000 million and €13.892 million. Cefetra B.V. acquired a total of five companies held by Thegra Tracomex Holding. The acquisition forms part of the specialisation strategy of the BayWa Agri Supply & Trade (BAST) business unit. The Thegra Tracomex Group trades in specialities, such as barley, oats, legumes and organic produce, and comprises Thegra Tracomex B.V., which has its main headquarters in Oosterhout, the Netherlands, and subsidiaries Thenergy B.V., Thegra Polska Sp. z.o.o., Biocore Holding B.V. together with Biocore B.V. and Riveka BVBA, with branches in the Netherlands, Belgium and Poland. Subsidiary Biocore B.V. is a market leader in organic produce in the Benelux region. More detailed information pursuant to the provisions of IFRS 3.B66 cannot be provided yet, as the initial accounting for business combinations had not been completed at the time the financial statements were authorised for issue.

Barloworld Limited, Johannesburg, South Africa, and BayWa AG, Munich, Germany, are to establish a new joint venture to further their agricultural equipment and materials handling operations. Subject to approval by the competition authorities, joint venture BHBW Holdings (Pty) Ltd is to commence operations in early 2017. Barloworld South Africa and BayWa AG each have a 50% stake in BHBW. The joint venture will build on the current agricultural equipment and materials handling operations of Barloworld consisting of some 400 employees and ten locations as well as a network of 40 sales partners covering South and Southern Africa.

In January 2017, BayWa AG, Munich, Germany, took over the remaining 30% of the shares in Bad und Heizung Krampfl GmbH, Plattling, Germany, by way of a share deal. The purchase price amounted to €0.3 million. At the Plattling, Germany, site, which has good road access, the specialist company has exhibition and office space of 300 square metres and warehousing space of approximately 1,200 square metres.

Worldwide Fruit Limited, Spalding, UK, was reported as a joint venture in the BayWa consolidated financial statements as at 31 December 2016. On this date, 50% of the shares were held by ENZAFRUIT New Zealand (U.K.) Limited, Luton, UK, a subsidiary of Turners & Growers Global Limited, Auckland, New Zealand. ENZAFRUIT New Zealand (U.K.) Limited, Luton, UK, was granted additional rights of control as a result of the renewing of the articles of association on 2 January 2017; this means that the definition of control pursuant to the provisions of IFRS 10 (Consolidated Financial Statements) has been met. The articles of association stipulate that, in future, ENZAFRUIT New Zealand (U.K.) Limited will approve the annual business plan and the budget, appoint the Chief Executive Officer and three of the six members of the Supervisory Board. Consequently, Worldwide Fruit Limited will be included in the BayWa consolidated financial statements as a fully consolidated company from January 2017.

BayWa AG, Munich, Germany, founded a joint venture in the United Arab Emirates together with Al Dahra Holding LCC, Abu Dhabi, United Arab Emirates, a leading agricultural company. On 7 March 2017, BayWa AG and Al Dahra Holding LCC signed the contract for the project; some €30 million will be invested in the project. This contract is subject to approval by the competent authorities in the United Arab Emirates. The new company, Al Dahra BayWa LLC, Abu Dhabi, United Arab Emirates, will produce premium vegetables like tomatoes using the latest greenhouse technologies and will also market the produce in the United Arab Emirates. Spending power in the United Arab Emirates on fruit and vegetables from regional and sustainable production is strong and the country has a healthy market for premium fruits and vegetables. The joint venture is part of the specialities strategy of BayWa's Agriculture Segment.

(E.4.) Litigation

The companies of the Group are exposed to a number of risks in connection with litigation in which they are currently involved or may be involved in the future. Such litigation comes about in the course of normal business activities, in particular in relation to the assertion of claims from services and deliveries that are not up to standard or from payment disputes. Legal risks can also rise from breaches of compliance regulations by individual employees. Antitrust investigations were conducted at various agricultural companies in Germany in 2015, including BayWa AG, with regard to crop protection wholesale operations. Additional antitrust investigations were conducted at various companies in the industry, including BayWa AG, in 2016 due to suspicions of agreements aimed at restricting competition in the sale of agricultural equipment. BayWa currently possesses no further information about the outcome of these investigations. As a result, no financial provisions were made in the form of provisions, nor were contingent liabilities recognised.

Neither BayWa AG nor any of its Group companies are involved in a court case or arbitration proceedings which could have a major impact on the economic situation of the Group, either now or in the past two years. Such court cases are also not foreseeable. Provisions have been made in an appropriate amount at the respective Group companies for any financial burdens arising from a court case or arbitration proceedings and/or there is an appropriate insurance cover.

(E.5.) Information pursuant to Section 160 para. 1 item 8 of the German Stock Corporation Act (AktG)

Pursuant to the German Securities Trading Act (WpHG), any shareholder who reaches, exceeds or falls below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights of a listed company is required to inform the company and the German Financial Supervisory Authority (BaFin) without delay. BayWa AG was informed of the following holdings (the proportion of voting rights relates to the time when notification was made and may therefore now be outdated):

Pursuant to Section 41 para. 2 in conjunction with Section 21 para. 1 of the German Securities Trading Act (WpHG), Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, informed us on 4 April 2002 that the proportion of its voting rights in our company came to 37.51% on 1 April 2002.

Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009.

Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to Raiffeisen Agrar Holding GmbH via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG via Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

On 8 September 2009, we received the following notification from 'KORMUS' Holding GmbH, Friedrich-Wilhelm-Raiffeisen-Platz 1, in 1020 Vienna, Austria, Company Register no. FN 241822X:

"We herewith inform you that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share of the voting rights in BayWa Aktiengesellschaft, Arabellastrasse 4, 81925 Munich, Germany, apportioned to us had fallen below the thresholds of 25%, 20%, 15%, 10%, 5% and 3% on 8 September 2009 and that the whole share in the voting rights now amounts to 0% (the equivalent of 0 voting rights).

To date a share in the voting rights of 25.12% (the equivalent of 8,533,673 voting rights) was apportionable to us pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG) via LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG. As a result of a demerger, 16,329,226 of the shares formerly held by us in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG (the equivalent of 50.05% of the shares and the voting rights) were directly transferred to 'LAREDO' Beteiligungs GmbH, our direct parent company, with effect from 8 September 2009."

'LAREDO' Beteiligungs GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportioned to 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to 'LAREDO' Beteiligungs GmbH via 'KORMUS' Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H., Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen-Holding GmbH, Niederbsterreich-Wien reg.Gen.m.b.H. pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable Raiffeisen-Holding GmbH, Niederbsterreich-Wien reg.Gen.m.b.H. via 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), its share in the voting rights of BayWa AG, Munich, Germany, came to 25.12% (8,533,673 voting rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).
We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act (WpHG):

1) Objectives of the acquisition:
   a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
   b) RWA Management, Service und Beteiligungen GmbH plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent, and mainly to prevent dilution of its existing voting rights;
   c) RWA Management, Service und Beteiligungen GmbH currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies;
   d) RWA Management, Service und Beteiligungen GmbH currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition:
   Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly-owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest GmbH, neither debt nor equity capital was used for the acquisition of BayWa Aktiengesellschaft voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), its share in the voting rights of BayWa AG, Munich, Germany, came to 25.12% (8,533,673 voting rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act (WpHG):

1) Objectives of the acquisition:
   a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
   b) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent and mainly to prevent dilution of its existing voting rights;
   c) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies;
   d) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition:
   Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly-owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest GmbH, neither debt nor equity capital was used for the acquisition of BayWa AG voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

Correction of a voting rights notification from 16 July 2009:
RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain 'LAREDO' Beteiligungs GmbH, LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa AG voting rights pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
'LAREDO' Beteiligungs GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa AG voting rights pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH (the latter being the direct holder of BayWa AG voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 and Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Holding GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 1 sentence 1 item 1 and Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.

Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, informed us on 19 January 2016, in the form of a notification of voting rights pursuant to Section 41 para. 4f of the German Securities Trading Act (WpHG), that the share of voting rights apportioned to it in BayWa AG, Munich, Germany, amounted to 25.10% (34,783,980 voting rights) on 26 November 2015. The company's share had amounted to 25.12% on the date of the last notification.

(E.6.) Related party disclosures

Under IAS 24, related parties are defined as companies and individuals where one of the parties has the possibility of controlling the other or of exerting a significant influence on the financial and business policies of the other.

A significant influence within the meaning of IAS 24 is constituted by participation in the financial and operating policies of the company, but not the control of these policies. Significant influence may be exercised in several ways usually by representation on the management board or on the management and/or supervisory bodies, but also by participation, for instance, in the policy-making process through material intra-Group transactions, by interchange of managerial personnel or by dependence on technical information. Significant influence may be gained by share ownership, statute or contractual agreement. With share ownership, significant influence is presumed in accordance with the definition under IAS 28 (Investments in Associates and Joint Ventures [2011]) if a shareholder owns 20% or more of the voting rights, either directly or indirectly, unless this supposition can be clearly refuted. Significant influence can be deemed irrefutable if the policy of the company can be influenced, for instance, by the corresponding appointment of the members to the supervisory bodies.

In relation to the shareholder group of BayWa AG, the holdings of Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, as well as Raiffeisen Agrar Invest GmbH, Vienna, Austria, mean that they can exert significant influence on BayWa AG. These companies are, therefore, to be classified as related parties. In addition to dividend payments of BayWa AG to Bayerische Raiffeisen-Beteiligungs-AG of €10.379 million (2015: €9.768 million) and to Raiffeisen Agrar Invest GmbH of €7.443 million (2015: €6.965 million), no business transactions were carried out in the financial year 2016 within the meaning of IAS 24 which need to be reported here.

Transactions with related parties are shown in the table below:

in € million 2016	The Supervisory Board	The Board of Management	Bayerische Raiffeisen-Beteiligungs-AG und Raiffeisen Agrar Invest GmbH	Non-consolidated companies > 50%	Non-consolidated companies > 20% ≤ 50%
Receivables	0	0	0	11	14
Liabilities	0	0	0	6	9
Interest income	0	0	0	0	0
Interest expenses	0	0	0	0	0
Revenues	0	0	0	11	57

in € million 2015	The Supervisory Board	The Board of Management	Bayerische Raiffeisen-Beteiligungs-AG und Raiffeisen Agrar Invest GmbH	Non-consolidated companies > 50%	Non-consolidated companies > 20% ≤ 50%
Receivables	0	0	0	10	14
Liabilities	0	0	0	4	5
Interest income	0	0	0	0	0
Interest expenses	0	0	0	0	0
Revenues	0	0	0	10	51

The transactions conducted with related parties predominantly pertain to the sale of goods.

Members of the Board of Management or of the Supervisory Board of BayWa AG are members in supervisory boards or board members of other companies with which BayWa AG maintains business relations in the course of normal business.

(E.7.) Fees of the Group auditor

The following fees paid to the Group auditor Deloitte GmbH Wirtschaftsprüfungsgesellschaft were recognised as expenses at BayWa AG and its subsidiaries:

in € million	**2016**	2015
For audits performed	1.298	0.854
For other consultancy services	0.056	0.044
For tax consultancy services	–	–
For other services	0.006	0.054
	1.360	**0.952**

(E.8.) Executive and supervisory bodies of BayWa AG

THE SUPERVISORY BOARD

Manfred Nüssel
MSc Agriculture (University of Applied Sciences), Chairman, President of Deutscher Raiffeisenverband e. V.

Other mandates
- AGCO GmbH, Marktoberdorf, Germany
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Chairman)
- Deutscher Genossenschafts-Verlag eG, Wiesbaden, Germany
- KRAVAG-SACH Versicherung des Deutschen Kraftverkehrs VaG, Hamburg, Germany
- Landwirtschaftliche Rentenbank, Frankfurt am Main, Germany (Board of Administration)
- Raiffeisendruckerei GmbH, Neuwied, Germany (Chairman)
- R+V Vereinigte Tierversicherung Gesellschaft a.G., Wiesbaden, Germany (Vice Chairman)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria

Klaus Buchleitner
Vice Chairman
Managing Director of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H and Raiffeisenlandesbank Niederösterreich-Wien AG

Other mandates
- AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria (Second Vice Chairman)
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna, Austria
- Niederösterreichische Versicherung AG, St. Pölten, Austria
- NOM AG, Baden, Austria (Chairman)
- Raiffeisen Bank International AG, Vienna, Austria
- Raiffeisen Software GmbH, Vienna, Austria (Chairman)
- Raiffeisen Zentralbank Österreich AG, Vienna, Austria
- Saint Louis Sucre S.A., Paris, France
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft e.G., Ochsenfurt, Germany

Gunnar Metz
Vice Chairman
Chairman of the Main Works Council of BayWa AG

Wolfgang Altmüller
MBA, Chairman of the Board of Directors of VR meine Raiffeisenbank eG

Other mandates
- AERTICKET AG, Berlin, Germany (Chairman until 13 June 2016)
- Allianz Beratungs- und Vertriebs-AG, Munich, Germany (since 18 March 2016)
- Allianz Versicherungs-AG, Munich, Germany (Vice Chairman since 15 March 2016)
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Vice Chairman)
- Fiducia & GAD IT AG, Karlsruhe, Germany

Theo Bergmann
Vice Chairman of the Main Works Council of BayWa AG

Renate Glashauser
Chairwoman of the Works Council, Agricultural Equipment Eastern Bavaria/Lower Bavaria region

Monika Hohlmeier
Member of the European Parliament

Peter König
Secretary of the Union, ver.di, Bavaria

Other mandate
- ADLER Modemärkte AG, Haibach, Germany

Stefan Kraft M. A.
National Secretary of the Union, ver.di-Bundesverwaltung

Michael Kuffner
Head of Occupational Safety (EH & S)

Dr. Johann Lang
MSc Engineering, farmer

Other mandates
- Niederösterreichische Versicherung AG, St. Pölten, Austria
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Wien, Austria (Chairman)
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria (Chairman)

Wilhelm Oberhofer
Member of the Board of Management of Raiffeisen Kempten-Oberallgäu eG

Other mandates
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Member of the Board of Management)
- B L E, Bau- und Land-Entwicklungsgesellschaft Bayern GmbH, Munich, Germany (Chairman until 31 May 2016)
- Bayerische Beteiligungsgesellschaft an der FIDUCIA GmbH & Co. KG, Beilngries, Germany (Vice Chairman of the Shareholders' Committee until 30 June 2016)
- Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, Germany
- GOS Grundstücksgesellschaft Oberallgäu-Süd mbH, Sonthofen, Germany (Advisory Committee)
- Münchener Hypothekenbank eG, Munich, Germany (Advisory Committee)

Joachim Rukwied
MSc Agriculture (University of Applied Sciences), farmer and vintner, President of Deutscher Bauernverband e. V. and Landesbauernverband in Baden-Württemberg e. V.

