

September 19, 2012

Europe | Germany | Wholesale

**DR. KALLIWODA**  
RESEARCH GmbH

## Update

### BUY

Target price: EUR 33.37

Industry: Wholesale  
Country: Germany  
ISIN: DE0005194062  
Bloomberg: BYW6 GR  
Reuters: BYWGnx.DE  
Website: www.baywa.de

Last Price: 31,53  
High Low  
Price 52 W.: 33,50 26,11  
Market Cap. (EURm) 1082,87  
No. of Shares (in m) 34,34  
Avg. Daily Volume (shares) 14.737

#### Shareholders

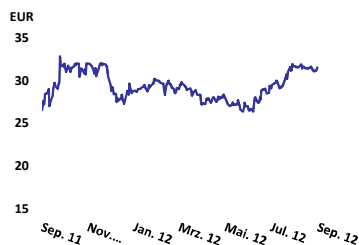
Bay. Raiffeisen-Beteiligungs 35,15%  
Raiffeisen Agrar Invest 25,12%  
Free float 39,73%

#### Performance

4 Weeks -2,60%  
13 Weeks 13,38%  
26 Weeks 7,65%  
52 Weeks 18,92%  
YTD 9,93%

#### Dividend

	in EUR	in %
2008	0,40	1,55%
2009	0,40	1,60%
2010	0,50	1,43%
2011	0,60	2,20%



## BayWa AG

### First consolidation of Turners & Growers

- With its business segments agriculture, energy and building materials, BayWa AG is a diversified and leading wholesaler in the agricultural business in Europe. BayWa is present in 15 European countries as well as in the USA. Through Turners & Growers, a leading New Zealand importer and exporter of fruits, in which BayWa bought a 73% stake in 2012, BayWa gained access to the New Zealand market.
- The consolidation of Turners & Growers raised the EBIT in H1/12 in the fruit business by more than 800% to €10.5m. Today the fruit business contributes to 15% of the operating profit in agriculture segment.
- In H1/12, BayWa raised the total revenue to €5,131.3m (11.9% y-o-y from €4,586.2m) and the EBIT to €91.1m (2.7% y-o-y from €88.7m). While BayWa increased y-o-y the revenue in the agriculture segment (+13.0%) and the energy segment (+34.4%), the sales in the building materials segment was reduced by 16.9% compared to H1/11. The reason for this decrease in sales was the spinoff of the DIY & garden centers business, which contributed to 30.3% of the total building material revenues and could have not fully been compensated.

EURm	2008	2009	2010	2011	2012E	2013E
Net sales	8.795	7.260	7.903	9.586	9.682	10.049
EBITDA	258	210	228	254	277	298
EBIT	162	115	129	151	174	191
Net income*	58	45	50	51	63	71
EPS	1,72	1,33	1,48	1,50	1,85	2,06
BVPS	22,88	23,71	24,60	25,33	26,31	27,55
RoE	7,52%	5,71%	6,15%	6,02%	7,17%	7,66%
EBIT margin	1,84%	1,58%	1,63%	1,58%	1,80%	1,90%
P/E	18,52	23,95	21,53	21,24	17,26	15,43
P/BVPS	1,39	1,34	1,30	1,26	1,21	1,16
EV/EBITDA	9,29	11,41	10,51	9,44	8,64	8,04

\* after minorities

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## 1. Investment Case

### 1.1 Company profile

Headquartered in Munich BayWa AG is a diversified German company operating internationally in the agrarian, building materials and energy sectors. Founded in 1923 the company's core competencies are trading as well as logistics and services solutions. Within the agrarian sector BayWa AG provides farmers a wide range of input resources, agro equipment and technical support. The segment building materials comprises civil engineering, extension and retrofit. The DIY & garden centers business has been sourced out to BayWa Bau- & Gartenmärkte GmbH & Co. KG whereof BayWa holds a stock of 50%. Furthermore BayWa AG is an important franchisor in the building materials sector. The energy segment includes the sale of heating-oil, fuel and lubricants. Therefore BayWa AG services petrol stations in Germany and Austria such as AVIA, BayWa und GENOL. BayWa AG focuses on the development of renewable energy and founded the subsidiary BayWa r.e. GmbH.

