

October 6<sup>th</sup>, 2016

Europe | Germany | Crops

DR. KALLIWODA

RESEARCH GmbH

## UPDATE

## BUY

Target price: € 38.80

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

**Last Price:** 29.37  
**High** 37.40 **Low** 26.90  
**Price 52 W.:** 37.40 26.90  
**Market Cap. (EURm)** 1021.49  
**No. of Shares (in m)** 34.78

## Shareholders

**Bay. Raiffeisen-Beteiligungs** 35.22%  
**Raiffeisen Agrar Invest** 25.20%  
**Free float** 39.58%

## Dividends

	in EUR	in %
2011	0.60	2.20%
2012	0.65	1.94%
2013	0.75	1.94%
2014	0.80	2.59%
2015	0.85	2.99%

## Chart



## Analysts

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Bloomberg page: KALL

## BayWa AG

## Renewable and Building Materials Segments Drive the Growth

- BayWa AG reported consolidated revenues of € 7.5bn in H1/16, up 0.5% y/y, as result of a challenging agricultural segment and a stable business in the energy and building material divisions. However, the group EBIT improved by 18.3% y/y to € 55.3m as well as the net income up 27.2% y/y to € 14.7m. In the reporting period we noted that the renewable energy business unit, biggest solar trader in Germany, grew its turnover by 23.1% y/y and EBIT by € 19.6m given the sale of wind farms and solar park in the UK and Germany. Furthermore BayWa announced the acquisition of the Australian based photovoltaic distributor Solarmatrix at the beginning of September 2016.
- Due to an international and diversified business and despite the difficulties in commodities markets, revenues for the agricultural segment performed positively. Overall, segment revenues increased by 1.3% y/y (€ 5.4bn) in H1/16, while EBIT lowered by 23.7% largely because the poor opening quarter. The fruit business sales grew by 5.7% y/y due to the business activities in New Zealand and in Holland, while the agricultural equipment sales fell by 8.5% y/y as consequence of the low producer prices.
- The oil price volatility affected traditional energy business sales, down 12.3% y/y, however the unit achieved a consistent improvement in trade margin (EBIT +140% y/y). The concluded long-term electricity agreement for Vine Farm solar park in UK (total output 45 megawatts) boosted on the other side the renewable business in H1/16. With regard to the building material segment, the business took benefits from the rising residential constructions market and from the fall in fuel prices for logistics operations. Thus, segment turnover increased by 6.2% y/y and operating result of € 5.9m y/y in H1/16.
- Our rating for the BayWa AG group is unchanged and we have confirmed our forecasts for the whole year supported by improvement expected in the BAST and BAV units (EBIT CAGR 14.7% 2016E-2018E). Trade and demand in most of the BayWa niches are influenced by macroeconomic facts (especially in commodities prices), along with weather conditions which are both matters difficult to forecasts. However we have noted for the first six months of 2016 a better than expected operative cash flows generation which despite the investments for acquisitions and the dividend payments (dividend yield CAGR 9.1% 2011-2015) led to the cash on-hand position of € 84.1m.

## Key Figures

EURm	2011	2012	2013	2014	2015	2016E	2017E
Net sales	9,586	10,531	15,958	15,202	14,928	15,221	15,987
EBITDA	251	307	281	280	288	352	424
EBIT	149	187	137	152	158	244	320
Net income	68	118	54	81	62	95	131
EPS	1.48	2.82	0.91	1.78	1.39	2.10	2.92
BVPS	25.31	25.11	26.55	22.77	23.37	25.16	28.11
RoE	8.00%	13.66%	6.12%	9.49%	7.71%	11.25%	14.10%
EBIT margin	1.66%	1.77%	0.86%	1.00%	1.06%	1.60%	2.00%
P/E	18.50	11.87	42.58	17.37	20.41	14.64	10.55
P/BVPS	1.08	1.33	1.45	1.36	1.22	1.22	1.10
EV/EBITDA	9.94	10.37	12.56	13.91	14.04	11.96	10.04

