# INTERIM REPORT

of the BayWa Group
1 January until 30 June 2017

# Interim Report of the BayWa Group for the period from 1 January to 30 June 2017

The Report provides information on the performance of the BayWa Group in the second quarter and the first six months of the financial year 2017.

## Earnings advantage set to increase in second half of the year

| in € million | **Q2/17** | Q2/16 | % | **6M/17** | 6M/16 | % |
|---|---|---|---|---|---|---|
| Revenues | 4,236.1 | 3,988.0 | 6.2 | 8,044.0 | 7,456.4 | 7.9 |
| EBIT | 64.7 | 67.7 | - 4.4 | 72.8 | 55.3 | 31.7 |

Consolidated revenues stood at approximately €8 billion after the first six months of the year, up 7.9% year on year. Earnings before interest and tax (EBIT) increased by €17.5 million to a total of €72.8 million.

The significant year-on-year rise in the half-year results was mostly due to the Renewable Energies business unit. The Group was able to match the strong performance in previous quarters here and drive forward the marketing of its international wind farms and solar parks. In the previous year, the BAST (BayWa Agri Supply & Trade) business unit benefited from the favourable valuation of soya contracts at the half-year reporting date; however, this situation was corrected in the second half of the year. This year, lower-risk contract positioning is likely to eliminate the detrimental effect of the second half of 2016. In addition, the restructuring of BayWa’s grain trading sites in Southern and Eastern Europe had a negative impact on the earnings of the BAST business unit in the first half of 2017.
Higher producer prices and a global supply deficit compared to the previous year point to a high selling propensity among farmers in the second half of the year. The anticipated growth dynamic is already having an impact on agricultural equipment. Here, BayWa recorded an extremely strong second quarter and returned to the same profit levels as in previous record-breaking years after a weak previous year. Building materials also developed in line with expectations, closing the first half of the year up on the previous year.

The Agriculture Segment recorded a €5.2 million year-on-year decline in earnings in the first half of 2017 to €48.3 million (H1/2016: €53.5 million). This decrease was primarily due to one-off costs incurred by the BAST business unit and the anticipated decline in fruit business. The marketing of the New Zealand apple harvest began later due to delays in harvesting and is likely to play a stronger role in the third quarter. In addition, the Fruit business unit benefited in the previous year from extraordinary income of roughly €7 million from the sale of the T&G Global Limited packaging logistics unit in New Zealand. By contrast, prospects for marketing the German harvest, which was extremely weak due to poor weather conditions, are bleak. It was a different story for agricultural equipment trading, where the Group took advantage of brisk demand for agricultural machinery both in Germany and abroad. The complete acquisition of shares in Agrimec Group B.V. last July resulted in a significant leap forward in terms of earnings. The positive trend in agricultural equipment and higher producer prices confirm the recovery of the agricultural industry, providing grounds for optimism for the second half of the year.

The Energy Segment performed extremely well once again in the first half of the year. In particular, the sale of multiple solar and wind parks in the UK and in Obernwohlde near Lübeck, which has a total output of 42.7 megawatts (MW), resulted in earnings in the Renewable Energies business unit doubling year on year. In addition, fossil fuels trading once again rose slightly on the strong previous-year period due to robust economic development and the ongoing relatively low price of oil. After the first six months of the year, the Energy Segment recorded EBIT of €49.1 million (H1/2016: €23.0 million) and was therefore one of the key earnings drivers at the BayWa Group in the first half of the year. Sales momentum in the segment may slow in the second half of the year, but the solid global demand for renewable energies continues to apply, due in no small part to low interest rates.

The half-year results in the Building Materials Segment reflect the positive overall trend in the construction sector. Compared to the previous year, this segment reported an increase in the operating result of approximately €1.2 million to a total of €6.8 million (H1/2016: €5.6 million). This positive trend is set to continue in the second half of the year, as it appears that the entire construction sector will operate at high capacity through to the end of 2017.

Business development so far this year, coupled with the underlying industry conditions, across all three segments gives the Group a solid starting point for the remainder of the year. In the Agriculture Segment, the marketing of the new harvest is likely to inject significant momentum. Agricultural equipment business should match the positive trend in the first half of the year due to higher producer prices. Fruit trading business development remains uncertain due to the poor harvest in Southern Germany, however the improvement in agricultural equipment business should compensate for any decline in fruit business. High demand for conventional energy sources is likely to weaken in the summer months, as is typical at this time of year. By contrast, the renewable energies business should continue its positive performance into the second half of the year. The stable underlying conditions for the construction sector will also benefit building materials trading in the second half of the year.

Against this backdrop, BayWa has a good chance of boosting revenues and earnings significantly year on year.

## Agriculture Segment

### Market and industry development

The consistent increase in inventories over the past four years is likely to come to an end with the upcoming harvest in grain year 2017/18. According to the latest forecasts by the United States Department of Agriculture (USDA), global grain production (excluding rice) will not be able to match the record-breaking previous year figure of over 2.1 billion tonnes. The experts believe that harvest volumes of wheat and corn will fall. Given that demand worldwide is expected to remain stable at the very least, anticipated production of 2.05 billion tonnes could result in a fall in inventories. Even the estimated supply of soya of 494 million tonnes is likely to be used up by worldwide consumption. The subdued harvest prospects are due to frost damage in the Black Sea region as well as potential falls in harvest volume owing to persistently hot and dry weather, especially in the US, but also in parts of Europe. The European and German grain harvest in 2017 is likely to remain on a par with the moderate harvest of the previous year at 303 million tonnes and 46 million tonnes respectively. Even though the global grain supply situation continues to be relatively comfortable, processing companies in Germany are hoping that the grain harvest is completed quickly as last year's harvest has almost been completely sold off. Grain prices developed differently in the spring months: The price of wheat saw its upward trend accelerate towards the end of the reporting quarter to over €180 per tonne, but has since fallen slightly before rising again, starting in April, by around €10 to its current level of €170 per tonne. The price of soybeans declined to its previous low for the year of €287 per tonne at the end of June; it has since recovered and is currently at roughly €310 per tonne. By contrast, the price of corn was caught in a lateral trend in the reporting quarter before falling slightly to roughly €160 per tonne from the start of July. German farmers' financial situation has improved compared to the previous year due to the development of producer prices.

The agricultural resources sector reported typical seasonal development in the first half of 2017. Fertiliser sales are likely to have developed stably and remain almost on a par with the previous year period, as in most cases the usual three applications of fertiliser were completed. Fertiliser prices rose successively at the start of the year before dipping again at the end of the fertiliser application period; they are currently fluctuating at just above the previous year's figure. Farmers therefore have attractive storage prices for the early procurement of fertilisers at the start of the 2017/18 harvest year. Crop protection sales are not likely to have increased in year-on-year terms, as the level of disease among crops has been relatively low so far this year. Accordingly, one crop protection application fewer than normal is likely to have sufficed to treat crops. Demand for seed has been solid so far, but remains at the below-average level of the previous year.

Sentiment in the German agricultural industry continues to brighten, with the agricultural industry's economic barometer rising by 5.6 points in June to its highest level in three years. At 14,134, the number of newly registered tractors in Germany in the period from January to June 2017 was slightly up on the previous year (H1/2016: 14,030). In addition, farmers' willingness to invest over the upcoming six months has risen. Planned investment volume is currently up 43% on the previous year at roughly €4.3 billion. Investments in stables and stable equipment, up by just under 28% to €2.3 billion, accounts for the largest share of this planned investment. At €0.9 billion, planned investment in machinery is also significantly higher than in the previous year. The volume of the European agricultural machinery market is likely to expand by a small margin in 2017, according to industry association CEMA.

The fruit sector was hampered by extreme weather conditions in the reporting quarter: As fruit blossomed in April, large swathes of Europe were hit with severe night frosts, before heavy rain and hail then hit a number of regions, particularly the Alps, in May. With only Spain and the UK emerging largely unscathed from the freak weather, EU harvest volumes for most fruit varieties will likely be down in 2017. In terms of the European apple harvest, experts are forecasting a decline of roughly 20% to just under 10 million tonnes. In the Lake Constance region, harvest losses could total up to 70%, while harvest losses of only 10% are expected in Northern Germany. The sale of apples from last year's harvest took place at stable price levels in the spring, while the first apple imports from overseas came onto the market at the same time. This year's southern hemisphere apple harvest ended on a high, with forecasts indicating a rise in harvest volume of just under 9% to approximately 5.4 million tonnes. In New Zealand, the harvest began later than in previous years due to challenging weather conditions at the start of the year, and so the marketing season was also subject to delays. At the moment, it is not entirely clear whether the anticipated good fruit quality or the forecast year-on-year growth in apple harvest volume of 4.6% will be achieved.

**Business performance**

The Agriculture Segment at the BayWa Group is divided into four business units: BAST (BayWa Agri Supply & Trade), BAV (BayWa Agricultural Sales), fruit and agricultural equipment, covering the entire value chain from field to produce marketing. The Digital Farming business unit, which has been allocated to this segment since it was created in the fourth quarter of 2015, has been housed in an independent Innovation & Digitalisation development segment since the second half of 2016.

| | **Revenues** | | | **EBIT** | | |
|---|---|---|---|---|---|---|
| in € million | **6M/17** | 6M/16 | % | **6M/17** | 6M/16 | % |
| BAST | 2,966.7 | 2.958,2 | 0.3 | - 1.8 | 6.4 | > - 100 |
| BAV | 1,595.5 | 1,574.1 | 1.4 | 25.7 | 26.1 | - 1.7 |
| Fruit | 386.5 | 312.8 | 23.6 | 15.1 | 22.4 | - 32.8 |
| Agricultural Equipment | 666.1 | 593.9 | 12.2 | 9.3 | - 1.4 | > 100 |
| **Agriculture Segment** | **5,614.8** | **5.439,0**[1] | **3.2** | **48.3** | **53.5**[1] | **- 9.8** |

A minor year-on-year rise in revenues was recorded in the Agriculture Segment in the first half of 2017, which was primarily due to higher revenue contributions from the Fruit and Agricultural Equipment business units. The segment's operating result (EBIT) in the first six months of the financial year is down on the previous year despite a significant increase in earnings from agricultural equipment. This was primarily due to the fact that the BAST and Fruit business units failed to match previous-year figures.

In the BAST business unit, sales volumes of grain and oilseed were down 3% year on year in the first half of 2017. This was due to the fall in finance provided for trading with standard produce such as wheat and corn, with the focus switching to specialties business. However, due to the rise in average grain prices compared to 2016, the business unit reported a slight rise in revenues after the first six months of the calendar year. In spite of the positive trend in terms of specialties trading, not least due to the first-time inclusion of Dutch company Thegra Tracomex Group, the business unit was unable to match the previous year's operating result (EBIT) as at 30 June 2017. This was countered in particular by the focus on lower-margin functional trading as well as the lower-risk soya trading strategy. Furthermore, the half-year result for the BAST business unit was also impacted by one-off costs incurred through the restructuring of trading activities in Eastern and South-Eastern Europe. Given that

1 Adjusted for the former Digital Farming business unit

restructuring measures were concluded in July and the negative earnings contributions incurred in the second half of 2016 are not expected to be repeated this year, the business unit's result should improve substantially over the remainder of the year.

Business development in the BAV (BayWa Agricultural Sales) business unit for the first six months of 2017 was shaped by a slight fall in the subsequent collection of grain in BayWa AG's core region due to the below-average harvest volumes. Demand for operating resources in German sales regions was positive in the first half of 2017, whereas some Eastern European companies managed by Austrian Group subsidiary Raiffeisen Ware Austria AG were unable to match the volumes generated in 2016. All in all, sales volumes of fertiliser and crop protection products across the Group were approximately on a par with the previous year. The slight average increase in prices for urea fertilisers in the reporting period led to a minor year-on-year rise in revenues for the BAV business units in the first half of 2017. With sales of seed and feedstuff unable to match the previous year, the business unit's operating result (EBIT) was slightly down on the previous year as at 30 June 2017. The new joint venture set up with the Landhandel Knaup Group in Borchen, North Rhine-Westphalia, is likely to open up additional earnings potential over the course of the year, particularly in the feedstuff and operating resources business in Western and Central Germany.