## 2. SWOT

Strength	Weaknesses
<ul style="list-style-type: none"> <li>• Strong market position in the agrarian sector because 80% of the German market is operated by 5 cooperatives whose local markets don't overlap. Unique Selling Proposition as a full service provider for farmers</li> <li>• Loyal customers relations since they are buyers of agrarian products and supplier of crops at the same time</li> <li>• BayWa is no. 2 on the German market of building materials and has a leading position on the Austrian market</li> <li>• Diversification in the segments agriculture, energy and building materials reduces the dependence on the agrarian segment and the commodity fluctuation</li> <li>• Strategy and financial structure reflect a conservative risk-aversion</li> <li>• Solid shareholder structure: the main shareholders are Bayerische Raiffeisen-Beteiligungs AG (35%), Raiffeisen Agrar Invest GmbH (25%)</li> <li>• Strong real estate portfolio-&gt; selling properties (Volume: €200-300 Mio.) shall generate cash for reducing the debt or enabling M&amp;A</li> <li>• Core competency in full-service supplement for the agricultural industry generates a large and loyal customer foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Large dependency on the German and Austrian market (Share of Revenue: 90%)</li> <li>• Negative operative CF in 2010/2011</li> <li>• Low margins in the building materials segment because of structural inefficiencies and operation as retailer</li> <li>• Low margin of fruits expected because of higher input prices and excess supply</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Rising commodity prices expected due to below average harvest expectations</li> <li>• Increasing demand for renewable energies</li> <li>• High margins in the renewable energies business and the opportunity to enter new regional markets</li> <li>• Food shortage, population growth and rising wealth in Asia lead to a greater demand for seeds, fertilizer and agro-equipment</li> <li>• Due to a decrease in the acreage the farmers' demand for fertilizer increase to achieve the same crop with less acreage</li> <li>• In the medium term the Joint Venture with Hellweg (BayWa Bau &amp; Gartenmärkte GmbH &amp; Co. KG) enables a stronger position towards supplier (margins are expected to rise)</li> <li>• Until 2021 BayWa plans the exit from the DIY &amp; Garden Center business because it doesn't belong to the focus of their core competencies</li> <li>• Number of building permits continues to rise steadily</li> <li>• BayWa is slightly undervalued (price-to-book ratio 0,97)</li> <li>• Price of fertilizer is stable and is expected to rise about 2-5% this year</li> <li>• Higher margins are expected for the building material business in the second half of 2012</li> </ul>	<ul style="list-style-type: none"> <li>• Volatile commodity markets</li> <li>• High fuel prices</li> <li>• The building material branch is fragmented and very competitive</li> <li>• As domestic fuel oil prices rise up people substitute with alternative energy sources</li> </ul>

### 3. Valuation

In order to account for current market valuations, we have valued BayWa by using our DCF model. Our 12-months price target for the stock equals €33.37, which implies an upside of 11.2% at current level.

#### DCF model

##### Discount Cash Flow-Model (Basis 05/2012)

in EURm	Phase 1								
	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
<b>Total revenues</b>	<b>9.681,53</b>	<b>10.049,43</b>	<b>10.572,00</b>	<b>11.068,89</b>	<b>11.544,85</b>	<b>12.018,19</b>	<b>12.474,88</b>	<b>12.874,07</b>	<b>13.131,56</b>
(y-o-y change)	1,0%	3,8%	5,2%	4,7%	4,3%	4,1%	3,8%	3,2%	2,0%
<b>EBIT</b>	<b>174,27</b>	<b>190,94</b>	<b>222,01</b>	<b>254,58</b>	<b>288,62</b>	<b>312,47</b>	<b>324,35</b>	<b>321,85</b>	<b>328,29</b>
(operating margin)	1,8%	1,9%	2,1%	2,3%	2,5%	2,6%	2,6%	2,5%	2,5%
<b>NOPLAT</b>	<b>121,99</b>	<b>133,66</b>	<b>155,41</b>	<b>178,21</b>	<b>202,03</b>	<b>218,73</b>	<b>227,04</b>	<b>225,30</b>	<b>229,80</b>
+ Depreciation & amortisation	103,19	107,12	112,69	117,98	123,06	128,10	132,97	137,22	139,97
= Net operating cash flow	225,18	240,77	268,09	296,19	325,09	346,83	360,01	362,52	369,77
- Total investments (Capex and WC)	-163,35	-212,43	-241,40	-242,76	-244,61	-249,51	-251,83	-247,36	-228,63
Capital expenditure	-157,13	-172,21	-184,12	-188,37	-192,58	-197,52	-201,70	-203,60	-200,53
Working capital	-6,23	-40,22	-57,28	-54,39	-52,03	-51,99	-50,13	-43,76	-28,10
= Free cash flow (FCF)	61,83	28,35	26,69	53,43	80,48	97,32	108,18	115,16	141,14
<b>PV of FCFs</b>	<b>60,38</b>	<b>25,95</b>	<b>22,90</b>	<b>42,96</b>	<b>60,64</b>	<b>68,73</b>	<b>71,59</b>	<b>71,43</b>	<b>82,04</b>

PV of FCFs in explicit period	506,61
PV of FCFs in terminal period	2.065,42
<b>Enterprise value (EV)</b>	<b>2.572,03</b>
+ Net cash / - net debt	-1.277,11
+ Investments / - minorities	-226,00
<b>Shareholder value</b>	<b>1.068,92</b>
Number of shares outstanding (m)	<b>34,18</b>

<b>WACC</b>	<b>6,70%</b>
Cost of equity	9,3%
Pre-tax cost of debt	6,5%
Normal tax rate	30,0%
After-tax cost of debt	4,6%
Share of equity	45,0%
Share of debt	55,0%
<b>Fair value per share in EUR (today)</b>	<b>31,27</b>
<b>Fair value per share in EUR (in 12 months)</b>	<b>33,37</b>

