

September 16<sup>th</sup>, 2019

Europe | Germany | Crops &amp; Energy

Comprehensive UPDATE

**BUY**

Target price: € 40

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

<b>Last Price:</b>	25.90	
	<b>High</b>	<b>Low</b>
<b>Price 52 W.:</b>	29.60	19.80
<b>Market Cap. (EURm)</b>	941,37	
<b>No. of Shares (in m)</b>	35.10	

**Shareholders**

<b>Bay. Raiffeisen-Beteiligungs</b>	34.87%
<b>Raiffeisen Agrar Invest</b>	25.01%
<b>Free float</b>	40.12%

**Performance**

<b>4 Weeks</b>	6.78%
<b>26 Weeks</b>	5.05%
<b>52 Weeks</b>	-8.77%

**Dividends**

	in EUR
<b>2014</b>	0.80
<b>2015</b>	0.85
<b>2016</b>	0.85
<b>2017</b>	0.90
<b>2018</b>	0.90

**Chart 1y****Analysts**

Dr. Norbert Kalliwoda  
[nk@kalliwoda.com](mailto:nk@kalliwoda.com)

Dr. Heinz Müller  
[hm@kalliwoda.com](mailto:hm@kalliwoda.com)

Tel.: 0049-69-97205853  
 Bloomberg: KALL

**DR. KALLIWODA**

RESEARCH GmbH

# BayWa AG

## The company reports overall positive Q2 figures, strong second half year expected

- The revenue generated by the agricultural commodity business on national and international level, the international Trade (BAST) and Agritrade & Services, has witnessed a slight decrease on half year basis from 4.6 bn Euro vs 4.5 bn. Nevertheless, the EBIT has still recorded an improvement of about 26% and recorded 32.9 m Euro (26.2 m Euro). The main reason behind the results of the agricultural business is the increase in price of fertilizers along with steady increase in the demand for seeds. The EBIT margin increased from 0.6% to 0.7%
- The segments classical energy and renewables achieved a significant increase in earnings and sales. Sales in this segment increased by 17% to 1.9 bn Euro (1.6 bn). The EBIT recorded a significant improvement by more than 100% from 1.3 m Euro to 12.1 m Euro in the first half of 2019. The major contributors of this increase are attributed to classic energy unit which has showed a very strong fuel oil business.
- In addition to a moderate increase in sales of the first half of 2019 at 1.7% (8.3 bn to 8.4 bn), operational EBIT (excluding other activities and reconciliation) increased by 20% (55.1 m to 66.2 m). The EBIT margin has thus improved from 0.7% to 0.8%. Counting other activities and reconciliation, EBIT increased by 63% to 52.2 m Euro (32.1 m Euro) and the EBIT margin increased from 0.4% to 0.6%
- After analysing the first 2019 half year report, we strongly believe that the business will meet our expectations for the rest of the year. The achieved results in 2018 and the bottom line indicators should improve during 2019. The company will further continue to capitalize on improving margins in quarters which will consequently increase in the free cash flow margin.
- Following Q2 results, we anticipate that the Group will demonstrate a strong performance that will lead to further increases in Net Sales. We also believe that the firm will continue to expand in a strategically important business (Renewable Energy segment), as reflected in the Q2 results. The growing demand for healthy products as well as the increasing willingness to spend for healthier life habits during stable economic atmosphere supports a positive trend in revenues. The stock continues to be a **BUY** with a target price of € 40 based on our internal DCF model.

**Key Figures**

EURm	2015	2016	2017	2018	2019E	2020E
<b>Net sales</b>	14,928	15,410	16,055	16,626	17,124	17,685
<b>EBITDA</b>	288	273	318	315	349	364
<b>EBIT</b>	158	145	171	172	205	212
<b>Net income</b>	62	53	67	55	89	91
<b>EPS</b>	1.39	0.90	1.13	0.92	1.48	1.52
<b>BVPS</b>	23.37	22.91	24.03	24.64	26.01	27.22
<b>RoE</b>	7.72%	6.54%	8.17%	6.43%	9.97%	9.76%
<b>EBIT margin</b>	1.06%	0.94%	1.07%	1.04%	1.20%	1.20%
<b>P/E</b>	20.41	36.67	23.23	28.68	17.77	17.27
<b>P/BVPS</b>	1.22	1.44	1.09	1.07	1.01	0.96
<b>EV/EBITDA</b>	14.04	16.16	11.08	14.03	11.95	11.74

