QUARTERLY STATEMENT

BayWa Group 1/2018

Contents

Note
Amounts are stated in millions of euros and rounded to one decimal place, unless otherwise stated. This may result in minor discrepancies in sum totals and when calculating percentages.

Quarterly Statement*

OVERVIEW OF BUSINESS DEVELOPMENT AT THE BayWa GROUP

Late start to season due to weather – forecast for the year as a whole positive

- Operating consolidated result (EBIT) negative, as is typical for the season
- Earnings in Agriculture and Building Materials down year on year due to weather-related delays; recovery effects expected
- Renewable energies business: project development and plant construction well under way; marketing phase expected in second half of 2018

The international trading and services group BayWa is reporting a slight decrease in revenues of around 0.3% year on year to around €3.8 billion in the first three months of the current financial year, 2018. As is typical for the season, earnings before interest and tax (EBIT) were still negative in the reporting period and were down to €–41.0 million from €8.0 million in the same quarter in 2017, which was characterised by an unusually early start to agribusiness on account of mild temperatures in March and the sale of certain solar and bioenergy plants of the Group company BayWa r.e. renewable energy GmbH. In particular, the main factors behind the negative consolidated result in the first quarter of 2018 were the anticipated decline in renewable energies and the sustained winter weather with a long period of frost in March. The resulting delay effects, especially in the operating resources business and in the building materials trade in Austria, marked the start of the new financial year. This was offset by strong performance in the international grain and oilseed trade. It should be possible to quickly make up for the earnings shortfall, however, as agribusiness picked up substantially in April and sales of wind farms and solar parks are planned, especially in the second half of the year.

Despite the sluggish start in the first quarter, the Group maintains its expectations for 2018 as a whole. Traditionally, it is not possible to make a serious statement about the development of agriculture until after the operating resources business in May.

Highlights in the first quarter of 2018

- The Bundeskartellamt (German federal antitrust authority) drops its investigations in connection with alleged involvement in agreements aimed at restricting competition in the sale of agricultural equipment.
- Acquisition of the speciality agricultural produce trader Premium Crops Limited, UK.
- Entry into the solar project business in the Netherlands following the acquisition of a majority share in GroenLeven Group (transaction completed in April), including a project pipeline of around 2 gigawatts (GW) for the construction of solar power plants in the Netherlands.

EARNINGS DEVELOPMENT FROM 1 JANUARY TO 31 MARCH 2018

The BayWa Group's revenues stood at €3,797.1 million in the first quarter of 2018 and were down €10.8 million, or 0.3%, year on year. By contrast, other operating income, at €33.3 million, was up €4.3 million year on year. This increase was primarily due to higher reimbursement for expenses.

With a disproportionately high increase in the cost of materials in relation to revenues of €32.3 million, or 0.9%, gross profit fell by €27.5 million, or 7.0%, to €362.8 million.

The €8.4 million, or 3.8%, increase in personnel expenses to €231.7 million is largely a result of the business activities of the companies newly acquired in the current and previous financial year, which were included for the first time, as well as an increase in the number of employees, particularly in the Energy and Building Materials Segments.

* This quarterly statement was prepared in accordance with IFRS principles. It is not an interim financial report in accordance with IAS 34 or a financial statement in accordance with IAS 1.

At €33.5 million, depreciation and amortisation of property, plant and equipment and intangible assets were up slightly on the previous year (€32.0 million). Other operating expenses increased by €14.2 million, or 11.1%, to €142.0 million due mainly to higher IT costs and rents.

The result of operating activities amounted to a loss of €44.4 million and was therefore €51.6 million lower year on year.

At €3.4 million, income from participating interests was up €2.5 million year on year due in particular to higher income from participating interests recognised at equity.

The BayWa Group's earnings before interest and tax (EBIT) stood at a loss of €41.0 million in the first quarter of 2018.

At €–16.0 million, net interest was up €1.2 million year on year in the first quarter.

Including tax income of €13.3 million, this results in a loss for the first quarter of 2018 of €43.7 million, which is €36.9 million lower compared to the figure for the same period in the previous year.

ASSETS DEVELOPMENT FROM 1 JANUARY TO 31 MARCH 2018

The BayWa Group's total assets stood at €7,100.9 million as at the end of the first quarter and were therefore €612.9 million, or 9.4%, higher than at the end of the financial year 2017. This rise was mainly shaped by the seasonally induced increase in current assets.

The BayWa Group's equity decreased by €44.5 million, or 3.1%, in the first three months of 2018 and stood at €1,391.0 million as at 31 March 2018.

Non-current liabilities amounted to €2,069.5 million as at 31 March 2018, thereby placing them on par with the level seen at the end of the financial year 2017.

Current liabilities increased by €653.6 million, or 21.9%, to €3,640.4 million in the first quarter of 2018. The rise was attributable primarily to trade payables and liabilities and served mainly to finance the increase in inventories and receivables.