WACC	Sensitivity Analysis							
	Terminal EBIT margin							
	1,0%	1,5%	2,0%	2,5%	3,0%	3,5%	4,0%	
<b>5,2%</b>	-101,52	-41,68	18,15	77,99	137,83	197,66	257,50	
<b>5,7%</b>	-90,11	-40,37	9,37	59,11	108,85	158,59	208,33	
<b>6,2%</b>	-81,66	-39,54	2,59	44,71	86,84	128,96	171,08	
<b>6,7%</b>	-75,21	-39,02	-2,82	<b>33,37</b>	69,56	105,76	141,95	
<b>7,2%</b>	-70,17	-38,71	-7,25	24,21	55,67	87,13	118,59	
<b>7,7%</b>	-66,14	-38,54	-10,93	16,67	44,28	71,88	99,49	

Source: Dr. Kalliwoda Research GmbH

### 4. H1/12 financial results and outlook

#### Revenues

In H1/12, BayWa raised the total revenue to €5,131.3m (11.9% y-o-y from €4,586.2m) and the EBIT to €91.1m (2.7% y-o-y from €88.7m). While the revenue in the agriculture segment (+13.0%) and the energy segment (+34.4%) increased y-o-y the sales in the building materials segment decreased by 16.9% compared to H1/11.

An important growth-factor (79.0% of total revenue growth) was the energy segment with an increase of revenue from €1,253.4m (H1/11) to €1,684.1m (H1/12).

While there was a reduction of EBIT with conventional energy (-18.8%) due to higher average oil prices and pressure on the margins with fossil fuels BayWa benefits from the strong demand for PV installations. Customers prepone the purchase of PV power plants because of the reduction of solar subsidies.

Contrary to the improvement of the earnings (EBIT/EBT) in the energy segment by over 100%, there was a reduction of the margins within the agriculture segment.

Within this segment BayWa achieved a higher EBIT with agro equipment as compared to last year. (y-o-y 19.7%). Due to the stable income situation for the farmers and their ongoing willingness to invest the volume of machine sales increased (+22.0%). In spite of the positive contribution to operating income of Turners & Growers (EBIT H1/12 €9.2m) there was an EBIT decrease of 4.7% because of the reduction of the fruits' and agro trading's EBIT (-35.0% and -24.3%, respectively). Despite these lower earnings there is a stable development which enables a solid long-term position for BayWa within the agriculture segment as its core business.

After the spinoff of the DIY & garden centres the segment building materials now comprises only the trading with building materials. The revenue as well as the EBIT within trading building materials grew (+19.3% respective 2.5%) as a consequence of the increase of building activity. Compared to the previous year there was a reduction in total sales by 16.9% because the omission of the DIY & garden centres could not fully be compensated.

Rising material cost lead to a lower EBIT margin (H1/11 1.3% to H2/12 0.5%).

H1/2012 vs previous year			
in EURm	H1 2012	H1 2011	change (%)
Net sales	5,131.3	4,586.2	11.9%
EBITDA	147.1	136.3	7.9%
EBITDA margin	2.9%	3.0%	
EBIT	91.1	88.7	2.7%
EBIT margin	1.8%	1.9%	
Net income	47.0	48.7	-3.5%
Net margin	0.9%	0.9%	

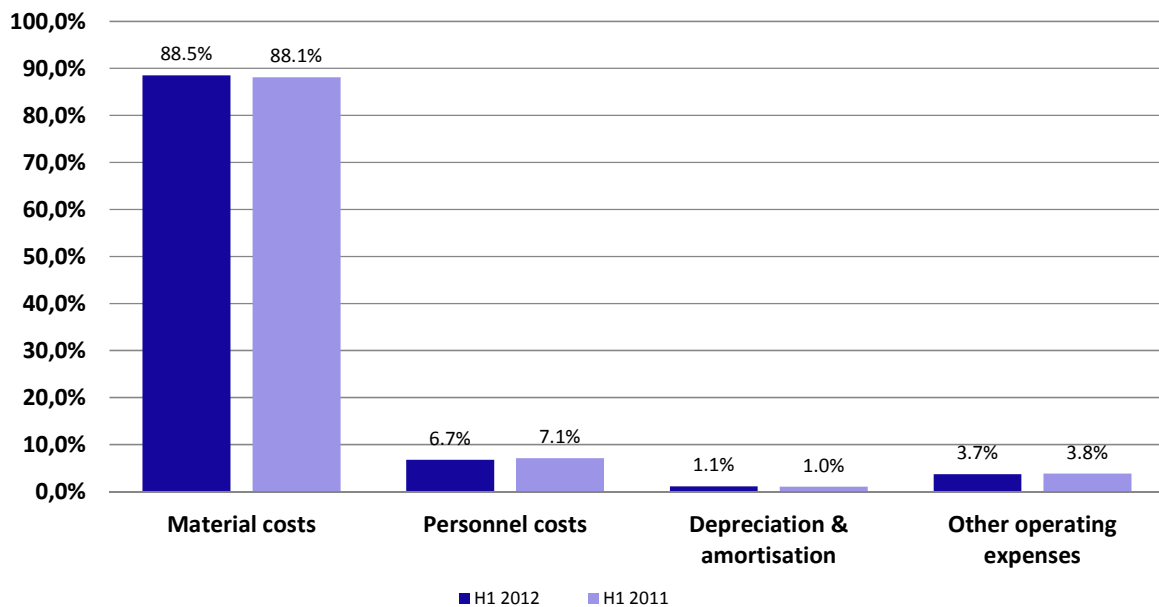
Source: Company data, Dr. Kalliwoda Research GmbH