Other mandates
- Buchstelle LBV GmbH, Stuttgart, Germany (Chairman)
- KfW Bankengruppe, Frankfurt am Main, Germany (Board of Administration)
- Landwirtschaftliche Rentenbank, Frankfurt am Main, Germany (Chairman of the Board of Administration)
- Land-DATA GmbH, Visselhövede, Germany (Chairman)
- LBV-Unternehmensberatungsdienste GmbH, Stuttgart, Germany (Chairman of the Board of Administration)
- Messe Berlin GmbH, Berlin, Germany
- R+V Allgemeine Versicherung AG, Wiesbaden, Germany
- Südzucker AG, Mannheim/Ochsenfurt, Germany

Josef Schraut
Head of Lubricant Sales, Vice Head of the Lubricant unit

Monique Surges
Chief Executive Officer New Zealand German Business Association Inc. (NZGBA), AHK New Zealand, Auckland, New Zealand
Treasurer New Zealand Europe Business Council (NZEBC), Auckland, New Zealand

Werner Waschbichler
Chairman of the Works Council of BayWa Headquarters

THE COOPERATIVE COUNCIL

Manfred Geyer (until 6 June 2016)
Chairman
Chairman of the Board of Directors of RaiffeisenVolksbank eG Gewerbebank (until 30 June 2016)

Karlheinz Kipke
Chairman (since 3 August 2016)
Chairman of the Board of Directors of VR-Bank Coburg eG

Members pursuant to Article 28 para. 5 of the Articles of Association

Manfred Nüssel
MSc Agriculture (University of Applied Sciences), Vice Chairman, President of Deutscher Raiffeisenverband e. V.

Dr. Johann Lang
MSc Engineering, farmer

Other members

Michael Bockelmann
German public auditor, tax consultant, business graduate, Association President and Chairman of Genossenschaftsverband e. V.

Franz Breiteneicher
Managing Director of Raiffeisen-Waren GmbH Erdinger Land

Dr. Alexander Büchel
Member of the Board of Directors of Genossenschaftsverband Bayern e.V.

Albert Deß
Member of the European Parliament

Martin Empl
MSc Agriculture, farmer

Dr. Roman Glaser
Chairman of the Board of Directors of Baden-Württembergischer Genossenschaftsverbands e. V.

Manfred Göhring (since 3 August 2016)
Chairman of the Board of Directors of Raiffeisenbank Altdorf-Feucht eG

Marcus Grauer
Managing Director of Raiffeisen-Waren GmbH Iller-Roth-Günz

Wolfgang Grübler
Chairman of the Board of Directors of the agricultural companies “Lommatzscher Pflege” e.G.

Alois Hausleitner (since 30 March 2016)
Ök.-Rat, farmer

Walter Heidl
President of Bayerischer Bauernverband

Franz-Xaver Hilmer (until 6 May 2016)
Managing Director of Raiffeisenbank Straubing eG (until 23 March 2016)

Ludwig Hubauer
Farmer

Konrad Irtel (until 10 May 2016)
Spokesman of the Board of Directors of Volksbank Raiffeisenbank Rosenheim-Chiemsee eG (until 31 December 2015)

Martin Körner
MSc Engineering (University of Applied Sciences), farmer, fruit farmer

Alfred Kraus
Managing Director of Raiffeisen-Handels-GmbH Rottal

Johann Kreitmeier
Chairman of Landeskuratorium für pflanzliche Erzeugung in Bayern e. V.

Franz Kustner
President of the Bayerischer Bauernverband, Upper Palatinate district association

Franz Reisecker
Ök.-Rat Engineering, President of Landwirtschaftskammer Oberösterreich, Farmer

Angelika Schorer
Member of the State Assembly, Chairwoman of the Committee on Food, Agriculture and Forestry in the State Assembly of Bavaria (committee for agriculture)

Claudius Seidl
Chairman of the Board of Directors of VR-Bank Rottal-Inn eG, President of the Genossenschaftsverband Bayern e.V. district association

Gerd Sonnleitner
Farmer, former President of the European farmers’ association COPA, the Deutscher Bauernverband and the Bayerischer Bauernverband

Dr. Hermann Starnecker
Spokesman of the Board of Directors of VR Bank Kaufbeuren-Ostallgäu eG

Wolfgang Vogel
President of Sächsischer Landesbauernverband e.V.

Rainer Wiederer
Spokesman of the Board of Directors of Volksbank Raiffeisenbank Würzburg eG

Thomas Wirth
Spokesman of the Board of Directors of Raiffeisenbank im Stiftland eG

Maximilian Zepf
MBA, Member of the Board of Directors of Raiffeisenbank Schwandorf-Nittenau eG

THE BOARD OF MANAGEMENT

Prof. Klaus Josef Lutz
(Chief Executive Officer)
Corporate Audit, Corporate Business Development, Corporate Compliance, Corporate Governance, Corporate HR, Corporate M & A, Corporate Marketing, PR/Corporate Communications/Public Affairs, BayWa Foundation, BayWa Agri Supply & Trade (BAST), Fruit, Chairman of executive and supervisory committees of the international agriculture and fruit holdings

External mandates
- Euro Pool System International B.V., Rijswijk, the Netherlands (Chairman of the Supervisory Board)
- Giesecke & Devrient GmbH, Munich, Germany (Chairman of the Supervisory Board and the Advisory Committee)
- Industrie- und Handelskammer für München und Oberbayern (Vice President since 11 May 2016)

Group mandates
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (First Vice Chairman of the Supervisory Board)
- T&G Global Limited, Auckland, New Zealand (Chairman of the Board of Directors)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Chairman of the Supervisory Board)

Andreas Helber
CFO Agriculture, CFO Projects, Corporate Controlling, Corporate Finance & Accounting, Corporate Insurance, Corporate Legal, Corporate Real Estate Management, Investor Relations, BayWa Services, Business Service Center (BSC), HR Shared Service Center, Corporate Purchasing Own Requirements and Services, Building Materials, Member of the executive and supervisory committees of the international agriculture and fruit holdings

External mandates
- Munich Stock Exchange (Member of the Stock Exchange Council)
- R+V Pensionsversicherung a.G., Wiesbaden, Germany (Member of the Supervisory Board)

Group mandates
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Third Vice Chairman of the Supervisory Board)
- T&G Global Limited, Auckland, New Zealand (Member of the Board of Directors)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Member of the Supervisory Board)

Allocation of operations as at 31 December 2016

Roland Schuler
BayWa Agri Services (BayWa Agri Supply, Agricultural Equipment, Digital Farming), Corporate ICC, Internationalisation Agri Services, Information Systems (RI-Solution), Chairman of the executive and supervisory committees of the international Agri Services holdings

External mandates
- BAG-Hohenlohe-Raiffeisen eG (Member of the Supervisory Board)
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany (Member of the Supervisory Board)

Group mandate
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Member of the Supervisory Board)

Matthias Taft
Energy, Renewable Energies (BayWa r.e. renewable energy GmbH), Chairman of executive and supervisory committees of the international energy holdings

Group mandates
- BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Republic of Singapore (Chairman of the Board)
- BayWa r.e. Japan K.K., Tokyo, Japan (Chairman of the Board)
- BayWa r.e. Nordic AB, Malmö, Sweden (Chairman of the Board)
- BayWa r.e. renewable energy GmbH, Munich, Germany (Managing Director)
- BayWa r.e. Solar Projects LLC, Wilmington (Delaware), USA (Chairman of the Board)
- BayWa r.e. Solar Pte. Ltd., Singapore, Republic of Singapore (Chairman of the Board)
- BayWa r.e. USA LLC, Wilmington (Delaware), USA (Chairman of the Board)
- BayWa r.e. Wind, LLC, Wilmington (Delaware), USA (Chairman of the Board)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (First Replacement Member of the Supervisory Board)

Reinhard Wolf
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria

External mandates
- Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, Austria (Member of the Supervisory Board)
- Niederösterreichische Verkehrsorganisationsgesellschaft m.b.H., St. Pölten, Austria (Member of the Supervisory Board)

Group mandates
- Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria (Chairman of the Supervisory Board)
- Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria (Vice Chairman of the Supervisory Board)

(E.9.) Total remuneration of the Board of Management, the Supervisory Board and the Cooperative Council

The remuneration of the Cooperative Council amounts to €0.106 million (2015: €0.125 million). The total remuneration of the Supervisory Board comes to €0.761 million (2015: €0.686 million); of this amount €0.425 million (2015: €0.369 million) is variable. In addition to Supervisory Board remuneration, employee representatives who are employees of BayWa Group receive compensation not connected to their activities for the Supervisory Board. The sum total of such compensation received by the employee representatives came to €0.486 million (2015: €0.488 million). Total remuneration of the Board of Management comes to €6.910 million (2015: €6.326 million) and breaks down as follows:

in € million	**2016**	2015
Total remuneration of the Board of Management	**6.910**	**6.326**
of which:		
ongoing remuneration	4.947	4.997
non-cash benefits	0.409	0.224
transfers to pension provision	1.555	1.105
benefits upon termination of the employment relationship	–	–
The ongoing remuneration of the Board of Management is split up into		
fixed salary components	2.911	2.734
variable salary components – short-term	1.036	1.012
variable salary components – long-term	1.000	1.250

An amount of €3.372 million (2015: €3.360 million) has been paid out to former members of the Board of Management of BayWa Group and their dependents. Pension provisions for former members of the Board of Management are disclosed in an amount of €47.090 million (2015: €49.348 million).

In its meeting on 19 May 2015, the Annual General Meeting of Shareholders passed a resolution pursuant to Section 286 para. 5 of the German Commercial Code (HGB) to the effect that, in the preparation of the financial statements of the Group and of BayWa AG, the information required under Section 285 sentence 1 item 9 letter a sentences 5 to 8 of the German Commercial Code (HGB) and pursuant to Section 314 para. 1 item 6 letter a sentences 5 to 8 of the German Commercial Code (HGB) in the notes to the financial statements at company and at Group level shall be waived for the financial year 2015 and for the next four financial years.

(E.10.) Ratification of the consolidated financial statements and disclosure

The consolidated financial statements were released for publication by the Board of Management of BayWa AG on 27 March 2017.