BUSINESS PERFORMANCE BY SEGMENT IN THE FIRST QUARTER OF 2018

Agriculture Segment

The BayWa Agri Supply & Trade (BAST) business unit's domestic marketing activities were transferred to the BayWa Agricultural Sales (BAV) business unit effective 1 January 2018 so as to make it possible to manage national trade in produce, from recording to marketing, under one roof. In the course of these efforts, the BAV business unit was renamed the Agri Trade & Service business unit. The BAST business unit comprises international grain and oilseed trading activities. These changes result in a corresponding shift of revenues and earnings from BAST to the Agri Trade & Service business unit. In addition, the Fruit business unit was renamed Global Produce effective 1 January 2018.

	Revenues			EBIT		
in € million	Q1/2018	Q1/2017	Change in %	Q1/2018	Q1/2017	Change in %
BAST	1,420.1	1,546.6	- 8.2	8.0	1.9	> 100
Agri Trade & Service	813.4	739.2	10.0	- 6.2	10.0	> - 100
Global Produce	185.7	194.1	- 4.3	- 3.5	- 0.2	> - 100
Agricultural Equipment	309.0	261.9	18.0	- 1.0	- 0.5	- 100
Agriculture Segment	**2,728.2**	**2,741.8**	**- 0.5**	**- 2.7**	**11.2**	**> - 100**

The Agriculture Segment saw inconsistent business development in the first three months of the current financial year. In the international grain and oilseed trade, the Group benefited from favourable soya price development and was able to seize trade opportunities that resulted from the increased price volatility. Agricultural equipment continued to be shaped by high demand for agricultural machinery and equipment. In the domestic produce and operating resources business, however, the sustained winter weather with severe frosts in many parts of Germany led to a late start to the season and significantly lower sales volumes year on year. Marketing volume in the fruit trading business also failed to match the comparable figure from 2017 in the reporting period due to last year's failed harvests. As a result, revenues in the Agriculture Segment were down slightly year on year on the whole. With regard to the segment's operating result (EBIT), the rise in earnings at BAST was unable to compensate for the declines in the Agri Trade & Service and Global Produce business units. However, rapid recovery effects are expected on account of the recent rise in operating resources sales and the promising start to the marketing season for the new apple harvest in New Zealand.

Energy Segment

	Revenues			EBIT		
in € million	Q1/2018	Q1/2017	Change in %	Q1/2018	Q1/2017	Change in %
Conventional Energy	515.4	518.6	- 0.6	1.6	3.0	- 46.7
Renewable Energies	260.4	251.8	3.4	- 5.1	21.3	> - 100
Energy Segment	**775.8**	**770.4**	**0.7**	**- 3.5**	**24.3**	**> - 100**

The Energy Segment comprises the BayWa Group's trading activities in fossil and renewable heating fuels, fuels and lubricants as well as its business in renewable energies, which is pooled in BayWa r.e. renewable energy GmbH. Due primarily to additional revenue contributions from Clean Energy Sourcing (CLENS), a Leipzig-based direct distributor of energy that was acquired in December 2017, the segment reported a slight year-on-year increase in revenues for the first three months of 2018. The segment's operating result (EBIT) fell significantly year on year, as BayWa r.e. in particular benefited in the first quarter of 2017 from exceptionally strong project business. Two solar power plants in the UK with a total output of 10 megawatts (MW) were sold in the reporting quarter. In the months ahead, the number of renewable energy project sales is expected to increase sharply.

Building Materials Segment

in € million	Revenues Q1/2018	Revenues Q1/2017	Revenues Change in %	EBIT Q1/2018	EBIT Q1/2017	EBIT Change in %
Building Materials Segment	**287.9**	**290.7**	**- 1.0**	**- 15.7**	**- 11.4**	**- 37.7**

The Building Materials Segment mainly comprises Group trading activities involving building materials in Germany and Austria. In the first three months of the current financial year, the segment's revenues failed to entirely match the previous year's high figure, as construction activity was hampered at the start of the year, especially in Austria, by winter weather conditions and a long period of frost in some regions in March. Price competition in the sector increased due to the resulting low demand for building materials, which led to higher pressure on margins. Against this backdrop, the Building Materials Segment's negative EBIT typical for the season was still down year on year as at 31 March 2018. However, because the construction sector has been working hard once more since early April and order levels are up year on year, it should be possible to quickly make up for the volume-related shortfall in earnings.

Innovation & Digitalisation Segment

in € million	Revenues Q1/2018	Revenues Q1/2017	Revenues Change in %	EBIT Q1/2018	EBIT Q1/2017	EBIT Change in %
Innovation & Digitalisation Segment	**2.0**	**1.5**	**33.3**	**- 3.0**	**- 3.0**	**–**

The new Innovation & Digitalisation Segment, which was set up in the second half of 2016, pools together all of the BayWa Group's digital farming and e-business activities. The segment's significant year-on-year rise in revenues in the reporting period is attributable to the continuous development of the product range, the international expansion of sales activities and strong new customer growth. In terms of the operating result, however, this growth is neutralised by the year-on-year increase in investments, particularly for the development of digital farming solutions. Accordingly, the segment reports negative EBIT on par with the previous year in the reporting period.