Sales and EBIT margins according to segments H1/12 vs. H1/11				
	H1 2012	H1 2011	H1 2012	H1 2011
<b>Agriculture</b>			<b>Building materials</b>	
Sales €m	2,573.7	2,277.3	Sales €m	813.0
share in total sales	50.2%	49.7%	share in total sales	15.8%
EBIT margin	2.7%	3.2%	EBIT margin	1.3%
<b>Energy</b>			<b>Group</b>	
Sales €m	1,684.1	1,253.4	Total sales €m	5,131.3
share in total sales	32.8%	27.3%	change y-o-y	11.9%
EBIT margin	0.9%	0.1%		

Source: Company data, Dr. Kalliwoda Research GmbH

## Profitability

### Share in sales H1/12 vs. H1/11



Source: Company data, Dr. Kalliwoda Research GmbH

The material costs increased y-o-y by €594m mainly caused by the revenue growth as well as the higher input prices which could not be passed down to the customers. As a result the margins in the agriculture and building material segment are lower compared to H1/11.

Especially the margins in the building material segment felt pressure from the spinoff of the DIY & Garden center business with its good profit margin.

On the other side BayWa benefits from higher margins in the renewable energy business (H1/12 7.9%).

### Balance Sheet and Cash Flow

As of 30 June 2012, the most important positions on BayWa's balance sheet were property, plant and equipment (€1,264.1m), inventories (€1,228.2m) and other receivables and other assets (€1,257.9m). Other receivables mainly comprises trade receivables.

At the end of June 2012, BayWa's financial debt amounted to €1,785.1m and comprised short-term borrowings of €755.9m, long-term borrowings of €642.5m as well as pension provisions of €386.7m. With cash of €78.5m, the company's net gearing amounted to 151.7%. The equity totalled €1,125.1m, where revenue reserves (€592.0m) represented more than half of the equity. The balance sheet grew by 15.8% to €4,529.5m over the last half-year.

In H1/12, BayWa generated an operating cash flow of €150.1m (H1/11: €90.8m), which despite lower net income improved y-o-y. The reasons were lower investments into working capital, due to a decline in other assets and the higher level of liabilities from operating activities. The cash outflow from investing increased from €-94.2m to €-179.2m, mainly due to the acquisition of Turners & Growers Ltd. and the purchase of 70% of Tecno Spot GmbH. The cash inflow from financing went up from €5.3m in H1/11 to €15.5m in H1/12 and is attributable to additional long-term borrowing. As a result the cash position decreased by €-13.6m in H1/12.

## Outlook

The management expects the harvest in Germany to exceed the expectations as opposed to Austria. The good harvest combined with the current price trend should secure a comfortable income situation for the farmers.

As a result we estimate the propensity of farmers to invest in new agricultural remains on a high level.

In the conventional energy business, the revenues from trading in heating oil should improve due to the forthcoming winter months. In the renewable energy business wind, biogas and solar projects are scheduled for completion by the end of the year and will lead to higher sales in the second half-year.

Concerning the building material segment we expect an increase due to the high sales in the months of July till October.

Our forecasts 2012E-14E			
in EURm	2012E	2013E	2014E
Net sales	9,681.53	10,049.43	10,572.00
EBITDA	277.5	298.1	334.7
EBITDA margin	2.9%	3.0%	3.2%
EBIT	174.3	190.9	222.1
EBIT margin	1.8%	1.9%	2.1%
Net income	63.4	70.9	85.7
Net margin	0.7%	0.7%	0.8%

Source: Dr. Kalliwoda Research GmbH

Sales estimates according to segments 2012E-2014E			
in EURm	2012E	2013E	2014E
Agrar	4,301.5	4,465.0	4,697.1
(% of sales)	44.4%	44.4%	44.4%
Energie	3,143.0	3,262.4	3,432.0
(% of sales)	32.5%	32.5%	32.5%
Bau	2,086.2	2,165.5	2,278.1
(% of sales)	21.5%	21.5%	21.5%
Sonstiges	150.9	156.6	164.8
(% of sales)	1.6%	1.6%	1.6%
Total sales	9,681.5	10,049.5	10,572.0