Source: company, Dr. Kalliwoda Research GmbH © 2019

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# 1 Company profile

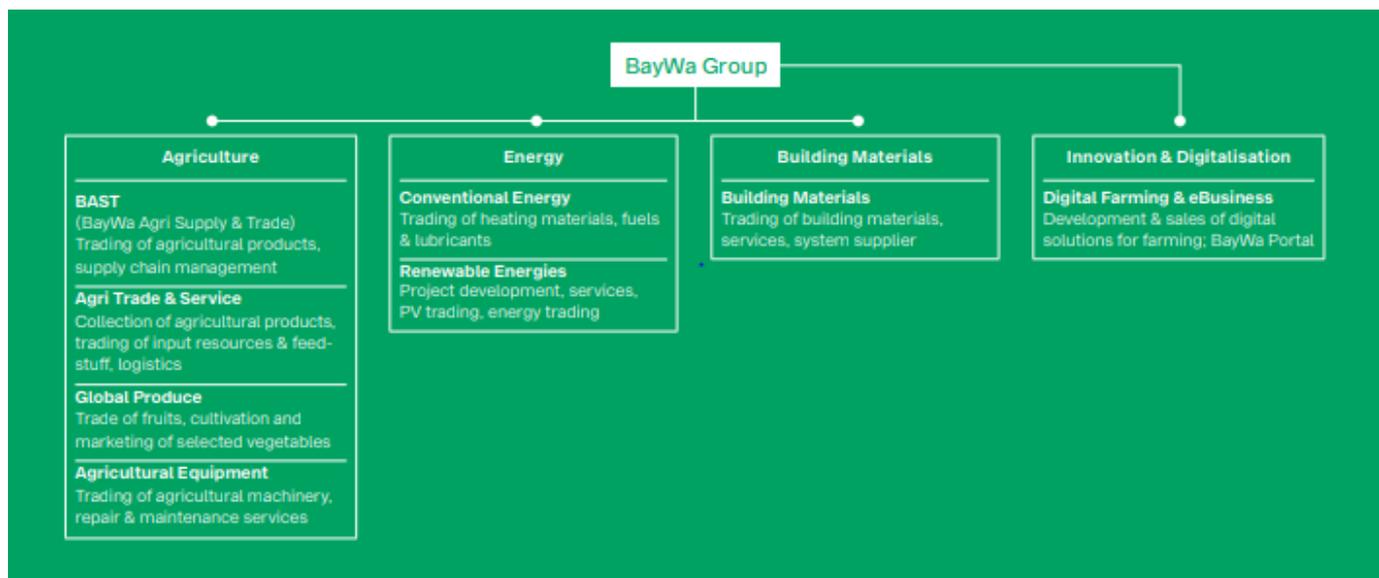
BayWa AG is a company involved in agriculture, building materials and energy. The company has focused itself since inception to providing agricultural solutions for retail and wholesale consumers.

Today, the group continues to expand in business segments where it managed to deliver consistent and stable growth through its 96 years of history. The major products of the group consist of trading of agricultural products, fertilizers and seeds. Additionally, it sells agricultural equipment and is involved in fruit distribution.

A more detailed investigation of the major business segments the group is involved with reveal the wide range of products and services the Group offers. First, the agriculture segment of the business covers an array of products such as grains and fruits. It also involves dealing with tractors and forestry machines. Second, the building material segment of the group focuses on construction materials. Third, the energy segment of the business consists of mineral oil and biodiesel. The Group used to operate 281 fuel stations in Austria and Germany. It has plans to divest in the Group subsidiary TESSOL, which operates a network of around 150 filling stations. However, according to the firm statement the filling stations business unit, which is managed as part of the Energy business division of the parent company, BayWa, will remain unaffected by this step and will continue to develop in line with the increasingly green focus. Thus, the energy segment, we believe, is as one of the most promising segments for growth as the company has business orientation towards the renewable energy market. The projects it develops within the energy sector are concentrated in sustainable energies such as wind and solar power.

The Munich based group is represented in more than 40 countries.