In accordance with Section 264 III of the German Commercial Code (HGB), the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing disclosure (Sections 325 et seq. of the German Commercial Code [HGB]):

- BayWa Agrar Beteiligungs GmbH, Munich, Germany
- BayWa Agrar Beteiligung Nr. 2 GmbH, Munich, Germany
- BayWa Energie Dienstleistungs GmbH, Munich, Germany
- BayWa Handels-Systeme-Service GmbH, Munich, Germany
- BayWa Pensionsverwaltung GmbH, Munich, Germany
- BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany
- BayWa r.e. Bioenergy GmbH, Regensburg, Germany
- BayWa r.e. Operation Services GmbH, Munich, Germany
- BayWa r.e. renewable energy GmbH, Munich, Germany
- BayWa r.e. Solar Energy Systems GmbH, Tübingen, Germany
- BayWa r.e. Solar Projects GmbH, Munich, Germany
- BayWa r.e. Wind GmbH, Munich, Germany
- Diermeier Energie GmbH, Munich, Germany
- EUROGREEN GmbH, Betzdorf, Germany
- FarmFacts GmbH (formerly: PC-Agrar Informations- und Beratungsdienst GmbH), Pfarrkirchen, Germany
- TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany
- Raiffeisen Kraftfutterwerke Süd GmbH, Würzburg, Germany
- renerco plan consult GmbH, Munich, Germany
- RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany
- Wingenfeld Energie GmbH, Hünfeld, Germany

In accordance with Section 264b of the German Commercial Code (HGB), the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing disclosure (Sections 325 et seq. of the German Commercial Code [HGB]):

- Aufwind BB GmbH & Co. Bioenergie Dessau Sechzehnte KG, Regensburg, Germany
- Aufwind BB GmbH & Co. Sechsundzwanzigste Biogas KG, Regensburg, Germany
- Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany
- Bauzentrum Westmünsterland GmbH & Co. KG, Munich, Germany
- BayWa Agri GmbH & Co. KG, Munich, Germany
- BayWa Obst GmbH & Co. KG, Munich, Germany
- BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany
- CLAAS Main-Donau GmbH & Co. KG, Vohburg, Germany
- CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany
- Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany
- Evergrain Germany GmbH & Co. KG, Hamburg, Germany
- Ketziner Lagerhaus GmbH & Co. KG, Ketzin, Germany
- r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany
- r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany
- r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg, Germany
- r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG, Regensburg, Germany
- Schradenbiogas GmbH & Co. KG, Gröden, Germany
- Solarpark Aquarius GmbH & Co. KG, Munich, Germany
- Solarpark Aries GmbH & Co. KG, Munich, Germany
- Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany
- SPM Solarpark Möhlau GmbH & Co. KG, Gräfelfing, Germany
- Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany
- WealthCap Portfolio Finanzierungs-GmbH & Co. KG, Grünwald, Germany
- Windpark Berschweiler GmbH & Co. KG, Gräfelfing, Germany
- Windpark Cashagen GmbH & Co. KG, Gräfelfing, Germany
- Windpark Dissau GmbH & Co. KG, Gräfelfing, Germany
- Windpark Finkenbach-Gersweiler GmbH & Co. KG, Gräfelfing, Germany

- Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany
- Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany
- Windpark Stockelsdorf GmbH & Co. KG, Gräfelfing, Germany
- Windpark Uphuser Mark GmbH & Co. KG, Gräfelfing, Germany
- Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany
- WP OWD Infrastruktur GmbH & Co. KG, Gräfelfing, Germany

(E.11.) Proposal for the appropriation of profit

As the parent company of BayWa Group, BayWa AG discloses profit available for distribution of €52,221,903.52 in its financial statements as at 31 December 2016 which were drawn up in accordance with German accounting standards (German Commercial Code – HGB) and adopted by the Supervisory Board on 29 March 2017. The Board of Management and the Supervisory Board will propose the following use of this amount to the Annual General Meeting of Shareholders on 23 May 2017:

in €	
Dividend of €0.85 per dividend-bearing share	29,566,383.00
Carried forward to new account	22,655,520.52
	52,221,903.52

The amount earmarked for distribution to the shareholders will be reduced by the portion of the shares owned by BayWa AG at the time when the resolution on profit appropriation was made, as these shares are not entitled to dividend pursuant to Section 71b of the German Stock Corporation Act (AktG). This portion will be transferred to other revenue reserves.

(E.12.) German Corporate Governance Code

The Board of Management and the Supervisory Board of BayWa AG submitted the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) on 4 November 2015 and have made it permanently accessible to the shareholders on the company's website at www.baywa.com.

Munich, 27 March 2017
BayWa Aktiengesellschaft

The Board of Management

Prof. Klaus Josef Lutz
Andreas Helber
Roland Schuler
Matthias Taft
Reinhard Wolf

Group Holdings of BayWa AG (Appendix to the Notes of the Consolidated Financial Statements)
as at 31 December 2016

Name and principal place of business	Share in capital in %
Subsidiaries included in the group of consolidated companies	
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria	51.1
1076230 B.C. Ltd., Vancouver, Canada	90.0
Abemec B.V., Veghel, the Netherlands	100.0
AFS Franchise-Systeme GmbH, Vienna, Austria	100.0
Agrar- und Transportservice Kölleda GmbH, Kölleda, Germany	58.0
Agrarhandel Züssow Bohnhorst / Naeve Beteiligungs GmbH, Züssow, Germany	100.0
Agrimec B.V., Apeldoorn, the Netherlands	100.0
Agrimec Group B.V., Apeldoorn, the Netherlands	100.0
Agrimec Parts B.V., Veghel, the Netherlands	100.0
Agrosaat d.o.o., Ljubljana, Slovenia	100.0
Agroterra Warenhandel und Beteiligungen GmbH, Vienna, Austria	100.0
Alisea S.r.l., Rovereto (formerly: Rome), Italy	65.0
ALM Regio 1 B.V., Veghel, the Netherlands	100.0
ALM Regio 2 B.V., Veghel, the Netherlands	100.0
ALM Regio 3 B.V., Veghel, the Netherlands	100.0
ALM Regio 4 B.V., Veghel, the Netherlands	100.0
ALM Regio 5 B.V., Veghel, the Netherlands	100.0
ALM Regio 6 B.V., Veghel, the Netherlands	100.0
ALM Regio 7 B.V., Veghel, the Netherlands	100,0
Aludra Energies SARL, Paris, France	100.0
AMUR S.L.U., Barcelona, Spain	100.0
Apollo Apples (2014) Limited, Auckland, New Zealand	100.0
Arlena Energy S.r.l., Milan, Italy	100.0
Åshults Kraft AB, Malmö, Sweden	100.0
Aufwind BB GmbH & Co. Bioenergie Dessau Sechzehnte KG, Regensburg, Germany	100.0
Aufwind BB GmbH & Co. Sechsundzwanzigste Biogas KG, Regensburg, Germany	100.0
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany	100.0
Aufwind Schmack Első Biogáz Szolgáltató Kft., Szarvas, Hungary	100.0
AWS Entsorgung GmbH Abfall und Wertstoff Service, Luckau, Germany	100.0
B O R , s.r.o., Choceň, Czech Republic	92.8
Bad und Heizung Krampfl GmbH, Plattling, Germany	70.0
Baltic Logistic Holding B.V., Rotterdam, the Netherlands	100.0
Bautechnik Gesellschaft m.b.H., Vienna, Austria	100.0
Bauzentrum Westmünsterland GmbH & Co. KG, Munich, Germany	100.0
Bayerische Futtersaatbau Gesellschaft mit beschränkter Haftung, Ismaning, Germany	79.2
BayWa Agrar Beteiligung Nr. 2 GmbH, Munich Germany	100.0 [1]
BayWa Agrar Beteiligungs GmbH, Munich, Germany	100.0 [1]
BayWa Agrar International B.V., Rotterdam, the Netherlands	100.0
BayWa Agrarhandel GmbH, Nienburg (formerly: Steimbke), Germany	100.0
BayWa Agri GmbH & Co. KG, Munich, Germany	100.0
BayWa Agri Romania S.r.l., Bucharest, Romania	98.8

Name and principal place of business	Share in capital in %
BayWa Agro Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
BayWa Canada Ltd., Vancouver, Canada	100.0
BayWa Energie Dienstleistungs GmbH, Munich, Germany	100.0
BayWa Fruit B.V., De Lier, the Netherlands	100.0
BayWa Handels-Systeme-Service GmbH, Munich, Germany	100.0 [1]
BayWa Marketing & Trading International B.V., Rotterdam, the Netherlands	100,0
BayWa Obst Beteiligung GmbH (formerly: BayWa-Lager und Umschlags GmbH), Munich, Germany	100.0
BayWa Obst GmbH & Co. KG, Munich, Germany	100.0
BayWa Ökoenergie GmbH, Munich, Germany	100.0 [1]
BayWa Pensionsverwaltung GmbH, Munich, Germany	100.0 [1]
BayWa r.e. (Thailand) Co., Ltd., Bangkok, Thailand	100.0
BayWa r.e. 148. Projektgesellschaft mbH, Gräfelfing, Germany	100.0
BayWa r.e. 203. Projektgesellschaft mbH, Gräfelfing, Germany	100.0
BayWa r.e. 205. Projektgesellschaft mbH, Gräfelfing, Germany	100.0
BayWa r.e. 206. Projektgesellschaft mbH, Gräfelfing, Germany	100.0
BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Asset Management GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Bioenergy GmbH, Regensburg, Germany	100.0
BayWa r.e. España S.L.U., Barcelona, Spain	100.0
BayWa r.e. France SAS, Paris, France	100.0
BayWa r.e. Green Energy Products GmbH, Munich, Germany	100.0
BayWa r.e. Hellas MEPE, Athens, Greece	100.0
BayWa r.e. Italia Assets GmbH (formerly: BayWa r.e. 149. Projektgesellschaft mbH), Gräfelfing, Germany	100.0
BayWa r.e. Italia S.r.l., Milan, Italy	100.0
BayWa r.e. Japan K.K., Tokyo, Japan	100.0
BayWa r.e. Nordic AB, Malmö, Sweden	100.0
BayWa r.e. Operation Services GmbH, Munich, Germany	100.0
BayWa r.e. Polska Sp. z o.o., Warsaw, Poland	100.0
BayWa r.e. Progetti S.r.l., Milan, Italy	100.0
BayWa r.e. renewable energy GmbH, Munich, Germany	100.0
BayWa r.e. Rotor Service GmbH, Basdahl, Germany	100.0
BayWa r.e. Rotor Service Holding GmbH, Munich, Germany	100.0
BayWa r.e. Rotor Service Vermögensverwaltungs GmbH, Basdahl, Germany	100.0
BayWa r.e. Scandinavia AB, Malmö, Sweden	76.0
BayWa r.e. Solar Energy Systems GmbH, Tübingen, Germany	100.0
BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0 [1]
BayWa r.e. Solar Projects LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. Solar Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Solar Systems LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. Solar Systems Ltd., Machynlleth, UK	90.0
BayWa r.e. Solar Systems Pty Ltd, Adelaide, Australia	100.0
BayWa r.e. Solar Systems S.à r.l., Wemperhardt, Luxembourg	100.0
BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany	100.0
BayWa r.e. Solarsystemer ApS, Svendborg, Denmark	100.0
BayWa r.e. UK Limited, London, UK	100.0
BayWa r.e. USA LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. Wind GmbH, Munich, Germany	100.0
BayWa r.e. Wind Verwaltungs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Wind, LLC, Wilmington (Delaware), USA	95.0
BayWa r.e. Windpark Arlena GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark Gravina GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark Guasila GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark San Lupo GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark Tessenano GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark Tuscania GmbH, Gräfelfing, Germany	100.0

Name and principal place of business	Share in capital in %
BayWa Ravano Operation Services S.r.l., Genoa, Italy	100.0
BayWa Rus LLC, Moscow, Russia	100.0
BayWa Ukraine LLC, Kiev, Ukraine	100.0
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0
Berryfruit New Zealand Limited, Auckland, New Zealand	100.0
Berthllwyd Solar Project Limited, London, UK	100.0
BGA Bio Getreide Austria GmbH, Vienna, Austria	100.0
Bilsborrow Solar Project Limited, London, UK	100.0
Biogas Meden Ltd., London, UK	100.0
Biomethananlage Welbeck GmbH, Gräfelfing, Germany	100.0
Bish (Holdings) Limited, London, UK	100.0
Bishopthorpe Wind Farm Limited, London, UK	100.0
Bodwen Solar Project Limited, London, UK	100.0
Breathe Energia in Movimento S.r.l., Trento (formerly: Potenza), Italy	50.0
Burkes Agencies Limited, Glasgow, UK	100.0
Cefetra B.V., Rotterdam, the Netherlands	100.0
Cefetra Feed Service B.V., Rotterdam, the Netherlands	100.0
Cefetra Hungary Kft., Budapest, Hungary	100.0
Cefetra Ibérica S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Limited, Glasgow, UK	100.0
Cefetra Polska Sp. z o.o., Gdynia, Poland	100.0
Cefetra S.p.A., Rome, Italy	100.0
Cefetra Shipping B.V., Rotterdam, the Netherlands	100.0
Chopin Wind, LLC, Wilmington (Delaware), USA	100.0
CLAAS Main-Donau GmbH & Co. KG, Vohburg, Germany	90.0
CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany	90.0
CLAAS Südostbayern GmbH, Töging am Inn, Germany	90.0
CLAAS Württemberg GmbH, Langenau, Germany	80.0
Coachella Wind, LLC, Wilmington (Delaware), USA	100.0
Cosmos Power S.L.U., Barcelona, Spain	100.0
Delica (Shanghai) Fruit Trading Company Limited, Shanghai, People's Republic of China	100.0
Delica Australia Pty Ltd, Tullamarine, Australia	100.0
Delica Domestic Pty Ltd, Tullamarine, Australia	80.0
Delica Limited, Auckland, New Zealand	100.0
Delica North America, Inc., Torrance, USA	100.0
Diermeier Energie GmbH, Munich, Germany	100.0
Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany	100.0
DRWZ-Beteiligungsgesellschaft mbH, Munich, Germany	64.3
Ebnal Lodge Solar Project Limited, London, UK	100.0
ECOwind d.o.o., Zagreb, Croatia	100.0
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	100.0
EEB7 Limited, London, UK	100.0
EFL Holdings Limited, Auckland, New Zealand	100.0
Eko-En Drozkow Sp. z o.o., Żary, Poland	60.0
Eko-En Iwonicz 2 Sp. z o.o., Rezesów, Poland	75.0
Eko-En Kozmin Sp. z o.o., Poznań, Poland	100.0
Eko-En Polanow 1 Sp. z o.o., Koszalin, Poland	75.0
Eko-En Polanow 2 Sp. z o.o., Koszalin, Poland	75.0
Eko-En Skibno Sp. z o.o., Koszalin, Poland	75.0
Eko-En Żary Sp. z o.o., Żary, Poland	60.0
Eko-Energetyka Sp. z o.o., Rezesów, Poland	100.0
Energia Rinnovabile Pugliese S.r.l., Milan, Italy	100.0
ENZA Fresh, Inc., Seattle, USA	100.0
ENZA Investments USA, Inc., Seattle, USA	100.0
ENZA Limited, Auckland, New Zealand	100.0
ENZAFOODS New Zealand Limited, Auckland, New Zealand	100.0