Source: Dr. Kalliwoda Research GmbH



## 5. Profit and loss statements

Profit and loss statement - BayWa						
Figures in EURm	Fiscal year					
	2008	2009	2010	2011	2012E	2013E
<b>Revenue split</b>						
<i>Agriculture</i>	4.049	3.270	3.505	4.259	4.302	4.465
<i>Energy</i>	2.463	1.837	2.359	3.112	3.143	3.262
<i>Building Materials</i>	1.786	1.776	1.903	2.066	2.086	2.165
<i>Others</i>	497	377	136	149	151	157
<b>Total revenues</b>	<b>8.795</b>	<b>7.260</b>	<b>7.903</b>	<b>9.586</b>	<b>9.682</b>	<b>10.049</b>
<i>Change of inventories</i>	-49	-14	76	89	-1	43
<i>Capitalised items</i>	1	1	1	2	2	2
<b>Total output</b>	<b>8.746</b>	<b>7.246</b>	<b>7.980</b>	<b>9.677</b>	<b>9.681</b>	<b>10.092</b>
<i>Cost of goods sold</i>	-7.667	-6.244	-6.937	-8.503	-8.498	-8.810
<b>Gross profit</b>	<b>1.128</b>	<b>1.016</b>	<b>966</b>	<b>1.083</b>	<b>1.184</b>	<b>1.239</b>
<i>Other operating income</i>	113	132	127	130	133	135
<i>Personnel costs</i>	-608	-620	-634	-680	-680	-709
<i>Depreciation &amp; amortisation</i>	-96	-94	-99	-102	-103	-107
<i>Other operating expenses</i>	-338	-318	-328	-382	-358	-410
<b>Operating income</b>	<b>150</b>	<b>102</b>	<b>109</b>	<b>139</b>	<b>164</b>	<b>175</b>
<i>Net financial result</i>	-47	-27	-22	-42	-40	-36
<b>EBT</b>	<b>104</b>	<b>75</b>	<b>87</b>	<b>98</b>	<b>124</b>	<b>139</b>
<i>Income taxes</i>	-27	-16	-20	-28	-37	-42
<i>Minorities</i>	-18	-14	-16	-19	-24	-26
<b>Net income*</b>	<b>58</b>	<b>45</b>	<b>50</b>	<b>51</b>	<b>63</b>	<b>71</b>
<b>EBIT</b>	<b>162</b>	<b>115</b>	<b>129</b>	<b>151</b>	<b>174</b>	<b>191</b>
<b>EBITDA</b>	<b>258</b>	<b>210</b>	<b>228</b>	<b>254</b>	<b>277</b>	<b>298</b>
<i>EPS</i>	1,72	1,33	1,48	1,50	1,85	2,06
<i>DPS</i>	0,40	0,40	0,50	0,60	0,74	0,83
<b>Change y-o-y</b>						
<i>Revenue split</i>						
<i>Agriculture</i>	n.a	-19,24%	7,20%	21,51%	1,00%	3,80%
<i>Energy</i>	n.a	-25,38%	28,36%	31,94%	1,00%	3,80%
<i>Building Materials</i>	n.a	-0,55%	7,15%	8,54%	1,00%	3,80%
<i>Others</i>	n.a	-24,22%	-63,85%	9,63%	1,00%	3,80%
<i>Total revenues</i>	n.a	-17,45%	8,85%	21,29%	1,00%	3,80%
<i>Change of inventories</i>	n.a	-70,56%	-622,30%	17,52%	-100,86%	-5725,45%
<i>Capitalised items</i>	n.a	34,40%	92,69%	69,64%	-13,94%	0,00%
<i>Total output</i>	n.a	-17,14%	10,12%	21,26%	0,04%	4,25%
<i>Cost of goods sold</i>	n.a	-18,55%	11,09%	22,58%	-0,07%	3,68%
<i>Gross profit</i>	n.a	-9,93%	-4,92%	12,07%	9,37%	4,65%
<i>Other operating income</i>	n.a	16,47%	-3,47%	2,19%	2,00%	2,00%
<i>Personnel costs</i>	n.a	1,92%	2,28%	7,27%	0,04%	4,25%
<i>Depreciation &amp; amortisation</i>	n.a	-1,90%	5,26%	2,87%	1,00%	3,80%
<i>Other operating expenses</i>	n.a	-5,92%	3,21%	16,49%	-6,31%	14,47%
<i>Operating income</i>	n.a	-32,15%	6,74%	28,04%	25,06%	9,57%
<i>Net financial result</i>	n.a	-42,49%	-19,31%	92,09%	19,96%	4,00%
<i>EBT</i>	n.a	-27,48%	16,07%	12,09%	27,23%	11,81%
<i>Income taxes</i>	n.a	-41,45%	29,45%	37,33%	33,76%	11,81%
<i>Minorities</i>	n.a	-22,02%	14,35%	12,97%	27,23%	11,81%
<i>Net income*</i>	n.a	-22,79%	11,97%	1,64%	23,68%	11,81%
<i>EPS</i>	n.a	-22,67%	11,28%	1,35%	23,09%	11,81%
<i>DPS</i>	n.a	17,65%	25,00%	20,00%	23,09%	11,81%
<b>Share in total revenues</b>						
<i>Agriculture</i>	46,04 %	45,04 %	44,35 %	44,43 %	44,43 %	44,43 %
<i>Energy</i>	28,00 %	25,31 %	29,84 %	32,46 %	32,46 %	32,46 %
<i>Building Materials</i>	20,31 %	24,46 %	24,08 %	21,55 %	21,55 %	21,55 %
<i>Others</i>	5,65 %	5,19 %	1,72 %	1,56 %	1,56 %	1,56 %
<i>Total revenues</i>	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %
<i>Change of inventories</i>	-0,56 %	-0,20 %	0,96 %	0,93 %	-0,01 %	0,43 %
<i>Capitalised items</i>	0,01 %	0,01 %	0,02 %	0,02 %	0,02 %	0,02 %
<i>Total output</i>	99,45 %	99,81 %	100,97 %	100,95 %	99,99 %	100,43 %
<i>Cost of goods sold</i>	-87,17 %	-86,01 %	-87,78 %	-88,71 %	-87,77 %	-87,67 %
<i>Gross profit</i>	12,83 %	13,99 %	12,22 %	11,29 %	12,23 %	12,33 %
<i>Other operating income</i>	1,29 %	1,82 %	1,61 %	1,36 %	1,37 %	1,35 %
<i>Personnel costs</i>	-6,91 %	-8,53 %	-8,02 %	-7,09 %	-7,02 %	-7,05 %
<i>Depreciation &amp; amortisation</i>	-1,09 %	-1,30 %	-1,26 %	-1,07 %	-1,07 %	-1,07 %
<i>Other operating expenses</i>	-3,84 %	-4,38 %	-4,15 %	-3,99 %	-3,70 %	-4,08 %
<i>Operating income</i>	1,71 %	1,40 %	1,38 %	1,45 %	1,80 %	1,90 %
<i>Net financial result</i>	-0,53 %	-0,37 %	-0,27 %	-0,43 %	-0,52 %	-0,52 %
<i>EBT</i>	1,18 %	1,03 %	1,10 %	1,02 %	1,28 %	1,38 %
<i>Income taxes</i>	-0,30 %	-0,22 %	-0,26 %	-0,29 %	-0,39 %	-0,41 %
<i>Minorities</i>	-0,21 %	-0,20 %	-0,21 %	-0,19 %	-0,24 %	-0,26 %
<i>Net income*</i>	0,66 %	0,62 %	0,64 %	0,53 %	0,65 %	0,71 %