BayWa AG is a listed company on Frankfurt Stock Exchange. The group has a total of about 18,000 full time employees as of December 2018.



Source: company

## 2 SWOT Analysis

### Strengths

- One of Germany's leading corporate in crop protection products consistently ranked among the world top 10 agricultural traders
- Presence in heating oil trade market, the largest in Southern Germany and among the top five in Austria
- Continuous benefits from the existence of Economies of Scope as the firm capitalizes on a wide range of agricultural value chain
- Product and segment relative diversification as the building materials segment reduces dependence on the agrarian segment
- Stable and solid shareholder structure: the main shareholders are Bayerische Raiffeisen-Beteiligungs AG (35%), Raiffeisen Agrar Invest GmbH (25%)
- Stronghold within the Germany and the Austria markets
- Expanding the competencies in full-service supplements present for the agricultural industry which reinforces customer loyalty
- Product and service synergies

### Weaknesses

- Less diversification of business operations in new markets
- The Building material business segment is still labor intensive
- Agriculture exposure stands at 66% for I8, which could still tie capital away from the strategically important energy segment
- Little improvement for overall margins

### Opportunities

- Business that is largely anti cyclical
- Servicing a larger market. Continuous global population growth 9 billion people by 2050 with overall increase in prosperity This will reflect on consumer adapting healthier habits and is likely to increase demand for fruits and natural crops
- Internationalization of the business: USA, China, Australia and New Zealand remain strategic markets for expansion
- Promising real estate market

### Threats

- Business revenues concentrated in the German and the Austrian markets
- Volatility in commodity prices and currency fluctuations
- Demand elasticity for agricultural products is low however the energy business segment seems to be seasonal
- Drought, weather inconsistency and crop diseases
- Continuous trade skirmishes between the U.S and China

Source: Dr. Kalliwoda Research GmbH © 2019

### 3 Valuation

Our internal model with a WACC of 6.4 % indicates a fair value of €39.82 per share for BayWa AG. The model uses conservative sales growth rates and assumes a constant capital structure for the firm.

#### WACC assumptions

##### Equity

Long-term risk-free rate	2.2%
Market risk premium	6.3%
Company beta	1.4
<b>Equity costs</b>	<b>11.0%</b>

##### Debt

Debt costs (before tax)	5.5%
Tax rate on debt interest	29.7%
<b>Debt costs (after tax)</b>	<b>3.9%</b>

Equity value	35%
Debt value	65%
<b>WACC</b>	<b>6.4%</b>

Source: Dr. Kalliwoda Research GmbH © 2019

#### Discounted Cash Flow Model (2019)

in EURm	2019E	2020E	2021E	2022E	2023E	2024E
<b>Total revenues</b>	<b>17.124</b>	<b>17.685</b>	<b>18.353</b>	<b>19.145</b>	<b>20.036</b>	<b>21.091</b>
(y-o-y change)	3,0%	3,3%	3,8%	4,3%	4,7%	5,3%
<b>EBIT</b>	<b>205,5</b>	<b>212,2</b>	<b>220,2</b>	<b>229,7</b>	<b>240,4</b>	<b>253,1</b>
(operating margin)	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%
<b>NOPLAT</b>	<b>143,8</b>	<b>148,6</b>	<b>154,2</b>	<b>160,8</b>	<b>168,3</b>	<b>177,2</b>
+ Depreciation & amortisation	143,8	152,1	161,5	172,3	184,3	198,3
= Net operating cash flow	287,7	300,6	315,7	333,1	352,6	375,4
- Total investments (Capex and WC)	111,4	-255,0	-200,5	-203,0	-236,8	-248,4
Capital expenditure	-244,2	-278,9	-218,2	-232,1	-246,6	-264,6
Working capital	355,6	23,9	17,7	29,1	9,8	16,3
= Free cash flow (FCF)	399,1	45,6	115,1	130,1	115,8	127,1
<b>PV of FCF's</b>	<b>347,3</b>	<b>37,3</b>	<b>88,5</b>	<b>94,1</b>	<b>78,7</b>	<b>81,2</b>
PV of FCFs in explicit period	727,19					
PV of FCFs in terminal period	3.616,05					
<b>Implied Enterprise value (EV)</b>	<b>4.343,23</b>					
+ Net cash / - net debt	-2.685,33					
+ Investments / - minorities	-328,40					
<b>Shareholder value</b>	<b>1.329,50</b>					
Number of shares outstanding (m)	35,1					
<b>WACC</b>	<b>6,4%</b>					
Cost of equity	11,0%					
Pre-tax cost of debt	5,5%					
Normal tax rate	29,7%					
After-tax cost of debt	3,9%					
Share of equity	35,0%					
Share of debt	65,0%					
<b>Fair value per share in EUR (today)</b>	<b>37,88</b>					
<b>Fair value per share in EUR (in 12 months)</b>	<b>40,29</b>					