Name and principal place of business	Share in capital in %
ENZAFRUIT New Zealand (Continent) NV, Sint-Truiden, Belgium	100.0
ENZAFRUIT New Zealand (U.K.) Limited, Luton, UK	100.0
ENZAFRUIT New Zealand International Limited, Auckland, New Zealand	100.0
ENZAFRUIT Peru S.A.C., Lima, Peru	100.0
ENZAFRUIT Products Inc., Wilmington (Delaware), USA	100.0
ENZASunrising (Holdings) Limited, Hong Kong, People's Republic of China	67.0
Eole de Plan Fleury SAS, Paris, France	100.0
Eolica San Lupo S.r.l., Rovereto (formerly: Milan), Italy	100.0
EUROGREEN AUSTRIA GmbH, Mondsee, Austria	100.0
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic	100.0
EUROGREEN GmbH, Betzdorf, Germany	100.0
EUROGREEN Schweiz AG, Zuchwil, Switzerland	100.0
Evergrain Germany GmbH & Co. KG, Hamburg, Germany	100.0
Ewind Sp. z o.o., Rezesów, Poland	75.0
F. Url & Co. Gesellschaft m.b.H., Lannach, Austria	100.0
FarmFacts GmbH (formerly: PC-Agrar Informations- und Beratungsdienst GmbH), Pfarrkirchen, Germany	100.0
Frucom Fruitimport GmbH, Hamburg, Germany	100.0
Fruit Distributors Limited, Auckland, New Zealand	100.0
Fruitmark NZ Limited, Auckland, New Zealand	100.0
Fruitmark Pty Ltd, Mulgrave, Australia	100.0
Fruitmark USA Inc., Seattle, USA	100.0
Frutesa Chile Limitada, Santiago de Chile, Chile	100.0
Frutesa, George Town, Cayman Islands	100.0
Furukraft AB, Malmö, Sweden	100.0
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0
Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0
GENOL Gesellschaft m.b.H. & Co KG, Vienna, Austria	71.0
Great Lake Tomatoes Limited, Auckland, New Zealand	100.0
Green Hedge Operational Services Limited, London, UK	100.0
Horticultural Corporation of New Zealand Limited, Auckland, New Zealand	100.0
Hunger Hill Solar Project Limited, London, UK	100.0
Immobilienvermietung Gesellschaft m.b.H., Traun, Austria	100.0
InterSaatzucht GmbH, Hohenkammer (formerly: Intersaatzucht Verwaltungs GmbH, Munich), Germany	100.0
Invercargill Markets Limited, Auckland, New Zealand	100.0
Jannis Beteiligungsgesellschaft mbH, Munich, Germany	100.0
Karl Theis GmbH, Munich, Germany	100.0
Kenergia Sviluppo S.r.l., Rome, Italy	100.0
Kerifresh Growers Trust 2016, Kerikeri, New Zealand	69.0
Ketziner Lagerhaus GmbH & Co. KG, Ketzin, Germany	100.0
Les Renardieres SAS, Paris, France	100.0
LTZ Chemnitz GmbH, Hartmannsdorf, Germany	90.0
Lyngsåsa Kraft AB, Malmö, Sweden	100.0
MHH France SAS, Toulouse, France	99.0
Mozart Wind, LLC, Wilmington (Delaware), USA	100.0
Parco Solare Smeraldo S.r.l., Brixen, Italy	100.0
Park Eolian Limanu S.r.l., Sibiu, Romania	99.0
Parque Eólico La Carracha S.L., Zaragoza, Spain	74.0
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	74.0
Peter Frey GmbH, Wartenberg, Germany	51.0
Quilly Guenrouet Energies SARL, Paris, France	100.0
r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany	100.0
Raiffeisen Kraftfutterwerke Süd GmbH, Würzburg, Germany	100.0
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck, Germany	52.0

Name and principal place of business	Share in capital in %
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria	89.9
Raiffeisen-Lagerhaus Investitionsholding GmbH, Vienna, Austria	100.0
Rasharkin Solar PV Ltd., London, UK	100.0
Real Power S.L.U., Barcelona, Spain	100.0
RENERCO GEM 1 GmbH, Gräfelfing, Germany	100.0
RENERCO GEM 2 GmbH, Gräfelfing, Germany	100.0
renerco plan consult GmbH, Munich, Germany	100.0
RI-Solution Data GmbH, Vienna, Austria	100.0
RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany	100.0
Rock Power S.L.U., Barcelona, Spain	100.0
Rose & Crown Solar PV Limited, London, UK	100.0
RUG Raiffeisen Umweltgesellschaft m.b.H., Vienna, Austria	75.0
RWA Hrvatska d.o.o. (formerly: RWA RAIFFEISEN AGRO d.o.o.), Zagreb, Croatia	100,0
RWA International Holding GmbH, Vienna, Austria	100.0
RWA Magyarország Kft. (formerly: Raiffeisen-Agro Magyaroszág Kft.), Ikrény, Hungary	100.0
RWA Raiffeisen Agro Romania S.r.l., Orţişoara, Romania	100.0
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria	50.0
RWA SLOVAKIA spol. s r.o., Bratislava, Slovakia	100.0
RWA Srbija d.o.o. (formerly: Raiffeisen Agro d.o.o.), Belgrade, Serbia	100.0
Ryfors Vindkraft AB (formerly: Ryfors Kraft AB), Malmö, Sweden	100.0
Safer Food Technologies Limited, Auckland, New Zealand	100.0
Samsonwind Wirtsnock GmbH, Thomatal, Austria	80.0
Sandhutton Solar Project Limited, London, UK	100.0
SC Puterea Verde S.r.l. (formerly: Puterea Verde S.r.l.), Sibiu, Romania	75.3
Schradenbiogas GmbH & Co. KG, Gröden, Germany	94.5
Shieldhall Logistics Limited, Glasgow, UK	100.0
Sinclair Logistics Limited, Glasgow, UK	100.0
Sjönnebol Kraft AB, Malmö, Sweden	100.0
Solarmarkt GmbH, Aarau, Switzerland	100.0
Solarpark Aquarius GmbH & Co. KG, Munich, Germany	100.0
Solarpark Aries GmbH & Co. KG, Munich, Germany	100.0
Solarpark Aston Clinton GmbH, Gräfelfing, Germany	100.0
Solarpark Homestead GmbH, Gräfelfing, Germany	100.0
Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Lynt GmbH, Gräfelfing, Germany	100.0
Solarpark Vine Farm GmbH, Gräfelfing, Germany	100.0
Solesa Engineering S.r.l., Turin, Italy	100.0
SPM Solarpark Möhlau GmbH & Co. KG, Gräfelfing, Germany	100.0
Status Produce Favona Road Limited, Auckland, New Zealand	100.0
Status Produce Limited, Auckland, New Zealand	100.0
Stormon Energi AB, Malmö, Sweden	100.0
Sunshine Movement GmbH, Munich, Germany	100.0
T&G Fruitmark HK Limited (formerly: ENZAFRUIT (Hong Kong) Limited), Hong Kong, People's Republic of China	100.0
T&G Global Limited, Auckland, New Zealand	74.0
T&G Japan Ltd., Tokyo, Japan	100.0
T&G South East Asia Ltd., Bangkok, Thailand	100.0
T&G Vizzarri Farms Pty Ltd, Tullamarine, Australia	50.0
Taipa Water Supply Limited, Kerikeri, New Zealand	65.0
TechnikCenter Grimma GmbH, Mutzschen, Germany	70.0
Tecno Spot - G.m.b.H., Bruneck, Italy	100.0
Tessennano Energy S.r.l., Milan, Italy	100.0
TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany	100.0 [1]
TFC Holland B.V., De Lier, the Netherlands	68.4
Tierceline Energies SARL, Paris, France	100.0
Turners & Growers (Fiji) Limited, Suva, Republic of Fiji	70.0
Turners & Growers Fresh Limited, Auckland, New Zealand	100.0

Name and principal place of business	Share in capital in %
Turners & Growers New Zealand Limited, Auckland, New Zealand	100.0
Turners and Growers Horticulture Limited, Auckland, New Zealand	100.0
Tuscania Energy S.r.l., Milan, Italy	100.0
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0
Unterstützungseinrichtung der BayWa Aktiengesellschaft in München GmbH, Munich, Germany	100.0
URL AGRAR GmbH, Premstätten (formerly: Unterpremstätten), Austria	100.0
Vine Farm Solar Wendy Ltd., London, UK	100.0
Vjetroelektrana Orjak d.o.o., Split, Croatia	80.8
Wagner Wind, LLC, Wilmington (Delaware), USA	100.0
Wathegar 2 Limited, London, UK	100.0
WAV Wärme Austria VertriebsgmbH, Vienna, Austria	89.0
WealthCap Portfolio Finanzierungs-GmbH & Co. KG, Grünwald, Germany	100.0
Wessex Grain Ltd., Templecombe, UK	100.0
Windfarm Fraisthorpe GmbH, Gräfelfing, Germany	100.0
Windfarm Lacedonia GmbH, Gräfelfing	100.0
Windfarms Italia S.r.l., Milan, Italy	100.0
Windpark Bärofen GmbH, Kilb, Austria	100.0
Windpark Berschweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Cashagen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Dissau GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Finkenbach-Gersweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Fürstkogel GmbH, Kilb, Austria	100.0
Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hiesberg GmbH, Kilb, Austria	100.0
Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Kamionka GmbH, Gräfelfing, Germany	100.0
Windpark Kraubatheck GmbH, Kilb, Austria	100.0
Windpark Melfi GmbH, Gräfelfing, Germany	100.0
Windpark Stockelsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Uphuser Mark GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany	100.0
Wingenfeld Energie GmbH, Hünfeld, Germany	100.0
WP OWD Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	60.0
1 Profit and loss transfer agreement	
Subsidiaries not included in the group of consolidated companies	
"Danufert" Handelsgesellschaft m.b.H., Vienna, Austria	60.0
ABATIS Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Agrarproduktenhandel Gesellschaft m.b.H., Klagenfurt, Germany	100.0
Agro Innovation Lab GmbH, Vienna, Austria	100.0
AGRO-CAD Software GmbH, Großbardau OT Kleinbardau, Germany	100.0
AGROMED AUSTRIA GMBH, Kremsmünster, Austria	80.0
Agro-Property Kft., Kecskemét, Hungary	100.0
Amadeus Wind, LLC, Wilmington (Delaware), USA	100.0
Aurora Solar Projects, LLC, Dover (Delaware), USA	100.0
Bauzentrum Westmünsterland Verwaltungs-GmbH, Munich, Germany	100.0
BayWa Agrar Verwaltungs GmbH, Munich, Germany	100.0
BayWa Agri Argentina S.A., Buenos Aires, Argentina	100.0
BayWa CS GmbH, Munich, Germany	100.0
BayWa Forderungsmanagement GmbH (formerly: BayWa Finanzservice GmbH), Munich, Germany	100.0
BayWa InterOil Mineralölhandelsgesellschaft mit beschränkter Haftung, Munich, Germany	100.0
BayWa Obst Verwaltungsgesellschaft mbH, Munich, Germany	100.0
BayWa r.e. Bioenergy Betriebs GmbH, Gräfelfing (formerly: Regensburg), Germany	100.0
BayWa r.e. Desarrollos Solares S. de R.L. de C.V., Mexico City, Mexico	100.0
BayWa r.e. Development, LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. EPC, LLC, Wilmington (Delaware), USA	100.0