Source: company, Dr. Kalliwoda Research GmbH © 2016

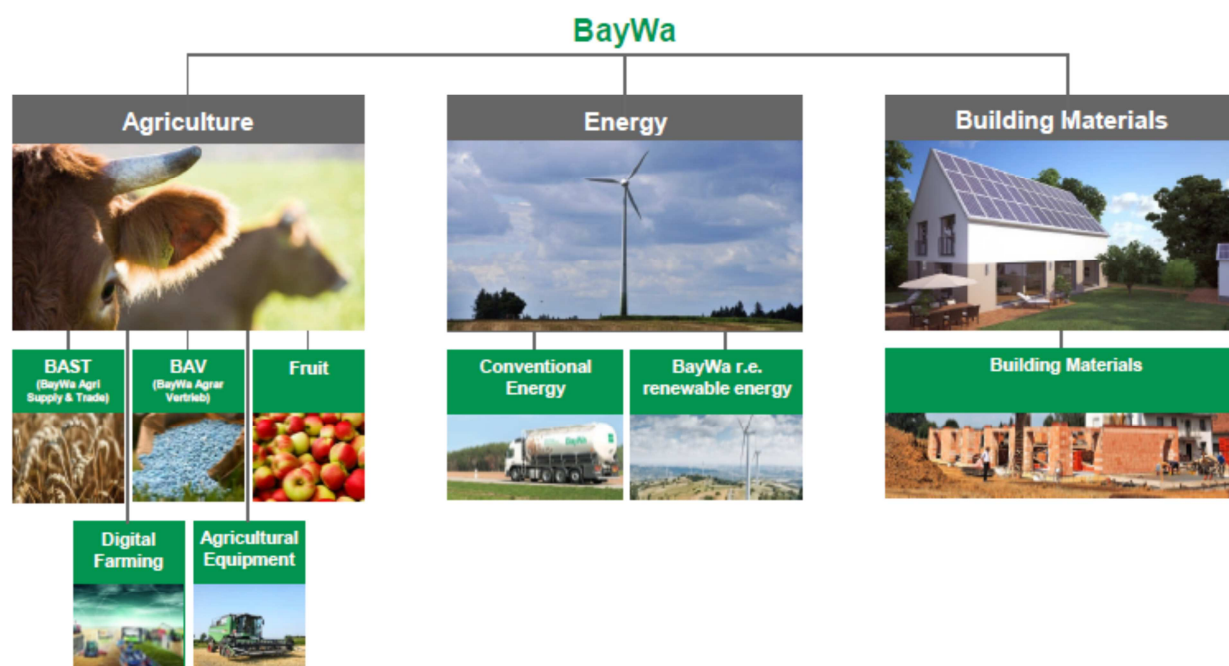
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## 1 Company profile

BayWa AG is a trading and services Group composed of three core business segments: Agriculture, Energy, and Building Materials. The company founded in 1923, headquartered in Munich, is active on every continent in the world. The Company is engaged in the wholesale and retail of industrial and agricultural goods, and in the provision of related services. Its business activities are structured into the core segments of Agriculture, Building Materials and Energy, along with Other Activities. The Agriculture segment offers products such as grain and fruits, crop protection products, fertilizers, feedstuff and seeds, as well as agricultural equipment such as tractors, forestry machinery and spare parts. The Building Materials segment provides construction materials and building components, as well as operating garden centers and pet departments only in Austria and providing services for heating and sanitary installations on a regional basis. The Energy segment offers mineral oils, biodiesel and lubricants and operates a network of around 278 fuel stations in Germany and Austria. In addition, BayWa has established itself in the renewable energies market as a major, nternationally oriented project developer and trader in the fields of wind power, solar power and bioenergy.

BayWa AG is a strong corporate structure listed on Frankfurt Stock Exchange with Approximately 17,000 employees and nearly 3,000 locations in 34 countries.



Source: company

## 2 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Leader in Crop protection product distribution (Germany) and Top 10 world agricultural traders</li> <li>- Strong position in Heating Oil trade: Largest in Southern Germany and Top Five in Austria</li> <li>- Economies of Scope: Nearly complete coverage of the agricultural value chain</li> <li>- Diversification in the segments agriculture, energy and building materials reduces the dependence on the agrarian segment and the commodity fluctuation</li> <li>- Solid shareholder structure: the main shareholders are Bayerische Raiffeisen-Beteiligungs AG (35%), Raiffeisen Agrar Invest GmbH (25%)</li> <li>- Geographic stronghold in Germany and Austria with worldwide expansion starting in 2013</li> <li>- Core competency in full-service supplement for the agricultural industry generates a large and loyal customer foundation</li> <li>- Loyal customers relations since they are buyers of agrarian products and supplier of crops at the same time</li> </ul>	<ul style="list-style-type: none"> <li>- Still, dependency on the German and Austrian market (Share of Revenue: ca. 57%)</li> <li>- Agriculture exposure is almost 70% of FY15, which plays down in importance Energy and Building businesses</li> <li>- M&amp;A Intensive activity complicated decision-making process and strategy execution</li> <li>- Large inventories are usual in Q3 (after harvest) and 1Q ahead (sowing season) sometimes may create inventory overhang and margin pressure</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Global grain production including rice is up by 176 million tonnes year on year and is set to reach a new all-time high of around 2.43 billion tonnes.</li> <li>- By 2050, the world's population will grow by another 2 billion, reaching 9 billion people and increasing prosperity in EM is leading to changes in eating habits and increasing demand for food</li> <li>- Internationalization of business: Chile, USA, China, Australia, Fiji and New Zealand</li> <li>- Number of building permits continues to rise steadily</li> <li>- Cefetra B.V. business should benefit from above than expected improvement in Polish economy</li> </ul>	<ul style="list-style-type: none"> <li>- Germany and Austria are still important so economic weakness in Core Europe is to be felt by BayWa AG</li> <li>- Volatile commodity markets</li> <li>- High fuel prices</li> <li>- Agricultural demand elasticity is to be rather low, yet the Energy business is seasonal while building cyclical bias is evident</li> <li>- Oversupply in grain commodities, wheat especially, is to play an significant role in 2016 if volumes gains cannot offset a decline in grain prices.</li> </ul>

Source: Dr. Kalliwoda Research GmbH © 2016

### 3 Valuation

We have released a fair value of 38.82€ per share for BayWa AG. Our analysis is based on the traditional DCF model, which includes the WACC of 7.1% and the revenues CAGR growth of c. 4.0% (2016E-2020E).