Fruit trading business in the first half of 2017 benefited from the apple harvest in New Zealand, which allowed Group company T&G Global Limited (T&G) to boost its sales year on year. With Dutch tropical fruit trading company TFC Holland B.V. included in the group of consolidated companies for the full year for the first time, the Fruit business unit generated a significant year-on-year rise in revenues in the first six months of the year. The operating result (EBIT) as at 30 June 2017 only partially reflected the current marketing season for overseas apples, as the rain-related delays to the New Zealand harvest also delayed the start of export activities. Trading revenues in Germany in the reporting period were also diminished by the weather-related failures in berry and pome fruit harvests. The previous year's result also benefited from a one-off effect of roughly €7 million following the sale of the T&G packaging logistics unit. As a result, the business unit was unable to match the previous year's EBIT in the first half of 2017, in line with expectations.

In the agricultural equipment business, business development in the first half of 2017 was shaped by the improved sentiment in the agricultural industry compared to the previous year. Rising investment propensity among farmers, coupled with the specialisation of sales operations in Germany, led to a recovery in demand for stable buildings and stable equipment as well as a rise in machinery sales, among other things. Compared to the same period last year, sales of used tractors recovered in particular, by 42%, while the number of tractor registrations remained roughly on a par with the previous year. Sales figures from the Dutch company Agrimec Group B.V., which has been fully consolidated since 1 July 2016, and the joint venture for CLAAS machinery in Canada, which was founded in summer 2016, were not included in the comparison period. As a result, the revenues of the Agricultural Equipment business unit significantly exceeded the previous year's figure as at 30 June 2017. International expansion continues apace in the current year. The sales region of AGCO brand Fendt was expanded to include South Africa as a result of the joint venture BHBW Holdings (Pty) Ltd set up in the first quarter of 2017 with Barloworld Limited. In terms of the operating result (EBIT), the rise in demand for repair work and services in the spring had a positive impact, alongside low machinery inventories. This meant that the business unit was able to boost its result year on year in the first half of 2017.

## Energy Segment

### Market and industry development

After a dynamic start to the year – gross domestic product increased by 0.6% in the first quarter of 2017 – economic development in Germany also registered growth in the spring months. In response, the Deutsche Bundesbank recently raised its GDP growth forecast for 2017 to 1.9%. The price of crude oil around the world declined during the reporting quarter, contrary to expectations. Even though OPEC (Organization of the Petroleum Exporting Countries) extended the output-cut deal it introduced in 2016 to March 2018, the price of crude oil still fell to below previous-year figures in early June and is currently fluctuating at between USD45 and USD50 per barrel. Heating oil prices in Germany followed a similar trend: after falling to the same level as the previous year in June, the price of heating oil stood at roughly 52 Eurocents per litre in early July. As heating oil was significantly more expensive in the first quarter and consumers' high price awareness dominated their purchasing decisions, companies in the industry saw their heating oil sales fall by 19% year on year in the period between January and April 2017. Demand for fuels and lubricants, on the other hand, benefited from the solid economic development in Germany with 3.7% and 1.8% increases in sales volume respectively.

Gradual expansion of renewable energy in Germany continues: the share of energy consumed from renewable sources in the period between January and June 2017 stood at 15.2% (H1/2016: 14.8%). Onshore capacity expansion of wind energy in particular is expected to at least match the record-breaking figure of 4.6 gigawatts (GW) recorded last year in 2017 and 2018, as new capacity of just under 8.4 GW at a fixed rate of roughly 8 Eurocents per kilowatt-hour (kWh) was approved by the authorities even before the new

German Renewable Energy Sources Act (EEG) came into force on 1 January 2017. In May 2017, the Bundesnetzagentur (Federal Network Agency – BNetzA) approved a further 807 megawatts (MW) of capacity at an average surcharge of 5.71 Eurocents per kWh as part of a tender procedure for new onshore wind farms. On a global level and particularly fuelled by China and the US, installed wind energy output is likely to increase by approximately 54 GW in 2017, as in the previous year. This year, solar power capacity expansion is expected to total 80 GW worldwide. China and the US, but also India and Japan, continue to drive forward growth in this area; they are likely to account for some 73% of global demand. In Germany, newly installed photovoltaic plants are rising again in 2017 for the first time in years. Between January and May, over 0.6 GW – or roughly 50% – more solar power capacity was connected to the grid compared to the same period last year. In addition, the installation of energy storage systems as system components is increasing constantly, which means that photovoltaics, as the energy source that fits in with this, is likely to be in increasing demand again. Prices for solar modules have risen in the US, and as a result also in Europe, ending the long-term downward price trend. This is likely to be due to widespread stocking up on modules, with the possible introduction of minimum prices for imported modules mooted following the bankruptcy of two manufacturers in the US.

**Business performance**

| | Revenues | | | EBIT | | |
|---|---|---|---|---|---|---|
| in € million | **6M/17** | 6M/16 | % | **6M/17** | 6M/16 | % |
| Conventional Energy | 1,088.0 | 958.2 | 13.6 | 7.8 | 7.3 | 5.9 |
| Renewable Energies | 576.0 | 316.1 | 82.2 | 41.3 | 15.7 | > 100 |
| **Energy Segment** | **1,664.0** | **1,274.3** | **30.6** | **49.1** | **23.0** | **> 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. The segment saw its revenues increase considerably year on year in the first six months of 2017, due primarily to the international business expansion of BayWa r.e. and the higher average oil price. The segment’s operating result (EBIT) could be more than doubled year on year, due particularly to the significant rise in earnings contribution from BayWa r.e.

In the conventional trade and distribution business, revenues in the first half of the year rose in particular on account of the higher average oil price compared to the same period in 2016. Rising heating oil prices caused demand to fall by 7% compared to 2016, whereas sales volumes of wood-based heat energy carriers increased significantly by 24% in the first half of 2017. Here, last year’s acquisition of the wood pellet business of Dr. Gies

Vermögensverwaltungs-Future Energies GmbH had a positive impact. In addition, the wood chip heating plant operated by BayWa at Straubing Wallmühle Airport was also commissioned in the reporting period. In filling station business, the demand situation is positive with fuel sales up slightly year on year. Lubricant sales also benefited from the dynamic economic development. On account of sales growth in the lubricant business and an improvement in heating oil trade margins in fuel business, the operating result (EBIT) rose slightly year on year as at 30 June 2017.

The Renewable Energies business unit continues its global growth course in the first half of 2017. Four new sites in Poland, France, Thailand and the Netherlands were opened to further strengthen international trading activities with photovoltaic (PV) components. For instance, total output of sold PV modules and inverters has risen by roughly 50% year on year respectively so far this year. Furthermore, 7 solar parks in the UK were commissioned with a total output of approximately 76 MW, along with 16 roof-mounted systems in Germany, Ireland and Sweden with a total output of roughly 2.7 MW. The takeover of Berlin-based start-up OneShore Energy as at 1 April 2017 expanded BayWa r.e.'s competences in the planning and operation of solar/diesel hybrid plants, which are primarily used in rural regions. As a result of the expansion of its business activities, BayWa r.e. posted a significant year-on-year increase in revenues in the reporting period. The business unit's operating result (EBIT) tripled after the first six months of 2017, above all thanks to rising income from project sales. The first quarter saw the sale of 2 solar parks in the UK (total output of roughly 75 MW) as well as biomethane plants in Dessau (3.5 MW) and Pessin (3.1 MW) in Germany. In addition, the process of selling German wind parks Winterborn II (6.6 MW) in Rhineland-Palatinate and Obernwohlde II-IV (42.7 MW) near Lübeck was completed in the spring, while the British wind park at Bishopthorpe (16.4 MW) was also sold.

## Building Materials Segment

### Market and industry development

The buoyant development of the German construction industry since February 2017 continued in the spring months. Revenues in the construction industry were up by 4.7% in nominal terms on the previous year's high result between January and April, with order intake in April increasing by a further 0.9% compared to the previous month. As a result, the level of orders among construction companies currently lasts for an average of 15 weeks. Due to brisk demand, particularly for residential construction, delivery times for building materials rose significantly recently, as did waiting times for tradesmen's services. In addition, the cost of constructing standard residential buildings rose by 2.8% year on year in

May. Due to the surplus of some 600,000 apartments that have been approved but are still under construction, industry experts expect the number of completed units to rise to 320,000 by the end of 2017. Industry association Hauptverband der Deutschen Bauindustrie (HDB) believes that the number of completed apartments will cover annual demand of at least 350,000 new residential units for the first time in 2018. Against this backdrop, it recently raised its growth forecast for total revenues to 6.0% for 2017 and to 5.5% for 2018. This year, significant momentum is not just arriving from the ongoing boom in residential construction (up 7.5%), public-sector construction is also playing a role. Additional government investment in infrastructure and transportation is likely to lead to a 6% rise in this area. The growth contribution from commercial construction also increased, in this case to 4%, with some 44% of industrial firms intending to expand their investments in production capacities this year according to the Cologne Institute for Economic Research's spring forecast.

**Business performance**

| | Revenues | | | EBIT | | |
|---|---|---|---|---|---|---|
| in € million | **6M/17** | 6M/16 | % | **6M/17** | 6M/16 | % |
| **Building Materials Segment** | **753.6** | **732.5** | **2.9** | **6.8** | **5.6** | **21.1** |

The Building Materials Segment mainly comprises the Group's trading activities involving building materials in Germany and Austria. In the spring, the segment was able to expand its year-on-year sales advantage in the first quarter of 2017 thanks to high levels of orders from construction companies. Sales volumes for the entire building materials portfolio are benefiting from high level of capacity utilisation at companies in the industry caused in particular by booming demand for multi-storey residential construction. This is resulting in rising sales of steel, concrete and bricks as well as increasing demand for pre-fabricated construction elements and flat roofs. In addition, the use of specialist sales teams is also having a positive impact in these product areas. The range of civil engineering and road construction works have benefited from increased repairs and transport infrastructure modernisation so far this year. Against this backdrop, revenues in the first six months of the current financial year rose compared to the same period of last year. The segment also exceeded the previous year's figure in terms of its operating result (EBIT) as at 30 June 2017: this was due to sales development as well as the continuous optimisation of the site network and the successful expansion of the own-brand range.

## Innovation & Digitalisation Segment

### Market and industry development

The market for digital applications in the farming industry largely comprises the business areas of precision farming and smart farming. Precision farming is focused on the automation of agricultural processes. According to a recent study by IT association Bitkom, 51% of farmers are already using digital technology to automate processes such as animal feeding in stables. Smart farming builds on this technology and aims to connect all the processes involved in farming, from stable work to operations out in the field and harvest marketing. Thanks to the use of high-tech machinery such as semi-autonomous harvest or soil cultivation machines, the level of connectivity between different farming processes is also relatively well advanced, at 39% according to the survey. Farm management platforms are used to bring together all agricultural areas and processes; however, these solutions are only used by some 12% of farmers. Experts believe this figure will rise by double-digital margins over the next few years. Global revenue potential is likely to increase from its current level of €3.5 billion to some €6 billion by 2020.

### Business performance

| | Revenues | | | EBIT | | |
|---|---|---|---|---|---|---|
| in € million | **6M/17** | 6M/16[2] | % | **6M/17** | 6M/16[2] | % |
| **Innovation & Digitalisation Segment** | **3.0** | **3.3** | **- 7.7** | **- 5.4** | **- 3.8** | **- 40.8** |

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-business. In the reporting period, the segment joined a partnership with the European Space Agency (ESA) to push forward the assessment of satellite data in the farming industry. The segment was able to significantly expand the scope of its intragroup services and sales volumes to other Group companies in year-on-year terms in the first half of 2017. However, given that revenues generated within the Group are not reflected in external reporting, the segment actually recorded a slight decline in revenues after the first six months of the year. Due to the year-on-year rise in investment in the development of digital farming solutions and the new BayWa Online World, the segment reported a planned decline in EBIT of €1.6 million as at 30 June 2017.