Name and principal place of business	Share in capital in %
BayWa r.e. Mexico, LLC, Wilmington (Delaware), USA	100.0
Bielstein S.L.U., Barcelona, Spain	100.0
Big Timber Wind LLC, Missoula, USA	100.0
Biogasanlage Geislingen GmbH & Co. KG, Gröden, Germany	100.0
Bohnhorst Beteiligungs-Gesellschaft mit beschränkter Haftung, Niederer Fläming, Germany	100.0
Botsay Energie SARL, Paris, France	100.0
Brahms Wind Holdings, LLC, Wilmington (Delaware), USA	100.0
Brands + Schnitzler Tiefbau-Fachhandel Verwaltungs GmbH, Mönchengladbach, Germany	100.0
Budge Haulage Limited, Templecombe, UK	100.0
BW DSG, LLC, Wilmington (Delaware), USA	100.0
BW Solar 216 G.K., Tokyo, Japan	100.0
BW Solar 615 G.K., Tokyo, Japan	100.0
BW Solar 815 G.K. (formerly: Yaita Solar G.K.), Tokyo, Japan	100.0
C L G Computerdienst für Landwirtschaft und Gewerbe GmbH, Pfarrkirchen, Germany	100.0 [1]
CalCity Solar I LLC, Wilmington (Delaware), USA	100.0
Cefetra Este S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Norte S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Oeste S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Sur S.L.U., Pozuelo de Alarcón, Spain	100.0
Chestnut Solar LLC, Raleigh (North Carolina), USA	100.0
Clos Neuf Energies SARL, Paris, France	100.0
Col des 3 Soeurs SARL, Paris, France	100.0
Danugrain Lagerei GmbH, Krems an der Donau, Austria	60.0
Decaenergia S.r.l., Trento, Italy	65.0
Delano Solar I, LLC, Wilmington (Delaware), USA	100.0
DIFWIND Farms II, LLC, Wilmington (Delaware), USA	100.0
DIFWIND Farms Limited I, a California Limited Partnership, North Palm Springs, USA	100.0
DIFWIND Farms Limited II, a California Limited Partnership, North Palm Springs, USA	100.0
DIFWIND Farms Limited V, a California Limited Partnership, North Palm Springs, USA	100.0
Eko Energetika Croatia d.o.o., Bribir, Croatia	100.0
ELG Energie Logistik GmbH, Munich, Germany	100.0
Eoliennes de la Benate SARL, Paris, France	100.0
Erste Onshore Windkraft Beteiligungsgesellschaft mbH, Oldenburg, Germany	100.0
Eurogreen Italia S.r.l., Milan, Italy	51.0
Evergrain Verwaltungs GmbH, Hamburg, Germany	100.0
FarmFacts Beteiligungs GmbH, Pfarrkirchen, Germany	100.0
Freedom Solar, LLC, Wilmington (Delaware), USA	100.0
GENOL Gesellschaft m.b.H., Vienna, Austria	71.0
Genol Vertriebssysteme GmbH, Vienna, Austria	100.0
Gourvillette Energies SARL, Paris, France	100.0
Grande Lande Energies SARL, Paris, France	100.0
Graninger & Mayr Gesellschaft m.b.H., Vienna, Austria	100.0
Grasshopper Solar LLC, Glen Allen (Virginia), USA	100.0
Green Answers GmbH & Co. WP Vahlbruch KG, Gräfelfing, Germany	100.0
HERA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna, Austria	51.0
Heuberg S.L.U., Barcelona, Spain	100.0
HXNAir Solar One, LLC, Raleigh (North Carolina), USA	100.0
K'IIN, S.A.P.I. de C.V., Mexico City, Mexico	100.0
KALPIS, S.A.P.I. de C.V., Mexico City, Mexico	100.0
Kelsey Creek Solar Farm Finco Pty Ltd, Cockburn Central, Australia	100.0
Kelsey Creek Solar Farm Holdco Pty Ltd, Cockburn Central, Australia	100.0
Keranna Energies SARL, Paris, France	100.0
Kita-Ibaragi City PV Plant G.K., Tokyo, Japan	100.0
Konsultorey ES S.L.U., Barcelona, Spain	100.0
La Couture Energies SARL, Paris, France	100.0
Lagerhaus e-Service GmbH, Vienna, Austria	100.0

Name and principal place of business	Share in capital in %
Les Landiers Energies SARL, Paris, France	100.0
Lesia a.s., Strážnice, Czech Republic	100.0
Magyar "Agrár-Ház" Kft., Székesfehérvár, Hungary	100.0
MD-Betriebs-GmbH, Munich, Germany	90.0
NOB-Betriebs-GmbH, Munich, Germany	90.0
Notch Peak Solar, LLC, Wilmington (Delaware), USA	100.0
Nuevos Parques Eólicos La Muela A.I.E., Zaragoza, Spain	100.0
PATIS Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Potencia Solar S.A. de C.V., San Salvador, Republic of El Salvador	100.0
PT. Bumiraya Suria Abadi, Jakarta, Indonesia	49.0
Raiffeisen Trgovina d.o.o., Lenart, Slovenia	100.0
Ravel Wind, LLC, Wilmington (Delaware), USA	100.0
Renovables de América S.A. de C.V., San Salvador, Republic of El Salvador	100.0
Ruschberg Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	100.0
S.C. Danugrain Romania S.r.l. (formerly: K3 Agroinvest S.r.l.), Orţişoara, Romania	60.0
Saatzucht Gleisdorf Gesellschaft m.b.H., Gleisdorf, Austria	66.7
Saint-Ferriol Energies SAS, Paris, France	100.0
San Jacinto Power Company, LLC, Wilmington (Delaware), USA	100.0
SBP Power Sdn. Bhd., Petaling Jaya, Malaysia	25.0
SBU Power Sdn. Bhd., Petaling Jaya, Malaysia	25.0
Schradenbiogas Betriebsgesellschaft mbH, Gröden, Germany	100.0
Schradenbiogas Sp. z o.o., Wrocław, Poland	100.0
Schumann Wind, LLC, Wilmington (Delaware), USA	100.0
SEP S.A.G. Intersolaire 5 SNC, Mulhouse, France	100.0
Serralonga Energia S.r.l., Turin, Italy	65.0
Siri Energia S.r.l., Rome, Italy	65.0
Societe d'exploitation photovoltaique du Midi II SNC, Mulhouse, France	100.0
Solarpark Cetus GmbH & Co. KG, Gräfelfing (formerly: Munich), Germany	100.0
Solarpark Günes GmbH, Gräfelfing, Germany	100.0
Solarpark Horus GmbH, Gräfelfing, Germany	100.0
Solarpark Horus Sp. z o.o., Warsaw, Poland	100.0
Solarpark Libra GmbH & Co. KG, Munich, Germany	100.0
Solarpark Lugh GmbH, Gräfelfing, Germany	100.0
Solarpark Lugh Sp. z o.o., Warsaw, Poland	100.0
Solarpark Malina GmbH, Gräfelfing, Germany	100.0
Solarpark Malina Sp. z o.o., Warsaw, Poland	100.0
Solarpark Mitra GmbH, Gräfelfing, Germany	100.0
Solarpark Mitra Sp. z o.o., Warsaw, Poland	100.0
Solarpark Perseus GmbH & Co. KG, Munich, Germany	100.0
Solarpark Samas GmbH, Gräfelfing, Germany	100.0
Solarpark Samas Sp. z o.o., Warsaw, Poland	100.0
Solarpark Sunna GmbH, Gräfelfing, Germany	100.0
Solarpark Sunna Sp. z o.o., Warsaw, Poland	100.0
Solarpark Tucana GmbH & Co. KG, Munich, Germany	100.0
Solarpark Wega GmbH & Co. KG, Munich, Germany	100.0
SolarSolutions 1 GmbH & Co. KG, Gräfelfing (formerly: Solarpark Aldebaran GmbH & Co. KG, Munich), Germany	100.0
SPV Solarpark 101. GmbH & Co. KG, Gräfelfing (formerly: Solarpark Pavo GmbH & Co. KG, Munich), Germany	100.0
SPV Solarpark 102. GmbH & Co. KG (formerly: BayWa r.e. Solardächer I GmbH & Co. KG), Gräfelfing, Germany	100.0
SPV Solarpark 103. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 104. GmbH & Co. KG, Gräfelfing, Germany	100.0
Strauss Wind, LLC, San Diego, USA	100.0
Studios Solar 2, LLC, Wilmington (Delaware), USA	100.0
Studios Solar 3, LLC, Wilmington (Delaware), USA	100.0
Studios Solar 4, LLC, Wilmington (Delaware), USA	100.0
Studios Solar 5, LLC, Wilmington (Delaware), USA	100.0
Studios Solar, LLC, Wilmington (Delaware), USA	100.0

Name and principal place of business	Share in capital in %
Süd-Treber GmbH, Stuttgart, Germany	100.0 [1]
Sunshine Bay GmbH & Co. KG, Munich, Germany	100.0
Sunshine Latin GmbH & Co. KG, Munich, Germany	100,0
Sunshine South GmbH & Co. KG. Gräfelfing (formerly: Munich), Germany	100.0
Taga Solar, LLC, Wilmington (Delaware), USA	100.0
TFC Maasland B.V., De Lier, the Netherlands	100.0
Tout Vent Energies SARL, Paris, France	100.0
Val de Moine Energies SARL, Paris, France	100.0
Varennes Solaire 2 SAS, Paris, France	100.0
VPI Enterprises, LLC, San Diego, USA	100.0
WHG LIEGENSCHAFTSVERWALTUNG BETRIEBS GMBH, Klagenfurt, Austria	100.0
Wind Park Kotla Sp. z o.o., Warsaw, Poland	100.0
Wind Park Lipnica Sp. z o.o., Nowy Targ, Poland	100.0
Windfarm Serralonga GmbH (formerly: Solarpark Kinmel GmbH), Gräfelfing, Germany	100.0
Windkraft Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Windpark Bad Berleburg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Bedesbach GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Bella GmbH (formerly: Windfarm Bonwick GmbH), Gräfelfing, Germany	100.0
Windpark Breva GmbH (formerly: Windfarm Sewstern GmbH), Gräfelfing, Germany	100.0
Windpark Freimersheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Gronau Leine GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Gross Ziescht am Schwarzen Berg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hellefelder Höhe GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hodenbachwald GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Immenberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Jembke GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Jettenbach GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Katzberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Langenbrand GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Langenlonsheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Lauenbrück GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Molkenberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Olsberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Pferdsfeld GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Rehweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Reichweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Rothhausen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark SBG V GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Schönberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Seershausen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Sien GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wilhelmshöhe II GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wimmelburg 3 GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Winterborn II GmbH & Co. KG, Gräfelfing, Germany	100.0

1 Profit and loss transfer agreement

Associated companies and joint ventures of secondary importance included under the equity method	
AHG- Autohandelsgesellschaft mbH, Horb am Neckar, Germany	49.0
Allen Blair Properties Limited, Wellington, New Zealand	33.3
Aufwind BB GmbH & Co. Zwanzigste Biogas KG, Regensburg, Germany	100.0
AUSTRIA JUICE GmbH, Allhartsberg, Austria	50.0
Baltanás Cereales y Abonos, S.L., Baltanás, Spain	50.0
Baltic Grain Terminal Sp. z o.o., Gdynia, Poland	50.0
BayWa Bau- & Gartenmärkte GmbH & Co. KG, Dortmund, Germany	50.0
BayWa Hochhaus GmbH & Co. KG, Grünwald, Germany	99.0
BEEGY GmbH, Mannheim, Germany	25.1

Name and principal place of business	Share in capital in %
BHBW Limited, Maidenhead, UK	50.0
biohelp - biologischer Pflanzenschutz-Nützlingsproduktions-, Handels- und Beratungs GmbH, Vienna, Austria	24.9
Biomethananlage Barby GmbH, Barby, Germany	25.1
Biomethananlage Staßfurt GmbH, Mannheim, Germany	25.1
BRB Holding GmbH, Munich, Germany	45.3
CRE Project S.r.l., Matera, Italy	49.0
David Oppenheimer and Company I, L.L.C., Seattle, USA	15.0
David Oppenheimer Transport Inc., Wilmington (Delaware), USA	15.0
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany	37.8
EAV Energietechnische Anlagen Verwaltungs GmbH, Staßfurt, Germany	49.0
Frisch & Frost Nahrungsmittel GmbH, Vienna, Austria	25.0
Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany	50.0
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich, Germany	33.3
LWM Austria GmbH, Hollabrunn, Austria	25.0
McKay Shipping Limited, Auckland, New Zealand	25.0
MoSagri B.V., Breda, the Netherlands	25.0
Mystery Creek Asparagus Limited, Hamilton, New Zealand	14.5
N.Z. Kumara Distributors Limited, Dargaville, New Zealand	20.4
PURE Applikationen GmbH & Co. KG, Regensburg, Germany	25.0
Süddeutsche Geothermie-Projekte Verwaltungsgesellschaft mbH, Gräfelfing, Germany	50.0
Transhispania Agraria, S.L., Torquemada, Spain	28.3
VIELA Export GmbH, Vierow, Germany	50.0
Wawata General Partner Limited, Nelson, New Zealand	50.0
Worldwide Fruit Limited, Spalding, UK	50.0
Associated companies and joint ventures of secondary importance not included under the equity method	
Agrosen Holding GmbH, Kremsmünster, Austria	30.0
Agro-Service-Gröden GmbH, Gröden, Germany	20.0
B L E, Bau- und Land-Entwicklungsgesellschaft Bayern GmbH, Munich, Germany	25.0
BayWa BGM Verwaltungs GmbH, Dortmund, Germany	50.0
BayWa Hochhaus Verwaltung GmbH, Grünwald, Germany	50.0
Biogas Plant Operations Limited, London, UK	49.0
Biotech-Enterprises-Lizenzverwertungs-Gmbh, Fischamend, Austria	24.9
Bonus Holsystem für Verpackungen GmbH & Co.KG, Kufstein, Austria	26.0
Bonus Holsystem für Verpackungen GmbH, Kufstein, Austria	26.0
Breva S.r.l., Trento, Italy	50.0
BRVG Bayerische Raiffeisen- und Volksbanken Verlag GmbH, Munich, Germany	25.0
Chemag Agrarchemikalien GmbH, Frankfurt am Main, Germany	33.3
DANUOIL Mineralöllager und Umschlags-Gesellschaft m.b.H., Vienna, Austria	50.0
Decawind S.r.l., Trento, Italiy	50,0
DRWZ Marken GmbH, Karlsruhe, Germany	32.8
EBULUM GmbH & Co. Objekt Baunatal KG, Pullach im Isartal, Germany	94.0
ISTROPOL SOLARY a.s., Horné Mýto, Slovakia	29.8
Kärntner Saatbau e.Gen., Klagenfurt, Austria	27.9
Kartoffel Centrum Bayern GmbH, Rain am Lech , Germany	50.0
Lagerhaus Technik-Center GmbH & Co KG, Korneuburg, Austria	34.1
Lagerhaus Technik-Center GmbH, Korneuburg, Austria	34.1
Land24 Gesellschaft mit beschränkter Haftung, Telgte, Germany	34,2
LLT - Lannacher Lager- und Transport GesmbH, Korneuburg, Austria	50.0
Logistikzentrum Röthlein GmbH & Co. KG, Gräfelfing, Germany	94,0
Melfi Energie Rinnovabili S.r.l.. Potenza, Italy	50.0
Mineralfutter-Produktionsgesellschaft mbH, Memmingen, Germany	50.0
Obst vom Bodensee Vertriebsgesellschaft mbH, Friedrichshafen (formerly: Oberteuringen), Germany	47.5
OÖ Lagerhaus Solidaritäts GmbH, Linz, Austria	33.3
Projektentwicklung Windkraft Unterallgäu GmbH & Co. KG, Bad Wörishofen, Germany	31.3
Projektentwicklung Windkraft Unterallgäu Verwaltungs GmbH, Bad Wörishofen, Germany	31.2