#### WACC assumptions

##### Equity

Long-term risk-free rate	1.5%
Market risk premium	10.0%
Company beta	1.7
<b>Equity costs</b>	<b>18.5%</b>

##### Debt

Debt costs (before tax)	3.7%
Tax rate on debt interest	29.7%
<b>Debt costs (after tax)</b>	<b>2.6%</b>

Equity value	28%
Debt value	72%
<b>WACC</b>	<b>7.1%</b>

Source: Dr. Kalliwoda Research GmbH © 2016

#### Discounted Cash Flow Model (Basis 10/2016)

in EURm	2016E	2017E	2018E	2019E	2020E
<b>Total revenues</b>	<b>15221.18</b>	<b>15987.06</b>	<b>16692.59</b>	<b>17292.10</b>	<b>17719.41</b>
(y-o-y change)	2.0%	5.0%	4.4%	3.6%	2.5%
<b>EBIT</b>	<b>243.54</b>	<b>319.74</b>	<b>367.24</b>	<b>379.22</b>	<b>388.27</b>
(operating margin)	1.6%	2.0%	2.2%	2.2%	2.2%
<b>NOPLAT</b>	<b>170.48</b>	<b>223.82</b>	<b>257.07</b>	<b>265.45</b>	<b>271.79</b>
+ Depreciation & amortisation	108.36	104.22	98.81	91.98	83.62
= Net operating cash flow	278.84	328.04	355.87	357.43	355.41
- Total investments (Capex and WC)	-193.93	-223.86	-206.00	-170.87	-114.32
Capital expenditure	-127.41	-138.22	-131.23	-121.63	-82.78
Working capital	-66.52	-85.64	-74.78	-49.24	-31.54
= Free cash flow (FCF)	84.91	104.19	149.87	186.56	241.09
<b>PV of FCFs</b>	<b>83.54</b>	<b>95.75</b>	<b>128.65</b>	<b>149.59</b>	<b>180.56</b>

PV of FCFs in explicit period	638.07
PV of FCFs in terminal period	3,668.37
<b>Enterprise value (EV)</b>	<b>4,306.45</b>
+ Net cash / - net debt	-2,764.41
+ Investments / - minorities	-280.83
<b>Shareholder value</b>	<b>1,261.21</b>
Number of shares outstanding (m)	<b>34.8</b>

<b>WACC</b>	<b>7.1%</b>
Cost of equity	18.5%
Pre-tax cost of debt	3.7%
Normal tax rate	29.7%
After-tax cost of debt	2.6%
Share of equity	28.0%
Share of debt	72.0%
<b>Fair value per share in EUR (today)</b>	<b>36.26</b>
<b>Fair value per share in EUR (in 12 months)</b>	<b>38.82</b>

Source: Dr. Kalliwoda Research GmbH © 2016

#### Sensitivity Analysis

Terminal EBIT margin							
WACC	0.7%	1.2%	1.7%	2.2%	2.7%	3.2%	3.7%
5.6%	-247.29	-125.79	-4.30	117.20	238.70	360.19	481.69
6.1%	-216.49	-116.78	-17.07	82.64	182.35	282.07	381.78
6.6%	-194.51	-110.44	-26.37	57.69	141.76	225.83	309.89
7.1%	-178.07	-105.77	-33.48	38.82	111.12	183.42	255.72
7.6%	-165.37	-102.23	-39.10	24.04	87.17	150.31	213.44
8.1%	-155.28	-99.47	-43.67	12.14	67.94	123.74	179.55

## 4 H1/16 Turnover

During the first half of 2016 BayWa AG group sales grew by € 37.5m y/y to € 7.5bn. The trade business division, which since January 2016 has been divided into the Agri Supply & Trade unit (BAST) and the Agri Sales unit (BAV), increased revenues by 2.4% (€ 4.5bn in total). In details, on the one side the BAST business increased the grain and oilseed sales volumes, consolidated since February 2016 the company Evergrain Germany GmbH & Co. KG (malting barley trader) and expanded the international export activities. On the other side, the BAV unit suffered by low grain collection volume and the drop in demand for crop protection and fertiliser. The fruit business achieved € 312.8m in revenues, up 5.7% y/y, and recording in particular a slowdown in German sales offset by the increase in export volumes and the initial consolidation of TFC Holland B.V.. The lower farmers' propensity to invest led to a drop in revenues with regard to the equipment business. The young digital farming unit contributed in revenues for € 3.3m (initiated in 2015). In total, revenues for the agricultural segment went up € 70.1m, or 1.3% to € 5.4bn.