\*after minorities

Source: Company data, Dr. Kalliwoda Research GmbH

## 6. Balance sheets

Balance sheet - BayWa						
Figures in EURm	Fiscal year					
	2008	2009	2010	2011	2012E	2013E
<b>Assets</b>						
Inventories	1.101	905	1.062	1.165	1.165	1.208
Trade receivables	455	363	437	515	521	540
Tax receivables	13	11	21	43	43	45
Other receivables	168	207	226	227	229	238
Securities and other financial assets	2	2	2	2	2	2
Cash & cash equivalents	16	20	28	87	290	202
<b>Current assets</b>	<b>1.755</b>	<b>1.507</b>	<b>1.777</b>	<b>2.040</b>	<b>2.250</b>	<b>2.235</b>
Property, plant and equipment	908	943	917	1.110	1.160	1.210
Assets-for-sale	5	5	49	259	0	0
At-Equity shareholdings	11	38	46	17	17	17
Financial assets	237	267	284	274	277	287
Other assets	23	22	24	25	26	27
Intangible assets	35	66	64	119	120	125
Goodwill	0	0	0	0	0	0
Deferred tax assets	91	91	92	70	50	29
<b>Non-current assets</b>	<b>1.310</b>	<b>1.432</b>	<b>1.476</b>	<b>1.873</b>	<b>1.650</b>	<b>1.695</b>
<b>Total assets</b>	<b>3.066</b>	<b>2.939</b>	<b>3.253</b>	<b>3.913</b>	<b>3.900</b>	<b>3.930</b>
<b>Liabilities</b>						
Tax payables	33	30	39	57	57	59
Pension provisions	27	27	28	28	29	30
Other provisions	113	98	106	116	118	158
Short-term financial debt	735	591	538	584	574	564
Trade payables	511	463	549	750	750	777
Other liabilities	86	81	73	79	80	83
<b>Current liabilities</b>	<b>1.506</b>	<b>1.290</b>	<b>1.334</b>	<b>1.615</b>	<b>1.607</b>	<b>1.671</b>
Pension provisions	399	398	397	388	392	407
Other provisions	64	67	64	76	76	79
Financial and leasing debt	44	76	271	570	600	500
Long-term trade payables	41	44	45	0	0	0
Other liabilities	4	4	2	13	13	14
Deferred tax liabilities	92	104	100	101	82	60
Liabilities from assets-for-sale	0	0	33	82	0	0
<b>Long-term liabilities</b>	<b>645</b>	<b>692</b>	<b>914</b>	<b>1.230</b>	<b>1.163</b>	<b>1.060</b>
<b>Total liabilities</b>	<b>2.151</b>	<b>1.982</b>	<b>2.248</b>	<b>2.845</b>	<b>2.770</b>	<b>2.731</b>
<b>Shareholder's equity</b>	<b>776</b>	<b>803</b>	<b>838</b>	<b>866</b>	<b>904</b>	<b>946</b>
Minority interests	139	155	167	202	226	252
<b>Total equity and liabilities</b>	<b>3.066</b>	<b>2.939</b>	<b>3.253</b>	<b>3.913</b>	<b>3.900</b>	<b>3.930</b>