Other Activities

EBIT resulting from Other Activities, including transition, primarily comprises Group administration costs as well as consolidation effects and stood at €–16.1 million (Q1/2017: €–13.1 million) as at 31 March 2018.

OUTLOOK

Owing to seasonal factors, the first quarter is of limited informative value for revenues and earnings over the course of the year as a whole. Management is optimistic that the Group will be able to achieve its targets for the year, provided that no negative influences are exerted on business by exceptional weather conditions and market developments.

Selected Financial Information

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

Assets

in € million		31/03/2018	31/12/2017
Non-current assets			
Intangible assets		230.2	230.7
Property, plant and equipment		1,405.9	1,408.9
Participating interests recognised at equity		215.4	214.6
Other financial assets		256.9	232.6
Investment property		40.5	40.9
Income tax claims		0.0	0.0
Other receivables and other assets		66.1	34.7
Deferred tax assets		254.3	234.5
		2,469.3	**2,396.9**
Current assets			
Securities		1.9	1.9
Inventories		2,454.0	2,322.7
Biological assets		10.6	16.1
Income tax claims		77.1	74.1
Financial assets		252.4	139.7
Other receivables and other assets		1,712.3	1,417.4
Cash and cash equivalents		108.6	105.5
		4,616.9	**4,077.4**
Non-current assets held for sale/disposal groups		**14.7**	**13.7**
Total assets		**7,100.9**	**6,488.0**

Shareholders' equity and liabilities

in € million		**31/03/2018**	31/12/2017
Equity			
Subscribed capital		89.6	89.6
Capital reserves		111.5	111.5
Hybrid capital		296.3	296.3
Revenue reserves		555.1	557.2
Other reserves		7.5	53.0
Equity net of minority interest		**1,060.0**	**1,107.6**
Minority interest		331.0	327.9
		1,391.0	**1,435.5**
Non-current liabilities			
Pension provisions		634.1	635.8
Other non-current provisions		84.5	87.8
Financial liabilities		892.8	884.4
Financial lease obligations		156.6	157.9
Trade payables and liabilities from inter-group business relationships		11.1	3.1
Income tax liabilities		0.2	0.1
Financial liabilities		4.2	3.9
Other liabilities		101.6	112.1
Deferred tax liabilities		184.4	180.6
		2,069.5	**2,065.7**
Current liabilities			
Pension provisions		28.6	29.5
Other current provisions		216.6	198.4
Financial liabilities		1,524.1	1,438.9
Financial lease obligations		8.0	8.0
Trade payables and liabilities from inter-group business relationships		1,273.8	904.0
Income tax liabilities		31.3	28.0
Financial liabilities		267.2	113.0
Other liabilities		290.8	267.0
		3,640.4	**2,986.8**
Liabilities from non-current assets held for sale/disposal groups		–	–
Total shareholders' equity and liabilities		**7,100.9**	**6,488.0**

CONSOLIDATED INCOME STATEMENT FROM 1 JANUARY TO 31 MARCH 2018

Continued operations

in € million		Q1/2018	Q1/2017
Revenues		3,797.1	3,807.9
Inventory changes		65.6	118.5
Other own work capitalised		1.5	1.9
Other operating income		33.3	29.0
Cost of materials		- 3,534.7	- 3,567.0
Gross profit		**362.8**	**390.3**
Personnel expenses		- 231.7	- 223.3
Depreciation and amortisation		- 33.5	- 32.0
Other operating expenses		- 142.0	- 127.8
Result of operating activities		**- 44.4**	**7.2**
Income from participating interests recognised at equity		1.9	0.2
Other income from shareholdings		1.5	0.7
Interest income		1.8	1.4
Interest expense		- 17.8	- 18.6
Financial result		**- 12.6**	**- 16.3**
Earnings before tax (EBT)		**- 57.0**	**- 9.2**
Income tax		13.3	2.4
Net result for the period		**- 43.7**	**- 6.8**
of which: profit share of minority interest		- 0.8	2.3
of which: due to shareholders of the parent company		- 42.9	- 9.1
EBIT		**- 41.0**	**8.0**
EBITDA		**- 7.5**	**40.0**
Basic earnings per share (in €)		**- 1.23**	**- 0.26**
Diluted earnings per share (in €)		**- 1.23**	**- 0.26**

Financial Calendar

Dates in 2018

Annual General Meeting 2018
5 June 2018, 10.00 am – ICM, Munich

Publication of figures for the second quarter of 2018
9 August 2018, 10.30 am – Press Conference Call
9 August 2018, 2.00 pm – Analysts' Conference Call

Publication of figures for the third quarter of 2018
8 November 2018, 10.30 am – Press Conference Call
8 November 2018, 2.00 pm – Analysts' Conference Call

Munich, 9 May 2018

The Board of Management
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