As with the volatile oil prices, revenues in the conventional energy business fell by 13% y/y despite the positive development in heating oil, pellets and fuel. However the renewable energy unit enhanced revenues by 23.1% y/y to € 316.1m, given the sale of a British solar power plant and two wind parks finished in Germany. Thus, total energy sales drop down by 5.6% to € 1.4bn.

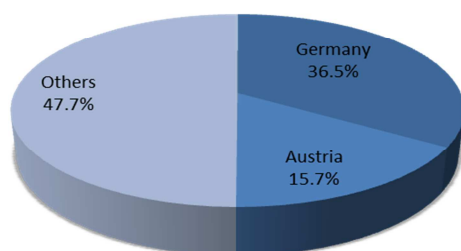
Revenues in the building materials division rose to €732.5m, up 6.2% y/y boosted by residential construction projects, civil engineering and road constructions business.

### Results and sales breakdown by regions in H1/2016

H1/16 results vs. previous year			
in EURm	H1/16	H1/15	change
<b>Net sales</b>	<b>7,456.4</b>	<b>7,418.9</b>	<b>0.5%</b>
<b>EBITDA</b>	<b>116.6</b>	<b>109.0</b>	<b>7.0%</b>
<i>EBITDA margin</i>	<i>1.6%</i>	<i>1.5%</i>	
<b>EBIT</b>	<b>55.3</b>	<b>46.7</b>	<b>18.3%</b>
<i>EBIT margin</i>	<i>0.7%</i>	<i>0.6%</i>	
<b>Net income</b>	<b>14.7</b>	<b>11.6</b>	<b>27.3%</b>
<i>Net margin</i>	<i>0.2%</i>	<i>0.2%</i>	

Source: Dr. Kalliwoda Research GmbH © 2016

### Revenues break-down by region



Source: Dr. Kalliwoda Research GmbH © 2016

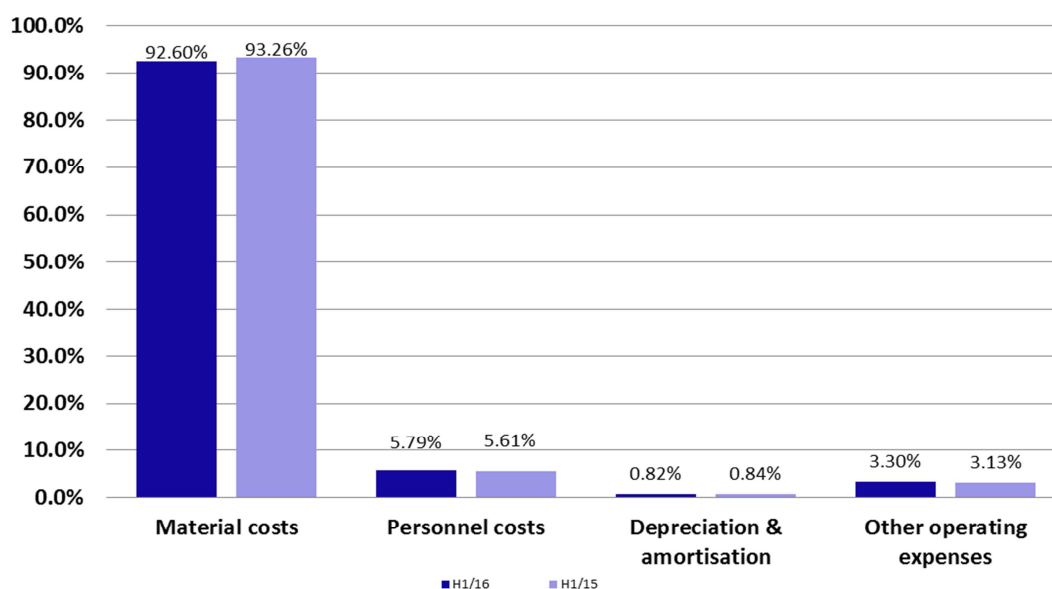
## Segment Break-down figures H1/2016 vs. H1/2015

Sales and EBIT margins according to segments H1206 vs. H12015					
	H1/16	H1/15		H1/16	H1/15
<b>Agriculture</b>			<b>Others</b>		
Sales EURm	5,954.2	5,819.9	Sales EURm	32.8	31.9
share in total sales	79.9%	78.4%	share in total sales	0.4%	0.4%
EBITDA margin	1.3%	1.6%	EBITDA margin	53.5%	42.1%
<b>Energy</b>			<b>Consolidation</b>		
Sales EURm	1,398.8	1,481.4	Sales EURm	-677.9	-619.4
share in total sales	18.8%	20.0%	share in total sales	-9.1%	-8.3%
EBITDA margin	2.8%	1.1%			
<b>Building materials</b>			<b>Group</b>		
Sales EURm	748.5	705.0	Total sales EURm	7,456.4	7,418.9
share in total sales	10.0%	9.5%	change y-o-y	0.5%	
EBITDA margin	1.8%	1.0%			

Source: Dr. Kalliwoda Research GmbH © 2016

After the first time consolidation of previous year acquired companies and due to the expansion in the BAST and renewable energy divisions, group personal costs rose by 3.7% (€ 431.4m). We noted an increase in other operating costs by 5.9% (€ 245.8m) largely due to currency effects, consultancy and legal fees, and costs for external hired staff. Thus, the result from operating activities grew by € 17.0m, or 49% y/y to € 51.7m. Including the drop in the income generated by participating interests recognised at equity (down € 8.4m y/y) and tax expenses (€ 4.5m), the consolidated net income was higher 27% y/y to € 14.7m.