2 Includes the figure for the former Digital Farming business unit

## Other Activities

EBIT resulting from Other Activities encompasses, in addition to earnings contributions from peripheral activities, a major part of the Group’s administration costs and consolidation effects and amounted to €–26.1 million as at 30 June 2017 (H1/2016: €–23.1 million).

## Report on assets, financial position and earnings position

### Net assets

At the end of the first half of the financial year 2017, the BayWa Group had total assets of €6,698.7 million, an increase of €223.8 million compared to the end of 2016. Apart from the €43.7 million rise in non-current assets, the €183.3 million increase in current assets also contributed to lifting total assets.

Intangible assets accounted for €18.5 million of the rise in non-current assets from €2,355.7 million to €2,399.4 million, and stood at €231.2 million at the end of the first six months of the financial year 2017. This development was due largely to the preliminary goodwill from the acquisition of the Thegra Tracomex Group in the Netherlands. It was offset by a minor €15.2 million reduction in property, plant and equipment to €1,387.5 million. In addition to ongoing adjustments of existing capital interests, the increase in investments recognised at equity reflects in particular the addition of shares in BHBW Holdings (Pty) Ltd, which is a South African joint venture in the Agricultural Equipment business unit. This was offset by the disposal of shares in BayWa Bau- & Gartenmärkte GmbH & Co. KG, 40% of which were sold on 1 January 2017 in accordance with a contractual agreement from 2011. The remaining 10% of the shares have since been reported as an investment under other financial assets. Further contributing to the increase was a swap of shares held in the associated companies David Oppenheimer & Company I, L.L.C. and David Oppenheimer Transport Inc. for shares in the associated company Grandview Brokerage, L.L.C. The swap was carried out through T&G Global Limited. Grandview Brokerage, L.L.C. in turn holds shares in David Oppenheimer & Company I, L.L.C. and David Oppenheimer Transport Inc. The shares recognised at equity consequently increased by €9.2 million and stood at €224.3 million as at the reporting date. Apart from the increase in loans to Group companies, the €32.3 million increase in other financial assets to €221.4 million is due largely to the measurement of existing credit balances with cooperatives at fair value and which has no effect on income. The value of investment properties declined from €41.6 million to €39.3 million on account of disposals as well as their reclassification to non-current assets held for sale. The other non-current receivables and other assets increased by €5.7 million to €54.3 million due to non-current receivables from the disposal of investments and projects, whereas deferred tax assets decreased by €4.5 million to €241.5 million.

Current assets climbed by €183.3 million to €4,277.5 million, which, in addition to the usual seasonal rise in current trade receivables, was primarily due to an increase in financial assets, which mainly include commodity futures of Group companies classified as financial instruments. Trade receivables rose by €228.3 million to €1,198.2 million in particular on account of the seasonal boost in business activities in the Agriculture and Building Materials Segments after the winter months as well as the steady expansion of activities related to the renewable energies business. Other assets fell by €48.7 million due especially to the receipt of bonus claims and a decrease in other receivables in the first half of the year. This was offset by an increase in receivables of €20.5 million from Group companies. Inventories decreased from €2,380.3 million to €2,176.4 million. A reduction of inventories in the BAST (BayWa Agri Supply & Trade) and BAV (BayWa Agricultural Sales) business units more than offset the expansion of inventory levels in the Fruit, Agricultural Equipment and Building Materials business units, as well as due to progressive project developments in the Renewable Energies business unit. Cash and cash equivalents rose by €130.1 million to €234.6 million, particularly on the back of a payment received from project disposals shortly before the reporting date.

Non-current assets and disposal groups held for sale decreased by €3.3 million compared to 31 December 2016 to €21.7 million; this item primarily includes properties not used for business operations and that the company intends to sell.

The equity of the BayWa Group increased by €13.3 million, from €1,098.3 million at the end of 2016 to €1,111.6 million as at 30 June 2017. Against this backdrop, net income for the period of 27.4 million is offset by dividend payouts totalling €37.9 million. In addition, equity was also positively impacted by changes in the value of investments classified as available for sale and measured at fair value without effect on income, as well as by hedges with a clear hedging relationship. Changes to the group of consolidated companies also contributed to an increase in equity, while currency translation differences resulted in a decrease in equity.

Non-current liabilities stood at €2,181.9 million at the end of the reporting period, down €110.3 million as against 31 December 2016, primarily due to the reduction of non-current financial liabilities from the disposal of project companies in the field of renewable energies.

Current liabilities increased in the reporting period by €320.9 million, from €3,084.3 million to €3,405.2 million, mainly on account of the rise in current financial liabilities for financing operations, in addition to the seasonal increase in trade payables.

**Financial position**

With an improvement in net income for the period of €12.7 million to €27.4 million, cash earnings increased year on year by €29.1 million to €86.4 million against the backdrop of a rise in depreciation and amortisation of €5.5 million and due to a reduction in income tax payments. While inventory levels were down in the first half of the financial year 2017, the rises in trade payables and other liabilities not attributable to investment and financing activities nearly offset the rises in trade receivables and other assets not attributable to investment and financing activities. The cash flow from operating activities therefore stood at €296.7 million after the first six months of the financial year 2017. Due to an increase in inventory levels in the first half of the past financial year, cash inflows from operating activities in the same period of the previous year came to €60.3, which is €236,4 million below the figure for the current reporting period.

The BayWa Group's investment activity resulted in cash outflows of €52.2 million in the first half of the financial year 2017. Of this amount, €16.7 million were attributable to company acquisitions and pertained in particular to the payment for the acquisition of the Thegra Tracomex Group. Funds of €56.6 million were also raised for the acquisition of intangible assets and property, plant and equipment; these mainly relate to the Agriculture Segment. Payments of €25.3 million were also made in the reporting period for investments in financial assets; they relate primarily to the purchase of shares in the associated company BHBW Holdings (Pty) Ltd. By contrast, cash inflows of €27.7 million resulted from the disposal of intangible assets and property, plant and equipment. The disposal of financial assets, particularly the disposal of 40% of the shares in BayWa Bau- & Gartenmärkte GmbH & Co. KG, resulted in cash inflows of €12.9 million in the first half of the year. The €28.4 million year-on-year decrease in cash outflows from investment activity is mainly due to the decline in payments for company acquisitions.

Cash flow from financing activities amounted to €–115.5 million and was attributable to dividend payouts by BayWa AG and other Group companies of €37.9 million and the repayment of financial liabilities. In 2016, cash flow from financing activities amounted to €19.4 million due to an increase in financial liabilities.

Total cash and cash equivalents have increased by €130.1 million since 31 December 2016 to €234.6 million due to the incoming and outgoing cash payments from operating, investment and financing activities, with funds from changes in the group of consolidated companies and exchange rates of €1.1 million also being taken into account.

**Earnings position**

The revenues achieved by the BayWa Group in the first half of the financial year 2017 came to €8,044.0 million and have therefore risen by €587.6 million, the equivalent of 7.9%, year on year.

The BAST (BayWa Agri Supply & Trade) business unit reported a slight €8.6 million, or 0.3%, year-on-year rise in revenues to €2,966.7 million. While increased strategic focus on higher-margin niche markets and specialities led to a decline in trading volume, grain prices, which were higher on average year on year, and the initial inclusion of the speciality agricultural produce trader Thegra Tracomex Group from the Netherlands, had a positive impact. In the BAV (BayWa Agricultural Sales) business unit, revenues rose slightly in the first half of 2017 by €21.4 million, or 1.4%, to €1,595.4 million. A slight fall in the collection of grain due to below-average harvest yields was offset by a positive development in the operating resources business. With sales volumes that remained approximately on par year on year, the operating resources business benefited from a slight increase in prices, resulting in a slight rise in revenues in the BAV business unit.

Revenues in the Fruit business unit developed favourably, increasing by €73.7 million, or 23.6%, to €386.5 million. This rise in revenues was due primarily to the overseas activities of Group subsidiary T&G Global Limited, together with its subsidiaries. The initial full-year consolidation of TFC Holland B.V., a Dutch supplier of tropical fruit in which BayWa acquired a majority share in the past financial year, also contributed to the rise in revenues.

Revenues in the Agricultural Equipment business unit increased by €72.2 million, or 12.2%, to €666.1 million. The business unit benefited in the first half of 2017 from farmers' greater willingness to invest compared to the previous year and the corresponding revival in demand for animal equipment and machinery. The sales of used tractors in particular increased significantly year on year. Together with Abemec B.V., the Agrimec Group B.V., acquired in the middle of 2016 and therefore not included in the previous-year period, also contributed to the rise in revenues.

Revenues in the Agriculture Segment for the first half of 2017 came to €5,614.8 million, up €175.9 million, or 3.2%, year on year.

The Energy Segment reported a significant rise in revenues overall by €389.8 million, or 30.6%, to €1,664.1 million. Revenues in the Conventional Energy business unit rose year on year by €129.9 million, or 13.6%, to €1,088.0 million, which was due to a higher average level of oil prices compared to the same period the previous year. Apart from the increase in sales of wood-based heat energy carriers, the cyclical rise in sales in the fuel station business and with lubricants also contributed to this trend.

The Renewable Energies business unit reported a jump in revenues by 82.2%, or €259.9 million, to €576.0 million, due to an expansion of trading activities with photovoltaic components and higher proceeds from project sales in particular. Several wind farms and solar parks, for example, were sold in the reporting period.

Revenues in the Building Materials Segment rose year on year by €21.1 million, or 2.9%, to €753.6 million. In addition to increased sales due to the high level of orders on hand compared to the same period the previous year, revenues growth was mainly boosted by products for construction and civil engineering projects, which benefit from the increase in multi-storey residential construction projects, as well as the rise in sales of products for civil engineering and road construction projects as a result of greater state investments in infrastructure.

The Innovation & Digitalisation Segment recorded revenues of €3.0 million, which is down slightly year on year.

At €8.5 million, Other Activities Segment revenues were up year on year by €1.1 million.

Other operating income of the BayWa Group has decreased by €17.2 million to €70.0 million year on year. One reason for this drop was lower income from price gains from currency hedges. Another reason was the fact that there was a one-off effect in income from asset disposals in the same period the previous year, which was due to the sale of the packaging logistics unit in New Zealand by Group company T&G Global Limited. Taking into account the lower year-on-year increase in inventories and the slight drop in other own work capitalised, the BayWa Group's overall performance rose year on year by €514.6 million, or 6.7%, to €8,209.6 million.

With an increase in the cost of materials of €441.9 million, or 6.4%, gross profit rose by €72.8 million, or 9.2%, to €863.1 million.

The €31.4 million, or 7.3%, increase in personnel expenses to €462.8 million in the first half of the reporting period was largely the result of the business activities of the companies newly acquired in the previous and current financial years, which were included for the first time in the first half of 2017.

At €65.8 million, depreciation and amortisation of property, plant and equipment and intangible assets were up by 7.2%, or €4.4 million, on the previous year's figure of €61.4 million. The increase was due primarily to the amortisation of hidden reserves from acquisitions in the previous year as well as the unscheduled impairment of goodwill and of intangible assets at the Group company BayWa r.e. Solar Systems Ltd. in the United Kingdom due to reduced recoverability.

Other operating expenses increased by €18.7 million, or 7.6%, to €264.5 million, and were attributable in particular to higher fleet and IT costs, as well as a rise in consultancy and legal fees. By contrast, currency-induced losses went down.

These changes led to the result of operating activities rising by €18.2 million to €70.0 million at the end of the first half of 2017.

At €2.8 million, the result of participating interests was down year on year by €0.7 million. Higher income from shares recognised at equity was offset by a decline in other income from participating interests.

This resulted in EBIT of €72.8 million for the BayWa Group for the first half of the current financial year, which is 31.7%, or €17.5 million, higher than the figure for the previous year.

At €–35.9 million, net interest was on par with the previous year after the first six months of the financial year 2017.

Including tax expenses of €9.4 million, this resulted in net income for the first half of the financial year 2017 of €27.4 million, which is a year-on-year increase of €12.7 million, or 86.5%.