Source: Dr. Kalliwoda Research GmbH © 2019

## 4 Q2 2019 report

Q2 2019 results vs Q2 2018 results			
in EURm	Q2 2019	Q2 2018	change%
<b>Net sales</b>	<b>4331.00</b>	<b>4473.30</b>	<b>-3.2%</b>
<b>Gross Profit</b>	<b>491.00</b>	<b>473.20</b>	<b>3.8%</b>
<b>Result of operating activities</b>	<b>51.20</b>	<b>63.60</b>	<b>-19.5%</b>
<b>Financial result</b>	<b>-10.60</b>	<b>-8.20</b>	<b>29.3%</b>
<b>EBITDA</b>	<b>113.90</b>	<b>104.30</b>	<b>9.2%</b>
<i>EBITDA margin</i>	<i>2.6%</i>	<i>2.3%</i>	<i>12.79%</i>
<b>EBIT</b>	<b>66.00</b>	<b>73.10</b>	<b>-9.7%</b>
<i>EBIT margin</i>	<i>1.5%</i>	<i>1.6%</i>	<i>-6.75%</i>
<b>Net income</b>	<b>40.70</b>	<b>-43.70</b>	<b>-</b>
<i>Net margin</i>	<i>0.94%</i>	<i>-0.98%</i>	<b>-</b>

Source: Dr. Kalliwoda Research GmbH © 2019

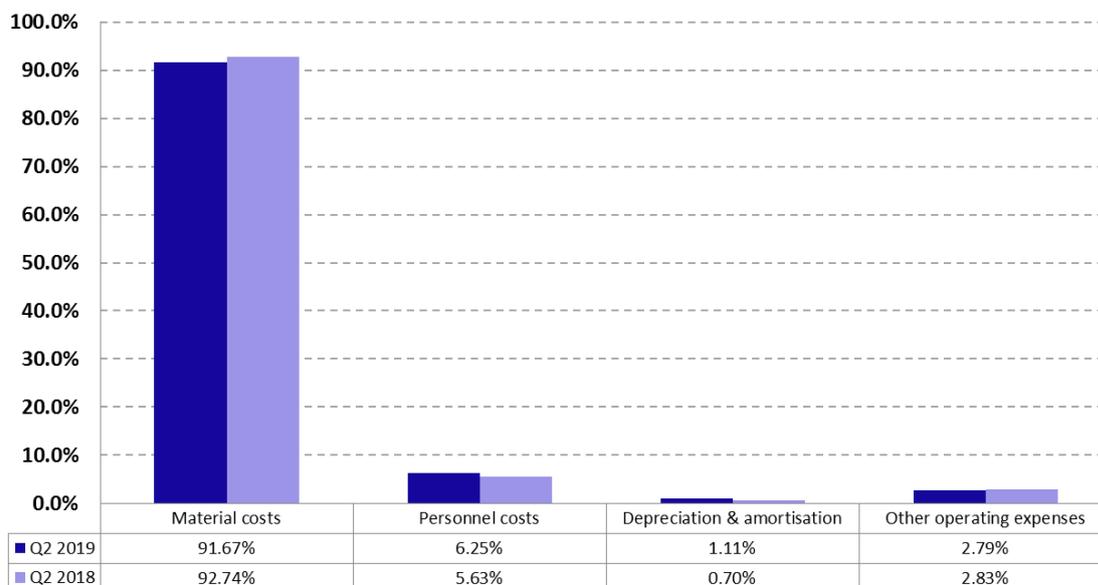
Net sales have decreased by 3.2% in Q2 compared to Q2 2018, however EBITDA has strongly increased to 113.90 EURm (from 104.30 EURm in Q2 2018). The company obtained a Net Income by value of 40.70 EURm, an enormous increase compared to the 43.60 EURm loss from Q2 of the previous year.