## Group Profitability



Source: Dr. Kalliwoda Research GmbH © 2016



At the end of June 2016, the main items in BayWa working capital changed as follows: (1) trade receivable rose by € 341.9m due to the seasonal effects in agricultural trade, equipments, building materials, and renewable energy units. (2) Inventories enhanced by € 117.4m, given the agricultural equipment, fruit business, building materials, progress made in project development in the renewable energies sector, and despite agricultural trade business fall. (3) A rise of € 260.4m was recorded in trade payable as seasonal effects in the agricultural and building material segments.

Cash earnings were down € 17.8m largely due to a decrease in non-current provisions and more tax payments during the first six months. Change in trade payable and other liabilities, higher than the increase in receivable and inventories, led to an increase in cash flows from operating activities from € 12.0m in H1/15 to € 60.3m in H1/16. Cash outflows from the investing activities were in total € 80.5m in H1/16 (up €24.9m y/y) mainly due to the payments for the acquisitions of TFC Holland B.V., Evergrain Germany GmbH & Co. KG, and Solar Center S.a.r.l.. As with € 34.3m in group dividends payouts, financing cash flows dropped to € 19.4m (H1/15: € 46.8m). Hence, group total cash slightly lowered by € 0.4m to € 84.1m.

## Outlook

We have forecasted a positive second part of the year for the overall BayWa group on the account of the higher harvest yield expected worldwide and therefore trading business improvements. Nevertheless, should be considered potential weaknesses in the agricultural trading business and in the conventional energy unit. Furthermore risk stemming from the macroeconomic uncertainty and challenge in oil prices might affect group margins. However, in the agricultural segment the unusual wet conditions during the harvest period and consequent deterioration in quality in some country as France and Poland, might increase high-quality export wheat from Germany and hence profitability in this business unit. The low prices recorded during collection might boost marketing opportunities in the following months. Growth is expected also in the marketing of fertiliser products given the upcoming fertiliser season. With regard to the agricultural equipment business we have remained prudent given the low propensity in agricultural farms to invest at the current moment. The fruit business, which remains weak in Germany, seems to increase its turnover in term of international activities.

In our view the energy segment, although in the traditional energy business are expected lower heating oil sales during the summer months, should be driven by the growth in the renewable energy. On the latter, in the second half of the year several projects are in the pipeline in Europe and in particular in the wind power projects in Germany and France. Additionally at the reporting time the first solar project was completed in Asia. With regard to the building material segment it is reasonable to expect additional business improvements given the continuing growth in residential properties. In term of group profitability, we found interesting BayWa dividend policy that in 2015 generated the distribution of € 0.85 in dividend per-share; a payout ratio of 61.1%.