**Employees**

At the end of the reporting period, the BayWa Group had a workforce of 17,399, which is 688 more employees than at the end of 2016. The number of employees in the Agriculture Segment increased by 648 to 10,539. While the number of employees decreased by 31 people to 562 in the BAST (BayWa Agri Supply & Trade) business unit, headcount in the BAV (BayWa Agricultural Sales) business unit has increased since the beginning of the year by 46 people to 3,475 employees. The number of employees in the Agricultural Equipment business unit dropped slightly by 38 to 3,575. In the Fruit business unit, the number of employees increased by 671 people, from 2,256 to 2,927, largely due to the harvest period in New Zealand. The number of employees in the Energy Segment rose by 8 compared to the end of the financial year 2016. The workforce in this segment now totals 2,024 employees. While the number of employees in the Renewable Energies business unit increased by 27, headcount in the Conventional Energy business unit decreased by 19. In the Building Materials Segment, the number of employees rose by 56 compared to the end of 2016 and stood at 4,118 as at 30 June 2017. Headcount in the Innovation & Digitalisation Segment grew by 15 to 149 employees. The number of employees attributable to the Other Activities Segment has risen by 39 to 569.

## Outlook

Growth momentum is likely to rise in the second half of the year, particularly in the agricultural sector. This optimistic expectation is due to prospective market and business conditions in all three segments.

In the Agriculture Segment, the continued rise in producer prices observed over the past few weeks is likely to lead to an increase in willingness among farmers to sell their produce. This would see marketing potential increase in the second half of the year with greater price stability and higher prices overall compared to the previous year.

Dutch subsidiary Cefetra B.V. should generate a significantly improved result in the second half of the year compared to the previous year, as soybean prices are expected to normalise. Furthermore, restructuring of trading sites in Eastern and Southern Europe will also have a positive impact on the result. Specialities business is progressing as expected: both the Thegra Tracomex Group, which has been included in the group of consolidated companies since January 2017, and Evergrain Germany GmbH & Co. KG boast robust order levels and have a great chance to exceed their planning targets.

In the operating resource business, there is good marketing potential for fertilisers in particular, in view of the upcoming fertiliser season. Besides the upturn in investment propensity among farmers, the fall in prices is also likely to result in widespread early procurement. However, it remains to be seen how demand will develop in light of the new Fertiliser Application Ordinance (DüMV), which came into effect on 2 June 2017. The stricter regulations, which govern the timing of application as well as fertiliser volume, will apply for the first time to the upcoming autumn application period.

The positive trend in agricultural equipment business should continue to hold in the second half of the year. High producer and milk prices, coupled with the increasing level of

digitalisation in agriculture, mean that this business area can be expected to develop with greater stability than in the previous year.
Fruit business is expected to develop differently in various regions. The apple harvest in the southern hemisphere was above average, whereas the German pome fruit harvest is not likely to have been significantly hampered by night frosts and wet and cold weather in the spring. In Southern Germany, and particularly around Lake Constance, harvests losses are expected to be up to 70%. The poor harvest will have a negative impact on BayWa's domestic fruit business, particularly in calendar year 2018. On the other hand, the relatively weak fruit harvest across Europe could lead to rising prices and boost the marketing potential of the southern hemisphere fruit harvest. The domestic harvest situation is not likely have any detrimental effects on the marketing of tropical fruits; in fact, additional demand momentum is expected.

In the Energy Segment, the stable financial framework conditions in Germany are likely to benefit business with conventional energy carriers. It is assumed that sales of heating oil will decline in the summer months and the high demand of recent months will no longer continue. Growth in fuel and lubricant trading should partially compensate for this reduced demand. The solid development of renewable energies should continue into the second half of the year. The first six months of 2017 were shaped by the sales of a number of large-scale projects, such as the wind farm in Obernwohlde, while the second half of the year will see the sale of a number of solar parks in the UK as well as wind parks in France and the US. Solar and wind energy output sold in the 2017 calendar year is likely to exceed the previous year's figure of approximately 215 MW. However, operating profit margins have come under increased pressure due to the decline in feed-in tariffs and fixed-rate tenders. As a result, the operating result is likely to remain at the high level reported in the previous year. The improved market situation in solar trading and the ongoing expansion of service business could offer additional earnings potential.

The Building Materials Segment is expected improve considerably in the second half of the year. Economic market data indicates a favourable course in the construction business. Continuing high demand for residential properties in particular is providing a boost to construction activity. The resulting brisk construction activity guarantees a good starting position for BayWa for the second half of the year.

All in all, the business development of BayWa Group should improve in the second half of the year. This optimism is born of the promising market and business climate in all three segments. Given the current market environment and demand situation, we believe that a significant year-on-year increase in revenues and earnings is achievable.

*The statements and figures forecast in this document are based on assumptions and are subject to unforeseeable risk. In as much as the assumptions of the company should prove to be inaccurate, or should other unforeseeable risks occur, the possibility of the actual assets, financial position and earnings position of the Group diverging negatively from the forecast target figures cited in this report should not be discounted.*

## Consolidated Financial Statements of BayWa AG pursuant to IFRS

## Consolidated Balance Sheet as at 30 June 2017 (abridged)

in € million

| Assets | 30/06/2017 | 31/12/2016 |
|---|---|---|
| | | |
| **Non-current assets** | | |
| Intangible assets | 231.154 | 212.623 |
| Property, plant and equipment | 1,387.544 | 1,402.715 |
| Participating interests recognised at equity | 224.318 | 215.161 |
| Other financial investments | 221.362 | 189.059 |
| Investment property | 39.287 | 41.585 |
| Non-current income tax claims | 0.025 | 0.025 |
| Other receivables and other assets | 54.258 | 48.557 |
| Deferred tax assets | 241.499 | 246.013 |
| | **2,399.447** | **2,355.738** |
| | | |
| **Current assets** | | |
| Securities | 1.966 | 1.966 |
| Inventories | 2,176.390 | 2,380.289 |
| Current biological assets | 6.692 | 15.137 |
| Current income tax claims | 44.222 | 43.365 |
| Financial assets | 215.217 | 153.141 |
| Other receivables and other assets | 1,598.487 | 1,395.854 |
| Cash and cash equivalents | 234.551 | 104.436 |
| | **4,277.525** | **4,094.188** |
| | | |
| **Non-current assets held for sale/disposal groups** | **21.681** | **24.931** |
| | | |
| **Total assets** | **6,698.653** | **6,474.857** |

| Shareholders' equity and liabilities | 30/06/2017 | 31/12/2016 |
|---|---|---|
| | | |
| **Equity** | | |
| Subscribed capital | 89.297 | 89.297 |
| Capital reserves | 108.153 | 108.153 |
| Revenue reserves | 558.576 | 537.042 |
| Other reserves | 42.511 | 69.850 |
| | | |
| **Equity net of minority interest** | **798.537** | **804.342** |
| | | |
| Minority interest | 313.024 | 294.003 |
| | **1,111.561** | **1,098.345** |
| | | |
| **Non-current liabilities** | | |
| Pension provisions | 657.226 | 660.729 |
| Other current provisions | 84.830 | 86.292 |
| Financial liabilities | 1,013.991 | 1,105.191 |
| Financial lease obligations | 161.564 | 164.139 |
| Trade payables and liabilities from inter-group business relationships | 2.203 | 2.874 |
| Financial liabilities | 4.640 | 9.476 |
| Other liabilities | 86.877 | 89.950 |
| Deferred tax liabilities | 170.557 | 173.514 |
| | **2,181.888** | **2,292.165** |
| | | |
| **Current liabilities** | | |
| Pension provisions | 28.925 | 29.238 |
| Other current provisions | 153.218 | 179.989 |
| Financial liabilities | 1,581.145 | 1,512.403 |
| Financial lease obligations | 7.553 | 8.371 |
| Trade payables and liabilities from inter-group business relationships | 1,106.226 | 894.310 |
| Current income tax liabilities | 32.108 | 29.924 |
| Financial liabilities | 161.530 | 152.628 |
| Other liabilities | 334.499 | 277.484 |
| | **3,405.204** | **3,084.347** |
| | | |
| **Liabilities from non-current assets held for sale/disposal groups** | **-.---** | **-.---** |
| | | |
| **Total shareholders' equity and liabilities** | **6,698.653** | **6,474.857** |

## Consolidated Financial Statements of BayWa AG pursuant to IFRS

## Consolidated Income Statement for the period from 1 January to 30 June 2017 (abridged)

| in € million | 1Q2017 | 2Q2017 | 1H2017 | 1Q2016 | 2Q2016 | 1H2016 |
|---|---|---|---|---|---|---|
| **Revenues** | **3,807.873** | **4,236.133** | **8,044.006** | **3,468.398** | **3,988.022** | **7,456.420** |
| Inventory changes | 118.473 | - 26.478 | 91.995 | 138.139 | 9.186 | 147.325 |
| Other own work capitalised | 1.885 | 1.663 | 3.548 | 2.024 | 1.943 | 3.967 |
| Other operating income | 28.990 | 41.037 | 70.027 | 38.346 | 48.899 | 87.245 |
| Cost of materials | - 3,566.953 | - 3,779.508 | - 7,346.461 | - 3,308.647 | - 3,595.951 | - 6,904.598 |
| **Gross profit** | **390.268** | **472.847** | **863.115** | **338.260** | **452.099** | **790.359** |
| Personnel expenses | - 223.316 | - 239.522 | - 462.838 | - 208.508 | - 222.980 | - 431.488 |
| Depreciation and amortisation | - 31.954 | - 33.852 | - 65.806 | - 30.804 | - 30.580 | - 61.384 |
| Other operating expenses | - 127.842 | - 136.664 | - 264.506 | - 110.796 | - 134.973 | - 245.769 |
| **Result of operating activities** | **7.156** | **62.809** | **69.965** | **- 11.848** | **63.566** | **51.718** |
| Income from participating interests recognised at equity | 0.147 | 1.670 | 1.817 | - 1.563 | 2.573 | 1.010 |
| Other income from shareholdings | 0.734 | 0.247 | 0.981 | 0.971 | 1.552 | 2.523 |
| Interest income | 1.419 | 1.718 | 3.137 | 1.597 | 1.589 | 3.186 |
| Interest expense | - 18.633 | - 20.429 | - 39.062 | - 19.081 | - 20.130 | - 39.211 |
| **Financial result** | **- 16.333** | **- 16.794** | **- 33.127** | **- 18.076** | **- 14.416** | **- 32.492** |
| **Result of ordinary activities (EBIT)** | **- 9.177** | **46.015** | **36.838** | **- 29.924** | **49.150** | **19.226** |
| Income taxes | 2.429 | - 11.828 | - 9.399 | 5.717 | - 10.229 | - 4.512 |
| **Net result for the period** | **- 6.748** | **34.187** | **27.439** | **- 24.207** | **38.921** | **14.714** |
| of which: profit share of minority interest | 2.363 | 9.942 | 12.305 | 0.593 | 13.918 | 14.511 |
| of which: due to shareholders of the parent company | - 9.111 | 24.245 | 15.134 | - 24.800 | 25.003 | 0.203 |
| **EBIT** | **8.037** | **64.726** | **72.763** | **- 12.440** | **67.691** | **55.251** |
| **EBITDA** | **39.991** | **98.578** | **138.569** | **18.364** | **98.271** | **116.635** |
| Average number of shares | | | 34,881,685 | | | 34,764,480 |
| **Basic earnings per share * (in €)** | | | **0.43** | | | **0.01** |
| **Diluted earnings per share * (in €)** | | | **0.43** | | | **0.01** |

* For the calculation of earnings per share, reference is made to the Notes in the Interim Report.