Revenues generated by business segments			
in EURm	Q2 2019	Q2 2018	change%
<b>Revenues through third parties</b>			
<i>BAST</i>	<i>1194.60</i>	<i>1380.70</i>	<i>-0.13</i>
<i>Agri Trade &amp; Service</i>	<i>1031.80</i>	<i>1004.10</i>	<i>0.03</i>
<i>Global Produce</i>	<i>206.70</i>	<i>215.60</i>	<i>-0.04</i>
<i>Agricultural Equipment</i>	<i>484.50</i>	<i>485.90</i>	<i>0.00</i>
<b>Agriculture</b>	<b>2872.50</b>	<b>3086.30</b>	<b>-6.9%</b>
<i>Energy</i>	<i>635.10</i>	<i>589.60</i>	<i>7.7%</i>
<i>Renewable Energies</i>	<i>327.70</i>	<i>279.50</i>	<i>17.2%</i>
<b>Energy</b>	<b>962.70</b>	<b>869.10</b>	<b>10.8%</b>
<b>Building Materials</b>	<b>489.50</b>	<b>509.80</b>	<b>-4.0%</b>
<b>Innovation &amp; Digitalisation</b>	<b>2.70</b>	<b>2.90</b>	<b>-6.9%</b>
<b>Other Activities</b>	<b>3.70</b>	<b>5.20</b>	<b>-28.8%</b>
<b>Total</b>	<b>4331.00</b>	<b>4473.30</b>	<b>-3.2%</b>

Source: Dr. Kalliwoda Research GmbH © 2019

The segments classical energy and renewables achieved a significant increase in earnings and sales. Sales in this segment increased by 17% to 1.9 bn Euro (1.6 bn). The EBIT recorded a significant improvement from 1.3 m Euro to 12.1 m Euro in the first half of 2019. The major contributors of this increase are attributed to classic energy unit which has showed a very strong fuel oil business.

In addition to a moderate increase in sales of the first half of 2019 at 1.7% (8.3 bn to 8.4 bn), operational EBIT (excluding other activities and reconciliation) increased by 20% (55.1 m to 66.2 m). The EBIT margin has thus improved from 0.7% to 0.8%. Counting other activities and reconciliation, EBIT increased by 63% to 52.2 m Euro (32.1 m Euro) and the EBIT margin increased from 0.4% to 0.6%.



Source: Dr. Kalliwoda Research GmbH © 2019

Total costs remained relatively constant, with small decreases in material costs to 91,67% of total costs compared to 92.74% in Q2 2018. The fact that the number of employees has risen to 18.721 (857 more employees compared to the same quarter of the previous year) caused an 11,1% increase in the personnel costs, occasioning 6.25% of total costs.

We strongly believe that the review of results on half year basis offers a much deeper insight of the business due the seasonal nature of BayWa AG operations. Particularly, the business relies on weather, agriculture and construction which can vary significantly on quarterly basis.

The revenue generated by the agricultural commodity business in national and international level, the international Trade (BAST) and Agritrade & Services, has witnessed a slight decrease on half year basis from 4.6 bn Euro vs 4.5 bn. Nevertheless, the EBIT has still recorded an improvement of about 26% and recorded 32.9 m Euro (26.2 m Euro). The main reason behind the results of the agricultural business is the increase in price of fertilizers along with steady increase in the demand for seeds. The EBIT margin increased from 0.6% to 0.7%

first half 2019 vs first half 2018			
in EURm	Q1-2 2019	Q1-2 2018	change%
<b>Net sales</b>	<b>8410.6</b>	<b>8270.4</b>	<b>1.7%</b>
<b>Gross Profit</b>	<b>891.3</b>	<b>836.0</b>	<b>6.6%</b>
<b>Result of operating activities</b>	<b>27.6</b>	<b>19.2</b>	<b>43.8%</b>
<b>Financial result</b>	<b>-24.9</b>	<b>-20.8</b>	<b>19.7%</b>
<b>EBITDA</b>	<b>155.1</b>	<b>96.8</b>	<b>60.2%</b>
<i>EBITDA margin</i>	<i>1.8%</i>	<i>1.2%</i>	<i>57.56%</i>
<b>EBIT</b>	<b>52.2</b>	<b>32.1</b>	<b>62.6%</b>
<i>EBIT margin</i>	<i>0.6%</i>	<i>0.4%</i>	<i>59.9%</i>
<b>Net income</b>	<b>1.9</b>	<b>-1.1</b>	<b>-</b>

## 5 2019 forecast

For the full year, we anticipate a moderate overall increase in sales of about 3% (17.1 bn Euros).