## 5 Profit and loss statements

### Profit and loss statement - BayWa AG

Figures in EURm	Fiscal year					
	2012	2013	2014	2015	2016E	2017E
<b>Total revenues</b>	<b>10,531</b>	<b>15,958</b>	<b>15,202</b>	<b>14,928</b>	<b>15,221</b>	<b>15,987</b>
Change of inventories	39	27	-43	87	40	30
Capitalised items	5	2	5	4	4	4
<b>Total output</b>	<b>10,780</b>	<b>16,247</b>	<b>15,346</b>	<b>15,177</b>	<b>15,451</b>	<b>16,219</b>
Cost of goods sold	-9,355	-14,668	-13,817	-13,575	-13,600	-13,588
<b>Gross profit</b>	<b>1,176</b>	<b>1,290</b>	<b>1,385</b>	<b>1,353</b>	<b>1,621</b>	<b>2,399</b>
Other operating income	205	260	182	158	187	198
Personnel costs	-718	-781	-793	-825	-883	-891
Depreciation & amortisation	-120	-144	-128	-130	-108	-104
Other operating expenses	-418	-549	-457	-488	-617	-1317
<b>Operating income</b>	<b>187</b>	<b>137</b>	<b>152</b>	<b>158</b>	<b>244</b>	<b>320</b>
Net financial result	-47	-62	-72	-70	-108	-133
<b>EBT</b>	<b>140</b>	<b>75</b>	<b>80</b>	<b>88</b>	<b>135</b>	<b>187</b>
Income taxes	-5	-21	0	-26	-41	-56
Minorities	0	0	0	0	0	0
<b>Net income / loss</b>	<b>135</b>	<b>54</b>	<b>81</b>	<b>62</b>	<b>95</b>	<b>131</b>
EPS	2.82	0.91	1.78	1.39	2.11	2.92
DPS	1.13	0.36	0.71	0.56	0.84	1.17
<b>Change y-o-y</b>						
Total revenues	9.86%	51.53%	-4.74%	-1.80%	1.96%	5.03%
Change of inventories	-56.10%	-29.60%	-257.01%	-301.16%	-54.1%	-24.7%
Total output	9.94%	50.71%	-5.54%	-1.11%	1.81%	4.97%
Cost of goods sold	10.02%	56.79%	-5.80%	-1.75%	0.18%	-0.09%
Gross profit	8.63%	9.65%	7.39%	-2.31%	19.83%	48.01%
Other operating income	58.91%	26.67%	-29.75%	-13.47%	18.33%	6.19%
Personnel costs	5.74%	8.77%	1.55%	4.05%	6.98%	0.96%
Depreciation & amortisation	17.30%	20.20%	-11.31%	1.92%	-16.7%	-3.82%
Other operating expenses	9.63%	31.33%	-16.75%	6.81%	26.45%	113.47%
Operating income	25.16%	-26.44%	10.68%	3.99%	54.00%	31.29%
Net financial result	4.56%	32.55%	15.01%	-2.13%	54.19%	23.12%
EBT	34.05%	-46.28%	7.08%	9.43%	53.85%	37.81%
Income taxes	-83.15%	352.17%	-101.34%	-9580%	53.58%	37.81%
Net income / loss	75.60%	-59.84%	48.62%	-23.72%	53.97%	37.81%
EPS	90.88%	-67.84%	96.30%	-21.77%	51.29%	38.79%
DPS	73.38%	-67.84%	96.30%	-21.77%	51.29%	38.79%
<b>Share in total revenues</b>						
Total revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.0 %	100.0 %
Change of inventories	0.37 %	0.17 %	-0.28 %	0.58 %	0.26 %	0.19 %
Capitalised items	0.05 %	0.01 %	0.04 %	0.03 %	0.02 %	0.03 %
Total output	102.36 %	101.81 %	100.95 %	101.66 %	101.51 %	101.5 %
Cost of goods sold	-88.83 %	-91.92 %	-90.89 %	-90.94 %	-89.3 %	-85.0 %
Gross profit	11.17 %	8.08 %	9.11 %	9.06 %	10.65 %	15.01 %
Other operating income	1.95 %	1.63 %	1.20 %	1.06 %	1.23 %	1.24 %
Personnel costs	-6.82 %	-4.89 %	-5.22 %	-5.53 %	-5.80 %	-5.57 %
Depreciation & amortisation	-1.14 %	-0.90 %	-0.84 %	-0.87 %	-0.71 %	-0.65 %
Other operating expenses	-3.97 %	-3.44 %	-3.00 %	-3.27 %	-4.05 %	-8.24 %
Operating income	1.77 %	0.86 %	1.00 %	1.06 %	1.60 %	2.00 %
Net financial result	-0.45 %	-0.39 %	-0.47 %	-0.47 %	-0.71 %	-0.83 %
EBT	1.33 %	0.47 %	0.53 %	0.59 %	0.89 %	1.17 %
Income taxes	-0.04 %	-0.13 %	0.00 %	-0.18 %	-0.27 %	-0.35 %
Minorities	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income / loss	1.28 %	0.34 %	0.53 %	0.41 %	0.62 %	0.82 %