Name and principal place of business	Share in capital in %
Raiffeisen - Landhandel GmbH, Emskirchen, Germany	23.4
Raiffeisen-BayWa-Waren GmbH Lobsing-Siegenburg- Abensberg-Rohr, Pförring / Lobsing, Germany	22.8
Sewstern Lane Wind Farm Limited, Huddersfield, UK	50.0
Vetroline Handels GmbH, Göttlesbrunn-Arbesthal, Austria	50.0
VR erneuerbare Energien eG, Kitzingen, Germany	33.3
VR-LEASING DIVO GmbH & Co. Immobilien KG, Eschborn, Germany	47.0
VR-LEASING LYRA GmbH & Co. Immobilien KG, Eschborn, Germany	47.0
Wind Park Belzyce Sp. z o.o., Warsaw, Poland	50.0
Participations in large corporations	
Südstärke Gesellschaft mit beschränkter Haftung, Schrobenhausen, Germany Equity in € thousand: 126,919 Annual net income/loss in € thousand: 105	6.5

Affirmation by the Legally Authorised Representatives

We hereby affirm that, to the best of our knowledge and in accordance with the generally accepted accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and the result of operations of the Group, and the Management Report on the Group presents a true and fair description of the development of the Group's business, including its performance, and of the material risks and opportunities inherent in the prospective development of the Group.

Munich, 27 March 2017

BayWa Aktiengesellschaft
The Board of Management

Prof. Klaus Josef Lutz
Andreas Helber
Roland Schuler
Matthias Taft
Reinhard Wolf

Independent Auditors' Report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of BayWa AG, München, for the business year from 1 January 2016 to 31 December 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of BayWa AG, München, comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with legal requirements, as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, 28 March 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Götz)	(Tauber)
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Report of the Supervisory Board

Faced by a globally challenging market environment with highly volatile prices in some cases for raw materials and agriculture produce, the BayWa Group once again benefited from its international positioning and widely diversified portfolio in the reporting year 2016. While development in the Energy Segment, Building Materials Segment and the Fruit business unit was highly successful, unfavourable conditions affected agricultural trade activities and the agricultural equipment business. Overall, the Board of Management still regards the business performance of the BayWa Group in 2016 as satisfactory.

The Supervisory Board of BayWa AG has fulfilled the responsibility entrusted to it under the law, the Articles of Association and the bylaws. It regularly advised the Board of Management, coordinated the strategy with the Board of Management and supervised the latter in its management of the company. The common goal of the Board of Management and Supervisory Board is to raise the value of the company on a sustainable basis. The Board of Management always kept the Supervisory Board informed in a timely and comprehensive manner. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The measures requiring its approval were reviewed, and the respective resolutions passed both in meetings and in writing by way of a circulation procedure. Between the meetings, the Board of Management reported both in writing and in person on events of particular importance. After thorough deliberation and consultation, the Supervisory Board made its decisions on the reports and the resolutions put forward by the Board of Management.

The Chairman of the Supervisory Board was kept informed about important decisions by the Board of Management on an ongoing basis and remained in close contact with the Chairman of the Board of Management. He was informed through regular detailed reports on the current business situation. The cooperation within the Supervisory Board and with the Board of Management in the reporting year 2016 was again constructive and based on trust.

Key points of consultation of the meetings of the Supervisory Board

Matters of consultation at the four regular meetings of the Supervisory Board in the financial year 2016 included the business and financial development of the company, the performance of the individual business units, financial and investment planning, personnel-related decisions, the risk situation and questions of compliance, as well as the strategic development of the company. The Supervisory Board also deliberated in detail on the participations entered into by BayWa AG during the period under review. Moreover, the Supervisory Board addressed issues pertaining to accounting and the audit of the annual financial statements of the company, as well as BayWa AG's risk management and its risk position, on an ongoing basis. Special attention was paid to the compliance monitoring at the Group. The Board of Management reported regularly and extensively on these issues as well as on the Group's current situation.

In its meeting on 30 March 2016, the Supervisory Board dealt mainly with the annual financial statements and the management report on BayWa AG and on the Group as at 31 December 2015 as well as with the report of the audits performed. Furthermore, the Supervisory Board consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee, the Strategy Committee, the Nomination Committee and the Board of Management Committee. The meeting also concentrated on the agenda for the Annual General Meeting on 7 June 2016, which included topics such as the proposal to the Annual General Meeting on the election of a shareholder representative to the Supervisory Board and the extension of authorised capital against contributions in kind. Furthermore, strategic issues within the BayWa Group were discussed. At its meeting, the Supervisory Board dealt with the variable salary components of Board of Management members for the financial year 2015 and decided on the respective targets for the variable salary components for the financial year 2016, as well as new long-term targets. Other items on the meeting's agenda included a detailed report on compliance matters.
In addition, a continuous professional development event for the Supervisory Board on current issues related to stock corporation and accounting law was held on 31 March 2016.

At its meeting on 11 May 2016, the Supervisory Board dealt with the interim report for the first three months of 2016, as well as with the risk situation at the BayWa agricultural group and compliance issues. Furthermore, the Head of the Fruit business unit, Christiane Bell, reported on developments in the food retail industry.
At its meeting on 3 August 2016, the Supervisory Board addressed the interim report for the first half of 2016, among other things. The Board of Management also reported extensively to the Supervisory Board on market development in the first half of 2016, the development of the individual units, as well as on the current risk situation at the BayWa agricultural group. Furthermore, the Supervisory Board discussed and decided on the contract extension and reappointment of the Chief Executive Officer. Lastly, the Supervisory Board adopted the resolution concerning the approval of the terms and conditions for the issuing of employee shares in 2016 within the scope of the 2015 authorised capital.

An increase in share capital and a corresponding change to the Articles of Association on account of the issuing of employee shares from the 2015 authorised capital in 2016 was decided by way of a circulation procedure in the period from 21 September to 6 October 2016.

The interim report for the third quarter was presented at the meeting on 9 November 2016, and the Supervisory Board discussed the development of business in detail with the Board of Management. The Board of Management explained at length the development of business in the individual business divisions. Furthermore, strategic issues within the BayWa Group were discussed. The Supervisory Board also consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee and the Strategy Committee. The Supervisory Board passed a resolution on the annual Declaration of Conformity to the German Corporate Governance Code. Finally, the Supervisory Board approved the extension of the terms of nine members of the Cooperative Council.

At the meeting convened to review the Group's accounts on 29 March 2017, the Supervisory Board dealt mainly with the annual financial statements and the management report on BayWa AG and on the Group as at 31 December 2016, as well as with the report of the audits performed. The meeting also concentrated on the agenda of the Annual General Meeting of Shareholders to be held on 23 May 2017, among other topics.

Committees of the Supervisory Board

The Supervisory Board has set up a total of six committees to enhance the efficiency of its work. These committees prepare resolutions for the Supervisory Board and issues to be discussed by the entire Supervisory Board. To the extent permitted by law, decision-making powers of the Supervisory Board were delegated to the committees on a case-by-case basis. With the exception of the Audit Committee, the office of Chairman in respect of all committees is held by the Chairman of the Supervisory Board. The Supervisory Board was kept informed at its meetings about the work of the committees and their resolutions by the respective chairmen.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Wolfgang Altmüller, Klaus Buchleitner, Gunnar Metz and Werner Waschbichler belong to the Audit Committee. The Chairman of the Audit Committee is Wolfgang Altmüller. BayWa AG has therefore adopted the recommendation of the German Corporate Governance Code, which proposes that the Chairman of the Supervisory Board should not hold the office of Chairman of the Audit Committee. The Audit Committee held two meetings in the reporting year. In the presence of the independent auditor, the Chairman of the Board of Management and the Chief Financial Officer, the committee discussed the separate financial statements of BayWa AG and the consolidated financial statements for the financial year 2015, the report of management on the company and the Group, as well as the audit reports at its meeting on 29 March 2016. Moreover, the statement declaring the independence of the independent auditor pursuant to Code Item 7.2.1 of the German Corporate Governance Code was obtained. Resolutions on recommendations were drawn up for the Supervisory Board to approve and adopt the separate financial statements and the consolidated financial statements for 2015 and to propose to the Annual General Meeting on 7 June 2016 that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, be elected as the independent auditor for the financial year 2016.

The meeting on 8 November 2016 dealt with the quarterly figures for the third quarter of 2016, the assignment of audit mandates and establishing the key audit areas in respect of the 2016 annual financial statements and the audit fees.

At its meeting on 28 March 2017, the Audit Committee also consulted on the choice of the independent auditor for the financial year 2017 and recommended to the entire Supervisory Board that a proposal be put to the Annual General Meeting on 23 May 2017 in favour of appointing Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Gunnar Metz and Wolfgang Altmüller belong to the Board of Management Committee. The Board of Management Committee met twice in the reporting year, on 29 March 2016 and on 3 August 2016. At the meeting on 29 March 2016, the Board of Management Committee's discussions focused on recommendations to the Supervisory Board on the variable and fixed components of Board of Management member remuneration, recommendations pertaining to long-term targets and Board of Management members' mandates. The main topic of the Board of Management Committee meeting on 3 August 2016 was the preparation of a recommendation to the Supervisory Board regarding the extension of the Chief Executive Officer's contract.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Gunnar Metz, Dr. Johann Lang, Wilhelm Oberhofer, Joachim Rukwied, Michael Kuffner and Werner Waschbichler belong to the Strategy Committee. The Strategy Committee met three times in the reporting year. At the meeting on 28 January 2016, the committee attended to the planned TFC Holland B.V. company transaction. At the meeting on 29 March 2016, the Strategy Committee primarily prepared the Supervisory Board meeting; at the meeting on 8 November 2016, the committee discussed the planned takeover of the Thegra Tracomex Group, a planned joint venture with Barloworld Limited in southern Africa and the preparation of the Supervisory Board meeting. In addition, it discussed the company's strategy alignment, as well as current business projects and investment plans.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Monika Hohlmeier, Dr. Johann Lang, Monique Surges, Theo Bergmann, Renate Glashauser and Josef Schraut belong to the Lending and Investment Committee. The Lending and Investment Committee held two meetings in the reporting year, on 29 March 2016 and 8 November 2016. The committee monitored investment activities and reviewed lending activities and credit exposures in line with the authorisations it has been granted. Beyond this, the committee dealt with the settlement of the 2015 investment budget, and the investment budgets for 2016 and 2017.

Supervisory Board Chairman Manfred Nüssel, Dr. Johann Lang and Wilhelm Oberhofer belong to the Nomination Committee. The committee is tasked with submitting recommendations to shareholder representatives on the Supervisory Board for proposals of shareholders for the election of Supervisory Board members by the Annual General Meeting. The Nomination Committee held one meeting in the reporting period, on 29 March 2016.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Gunnar Metz, Monika Hohlmeier and Werner Waschbichler belong to the Mediation Committee, set up pursuant to Section 27 para. 3 of the German Codetermination Act (MitbestG). The committee was not convened in the past financial year.

Corporate Governance

Recognising the important contribution that corporate governance makes to the transparent and responsible management of the company, the Supervisory Board regularly deliberates on related matters. More information on corporate governance can be found in the Statement on Corporate Governance. Details concerning the amount and structure of remuneration received by the Supervisory Board and the Board of Management can be found in the Group Management Report.

With regard to the recommendations of the German Corporate Governance Code in the version dated 5 May 2015, the Board of Management and the Supervisory Board also adopted at their meetings on 7 November 2016 and on 9 November 2016 respectively the recommendations of the German Corporate Governance Code in the version dated 5 May 2015 with very few exceptions. The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) is included in the Statement on Corporate Governance pursuant to Section 289a of the German Commercial Code (HGB). It has also been posted on the company's website at www.baywa.com under Investor Relations.

All members of the Supervisory Board participated in at least half of the Supervisory Board meetings held during the reporting period.

Members of the Board of Management and of the Supervisory Board report any conflicts of interest without delay to the Supervisory Board. In the financial year 2016, there were no conflicts of interest in respect of members of the Board of Management or members of the Supervisory Board.