We also believe that EBIT will be around 205 m Euros (172.5 m Euros previous year). We are confident that BayWa end of the year numbers will be in line with the company's outlook. Additionally, EBIT can beat previous year figures.

The second half of the year for BayWa AG is vital to achieving and meeting expectations for both sales and earnings. We anticipate sales in the second half of 2019 to increase about 4% to 8.7 bn Euros (8.4 bn Euros). For EBIT, we forecast an increase of about 9% which will be around 153 million Euros (140.3 million Euros in the second half of 2018). This will be an improvement of margins from 1.7% in the previous year to 1.8% for this year completing the second half of 2019. For BayWa AG to meet these expectations, the energy segment and the renewable energy unit has to achieve a planned sale of about 660 MW, which will be an important backbone of this assumption and it is expected to come in Q4 2019.

We strongly believe in BayWa AG ability to meet our annual performance targets. One major driver of any further upcoming development is the energy segment, which is of paramount importance for further development of the overall business. The positive development should be further supported by the planned capital increase in renewable energies. Additionally, we see that the sale of the TESSOL unit with 150 filling stations network as one way in which capital can be redeployed. Finally, further development of farm management systems within the Innovation and Digitalization segment such as precision farming (automation of agricultural processes), smart farming (Digital networking) and digital applications of agriculture can help assure BayWa AG leading position for the long term in farm management systems and e commerce.

BayWa is entrenched, as a business group, and provides essential products to consumers in several dynamic segments. However, the performance of BayWa stock price remains relatively stagnant and was, in retrospect, unable to find new support levels. Such pressure on the price was reinforced by the ongoing U.S and China trade skirmishes. Additionally, extended uncertainties surrounding Brexit issue continues to be an additional factor for the overall stock market stagnation.

Overall, we continue to see that BayWa is in a solid stance and should be able to achieve our targets for the full year of 2019 and for the years ahead.

Our forecasts 2019E-21E			
in EURm	2019E	2020E	2021E
<b>Net sales</b>	<b>17,124</b>	<b>17,685</b>	<b>18,353</b>
Agri	11,032	11,066	11,115
Energy	4,385	4,846	5,393
Bulding Materials	1,682	1,749	1,819
<b>EBITDA</b>	<b>349</b>	<b>364</b>	<b>382</b>
<i>EBITDA margin</i>	<i>2.0%</i>	<i>2.1%</i>	<i>2.1%</i>
<b>EBIT</b>	<b>205</b>	<b>212</b>	<b>220</b>
<i>EBIT margin</i>	<i>1.2%</i>	<i>1.2%</i>	<i>1.2%</i>
<b>Net income</b>	<b>89</b>	<b>91</b>	<b>95</b>
<i>Net margin</i>	<i>0.52%</i>	<i>0.52%</i>	<i>0.52%</i>

Source: Dr. Kalliwoda Research GmbH © 2019

Our model uses conservative growth and margin estimates. We still, however, believe that the Group will be able to accomplish our targets for the year. The valuation scheme we deployed, which relies on such conservative numbers, points to a **40 Euros price target** achievable within the medium to long term (9-12 months). We believe that the group's revenues in 2018, though not significantly higher when compared to 2017, still show a stable and consistent business model. This consistency was further supported by a realistic Q1 and Q2 2019 results that is likely to support an advance. We believe that the firm can enhance its margins (e.g. reducing SG&A costs) and that the current year presents a chance for the firm to capitalize and to reflect upon these favourable trends.