Source: Dr. Kalliwoda Research GmbH © 2016

## 6 Balance sheets

### Balance sheet - BayWa AG

Figures in EURm	Fiscal year					
	2012	2013	2014	2015	2016E	2017E
<b>Assets</b>						
Inventories	1,433	1,836	1,986	2,142	2,145	2,143
Trade receivables	621	702	1,084	1,255	1,279	1,344
Tax receivables	50	65	28	23	23	24
Other assets	254	403	28	22	22	23
Securities and other financial assets	2	2	156	224	229	240
Cash & cash equivalents	85	92	108	84	91	110
<b>Current assets</b>	<b>2,445</b>	<b>3,100</b>	<b>3,390</b>	<b>3,749</b>	<b>3,790</b>	<b>3,885</b>
Property, plant and equipment	1,068	1,074	1,397	1,420	1,434	1,448
Assets-for-sale	233	0	0	0	0	0
At-Equity shareholdings	93	102	196	204	208	218
Financial assets	325	408	257	226	230	242
Other assets	42	46	54	60	61	64
Intangible assets	140	157	148	167	167	176
Goodwill	0	0	0	0	0	0
Deferred tax assets	113	128	209	212	167	160
<b>Non-current assets</b>	<b>2,012</b>	<b>1,915</b>	<b>2,262</b>	<b>2,287</b>	<b>2,267</b>	<b>2,307</b>
<b>Total assets</b>	<b>4,457</b>	<b>5,015</b>	<b>5,652</b>	<b>6,037</b>	<b>6,057</b>	<b>6,192</b>
<b>Liabilities</b>						
Tax payables	53	77	28	25	59	55
Pension provisions	30	29	29	30	30	32
Other provisions	136	145	171	176	179	188
Short-term financial debt	894	1,132	1,312	1,491	1,641	1,721
Trade payables	761	767	745	792	794	793
Other liabilities	73	265	204	255	183	165
<b>Current liabilities</b>	<b>1,947</b>	<b>2,414</b>	<b>2,488</b>	<b>2,769</b>	<b>2,886</b>	<b>2,954</b>
Pension provisions	520	512	638	625	638	670
Other provisions	88	86	83	83	84	88
Financial and leasing debt	649	629	1,111	1,227	1,167	1,147
Long-term trade payables	4	3	2	5	5	5
Other liabilities	11	26	127	93	25	26
Deferred tax liabilities	126	163	152	158	112	57
Liabilities from assets-for-sale	27	0	0	0	0	0
<b>Long-term liabilities</b>	<b>1,425</b>	<b>1,419</b>	<b>2,113</b>	<b>2,191</b>	<b>2,031</b>	<b>1,994</b>
<b>Total liabilities</b>	<b>3,372</b>	<b>3,833</b>	<b>4,602</b>	<b>4,961</b>	<b>4,916</b>	<b>4,948</b>
<b>Shareholder's equity</b>	<b>862</b>	<b>914</b>	<b>786</b>	<b>810</b>	<b>875</b>	<b>978</b>
Minority interests	223	268	264	266	266	266
<b>Total equity and liabilities</b>	<b>4,457</b>	<b>5,015</b>	<b>5,652</b>	<b>6,037</b>	<b>6,057</b>	<b>6,192</b>

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## 7 Cash Flow Statement

### Cash flow statement - BayWa AG

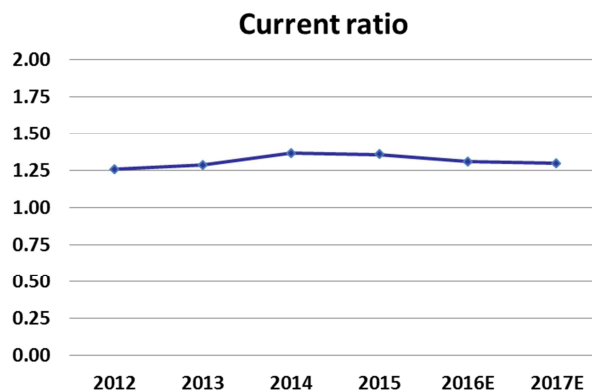
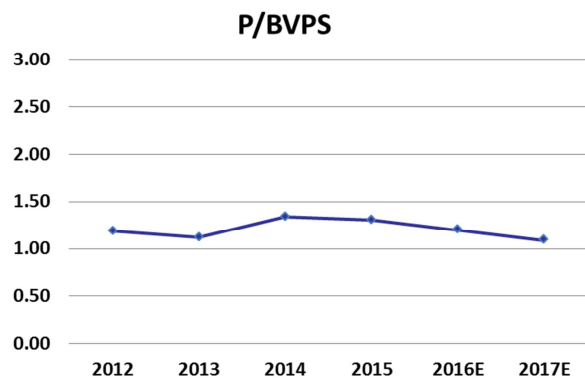
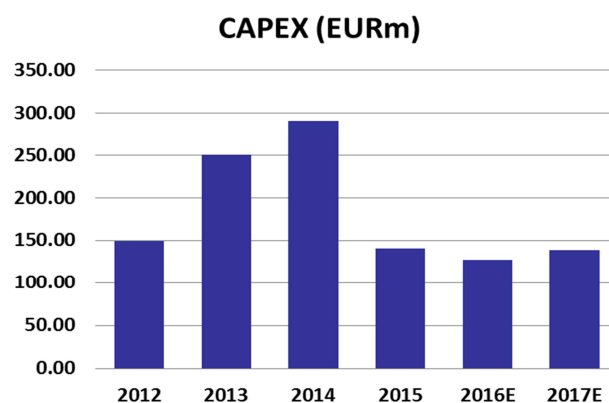
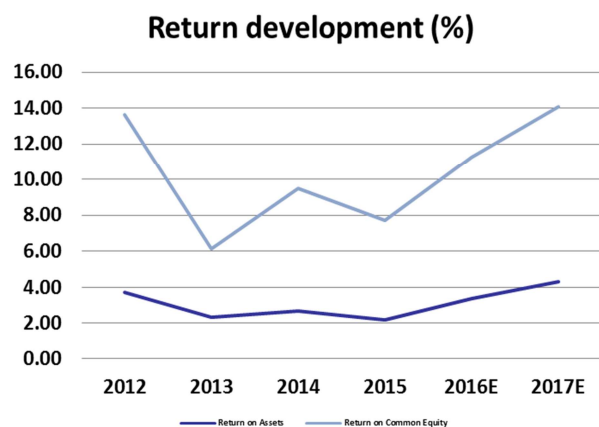
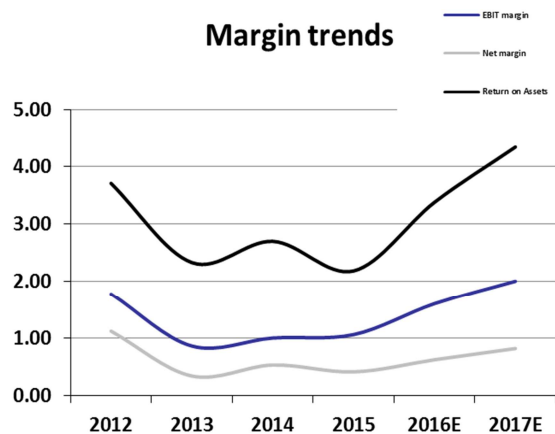
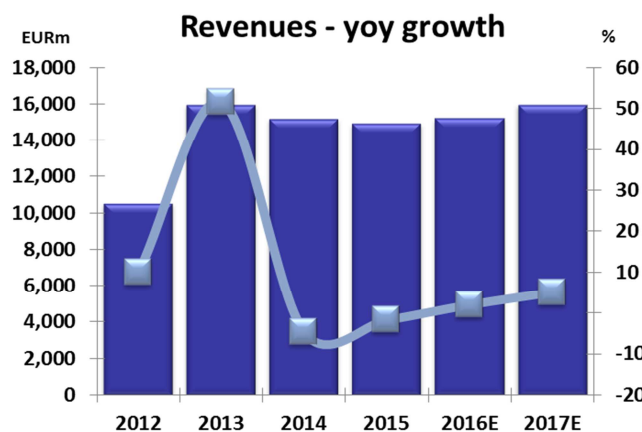
Figures in EURm	Fiscal year					
	2012	2013	2014	2015	2016E	2017E
Net income / loss before minority share deduction	118.0	54.3	80.7	61.6	94.8	130.6
Depreciation & amortisation	119.8	144.0	127.7	130.2	108.4	104.2
Change of working capital	15.3	-31.9	-224.1	-191.0	-66.5	-85.6
Others	-80.9	52.9	-75.0	18.3	2.7	-33.4
<b>Net operating cash flow</b>	<b>150.0</b>	<b>219.3</b>	<b>-90.6</b>	<b>19.0</b>	<b>139.4</b>	<b>115.9</b>
<b>CAPEX</b>	<b>-193.6</b>	<b>15.6</b>	<b>-227.6</b>	<b>-143.5</b>	<b>-127.4</b>	<b>-138.2</b>
Free cash flow	-43.6	234.9	-318.2	-124.4	11.9	-22.4
<b>Cash flow from financing</b>	<b>37.4</b>	<b>-217.0</b>	<b>334.4</b>	<b>98.7</b>	<b>-5.2</b>	<b>40.9</b>
Change of cash	-2.3	7.4	16.3	-23.9	6.7	18.5
Cash at the beginning of the period	87.0	84.7	92.1	108.4	84.5	91.2
Cash at the end of the period	84.7	92.1	108.4	84.5	91.2	109.7