## Transition to Consolidated Statement of Comprehensive Income for the First Half of 2017 (abridged)

| in € million | 01/01 – 30/06/2017 | 01/01 – 30/06/2016 |
|---|---|---|
| **Net income for the period** | **27.439** | **14.714** |
| Actuarial gains/losses from pension and severance pay obligations and provisions for severance pay recognised in the reporting period | - 0.069 | 0.046 |
| **Sum of items not subsequently reclassified in the income statement** | **- 0.069** | **0.046** |
| 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 | 18.581 | - 0.746 |
| Reclassifications to the income statement due to disposal of financial assets in the “available for sale” category recognised in the reporting period | -.--- | -.--- |
| Net gain/loss from hedging instruments with a clear hedging relationship | 5.051 | 7.008 |
| Reclassifications of net gain/loss recognised in the reporting period from hedging instruments with a clear hedging relationship to the income statement | - 0.910 | 0.125 |
| Differences from currency translation | - 8.099 | 6.109 |
| **Sum of items subsequently reclassified in the income statement** | **14.623** | **12.496** |
| **Gains and losses recognised directly in equity** | **14.554** | **12.542** |
| of which: profit share of minority interest | 10.109 | 1.670 |
| of which: due to shareholders of the parent company | 4.445 | 10.872 |
| **Consolidated total result for the period** | **41.993** | **27.256** |
| of which: profit share of minority interest | 22.414 | 16.181 |
| of which: due to shareholders of the parent company | 19.579 | 11.075 |

## Consolidated Cash Flow Statement for the First Half of 2017 (abridged)

| in € million | 01/01 – 30/06/2017 | 01/01 – 30/06/2016 |
|---|---|---|
| Cash Earnings | **86.366** | **57.293** |
| Cash flow from operating activities | **296.670** | **60.334** |
| Cash flow from investing activities | **- 52.163** | **- 80.531** |
| Cash flow from financing activities | **- 115.529** | **19.389** |
| Cash-effective changes in cash and cash equivalents | **128.978** | **- 0.808** |
| Cash and cash equivalents at the start of the period | **104.436** | **84.459** |
| Outflow/inflow of funds due to changes in the group of consolidated companies and in exchange rates | 1.137 | 0.458 |
| Cash and cash equivalents at the end of the period | **234.551** | **84.109** |

## Statement of Changes in Consolidated Equity in the First Half of 2017 (abridged)

| In € million | Subscribed capital | Capital reserve | Assessment reserve | Other revenue reserves | Other reserves | Equity net of minority interest | Minority interest | Equity |
|---|---|---|---|---|---|---|---|---|
| **As at: 01/01/2017** | **89.297** | **108.153** | **13.220** | **523.822** | **69.850** | **804.342** | **294.003** | **1,098.345** |
| Differences resulting from changes in the group of consolidated companies | -.--- | -.--- | -.--- | 4.166 | | 4.166 | 4.922 | 9.088 |
| Capital increase against cash contributions/share-based payment | -.--- | -.--- | -.--- | -.--- | -.--- | -.--- | 0.038 | 0.038 |
| 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 | -.--- | -.--- | 12.038 | -.--- | -.--- | 12.038 | 10.684 | 22.722 |
| Actuarial gains/losses from pension obligations and provisions for severance pay | -.--- | -.--- | -.--- | - 0.031 | -.--- | - 0.031 | - 0.038 | - 0.069 |
| Inter-company profits from elimination with associates recognised in equity | -.--- | -.--- | -.--- | -.--- | -.--- | -.--- | -.--- | -.--- |
| Dividend distribution | -.--- | -.--- | -.--- | -.--- | - 29.550 | - 29.550 | - 8.353 | - 37.903 |
| Differences from currency translation | -.--- | -.--- | -.--- | -.--- | - 7.562 | - 7.562 | - 0.537 | - 8.099 |
| Transfer to/withdrawal from revenue reserve | -.--- | -.--- | -.--- | 5.361 | - 5.361 | -.--- | -.--- | -.--- |
| Net income for the period 01/01 – 30/06/2017 | -.--- | -.--- | -.--- | -.--- | 15.134 | 15.134 | 12.305 | 27.439 |
| **As at: 30/06/2017** | **89.297** | **108.153** | **25.258** | **533.318** | **42.511** | **798.537** | **313.024** | **1,111.561** |
| **As at: 01/01/2016** | **88.997** | **104.949** | **- 4.373** | **542.937** | **77.166** | **809.676** | **266.225** | **1,075.901** |
| Differences resulting from changes in the group of consolidated companies | -.--- | -.--- | -.--- | - 0.393 | 0.001 | - 0.392 | 2.334 | 1.942 |
| Capital increase against cash contributions/share-based payment | -.--- | -.--- | -.--- | -.--- | -.--- | -.--- | 0.964 | 0.964 |
| 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 | -.--- | -.--- | 4.527 | -.--- | -.--- | 4.527 | 1.860 | 6.387 |
| Actuarial gains/losses from pension obligations and provisions for severance pay | -.--- | -.--- | -.--- | 0.022 | -.--- | 0.022 | 0.024 | 0.046 |
| Inter-company profits from elimination with associates recognised in equity | -.--- | -.--- | -.--- | - 3.029 | -.--- | - 3.029 | -.--- | - 3.029 |
| Dividend distribution | -.--- | -.--- | -.--- | -.--- | - 29.447 | - 29.447 | - 4.875 | - 34.322 |
| Differences from currency translation | -.--- | -.--- | -.--- | -.--- | 6.323 | 6.323 | - 0.214 | 6.109 |
| Transfer to/withdrawal from revenue reserve | -.--- | -.--- | -.--- | 5.168 | - 5.168 | -.--- | -.--- | -.--- |
| Net income for the period 01/01 – 30/06/2016 | -.--- | -.--- | -.--- | -.--- | 0.203 | 0.203 | 14.511 | 14.714 |
| **As at: 30/06/2016** | **88.997** | **104.949** | **0.154** | **544.705** | **49.078** | **787.883** | **280.829** | **1,068.712** |

| **Segment information by business unit (income statement) 01/01 – 30/06/2017 (abridged)**<br>in € million | BayWa Agri Supply & Trade | BayWa Agricultural Sales | Agricultural Equipment | Fruit | **Agriculture** | Energy | Renewable Energies | **Energy** | **Building Materials** | **Innovation & Digitalisation** | **Other Activities*** | **Transition/ Consolidation** | **Group** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenues generated through business with third parties | 2,966.713 | 1,595.447 | 666.145 | 386.528 | **5,614.833** | 1,088.049 | 576.003 | **1,664.052** | **753.573** | **3.009** | **8.539** | **-.---** | **8,044.006** |
| Intra-segment revenues | 161.541 | 148.567 | 11.443 | 0.012 | **321.563** | 111.418 | 17.674 | **129.092** | **18.424** | **0.123** | **23.371** | **- 492.573** | **-.---** |
| Inter-segment revenues | 26.623 | 41.423 | 0.609 | -.--- | **68.655** | 3.243 | 0.945 | **4.188** | **0.742** | **0.036** | **1.838** | **- 75.459** | **-.---** |
| **Total revenues** | **3,154.877** | **1,785.437** | **678.197** | **386.540** | **6,005.051** | **1,202.710** | **594.622** | **1,797.332** | **772.739** | **3.168** | **33.748** | **- 568.032** | **8,044.006** |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA)** | **0.049** | **38.917** | **15.143** | **23.289** | **77.398** | **12.045** | **53.997** | **66.042** | **14.475** | **- 4.426** | **8.557** | **- 23.477** | **138.569** |
| Depreciation and amortisation | 1.799 | 13.230 | 5.861 | 8.191 | 29.081 | 4.279 | 12.625 | 16.904 | 7.711 | 0.929 | 7.150 | 4.031 | 65.806 |
| **Earnings before interest and tax (EBIT)** | **- 1.750** | **25.687** | **9.282** | **15.098** | **48.317** | **7.766** | **41.372** | **49.138** | **6.764** | **- 5.355** | **1.407** | **- 27.508** | **72.763** |
| **Earnings before tax (EBT)** | **- 7.016** | **15.882** | **3.194** | **11.185** | **23.245** | **7.687** | **30.776** | **38.463** | **0.344** | **- 5.372** | **8.657** | **- 28.499** | **36.838** |
| Income taxes | | | | | | | | | | | | | **- 9.399** |
| **Net income for the period** | | | | | | | | | | | | | **27.439** |

| **Segment information by business unit (income statement) 01/01 – 30/06/2016 (abridged)**<br>in € million | BayWa Agri Supply & Trade | BayWa Agricultural Sales | Agricultural Equipment | Fruit | **Agriculture** | Energy | Renewable Energies | **Energy** | **Building Materials** | **Innovation & Digitalisation** | **Other Activities*** | **Transition/ Consolidation** | **Group** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenues generated through business with third parties | 2,958.146 | 1,574.091 | 593.924 | 312.811 | **5,438.972** | 958.193 | 316.070 | **1,274.263** | **732.483** | **3.259** | **7.443** | **-.---** | **7,456.420** |
| Intra-segment revenues | 327.151 | 138.136 | 8.163 | 0.022 | **473.472** | 92.352 | 29.284 | **121.636** | **15.517** | **0.147** | **23.558** | **- 634.330** | **-.---** |
| Inter-segment revenues | 24.432 | 13.382 | 0.549 | -.--- | **38.363** | 2.826 | 0.106 | **2.932** | **0.453** | **0.007** | **1.830** | **- 43.585** | **-.---** |
| **Total revenues** | **3,309.729** | **1,725.609** | **602.636** | **312.833** | **5,950.807** | **1,053.371** | **345.460** | **1,398.831** | **748.453** | **3.413** | **32.831** | **- 677.915** | **7,456.420** |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA)** | **8.256** | **39.111** | **3.620** | **29.724** | **80.711** | **11.432** | **27.367** | **38.799** | **13.224** | **- 2.960** | **17.555** | **- 30.694** | **116.635** |
| Depreciation and amortisation | 1.848 | 12.989 | 5.067 | 7.261 | 27.165 | 4.102 | 11.642 | 15.744 | 7.639 | 0.843 | 7.547 | 2.446 | 61.384 |
| **Earnings before interest and tax (EBIT)** | **6.408** | **26.122** | **- 1.447** | **22.463** | **53.546** | **7.330** | **15.725** | **23.055** | **5.585** | **- 3.803** | **10.008** | **- 33.140** | **55.251** |
| **Earnings before tax (EBT)** | **1.347** | **14.766** | **- 8.789** | **18.384** | **25.708** | **7.138** | **7.898** | **15.036** | **- 1.549** | **- 3.809** | **17.175** | **- 33.335** | **19.226** |
| Income taxes | | | | | | | | | | | | | **- 4.512** |
| **Net income for the period** | | | | | | | | | | | | | **14.714** |