## 6 Profit and loss statements

Profit and loss statement - BayWa AG									
Figures in EURm	Fiscal year								
	2012	2013	2014	2015	2016	2017	2018	2019E	2020E
<b>Total revenues</b>	<b>10.531,1</b>	<b>15.957,6</b>	<b>15.201,8</b>	<b>14.928,1</b>	<b>15.410,0</b>	<b>16.055,1</b>	<b>16.625,7</b>	<b>17.124,0</b>	<b>17.685,0</b>
Change of inventories	39,0	27,5	-43,1	86,7	66,7	-101,0	217,0	45,3	62,9
Capitalised items	5,0	2,2	5,3	3,8	7,8	8,2	10,8	7,2	7,6
<b>Total output</b>	<b>10.780,1</b>	<b>16.246,9</b>	<b>15.346,4</b>	<b>15.176,5</b>	<b>15.679,4</b>	<b>16.169,2</b>	<b>17.064,8</b>	<b>17.367,1</b>	<b>17.947,9</b>
Cost of goods sold	-9.355,0	-14.668,0	-13.816,9	-13.575,3	-14.052,7	-14.384,3	-15.175,7	-14.780,0	-14.977,9
<b>Gross profit</b>	<b>1.176,1</b>	<b>1.289,6</b>	<b>1.384,9</b>	<b>1.352,8</b>	<b>1.357,3</b>	<b>1.784,9</b>	<b>1.889,1</b>	<b>2.344,0</b>	<b>2.707,2</b>
Other operating income	205,0	259,7	182,4	157,9	194,9	206,9	211,3	190,7	192,3
Personnel costs	-718,0	-781,0	-793,1	-825,2	-863,6	-936,2	-990,6	-936,2	-977,5
Depreciation & amortisation	-119,8	-144,0	-127,7	-130,2	-127,8	-147,2	-142,9	-143,8	-152,1
Other operating expenses	-417,7	-548,6	-456,7	-487,8	-513,0	-570,1	-599,0	-1.301,6	-1.628,3
<b>Operating income</b>	<b>186,8</b>	<b>137,4</b>	<b>152,1</b>	<b>158,1</b>	<b>145,0</b>	<b>131,4</b>	<b>156,6</b>	<b>205,5</b>	<b>212,2</b>
Net financial result	-47,0	-62,3	-71,7	-70,1	-53,0	-29,0	-64,0	-67,0	-70,0
<b>EBT</b>	<b>122,6</b>	<b>75,1</b>	<b>80,4</b>	<b>88,1</b>	<b>69,6</b>	<b>102,4</b>	<b>92,6</b>	<b>138,5</b>	<b>142,2</b>
Income taxes	-4,6	-20,8	0,3	-26,5	-16,8	-35,2	-37,7	-41,5	-42,7
<b>Net income / loss</b>	<b>118,0</b>	<b>54,3</b>	<b>80,7</b>	<b>61,6</b>	<b>52,8</b>	<b>67,2</b>	<b>54,9</b>	<b>96,9</b>	<b>99,6</b>
EPS	2,8	0,9	1,8	1,4	0,9	1,1	0,9	1,6	1,7
DPS	0,7	0,8	0,8	0,9	0,9	0,9	0,9	0,6	0,7
<b>Change y-o-y</b>									
Total revenues	9,86%	51,53%	-4,74%	-1,80%	3,23%	4,19%	3,55%	3,00%	3,28%
Change of inventories	-56,10%	-29,60%	-257,01%	-301,16%	-23,1%	-251,4%	-314,9%	-79,1%	39,0%
Total output	9,94%	50,71%	-5,54%	-1,11%	3,31%	3,12%	5,54%	1,77%	3,34%
Cost of goods sold	10,02%	56,79%	-5,80%	-1,75%	3,52%	2,36%	5,50%	-2,61%	1,34%
Gross profit	8,63%	9,65%	7,39%	-2,31%	0,33%	31,50%	5,84%	24,08%	15,50%
Other operating income	58,91%	26,67%	-29,75%	-13,47%	23,47%	6,16%	2,13%	-9,76%	0,87%
Personnel costs	5,74%	8,77%	1,55%	4,05%	4,66%	8,41%	5,81%	-5,49%	4,41%
Depreciation & amortisation	17,30%	20,20%	-11,31%	1,92%	-1,8%	15,18%	-2,92%	0,66%	5,74%