Source: Company data, Dr. Kalliwoda Research GmbH

## 7. Cash flow statements

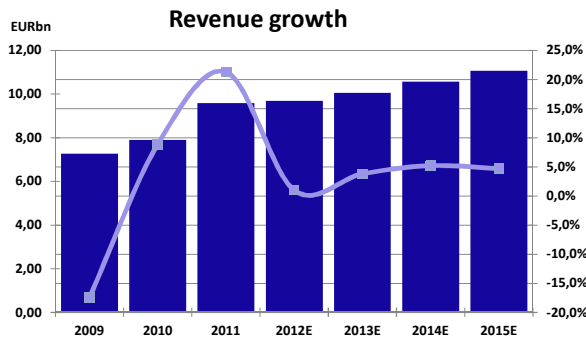
Cash flow statement - BayWa						
Figures in EURm	Fiscal year					
	2008	2009	2010	2011	2012E	2013E
Net income / loss	58	45	50	51	63	71
Depreciation & amortisation	96	94	99	102	103	107
Change of working capital	57	141	-137	-186	-6	-40
Others	4	-36	-22	5	2	43
<b>Net operating cash flow</b>	<b>216</b>	<b>244</b>	<b>-9</b>	<b>-27</b>	<b>162</b>	<b>181</b>
<b>CAPEX</b>	<b>-144</b>	<b>-127</b>	<b>-114</b>	<b>-223</b>	<b>-157</b>	<b>-172</b>
Free cash flow	72	116	-123	-250	5	8
<b>Cash flow from financing</b>	<b>-74</b>	<b>-113</b>	<b>132</b>	<b>274</b>	<b>198</b>	<b>-97</b>
Change of cash	-2	4	8	59	203	-89
Cash at the beginning of the period	18	16	20	28	87	290
Cash at the end of the period	16	20	28	87	290	202

Source: Company data, Dr. Kalliwoda Research GmbH

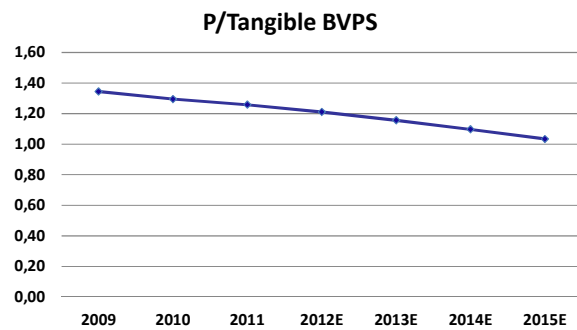
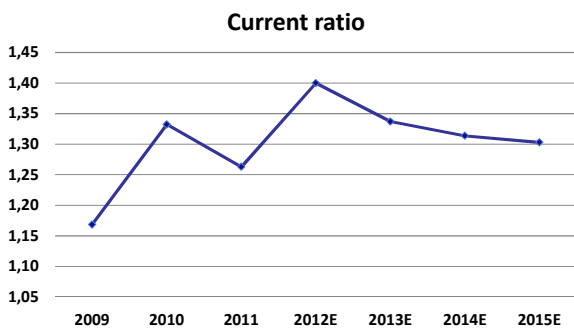
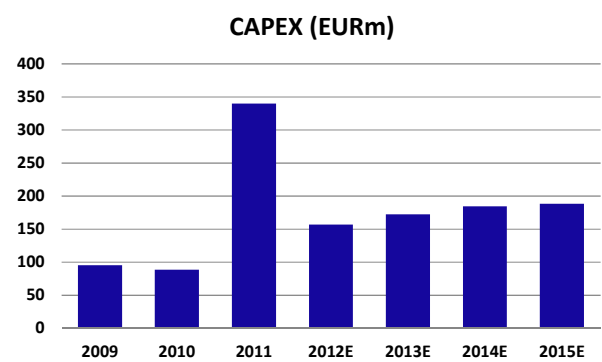
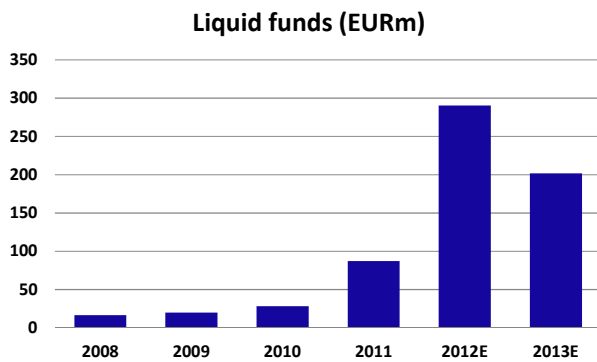
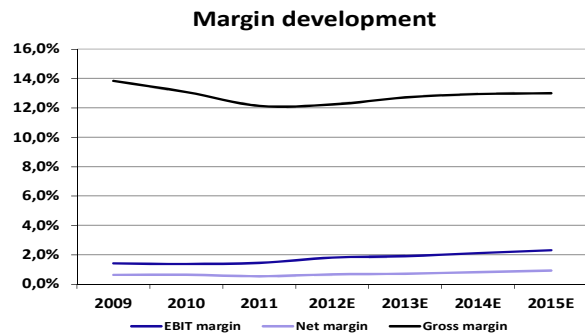
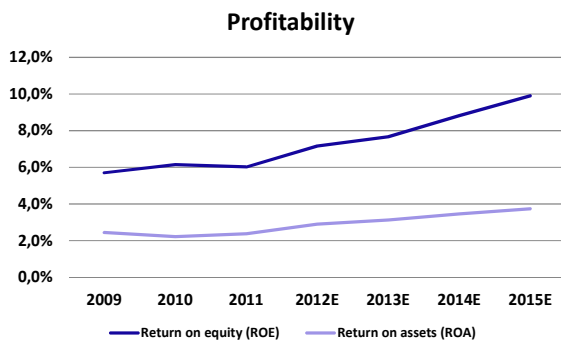
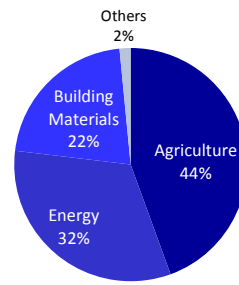
## 8. Financial ratios