* before consolidation

## Segment report by business segment (income statement) (abridged)

| in € million | 1Q2017 | 2Q2017 | 01/01/2017 – 30/06/2017 | Y/y change in % | 1Q2016 | 2Q2016 | 01/01/2016 – 30/06/2016 |
|---|---|---|---|---|---|---|---|
| **Revenues through third-party business** | | | | | | | |
| BayWa Agri Supply & Trade | 1,546.581 | 1,420.132 | 2,966.713 | 0.3 | 1,496.763 | 1,461.383 | 2,958.146 |
| BayWa Agricultural Sales | 739.221 | 856.226 | 1,595.447 | 1.4 | 727.416 | 846.675 | 1,574.091 |
| Agricultural Equipment | 261.938 | 404.207 | 666.145 | 12.2 | 219.879 | 374.045 | 593.924 |
| Fruit | 194.082 | 192.446 | 386.528 | 23.6 | 140.375 | 172.436 | 312.811 |
| **Agriculture** | **2,741.822** | **2,873.011** | **5,614.833** | **3.2** | **2,584.433** | **2,854.539** | **5,438.972** |
| Energy | 518.645 | 569.404 | 1,088.049 | 13.6 | 449.361 | 508.832 | 958.193 |
| Renewable Energies | 251.779 | 324.224 | 576.003 | 82.2 | 160.444 | 155.626 | 316.070 |
| **Energy** | **770.424** | **893.628** | **1,664.052** | **30.6** | **609.805** | **664.458** | **1,274.263** |
| **Building Materials** | **290.748** | **462.825** | **753.573** | **2.9** | **268.991** | **463.492** | **732.483** |
| **Innovation & Digitalisation** | **1.487** | **1.522** | **3.009** | **- 7.7** | **1.751** | **1.508** | **3.259** |
| **Other Activities** | **3.392** | **5.147** | **8.539** | **14.7** | **3.418** | **4.025** | **7.443** |
| **Total** | **3,807.873** | **4,236.133** | **8,044.006** | **7.9** | **3,468.398** | **3,988.022** | **7,456.420** |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA)** | | | | | | | |
| BayWa Agri Supply & Trade | 2.851 | - 2.802 | 0.049 | - 99.4 | 2.920 | 5.336 | 8.256 |
| BayWa Agricultural Sales | 16.587 | 22.330 | 38.917 | - 0.5 | 14.034 | 25.077 | 39.111 |
| Agricultural Equipment | 2.414 | 12.729 | 15.143 | > 100 | - 5.663 | 9.283 | 3.620 |
| Fruit | 3.893 | 19.396 | 23.289 | - 21.6 | 2.929 | 26.795 | 29.724 |
| **Agriculture** | **25.745** | **51.653** | **77.398** | **- 4.1** | **14.220** | **66.491** | **80.711** |
| Energy | 5.080 | 6.965 | 12.045 | 5.4 | 6.015 | 5.417 | 11.432 |
| Renewable Energies | 26.910 | 27.087 | 53.997 | 97.3 | 18.203 | 9.164 | 27.367 |
| **Energy** | **31.990** | **34.052** | **66.042** | **70.2** | **24.218** | **14.581** | **38.799** |
| **Building Materials** | **- 7.631** | **22.106** | **14.475** | **9.5** | **- 11.093** | **24.317** | **13.224** |
| **Innovation & Digitalisation** | **- 2.543** | **- 1.883** | **- 4.426** | **- 49.5** | **- 0.988** | **- 1.972** | **- 2.960** |
| **Other Activities** | **- 0.811** | **9.368** | **8.557** | **- 51.3** | **- 6.524** | **24.079** | **17.555** |
| ***Transition*** | **- 6.759** | **- 16.718** | **- 23.477** | **23.5** | **- 1.469** | **- 29.225** | **- 30.694** |
| **Total** | **39.991** | **98.578** | **138.569** | **18.8** | **18.364** | **98.271** | **116.635** |
| **Earnings before interest and tax (EBIT)** | | | | | | | |
| BayWa Agri Supply & Trade | 1.921 | - 3.671 | - 1.750 | > - 100 | 2.001 | 4.407 | 6.408 |
| BayWa Agricultural Sales | 10.011 | 15.676 | 25.687 | - 1.7 | 7.633 | 18.489 | 26.122 |
| Agricultural Equipment | - 0.486 | 9.768 | 9.282 | > 100 | - 8.137 | 6.690 | - 1.447 |
| Fruit | - 0.196 | 15.294 | 15.098 | - 32.8 | - 0.594 | 23.057 | 22.463 |
| **Agriculture** | **11.250** | **37.067** | **48.317** | **- 9.8** | **0.903** | **52.643** | **53.546** |
| Energy | 2.965 | 4.801 | 7.766 | 5.9 | 3.959 | 3.371 | 7.330 |
| Renewable Energies | 21.376 | 19.996 | 41.372 | > 100 | 12.068 | 3.657 | 15.725 |
| **Energy** | **24.341** | **24.797** | **49.138** | **> 100** | **16.027** | **7.028** | **23.055** |
| **Building Materials** | **- 11.429** | **18.193** | **6.764** | **21.1** | **- 14.865** | **20.450** | **5.585** |
| **Innovation & Digitalisation** | **- 3.003** | **- 2.352** | **- 5.355** | **- 40.8** | **- 1.408** | **- 2.395** | **- 3.803** |
| **Other Activities** | **- 4.383** | **5.790** | **1.407** | **- 85.9** | **- 10.224** | **20.232** | **10.008** |
| ***Transition*** | **- 8.739** | **- 18.769** | **- 27.508** | **17.0** | **- 2.873** | **- 30.267** | **- 33.140** |
| **Total** | **8.037** | **64.726** | **72.763** | **31.7** | **- 12.440** | **67.691** | **55.251** |
| **Earnings before tax (EBT)** | | | | | | | |
| BayWa Agri Supply & Trade | - 0.854 | - 6.162 | - 7.016 | > - 100 | - 0.621 | 1.968 | 1.347 |
| BayWa Agricultural Sales | 4.695 | 11.187 | 15.882 | 7.6 | 1.970 | 12.796 | 14.766 |
| Agricultural Equipment | - 3.691 | 6.885 | 3.194 | > 100 | - 11.636 | 2.847 | - 8.789 |
| Fruit | - 2.049 | 13.234 | 11.185 | - 39.2 | - 2.191 | 20.575 | 18.384 |
| **Agriculture** | **- 1.899** | **25.144** | **23.245** | **- 9.6** | **- 12.478** | **38.186** | **25.708** |
| Energy | 2.926 | 4.761 | 7.687 | 7.7 | 3.833 | 3.305 | 7.138 |
| Renewable Energies | 17.317 | 13.459 | 30.776 | > 100 | 8.128 | - 0.230 | 7.898 |
| **Energy** | **20.243** | **18.220** | **38.463** | **> 100** | **11.961** | **3.075** | **15.036** |
| **Building Materials** | **- 14.696** | **15.040** | **0.344** | **> 100** | **- 18.177** | **16.628** | **- 1.549** |
| **Innovation & Digitalisation** | **- 3.009** | **- 2.363** | **- 5.372** | **- 41.0** | **- 1.411** | **- 2.398** | **- 3.809** |
| **Other Activities** | **- 0.679** | **9.336** | **8.657** | **- 49.6** | **- 6.701** | **23.876** | **17.175** |
| ***Transition*** | **- 9.137** | **- 19.362** | **- 28.499** | **14.5** | **- 3.118** | **- 30.217** | **- 33.335** |
| **Total** | **- 9.177** | **46.015** | **36.838** | **91.6** | **- 29.924** | **49.150** | **19.226** |

| **Segment information by business unit (balance sheet) as at 30/06/2017 (abridged)**<br><br>in € million | BayWa Agri Supply & Trade | BayWa Agricultural Sales | Agricultural Equipment | Fruit | **Agriculture** | Energy | Renewable Energies | **Energy** | **Building Materials** | **Innovation & Digitalisation** | **Other Activities*** | **Transition/ Consolidation** | **Group** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets | 1,609.263 | 1,056.827 | 697.884 | 602.177 | **3,966.151** | 289.360 | 3,199.616 | **3,488.976** | **586.148** | **8.785** | **4,115.673** | **- 5,467.080** | **6,698.653** |
| of which: participating interests recognised at equity | 21.634 | 1.039 | 20.134 | 17.272 | **60.079** | -.--- | 8.498 | **8.498** | **0.253** | **-.---** | **155.488** | **-.---** | **224.318** |
| of which: non-current assets held for sale/disposal groups | -.--- | -.--- | -.--- | -.--- | **-.---** | -.--- | -.--- | **-.---** | **-.---** | **-.---** | **21.681** | **-.---** | **21.681** |
| Inventories | 393.269 | 350.580 | 387.765 | 101.921 | **1,233.535** | 49.292 | 654.604 | **703.896** | **166.231** | **0.168** | **0.907** | **71.653** | **2,176.390** |
| of which: non-current assets held for sale/disposal groups | -.--- | -.--- | -.--- | -.--- | **-.---** | -.--- | -.--- | **-.---** | **-.---** | **-.---** | **-.---** | **-.---** | **-.---** |
| Liabilities | 1,238.230 | 699.186 | 678.829 | 350.566 | **2,966.811** | 408.919 | 2,644.180 | **3,053.099** | **654.141** | **9.103** | **2,524.239** | **- 3,620.301** | **5,587.092** |
| of which: non-current assets held for sale/disposal groups | -.--- | -.--- | -.--- | -.--- | **-.---** | -.--- | -.--- | **-.---** | **-.---** | **-.---** | **-.---** | **-.---** | **-.---** |
| Additions in intangible assets, property, plant and equipment and investment property (incl. company acquisitions) | 20.401 | 22.006 | 4.507 | 22.603 | **69.517** | 3.266 | 4.554 | **7.820** | **6.947** | **2.373** | **6.765** | **-.---** | **93.422** |
| Employees at month's end | 562 | 3,475 | 3,575 | 2,927 | **10,539** | 960 | 1,064 | **2,024** | **4,118** | **149** | **569** | **-** | **17,399** |

| **Segment information by business unit (balance sheet) as at 31/12/2016**<br><br>in € million | BayWa Agri Supply & Trade | BayWa Agricultural Sales | Agricultural Equipment | Fruit | **Agriculture** | Energy | Renewable Energies | **Energy** | **Building Materials** | **Innovation & Digitalisation** | **Other Activities*** | **Transition/ Consolidation** | **Group** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets | 1,722.465 | 1,263.154 | 621.673 | 475.034 | **4,082.326** | 255.618 | 2,599.455 | **2,855.073** | **555.233** | **8.021** | **3,984.672** | **- 5,010.468** | **6,474.857** |
| of which: participating interests recognised at equity | 21.687 | 1.039 | 1.310 | 14.762 | **38.798** | -.--- | 10.311 | **10.311** | **0.209** | **-.---** | **165.843** | **-.---** | **215.161** |
| of which: non-current assets held for sale/disposal groups | -.--- | -.--- | -.--- | -.--- | **-.---** | -.--- | -.--- | **-.---** | **-.---** | **-.---** | **24.931** | **-.---** | **24.931** |
| Inventories | 469.554 | 656.936 | 305.169 | 47.486 | **1,479.145** | 45.483 | 612.165 | **657.648** | **141.861** | **0.168** | **0.709** | **100.758** | **2,380.289** |
| of which: non-current assets held for sale/disposal groups | -.--- | -.--- | -.--- | -.--- | **-.---** | -.--- | -.--- | **-.---** | **-.---** | **-.---** | **-.---** | **-.---** | **-.---** |
| Liabilities | 1,382.695 | 758.746 | 567.902 | 238.110 | **2,947.453** | 377.447 | 2,069.840 | **2,447.287** | **625.201** | **8.368** | **2,554.375** | **- 3,206.172** | **5,376.512** |
| of which: non-current assets held for sale/disposal groups | -.--- | -.--- | -.--- | -.--- | **-.---** | -.--- | -.--- | **-.---** | **-.---** | **-.---** | **-.---** | **-.---** | **-.---** |
| Additions in intangible assets, property, plant and equipment and investment property (incl. company acquisitions) | 13.722 | 46.205 | 24.251 | 60.818 | **144.996** | 11.144 | 19.133 | **30.277** | **17.516** | **2.467** | **21.455** | **-.---** | **216.711** |
| Employees at month's end | 593 | 3,429 | 3,613 | 2,256 | **9,891** | 979 | 1,037 | **2,016** | **4,062** | **134** | **608** | **-** | **16,711** |

* before consolidation

**Segment information by region (abridged)**

| In € million | External sales | | Non-current assets | |
|---|---|---|---|---|
| | **01/01 – 30/06/2017** | **01/01 – 30/06/2016** | **30/06/2017** | **31/12/2016** |
| Germany | 3,121.971 | 2,722.005 | 1,413.533 | 1,445.420 |
| Austria | 1,243.478 | 1,174.349 | 461.333 | 429.637 |
| New Zealand | -.--- | -.--- | 283.637 | 272.415 |
| Other international operations | 3,678.557 | 3,560.066 | 240.944 | 208.266 |
| **Group** | **8,044.006** | **7,456.420** | **2,399.447** | **2,355.738** |

# Notes to the Interim Report for the period from 1 January to 30 June 2017 (abridged)

## Accounting policies and valuation methods

The Interim Report of the BayWa Group as at 30 June 2017 was prepared in accordance with IAS 34 (Interim Financial Reporting), taking into account the framework set out under the International Financial Reporting Standards (IFRS) valid on the reporting date. The reporting currency of the Group is the euro. There have been no changes in the accounting policies and valuation methods applied to the consolidated financial statements as against 31 December 2016. For more information on the details pertaining to the accounting policies and valuation methods applied, reference is made to the consolidated financial statements of BayWa AG as at 31 December 2016.

The following amended accounting standards that had to be applied for the first time in the reporting period had no impact at all or no major impact on the assets, financial position and earnings position of the BayWa Group in these interim financial statements.