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## 8 Financial ratios

Ratios	2012	2013	2014	2015	2016E	2017E	2018E
Gross margin	13.22%	9.72%	9.97%	10.55%	11.98%	16.23%	19.67%
EBITDA margin	2.91%	1.76%	1.84%	1.93%	2.31%	2.65%	2.79%
EBIT margin	1.77%	0.86%	1.00%	1.06%	1.60%	2.00%	2.20%
Net margin	1.09%	0.33%	0.53%	0.41%	0.61%	0.81%	0.88%
Return on equity (ROE)	13.66%	6.12%	9.49%	7.71%	11.25%	14.10%	14.27%
Return on assets (ROA)	3.70%	2.33%	2.70%	2.18%	3.35%	4.26%	4.80%
Return on capital employed (ROCE)	7.16%	3.82%	4.82%	3.39%	5.38%	6.91%	7.71%
Current ratio	1.26	1.28	1.36	1.35	1.31	1.32	1.33
Quick ratio	0.36	0.33	0.54	0.56	0.55	0.57	0.59
Net interest cover	3.97	2.21	2.12	2.25	2.25	2.40	2.37
Net debt/EBITDA	6.63	7.84	10.10	10.63	8.97	7.59	7.00
Book value per share	25.11	26.55	22.77	23.37	25.16	28.11	31.73
CAPEX/Sales	1.42%	1.57%	1.91%	0.94%	0.84%	0.86%	0.79%
Working capital/Sales	11.51%	9.35%	13.95%	15.68%	15.82%	15.60%	15.38%
EV/Sales	0.30	0.22	0.26	0.27	0.27	0.27	0.26
EV/EBITDA	10.37	12.56	13.91	14.04	11.87	10.00	9.19
EV/EBIT	17.03	25.73	25.60	25.60	17.15	13.26	11.67
P/BVPS	1.33	1.45	1.36	1.22	1.17	1.04	0.93
P/E	11.87	42.58	17.37	20.41	13.96	10.06	8.88

Source: Dr. Kalliwoda Research GmbH © 2016



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