Fiscal year	2008	2009	2010	2011	2012E	2013E	2014E	2015E
Gross margin	12,34%	13,83%	13,07%	12,13%	12,22%	12,70%	12,93%	12,99%
EBITDA margin	2,80%	2,70%	2,63%	2,52%	2,87%	2,97%	3,17%	3,37%
EBIT margin	1,72%	1,41%	1,36%	1,44%	1,80%	1,90%	2,10%	2,30%
Net margin	0,67%	0,62%	0,63%	0,53%	0,65%	0,70%	0,81%	0,92%
Return on equity (ROE)	7,52%	5,71%	6,15%	6,02%	7,17%	7,66%	8,82%	9,90%
Return on assets (ROA)	3,43%	2,45%	2,22%	2,38%	2,91%	3,13%	3,46%	3,74%
Return on capital employed (ROCE)	7,14%	4,89%	4,35%	4,33%	5,32%	5,92%	6,78%	7,53%
Net debt (in EURm)	1.187,86	1.070,95	1.237,45	1.564,37	1.302,48	1.297,09	1.299,94	1.310,37
Net gearing	153,02%	133,39%	147,59%	180,73%	144,13%	137,09%	130,30%	123,77%
Equity ratio	25,32%	27,32%	25,77%	22,12%	23,17%	24,08%	24,68%	25,26%
Current ratio	1,17	1,17	1,33	1,26	1,40	1,34	1,31	1,30
Quick ratio	0,31	0,30	0,35	0,37	0,51	0,45	0,42	0,41
Net interest cover	3,21	3,79	5,02	3,34	3,49	3,67	4,11	4,63
Net debt/EBITDA	4,82	5,45	5,94	6,48	4,69	4,35	3,88	3,52
Book value per share	22,88	23,71	24,60	25,33	26,31	27,55	29,05	30,83
CAPEX/Sales	n.a	1,31%	1,12%	3,55%	1,62%	1,71%	1,74%	1,70%
Working capital/Sales	12,13%	11,96%	13,16%	11,11%	11,07%	11,06%	11,06%	11,05%
EV/Sales	0,27	0,33	0,30	0,25	0,25	0,24	0,23	0,22
EV/EBITDA	9,72	12,21	11,51	9,92	8,64	8,04	7,16	6,43
EV/EBIT	15,95	23,51	22,02	17,20	13,75	12,55	10,80	9,41
P/BVPS	1,39	1,34	1,30	1,26	1,21	1,16	1,10	1,03
P/E	18,52	23,95	21,53	21,24	17,26	15,43	12,76	10,74
P/FCF	15,27	9,40	-8,90	-4,38	211,58	128,92	965,28	-180,26

Source: Company data, Dr. Kalliwoda Research GmbH



### Sales split 2011



Source: Company data, Dr. Kalliwoda Research GmbH

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