– Amendments to IAS 12 (Recognition of Deferred Tax Assets for Unrealised Losses)
– Amendments to IAS 7 (Disclosure Initiative)
– Annual Improvements to IFRSs (Annual Improvements 2014–2016)

## Changes in the group of consolidated companies

Along with BayWa AG, the consolidated financial statements include all major companies over which it can exercise direct or indirect control via subsidiaries.

BayWa r.e. Solar Systems Co., Ltd., Bangkok, Thailand; BayWa r.e. Solar Energy Systems International Cooperations GmbH, Tübingen, Germany, are companies established in the reporting year, and became part of the fully consolidated group for the first time.

Project companies Free Mountain Systems SL, Barcelona, Spain; Les Landes Energies SARL, Paris, France; CPES Les Lacs Médocains de la Redoune, Paris, France; CPES Les Lacs Médocains du Bourgh d'Hourtin, Paris, France; CPES Les Lacs Médocains du Gartiou, Paris, France; Parc Eolien du Chemin du Roy, Paris, France; Ruschberg Infrastruktur GmbH & Co. KG, Gräfelfing, Germany; Windpark Reichweiler GmbH & Co. KG, Gräfelfing, Germany, also became part of the fully consolidated group for the first time in the financial year 2017.

BayWa Ravano Operation Services S.r.l., Genoa, Italy, Kenergia Sviluppo S.r.l., Rome, Italy, and Solesa Engineering S.r.l., Turin, Italy, were also merged with BayWa r.e. Italia S.r.l., Milano, Italy; consequently, BayWa Ravano Operation Services S.r.l., Kenergia Sviluppo S.r.l. and Solesa Engineering S.r.l. are not reported in BayWa AG's group of consolidated companies as independent companies.

Bauzentrum Westmünsterland GmbH & Co. KG, Munich, Germany, was also merged with BayWa AG, Munich, Germany; consequently, Bauzentrum Westmünsterland GmbH & Co. KG is not reported in BayWa AG's group of consolidated companies as an independent company.

BayWa AG, Munich, Germany, took over 100% of the shares in Thegra Tracomex B.V., Oosterhout, the Netherlands, through Dutch Group company Thegra Tracomex B.V., Oosterhout, the Netherlands, by way of a share deal. The acquisition is part of the specialisation strategy of the BAST (BayWa Agri Supply & Trade) business unit. Thegra Tracomex B.V., and its subsidiaries, trades in specialities, such as barley, oats, legumes and organic produce. Cefetra B.V. has had a controlling influence over Thegra Tracomex B.V. and its subsidiaries Thenergy B.V., Oosterhout, the Netherlands, Riveka BvbA, Boom, Belgium, Thegra Poland Sp. Z o.o., Warsaw, Poland, and BioCore B.V., Weesp, the Netherlands, since 9 January 2017, 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 January 2017 within the scope of full consolidation.

The preliminary cost of the shares came to €25.790 million and includes the contractually agreed purchase price component of €15.590 million, which was disbursed in January. The purchase agreement also includes purchase price components which, depending on the respective EBIT determined for the financial years 2017 through 2019, amount to a maximum of €13.900 million. In view of the expected performance of Thegra Tracomex B.V. and its subsidiaries as at the time of acquisition, contingent purchase price components were recognised at a total of €10,200 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.660 million. In the financial year 2017, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Thegra Tracomex B.V. and its subsidiaries break down as follows (preliminary figures):

| in € million | Book value | Fair value adjustments | Fair value |
|---|---|---|---|
| Intangible assets | -.--- | -.--- | -.--- |
| Property, plant and equipment | 0.281 | -.--- | 0.281 |
| Financial assets | 3.668 | -.--- | 3.668 |
| Inventories | 10.449 | -.--- | 10.449 |
| Financial assets | 3.307 | -.--- | 3.307 |
| Receivables and other assets | 15.505 | -.--- | 15.505 |
| Deferred tax assets | -.--- | -.--- | -.--- |
| Cash and cash equivalents | -.--- | -.--- | -.--- |
| Non-current liabilities | -.--- | -.--- | -.--- |
| Current liabilities | 26.788 | -.--- | 26.788 |
| Deferred tax liabilities | -.--- | -.--- | -.--- |
| | **6.422** | **-.---** | **6.422** |
| Goodwill (preliminary) | | | 19.368 |
| **Preliminary total purchase price, including contingent purchase price components** | | | **25.790** |

The gross amount of the receivables amounted to €15.505 million as at the time of acquisition; the full amount is considered to be recoverable.

Since 1 January 2017, the date of its initial inclusion in the group of consolidated companies, Thegra Tracomex B.V. and its subsidiaries has generated revenues of €118.313 million and gains of €3.008 million.

The final purchase price allocation pertaining to this 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 Interim Report was drawn up.

Effective 1 January 2017, BayWa AG, Munich, Germany, took over the business operations of “Lagerhaus Neustift im Stubaital”, which comprises trade business involving building materials as well as house and gardening articles through Group company "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT mbH, Klagenfurt, Austria, by way of an asset deal to expand the building materials activities of Raiffeisenbank Neustift im Stubai reg.Gen.m.b.H., Neustift im Stubaital, Austria. By way of this takeover, the BayWa Group is strengthening its network of locations in Tyrol, Austria. The preliminary cost of the acquired net assets comes to €0.605 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.001 million. In the financial year 2017, 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 (preliminary figures):

| in € million | Book value | Fair value adjustments | Fair value |
|---|---|---|---|
| Intangible assets | -.--- | -.--- | -.--- |
| Property, plant and equipment | 0.175 | -.--- | 0.175 |
| Financial assets | -.--- | -.--- | -.--- |
| Inventories | 0.479 | -.--- | 0.479 |
| Financial assets | -.--- | -.--- | -.--- |
| Receivables and other assets | -.--- | -.--- | -.--- |
| Deferred tax assets | -.--- | -.--- | -.--- |
| Cash and cash equivalents | -.--- | -.--- | -.--- |
| Non-current liabilities | 0.043 | -.--- | 0.043 |
| Current liabilities | 0.006 | -.--- | 0.006 |
| Deferred tax liabilities | -.--- | -.--- | -.--- |
| | **0.605** | **-.---** | **0.605** |
| Goodwill (preliminary) | | | -.--- |
| **Total purchase price (preliminary)** | | | **0.605** |

The takeover of operations did not result in any preliminary goodwill.

As the transaction is classified as an asset deal and the resulting lack of availability of information, BayWa dispensed with the disclosure of revenues and allocable consolidated profit that would have been presented had the acquired business activities been included since the date of acquisition.

Effective 1 January 2017, BayWa AG, Munich, Germany, took over the business operations of ZIMMERMANN GmbH Landmaschinenhandel, Metall und Service, Lübben, Germany, which comprises trade business involving forestry, garden and municipal equipment, by way of an asset deal to expand its trade activities in the Agriculture Segment. The preliminary cost of the acquired net assets comes to €0.079 million.

Effective 1 April 2017, BayWa AG, Munich, Germany, took over the business operations of Jörg Helber, Horb am Neckar, Germany, which comprises trade business involving wood pellets and sawdust briquettes, by way of an asset deal to expand its trade activities in the

Agriculture Segment. The wood pellets and sawdust briquettes are sold through the "Südpellets" website. The preliminary cost of the acquired net assets comes to €0.095 million.

No transaction costs have been incurred to date in connection with the two acquisitions.

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

| in € million | Book value | Fair value adjustments | Fair value |
|---|---|---|---|
| Intangible assets | -.--- | 0.130 | 0.130 |
| Property, plant and equipment | 0.044 | -.--- | 0.044 |
| Financial assets | -.--- | -.--- | -.--- |
| Inventories | -.--- | -.--- | -.--- |
| Financial assets | -.--- | -.--- | -.--- |
| Receivables and other assets | -.--- | -.--- | -.--- |
| Deferred tax assets | -.--- | -.--- | -.--- |
| Cash and cash equivalents | -.--- | -.--- | -.--- |
| Non-current liabilities | -.--- | -.--- | -.--- |
| Current liabilities | -.--- | -.--- | -.--- |
| Deferred tax liabilities | -.--- | -.--- | -.--- |
| | **0.044** | **0.130** | **0.174** |
| Goodwill (preliminary) | | | -.--- |
| **Total purchase price (preliminary)** | | | **0.174** |

The takeover of operations did not result in any preliminary goodwill.

The hidden reserves identified when allocating the purchase price were derived from 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 transactions are classified as an asset deal and the resulting lack of availability of information, BayWa dispensed 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 or since the date of acquisition.

BayWa AG, Munich, Germany, took over 100% of the shares in OneShore Energy GmbH, Berlin, Germany, through Group company BayWa r.e. renewable energy GmbH, Munich, Germany, by way of a share deal to expand its renewable energies activities. BayWa r.e. renewable energy GmbH has had a controlling influence over OneShore Energy GmbH since 1 April 2017. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The preliminary cost of the shares comes to €0.000 million.

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

The net assets acquired in connection with the purchase of OneShore Energy GmbH break down as follows (preliminary figures):

| in € million | Book value | Fair value adjustments | Fair value |
|---|---|---|---|
| Intangible assets | 0.003 | -.--- | 0.003 |
| Property, plant and equipment | 0.005 | -.--- | 0.005 |
| Financial assets | -.--- | -.--- | -.--- |
| Inventories | -.--- | -.--- | -.--- |
| Receivables and other assets | 0.011 | -.--- | 0.011 |
| Deferred tax assets | -.--- | -.--- | -.--- |
| Cash and cash equivalents | 0.043 | -.--- | 0.043 |
| Non-current liabilities | 1.395 | -.--- | 1.395 |
| Current liabilities | 0.107 | -.--- | 0.107 |
| Deferred tax liabilities | -.--- | -.--- | -.--- |
| | **- 1.440** | **-.---** | **- 1.440** |
| Goodwill (preliminary) | | | 1.440 |
| **Total purchase price (preliminary)** | | | **-.---** |

The gross amount of the receivables amounted to €0.011 million as at the time of acquisition; of this amount, €0.007 million is considered to be recoverable.

Since 1 April 2017, the date of its initial inclusion in the group of consolidated companies, OneShore Energy GmbH has generated revenues of €0.040 million and a loss of €0.050 million.

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 €0.031 million higher and the consolidated profit attributable to investors €0.125 million lower.

The final purchase price allocation pertaining to this 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 Interim Report was drawn up.

BayWa AG, Munich, Germany, obtained control pursuant to IFRS 10 of Worldwide Fruit Limited, Spalding, UK, effective 2 January 2017 through Group company ENZAFRUIT New Zealand (U.K.) Limited, Luton, UK, a subsidiary of T&G Global Limited, Auckland, New Zealand, which had until this date been recognised as a joint venture pursuant to the provisions of the equity method.

Following the restructuring of the articles of association, Group company T&G Global Limited still holds 50% of the shares in Worldwide Fruit Limited through its subsidiary ENZAFRUIT New Zealand (U.K.) Limited. The remaining 50% of the shares continue to be held by Fruition PO Ltd., Whitstable, UK. As the amended articles of association state that ENZAFRUIT New Zealand (U.K.) Limited is responsible for the company's operational management and that ENZAFRUIT New Zealand (U.K.) Limited has the right to approve the annual business plan and the budget and appoint the Chief Executive Officer and three of the six members of the Supervisory Board, this company is controlled by ENZAFRUIT New Zealand (U.K.) Limited pursuant to the provisions of IFRS 10; as a result, the company is to be included in BayWa AG's consolidated financial statements in accordance with the standards applicable to full consolidation. The company was included in the consolidated financial statements as at 2 January 2017.

The preliminary cost to be applied within the scope of the consolidation is made up of the fair value of the shares previously recognised at equity in Worldwide Fruit Limited (€8.692 million). The measurement at fair value of the shares held in Worldwide Fruit Limited resulted in an accounting profit of €4.587 million. This amount is included in the income statement under other operating income.