Audit of the separate financial statements and the consolidated financial statements

The separate financial statements of BayWa AG and the consolidated financial statements of the Group for the financial year 2016, as well as the management report on BayWa AG and on the Group, have been audited by Munich-based Deloitte GmbH Wirtschaftsprüfungsgesellschaft, and each was issued an unqualified audit opinion.

At its meeting on 29 March 2017, the Supervisory Board carefully examined the financial statements of BayWa AG, drawn up by the Board of Management in accordance with the German Commercial Code, and the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and the additionally applicable standards set out under Section 315a of the German Commercial Code (HGB), as well as the management report on BayWa AG and on the Group for the financial year 2016, and discussed them in detail in the presence of the external auditor and the Board of Management. The key points of the 2016 audits as defined by the Audit Committee were also discussed extensively. All audit reports and documentation pertaining to the financial statements were made available to all Supervisory Board members in good time. The Supervisory Board concurred with the findings of the financial statements audit at its meeting on 29 March 2017. The audit reports and the documentation on the financial statements were previously the subject of in-depth deliberation by the Audit Committee at its meeting on 28 March 2017. The Audit Committee discussed the separate financial statements and the consolidated financial statements, the management report on the company and the Group, the audit reports, as well as the proposal for the appropriation of profit in the presence of the external auditor at its meeting on 28 March 2017. In accordance with the conclusive findings of the review by the Supervisory Board, no objections were raised against the financial statements. The Supervisory Board therefore ratified the separate financial statements of BayWa AG and the consolidated financial statements of the BayWa Group on 29 March 2017, which were thereby adopted.

During the Supervisory Board meeting on 29 March 2017, the external auditor also reported that there were no substantial weaknesses in the Internal Control System and the risk management system in respect of the accounting process. The Board of Management has thus taken all the appropriate measures to fulfil its obligations in this regard.

The proposal of the Board of Management on the appropriation of profit available for distribution through paying a dividend of €0.85 per share has been reviewed and approved by the Supervisory Board.

Changes to the Supervisory Board and to the Board of Management

There were no changes to either the Supervisory Board or the Board of Management in the reporting year 2016. Shareholder representative Wilhelm Oberhofer, who was appointed as the successor to Prof. Dr. h.c. Stephan Götzl by the District Court of Munich on 6 August 2015, was confirmed as a member of the Supervisory Board by the Annual General Meeting on 7 June 2016.

The Supervisory Board thanks the members of the Board of Management, the employees as well as the employee representatives of BayWa AG and all Group companies for their work.

Munich, 29 March 2017
On behalf of the Supervisory Board

Manfred Nüssel
Chairman

Corporate Governance Report / Statement on Corporate Governance pursuant to Section 289a German Commercial Code (HGB)

Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Board of Management and the Supervisory Board of BayWa AG submitted the most recent Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) on 4 November 2015. The Board of Management and the Supervisory Board of BayWa AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 5 May 2015 (published in the German Federal Gazette on 12 June 2015; hereinafter referred to as the "GCGC") have been and will be complied with, with the exception of the following:

1 Deductible under the D&O insurance for members of the Supervisory Board – Code Item 3.8 para. 3 GCGC

In Code Item 3.8 para. 3, the GCGC recommends a deductible to be provided for when a Directors & Officers (D&O) insurance policy is taken out for members of the Supervisory Board. BayWa AG has concluded a D&O insurance policy on behalf of the members of the Supervisory Board that does not provide for a deductible in respect of its members. BayWa AG is not of the opinion that the motivation and the responsibility with which the members of the Supervisory Board discharge their duties would be improved by having a deductible in the D&O insurance policy

2 Setting the targeted level of benefits, taking into account the length of service on the Board of Management – Code Item 4.2.3 para. 3 GCGC

The Supervisory Board of BayWa AG appointed Mr. Matthias Taft as a member of the Board of Management with effect from 1 April 2015. The members of the Supervisory Board discussed and set Mr. Taft's targeted level of benefits. Mr. Taft will receive a fixed pension from BayWa AG, which is not dependent on the length of his service on the Board of Management. The Supervisory Board believes this arrangement is appropriate in view of Mr. Taft's many years at the BayWa Group. It should be noted that the employer-funded insurance policies and pension commitments previously concluded for the benefit of Mr. Taft by the Group companies of BayWa AG have been discontinued.

3 Severance payment cap – Code Item 4.2.3 para. 4 GCGC

In Code Item 4.2.3 para. 4, the GCGC recommends that, when Board of Management employment contracts are concluded, care should be taken to ensure that, in the event of premature termination of a Board member's activities without serious cause, payments made to the Board member, including supplementary benefits, do not exceed the value of two years' compensation (severance cap) and compensate no more than the remaining term of the employment contract. The employment contracts of members of the Board of Management of BayWa AG do not contain such a provision, as the amount of any possible severance payment is part of an agreement to be signed upon termination of Board member activities and therefore depends on reaching an agreement with the respective member of the Board of Management. Even if such a contractual provision were to be included, a member of the Board of Management could nonetheless insist upon having the full scope of claims arising from the employment contract paid out and otherwise refuse to give their consent to the termination of their Board member contract. Moreover, BayWa AG is convinced that having such a clause is unnecessary as, even without it, the Supervisory Board will take sufficient account of the interests of the company in negotiations with the member leaving the Board of Management and not grant an excessive severance payment.

4 Individual disclosure of executive remuneration – Code Item 4.2.5 para. 3 GCGC

In Code Item 4.2.5 para. 3 GCGC, it is recommended that Board of Management member remuneration be disclosed in the remuneration report in table form and for each member individually for financial years from 31 December 2013. At BayWa AG, Board of Management member remuneration is disclosed in accordance with relevant legal regulations. The Annual General Meeting 2015 passed a new resolution pursuant to Sections 286 para. 5 and 314 para. 2 of the old version of the German Commercial Code (HGB), according to which Board of Management member remuneration is not disclosed for each member individually. As long as this Annual General Meeting resolution is valid, no individual disclosure of Board of Management member remuneration will take place pursuant to the recommendations in Code Item 4.2.5 para. 3 GCGC.

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5 No set age limit for the Board of Management – Code Item 5.1.2 para. 2 sentence 3 GCGC

In the current version of the bylaws applicable to the Board of Management of BayWa AG, and contrary to the recommendations in Code Item 5.1.2 para. 2 sentence 3 GCGC, there is no restriction on age for membership in the Board of Management. BayWa AG reviews the ability to perform and the competence of the members of its supervisory body on an ongoing basis. Age, however, is not indicative of the ability of a current or potential member of said body to perform their duties. For this reason, BayWa AG does not consider fixed age limits, which also restrict flexibility in respect of personnel decisions and the number of potential candidates, expedient.

6 Tasks of the Audit Committee – Code Item 5.3.2 sentence 1 GCGC

Pursuant to Code Item 5.3.2 sentence 1 GCGC, the Audit Committee should also concentrate on compliance if no other committee is responsible for it. At the current time, compliance issues are not allocated to any particular committee by derogation of Code Item 5.3.2 sentence 1 GCGC. In fact, the Supervisory Board is directly responsible for this area. Due to the high value it places on compliance, BayWa AG is of the opinion that all Supervisory Board members should be included in the response to compliance issues. In order to ensure that tasks in this area are fulfilled comprehensively and professionally, this area remains the responsibility of the Supervisory Board.

7 No set age or specified limit for maximum length of service on the Supervisory Board – Code Item 5.4.1 para. 2 GCGC

In the current version of the bylaws applicable to the Supervisory Board of BayWa AG, and contrary to the recommendations in Code Item 5.4.1 para. 2 sentence 1 GCGC, there is no restriction on age for membership in or specified limit for maximum length of service on the Supervisory Board. BayWa AG reviews the ability to perform and the competence of the members of its supervisory body on an ongoing basis. Age, however, is not indicative of the ability of a current or potential member of said body to perform their duties. Furthermore, the expertise of experienced and proven Supervisory Board members ought to be available to BayWa AG. For this reason, BayWa AG does not consider a fixed age limit and a specified limit for maximum service on the Supervisory Board, which also restrict flexibility in respect of personnel decisions and the number of potential candidates, expedient.

8 Specification of concrete objectives for the composition of the Supervisory Board – Code Item 5.4.1 para. 2 and para. 3 GCGC

In Code Item 5.4.1 para. 2 and para. 3, the GCGC recommends the specification of concrete objectives for the composition of the Supervisory Board. In the specification of concrete objectives, the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Code Item 5.4.2 GCGC and diversity, among other things, are to be given due regard in consideration of the situation specific to the company. Proposals by the Supervisory Board to the Annual General Meeting shall take these objectives into account. BayWa AG has not established concrete objectives and quotas in this sense. BayWa AG believes that potential Supervisory Board members' qualifications are the primary criteria for the assumption of a Supervisory Board mandate and therefore also for the composition of the Supervisory Board. In the proposals on the composition of the Supervisory Board, BayWa AG supports and takes into account the criteria specified in Code Item 5.4.1 para. 2 and para. 3 GCGC, though it does not regard concrete objectives or quotas as expedient.

9 Disclosure of personal and business relationships of Supervisory Board candidates with the company, the company's executive and supervisory bodies and a shareholder holding a material interest in the company – Code Item 5.4.1 para. 5 to para. 7 GCGC

Code Item 5.4.1 para. 5 to para. 7 GCGC includes the recommendation that the personal and business relationships of candidates proposed by the Supervisory Board for election to the Supervisory Board with the company, the company's executive and supervisory bodies and a shareholder holding a material interest in the company be disclosed. BayWa AG does not comply with this recommendation. There is no legal certainty at the current time in regard to the nature and scope of circumstances that are to be disclosed upon the proposition of election candidates. Therefore, there is a risk that the lack of clarity in this Code Item could be used within the scope of resolution challenges. The Supervisory Board will continue to observe how this issue develops and will review the application of this Code Item in future Supervisory Board elections.

10 Information on the structure of performance-related remuneration for Supervisory Board members – Code Item 5.4.6 para. 2 sentence 2 GCGC

Code Item 5.4.6 para. 2 sentence 2 GCGC stipulates that performance-related remuneration issued to Supervisory Board members is to be oriented toward the long-term success of the company and be evaluated over a period of several years. Alongside fixed annual pay, members of the BayWa AG Supervisory Board can also be paid variable performance-related remuneration. As this is defined on the basis of the cash dividends for the respective financial year approved by the Annual General Meeting, this is a discrepancy between this system and the requirement to orient performance-related remuneration toward long-term success. BayWa AG continues to believe that alignment with cash dividends in the respective financial year is expedient. In the view of BayWa AG, this orientation ensures the harmony of the interests of the Supervisory Board and those of the shareholders.

11 Information on the disclosure of the remuneration of members of the Supervisory Board – Code Item 5.4.6 para. 3

Contrary to the recommendation under Code Item 5.4.6 para. 3 GCGC, the remuneration of Supervisory Board members (including remuneration or benefits paid by the company to members of the Supervisory Board for services personally rendered, in particular the rendering of advisory and agency services) has not been and is not itemised. Instead, it is divided up into fixed and performance-related components and disclosed annually in the Notes or Management Report. The information included in the Notes or Management Report shows the structure and the amount of compensation received by the Supervisory Board. BayWa AG considers this information to be sufficient to satisfy the interest in such information of the capital market and its shareholders

12 Information on the attendance of the members of the Supervisory Board at committee meetings – Code Item 5.4.7 sentence 1 GCGC

Among other things, Code Item 5.4.7 sentence 1 GCGC stipulates that a note is to be made in the Report of the Supervisory Board if a member of the Supervisory Board has attended only half or less than half of the meetings of those committees to which he or she belongs. BayWa AG believes that it is important for a member of the Supervisory Board to participate in the committees and be involved in the decision-making process as well. As a rule, meetings of the committees of BayWa AG's Supervisory Board are held twice a year. Missing one time would already result in a note in the Report of the Supervisory Board when complying with Code Item 5.4.7 sentence 1 GCGC. Due to the number of committee meetings, such a note would give a false impression of the discipline of the Supervisory Board member with regard to meeting attendance.

Munich, 9 November 2016
BayWa Aktiengesellschaft

The Board of Management The Supervisory Board

Management and control structure of the Company

The Board of Management and the Supervisory Board

As a company with its principal place of business in Munich, Germany, BayWa AG is subject to the provisions laid down under German law. The executive and supervisory bodies consisting of the Board of Management and the Supervisory Board form the dual-tier management and control structure in accordance with the provisions under German stock corporation law. The Board of Management and the Supervisory Board work closely together in the interest of the company. Their joint goal is to ensure the company's continued existence and sustained value.

The Board of Management's duties and practices

The Board of Management, which is currently composed of five members, is independently responsible for running the company, developing the corporate strategy, agreeing the strategy with the Supervisory Board and ensuring that it is implemented. It is responsible for the company's annual and multi-year planning as well as for the preparation of the interim reports and the annual and consolidated financial statements. The Board of Management ensures that legal provisions, official rules and regulations as well as the company's internal guidelines are observed, and it works towards the Group's compliance with them. In accordance with legal provisions, the Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all relevant issues pertaining to planning, the development of business, the earnings, financial position and assets, the risk situation, risk management and compliance. The Supervisory Board is directly involved in all decisions of fundamental importance for the company. Furthermore, such decisions are subject to approval by the Supervisory Board. The Board of Management ensures that there is open and transparent communication within the company.