The net assets of Worldwide Fruit Limited acquired in connection with the transaction break down as follows (preliminary figures):

| in € million | Book value | Fair value adjustments | Fair value |
|---|---|---|---|
| Intangible assets | 0.227 | 2.146 | 2.373 |
| Property, plant and equipment | 8.644 | -.--- | 8.644 |
| Financial assets | 0.467 | -.--- | 0.467 |
| Inventories | 2.862 | -.--- | 2.862 |
| Receivables and other assets | 14.571 | -.--- | 14.571 |
| Cash and cash equivalents | 1.386 | -.--- | 1.386 |
| Deferred tax assets | 0.029 | - 0.029 | -.--- |
| Non-current liabilities | 3.478 | -.--- | 3.478 |
| Current liabilities | 18.348 | -.--- | 18.348 |
| Deferred tax liabilities | -.--- | 0.400 | 0.400 |
| | **6.360** | **1.717** | **8.077** |
| Proportionate net assets | | | 4.987 |
| Goodwill (preliminary) | | | 3.705 |
| **Preliminary cost** | | | **8.692** |
| Portion of net assets attributable to non-controlling shares | | | 3.090 |
| Share of the shareholders of the parent company in preliminary goodwill | | | 2.741 |

The portion of net assets of €3.090 million attributable to the non-controlling shares in Worldwide Fruit Limited comprises the fair value of the assets and liabilities attributable to minority interests.

The gross amount of the receivables amounted to €14.714 million as at the time of acquisition; of this amount, €14.571 million is considered to be recoverable.

Since 2 January 2017, the date of its initial inclusion in the group of consolidated companies, Worldwide Fruit Limited has generated revenues of €53.368 million and gains of €0.458 million.

Effective 31 March 2017, Delica Limited, Auckland, New Zealand, a subsidiary of T&G Global Limited, Auckland, New Zealand, reduced its shares in Delica North America Inc., Torrance, USA, from 100% to 50%. The sold 50% of the shares have been held by Grandview Brokerage Ltd., Coquitlam, Canada, since 31 March 2017. This reduction results from the restructuring of the US-based subsidiaries of T&G Global Limited, which aims to improve the supplying and servicing of North American and international customers. This change in investments will not result in T&G Global Limited losing control over Delica North America Inc., as T&G Global Limited continues to hold 60% of the voting rights and rights to the returns of this company through its subsidiary Delica Limited.

The consideration received for the shares amounts to €8.284 million and results in an increase in the equity attributable to the parent company from the adjustment against equity. Conversely, the reduction in shares leads to a €3.421 million increase in the shares of other shareholders in equity which, in turn, results from an equal reduction in the equity attributable to the parent company's shareholders.

Solarpark Vine Farm GmbH, Gräfelfing, Germany, sold 100% of its shares in Vine Farm Solar Wendy Ltd., London, UK, and BayWa r.e. Solar Projects GmbH, Munich, Germany, sold 100% of its shares in Rose & Crown Solar PV Limited, London, UK, on 26 January 2017.

BayWa r.e. Bioenergy GmbH, Regensburg, Germany, also sold 100% of its shares in Aufwind BB GmbH & Co. Bioenergie Dessau Sechzehnte KG, Regensburg, Germany, and Aufwind BB GmbH & Co. Sechsundzwanzigste Biogas KG, Regensburg, Germany, on 22 February 2017.

BayWa r.e. Wind, LLC, Wilmington (Delaware), USA, sold 100% of its shares in Coachella Wind, LLC, Wilmington (Delaware), USA, on 22 March 2017.

Bish (Holdings) Limited, London, UK, also sold 100% of its shares in Bishopthorpe Wind Farm Limited, London, UK, on 30 June 2017.

BayWa r.e. Wind GmbH, Munich, Germany, sold 100% of its shares in Windpark Stockelsdorf GmbH & Co. KG, Gräfelfing, Germany, Windpark Cashagen GmbH & Co. KG, Gräfelfing, Germany, and Windpark Dissau GmbH & Co. KG, Gräfelfing, Germany, on 30 June 2017. The shares that the above companies held in WP OWD Infrastruktur GmbH & Co. KG, Gräfelfing, Germany, were also sold.

The effect of this loss of control on the consolidated financial statements is as follows (preliminary figures):

**Consideration received**

| in € million | |
|---|---|
| | |
| Consideration received in the form of cash and cash equivalents for the sold shares | 61.663 |

**Assets and liabilities derecognised owing to control relinquished**

| in € million | |
|---|---|
| **Non-current assets** | |
| Intangible assets | 0.086 |
| Property, plant and equipment | 1.821 |
| Financial assets | -.--- |
| Deferred tax assets | 7.888 |
| | **9.795** |
| **Current assets** | |
| Inventories | 228.543 |
| Receivables and other assets | 13.383 |
| Cash and cash equivalents | 10.718 |
| | **252.644** |

| in € million | |
|---|---|
| **Non-current liabilities** | |
| Non-current provisions | 3.712 |
| Financial liabilities | 169.597 |
| Trade payables and other liabilities | -.--- |
| Deferred tax liabilities | 1.222 |
| | **174.531** |
| **Current liabilities** | |
| Current provisions | 2.919 |
| Financial liabilities | 42.574 |
| Trade payables and other liabilities | 18.846 |
| | **64.339** |
| **Net assets on the disposal date** | **23.569** |

**Gains/losses from the disposal of Group companies**

| in € million | |
|---|---|
| | |
| Consideration received for 100% of the shares | 61.663 |
| Net assets relinquished | - 23.569 |
| **Disposal gain** | **38.094** |

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 the Group company**

| in € million | |
|---|---|
| | |
| Purchase price settled through cash and cash equivalents | 61.663 |
| Less cash and cash equivalents paid out in connection with the disposal | - 10.718 |
| | **50.945** |

As at 30 June 2017, a total of 301 companies (31 December 2016: 299 companies) were included in the consolidated financial statements in accordance with the standards applicable to full consolidation. In addition, 31 associated companies and joint ventures (31 December 2016: 33 companies) have been included in the consolidated financial statements in accordance with the equity method set out under IAS 28.

### Assumptions and estimates

In as much as assumptions and estimates were made in the context of reporting, they have remained unchanged as to the methodology used during the financial year and between financial years. There are no reportable changes which have had a material impact on the current reporting period.

### Seasonal and economic influences on business activity

Seasonal influences typical to the business have an impact on almost all the core activities of the Group. Over the course of the year, these lead to fluctuations in revenues and profit which partly offset one another. In the Agriculture Segment, the main activities take place in the first three quarters of the financial year, with the focus on the second quarter. Conventional energy is impacted more by economic influences which cause fluctuations in business. The price trend exerts a major impact on consumer behaviour and therefore on the development of the business unit’s revenues. The backlog in demand subsequently evens out over a number of years. Renewable energies are subject to fluctuations depending on project sales. Business development may also be impacted by political factors as a result of changes in promotion measures. In the Building Materials Segment, business picks up after the first quarter and slows in the fourth quarter due to the weather.

### Financial instruments

The book values and fair values of financial instruments that are measured at amortised cost and whose book values do not approximate their fair values are as follows:

| in € million | 30/06/2017 | | 31/12/2016 | |
|---|---|---|---|---|
| | Fair value | Book value | Fair value | Book value |
| **Non-current financial liabilities** | | | | |
| Financial liabilities | 1,019.151 | 1,013.991 | 1,111.349 | 1,105.191 |

The financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy as at the reporting date, 30 June 2017, are as follows:

| in € million | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets measured at fair value** | | | | |
| Derivative financial instruments & commodity futures | 57.974 | 157.243 | -.--- | 215.217 |
| Securities FAHfT | 1.966 | -.--- | -.--- | 1.966 |
| Financial assets AfS | 5.224 | -.--- | -.--- | 5.224 |
| **Sum total of financial assets** | **65.164** | **157.243** | **-.---** | **222.407** |
| **Financial liabilities measured at fair value** | | | | |
| Derivative financial instruments & commodity futures | 53.258 | 112.912 | -.--- | 166.170 |
| **Sum total of financial liabilities** | **53.258** | **112.912** | **-.---** | **166.170** |

### Bonds/equity instruments

In the period under review, there were no issues, share buy-backs or repayments, neither for bonded loans nor for other equity instruments. The treasury share portfolio has remained unchanged since the financial year 2003 and comprises 19,500 shares, which correspond to €49,920, or the equivalent of 0.06% of the share capital.

**Appropriation of 2016 retained earnings**

On 23 May 2017, the Annual General Meeting of Shareholders approved the following appropriation of BayWa AG's unappropriated retained earnings in the financial year 2016:

| | |
|---|---|
| Dividend of €0.85 per dividend-bearing share: | €29,566,383.00 |
| Carried forward to new account: | €22,655,520.52 |
| Profit available for distribution: | €52,221,903.52 |

The dividend was paid out on 26 May 2017.

The amount distributed to the shareholders was 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 German Stock Corporation Act (AktG). This portion was transferred to other revenue reserves.

**Earnings per share**

Basic earnings per share (EPS) are calculated by dividing the profit for the period attributable to shares (net of minority interest) by the average number of shares. So-called potential shares (above all share options and convertible bonds), which can dilute earnings per share, were not issued, which means that diluted and basic earnings per share are the same.

**Transactions and events to be reported**

Interim reporting must contain information on transactions and events which affect the assets, liabilities, equity, result for the period under review or the cash flow, and which, due to their type, scope or frequency, are unusual. In the period under review, there were no matters requiring reporting. In respect of effects from the acquisition and disposal of companies, reference is made to the explanations above.

**Tax computation**

Tax computation is carried out by using the weighted average annual income tax rate for each separate region. The deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the periods ahead, the realisation of which is assured with sufficient probability.

**Contingent liabilities and contingent receivables**

There are no contingent receivables. There were no major changes in contingent liabilities as against the reporting date of 31 December 2016.

## Cash flow statement

The cash flow statement has been drawn up pursuant to IAS 7 by applying the indirect method, and broken down into cash flows from operating, investing and financing activities.

## Segment report

The Digital Farming activities were presented as a separate segment, the Innovation & Digitalisation Segment, for the first time in the consolidated financial statements as at 31 December 2016 on account of the cross-segment activities of the segment as well as its increasing significance for the BayWa Group. This is also reflected in these interim financial statements. The previous year's segment reporting was adjusted to ensure comparability, with the Digital Farming activities, which had presented as a business unit in the Agriculture Segment, being presented as a separate segment.

## Other transactions and events to be reported

Under a purchase agreement dated 25 July 2017, BayWa AG acquired 51% of the shares in VISTA Geowissenschaftliche Fernerkundung GmbH, Munich, Germany. The purchase price for the acquired shares comes to €1.020 million. The company specialises in satellite-based remote sensing services and applications for agriculture, water management and the environment. The company uses satellite data to develop digital solutions such as accurate local forecasts of nutrient and water requirements or harvest forecasts for research and commercial applications. The acquisition aims to expand the range of the BayWa Group's digital solutions for agriculture.

Subject to approval by antitrust authorities, BayWa AG, Munich, Germany, will take over 51% of the shares in Landhandel Knaup GmbH, Borchen-Alfen, Germany, by way of a share deal. The purchase price comes to €0.128 million. By way of this takeover, BayWa AG is expanding its agriculture portfolio. Landhandel Knaup GmbH's core area of expertise is providing customers from agriculture and industry with high-quality products, reliable services and effective logistics for orders of all sizes. Within the scope of this takeover, Landhandel Knaup GmbH, Borchen-Alfen, Germany, will take over all shares in LHD Landhandel Drebkau Import und Export GmbH, Drebkau, Germany, by way of a share deal for a purchase price of €0.025 million. Landhandel Knaup GmbH, Borchen-Alfen, Germany, will also take over the "Fuhrpark und Logistik" (vehicle fleet and logistics) division from Landhandel Drebkau GmbH, Drebkau, Germany, by way of a share deal for a purchase price of €0.012 million.

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.

**Audit of the Interim Report**

The Interim Report was not subject to any audit review.

**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 applicable to interim reporting, the consolidated statements give a true and fair view of the assets, financial position and earnings position of the Group, and that 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 over the remainder of the financial year.

Munich, 1 August 2017

The Board of Management

Prof. Klaus Josef Lutz
(Chief Executive Officer)
Andreas Helber
Roland Schuler
Matthias Taft
Reinhard Wolf