The Board of Management manages the company's business under its own responsibility. The principle of joint responsibility applies, meaning that the members of the Board of Management jointly bear the responsibility for the managing of the company. Each Board member is assigned certain tasks to be specifically handled under the allocation of duties plan (Geschäftsverteilungsplan). Certain decisions, especially those requiring the Supervisory Board's approval or for which the Board of Management is responsible under the law or the Articles of Association, are reserved for the entire Board of Management under the bylaws. Moreover, a resolution must also be obtained from the entire Board of Management in respect of matters which have been submitted to the Board of Management by the Chairman or by a Board member.

Meetings of the Board of Management take place at least once a month. They are convened by the Chairman of the Board of Management. The Chairman also sets the agenda and chairs the meetings. The Board of Management is quorate if all members have been invited and at least half of the Board members, including the Chairman, take part in deciding a resolution. The resolutions of the Board of Management are valid through a simple majority of votes cast. In the event of a tie vote, the Chairman shall have the casting vote. Upon instruction by the Chairman, resolutions can also be passed outside of meetings by way of votes cast in writing or by telephone.

The Supervisory Board's duties and practices

The Supervisory Board of BayWa AG appoints the members of the Board of Management and advises and supervises the Board of Management in its management of the company. The Supervisory Board is made up of 16 members. In accordance with the German Codetermination Act (MitbestG), it is composed in equal parts of representatives of the shareholders and of the employees. The Supervisory Board is composed of what it considers a sufficient number of independent members. A member is considered independent if he or she does not have any commercial or personal relationship to the company, the company's executive and supervisory bodies, controlling shareholder or any affiliated companies, which can justify a material or long-term conflict of interests. There were no changes to the Supervisory Board last year. Wilhelm Oberhofer, who was appointed as the successor to Prof. Dr. h.c. Stephan Götzl by the District Court of Munich on 6 August 2015, was confirmed as a member of the Supervisory Board by the Annual General Meeting on 7 June 2016. For information on changes to the Supervisory Board in the reporting period, please also see the Report of the Supervisory Board.

A set of bylaws regulates the tasks of the Supervisory Board; in particular, the internal organisation, the activities of the committees and the regulations governing approval by the Supervisory Board for decisions of the Board of Management. Meetings of the Supervisory Board take place at least once every quarter and, in addition, whenever necessary for business reasons. Meetings are convened by the Chairman or, if he is detained, by the Vice Chairman.

The Supervisory Board must also be convened if one of its members or the Board of Management requests it, stating the reasons. The Supervisory Board only has a quorum if eight members – including the Chairman – or twelve members take part in the meeting and in deciding on the resolution. Resolutions of the Supervisory Board or one of its committees passed in writing, by telegraph, telephone, electronic media or telefax are only permitted if the Chairman of the Supervisory Board or, if he is detained, the Vice Chairman has given the requisite instruction. Decisions generally require a simple majority. In the event of a tie vote, the Chairman of the Supervisory Board has a dual voting right in the second round if votes are cast equally again.

The Supervisory Board meets without members of the Board of Management to the extent that this is necessary for independent discussion and decision-making. There is a standardised procedure for regularly reviewing the efficiency of the Supervisory Board's work. BayWa AG has taken out D&O insurance for the members of the Board of Management and the Supervisory Board which covers the personal liability risk in the event that financial damages are asserted against board members in the exercising of their duties. There is currently no deductible for members of the Supervisory Board (cf. reasons cited previously in the Declaration of Conformity). In accordance with the provisions of the German Act on the Appropriateness of Executive Remuneration, BayWa AG has provided for a reasonable deductible on the D&O insurance taken out for members of the Board of Management.

Committees of the Supervisory Board

BayWa AG's Supervisory Board has set up six committees of experts to enhance the efficiency of its work. The respective committee chairmen report regularly to the Supervisory Board on their committee's work. For full details of the composition of each individual committee, please also see the Report of the Supervisory Board.

The Audit Committee concentrates mainly on the documentation of the independent auditor in respect of auditing the annual and consolidated financial statements and prepares them for adoption by the Supervisory Board. The committee also supervises the accounting process, the annual audit and the effectiveness of the internal control, risk management and audit system. It checks the auditor's independence and agrees on the key points of the audit and on the fees with the auditor. The Annual General Meeting on 7 June 2016 appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor for the financial year 2016. The Supervisory Board ensures that the committee members can act independently and that they are familiar with and experienced in applying special know-how associated with the application of accounting rules and the internal controlling procedures. The Audit Committee is made up of the Chairman of the Supervisory Board, two shareholder representatives and two employee representatives.

The Board of Management Committee concerns itself with personnel matters affecting the Board of Management, such as the content of Board member contracts and the approval of sideline activities. The Board of Management Committee performs the preparatory work for the determination of the remuneration paid to the individual Board of Management members. The committee is composed of the Chairman of the Supervisory Board as well as one shareholder representative and one employee representative.

The Strategy Committee is concerned with the preparation of Supervisory Board meetings. Moreover, the committee monitors and supervises the company's strategic orientation as well as the implementation of current company projects. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

The Lending and Investment Committee deals with the financing measures requiring approval by the Supervisory Board and supervises the investment activities. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

The Nomination Committee is tasked with preparing the proposals of the Supervisory Board for the election of shareholder representatives to the Supervisory Board by the Annual General Meeting. It is composed of the Chairman of the Supervisory Board and two shareholder representatives.

Under the German Codetermination Act (MitbestG), the Mediation Committee, anchored in the law, only meets if, during the voting process on the appointment or dismissal of a member of the Board of Management, the required two-thirds majority of the votes by the Supervisory Board is not attained in the first round of voting. It is composed of the Chairman of the Supervisory Board, one further shareholder representative and two employee representatives.

The committees' practices are set out in the Articles of Association and in the bylaws of the Supervisory Board. Furthermore, the Supervisory Board may entrust one or more of its members with special control functions. More information on the activities of the Supervisory Board and its committees in the financial year 2016 can be found in the Report of the Supervisory Board. The names of the members belonging to the various committees are also listed there.

Shareholders and the Annual General Meeting

The organisation and execution of BayWa AG's Annual General Meeting is carried out with the aim of informing all shareholders swiftly and extensively before and during the event. All shareholders listed in the share register (Aktienregister) and who have duly registered in good time are entitled to participate. BayWa AG offers its shareholders the possibility of having their vote exercised in accordance with their personal instructions by a voting proxy appointed by the company. The Annual General Meeting decides, among other things, on the appropriation of profit, the discharge of the Board of Management and Supervisory Board as well as the nomination of the auditor. Decisions on changes to the Articles of Association and on measures that may change the share capital are exclusively reserved for the Annual General Meeting, to the exception of the use of authorised capital by the administration. The share capital of BayWa AG is divided into shares with restricted transferability (approximately 96%) and registered shares (approximately 4%). Transferring registered shares with restricted transferability is formally subject to the Board of Management's consent. However, in the past, approval has never been withheld. Each share of BayWa AG carries equal voting rights and confers the same dividend entitlement. The company therefore applies the "one share, one vote, one dividend" principle.

Securities transactions by the Board of Management and the Supervisory Board (Directors' Dealings)

According to Section 15a of the German Securities Trading Act (WpHG), the members of the Board of Management and the Supervisory Board, and persons close to them, are required by law to disclose the acquisition and sale of shares in BayWa AG or financial instruments related thereto if the value of such transactions equals or exceeds an amount of €5,000 in a given calendar year. This also applies to certain employees with managerial functions (executive managers, for instance).
Transactions disclosed in the financial year 2016 are published on the company website at www.baywa.com.

Shareholdings by the Board of Management and the Supervisory Board

As at 31 December 2016, the number of shares held in BayWa AG by members of the Board of Management and the Supervisory Board came to less than 1% of the shares issued by the company. There were therefore no holdings requiring reporting under Code Item 6.2 GCGC as at 31 December 2016.

Avoidance of conflicts of interest

Under the bylaws of the Board of Management, its members are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other members of the Board of Management thereof. Under the bylaws of the Supervisory Board, its members must disclose any conflicts of interest – particularly those that could occur due to consultancy or board functions at customers, suppliers, lenders or other business partners – to the Supervisory Board without delay. Significant conflicts of interest in the person of a Supervisory Board member that are not of a temporary nature should lead to the termination of the mandate. In the financial year 2016 just ended, there were no conflicts of interest in respect of the members of the Board of Management or the Supervisory Board in the exercising of their duties on behalf of BayWa AG.

Remuneration of the Board of Management and the Supervisory Board

As regards the remuneration of the Board of Management and the Supervisory Board in the financial year 2016, we refer to the Remuneration Report that is part of the Group Management Report.

Equal participation of women and men in leadership positions

Like approximately one hundred other companies in Germany, BayWa AG is a publicly listed stock corporation (Aktiengesellschaft) subject to codetermination on a basis of parity. Pursuant to Section 96 para. 2 sentence 1 of the German Stock Corporation Act (AktG), at least 30% of the members of the Supervisory Board must be women and at least 30% of the members of the Supervisory Board must be men at listed companies subject to the German Codetermination Act (MitbestG). The Supervisory Board aims, by mutual agreement, for separate compliance with the gender quota by shareholder and employees representatives. Accordingly, the shareholder representatives objected to overall compliance by way of a unanimous resolution presented to the Chairman of the Supervisory Board pursuant to Section 96 para. 2 sentence 3 of the German Stock Corporation Act (AktG) on 30 March 2016. Pursuant to Article 13 of the Articles of Association and Section 96 para. 1 of the German Stock Corporation Act (AktG) in conjunction with Section 7 para. 1 sentence 1 item 2 of the German Codetermination Act (MitbestG), the Supervisory Board consists of eight shareholders and eight employees. Therefore, both the shareholders and the employees must each appoint at least two women and at least two men to the Supervisory Board to fulfil the minimum percentages stipulated under Section 96 para. 2 sentence 1 of the German Stock Corporation Act (AktG). The Supervisory Board currently has a total of three female members, two of whom have been appointed by the shareholders, and one of whom has been appointed by the employees. The shareholders therefore fulfil the minimum percentages stipulated by the German Stock Corporation Act (AktG). Current mandates filled by employee representatives will and may continue until their regular end.
On 5 August 2015, the Supervisory Board complied with the additional legal requirement of setting a target for a gender quota and achieving said target no later than 30 June 2017. The Supervisory Board defined a target for women on the Board of Management of 0% by 30 June 2017.
On 23 September 2015, the Board of Management of BayWa AG also set as targets a quota of 18% for women in the top executive tier and a quota of 12% for women in the second executive tier, which are scheduled to be met by 30 June 2017.

Additional information on management practices

The Code of Conduct of BayWa AG forms the value system for BayWa AG. It is mandatory and applies across the Group to all employees. The Code of Conduct has been made publicly available on the company's website at www.baywa.com. In addition, an internal control system has been set in place to ensure compliance with the law, statutory provisions and internal guidelines as well as to avoid actions detrimental to business, which includes prevention, monitoring and intervention. Furthermore, the employees have the option of turning to an anonymous whistleblower system or applying to the external legal counsel mandated by BayWa AG to serve as an ombudsman in the event of occurrences within the company that do not comply with the law or grievances in cooperation with business partners and companies.

In order to avoid breach of regulations on the prohibition of insider trading pursuant to Article 14 of the Market Abuse Regulation, BayWa AG appropriately informs all persons who are deemed insiders under the legal provisions about all relevant statutory provisions governing trading in the shares of the company and, at the same time, requests in writing that they confirm in writing that they were informed about all relevant statutory provisions governing trading in the shares of the company. Those persons affiliated with the Group and external service providers that have access to insider information in accordance with their activities and authorisations are included in insider lists that comply with the provisions. In his or her capacity as the person in charge of dealings with insiders, the head of the Legal department monitors the proper keeping of the insider lists.

Other aspects of good corporate governance

Communication and transparency

BayWa AG communicates regularly and promptly on the development of business as well as on its earnings, financial position and assets. In order to guarantee an ongoing exchange of information with the capital market, the company holds regular events as part of its investor relations activities featuring the Chief Executive Officer and Chief Financial Officer for analysts and institutional investors in the form of roadshows and individual meetings. Press releases are published and press conferences and conference calls with analysts are held every quarter on business performance. The annual results are released at an Annual Results Press Conference and at an analysts' meeting. All new information disclosed to financial analysts and similar parties in the context of the aforementioned investor relations activities is also made available to the shareholders without delay. All relevant presentations and press releases are promptly published in the Investor Relations section on the website of BayWa AG. BayWa AG places great importance on ensuring that all shareholders are treated equally with regard to information.
The dates of the main recurring publications (inter alia the Consolidated Financial Statements) and the date of the Annual General Meeting are published in the financial calendar in good time. Current developments are reported in press releases and, if necessary, in ad hoc releases. All information is also made accessible on the company's website at www.baywa.com.

Responsible action and risk management

The aim of risk management at BayWa AG is to identify the risks of entrepreneurial action at an early stage and evaluate them. Risk management is therefore an integral part of the company's planning and management and control processes. The internal control, risk management and audit system is developed by the Board of Management on an ongoing basis and adjusted to changes in the environment. Parts of the internal control and risk management system for the accounting processes are examined by the external auditor. More information on the structure and the processes of risk management in the context of accounting processes is included in the Group Management Report.