Other operating expenses	9,63%	31,33%	-16,75%	6,81%	5,17%	11,13%	5,07%	117,29%	25,10%
Operating income	25,16%	-26,44%	10,68%	3,97%	-8,30%	-9,38%	19,18%	31,22%	3,28%
Net financial result	4,56%	32,55%	15,01%	-2,13%	-24,43%	-45,28%	120,69%	4,69%	4,48%
EBT	17,55%	-38,74%	7,08%	9,49%	-20,96%	47,13%	-9,57%	49,55%	2,70%
Income taxes	-83,15%	352,17%	-101,34%	-9580%	-36,48%	109,52%	7,10%	10,20%	2,70%
Net income / loss	#REF!	-53,98%	48,62%	-23,66%	-14,30%	27,27%	-18,30%	76,58%	2,70%
EPS	90,88%	-67,84%	96,30%	-21,77%	-35,32%	25,56%	-19,03%	76,58%	2,70%
<b>Share in total revenues</b>									
Total revenues	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %
Change of inventories	0,37 %	0,17 %	-0,28 %	0,58 %	0,43 %	-0,63 %	1,31 %	0,26 %	0,36 %
Capitalised items	0,05 %	0,01 %	0,04 %	0,03 %	0,05 %	0,05 %	0,06 %	0,04 %	0,04 %
Total output	102,36 %	101,81 %	100,95 %	101,66 %	101,75 %	100,7 %	102,6 %	101,4 %	101,5 %
Cost of goods sold	-88,83 %	-91,92 %	-90,89 %	-90,94 %	-91,2 %	-89,6 %	-91,3 %	-86,3 %	-84,7 %
Gross profit	11,17 %	8,08 %	9,11 %	9,06 %	8,81 %	11,12 %	11,36 %	13,69 %	15,31 %
Other operating income	1,95 %	1,63 %	1,20 %	1,06 %	1,26 %	1,29 %	1,27 %	1,11 %	1,09 %
Personnel costs	-6,82 %	-4,89 %	-5,22 %	-5,53 %	-5,60 %	-5,83 %	-5,96 %	-5,47 %	-5,53 %
Depreciation & amortisation	-1,14 %	-0,90 %	-0,84 %	-0,87 %	-0,83 %	-0,92 %	-0,86 %	-0,84 %	-0,86 %
Other operating expenses	-3,97 %	-3,44 %	-3,00 %	-3,27 %	-3,33 %	-3,55 %	-3,60 %	-7,60 %	-9,21 %
Operating income	1,77 %	0,86 %	1,00 %	1,06 %	0,94 %	0,82 %	0,94 %	1,20 %	1,20 %
Net financial result	-0,45 %	-0,39 %	-0,47 %	-0,47 %	-0,34 %	-0,18 %	-0,38 %	-0,39 %	-0,40 %
EBT	1,16 %	0,47 %	0,53 %	0,59 %	0,45 %	0,64 %	0,56 %	0,81 %	0,80 %
Income taxes	-0,04 %	-0,13 %	0,00 %	-0,18 %	-0,11 %	-0,22 %	-0,23 %	-0,24 %	-0,24 %
Net income / loss	1,12 %	0,34 %	0,53 %	0,41 %	0,34 %	0,42 %	0,33 %	0,57 %	0,56 %

Source: Dr. Kalliwoda Research GmbH © 2019

## 7 Balance sheets

Balance sheet - BayWa AG									
Figures in EURm	Fiscal year								
	2012	2013	2014	2015	2016	2017	2018	2019E	2020E
<b>Assets</b>									
Inventories	1.433	1.836	1.986	2.142	2.380	2,322.7	3.518	2.632	2.663
Trade receivables	621	702	1.240	1.255	1.396	1.399	1.371	1.391	1.385
Tax receivables	50	65	28	23	43	64	65	66	67
Other assets	254	403	28	22	107	113	74	275	276
Securities and other financial assets	2	2	2	224	153	2	2	488	495
Cash & cash equivalents	85	92	106	84	104	105.6	120.6	-149	-174
<b>Current assets</b>	<b>2.445</b>	<b>3.100</b>	<b>3.363</b>	<b>3.739</b>	<b>4.094</b>	<b>4.077</b>	<b>5.030</b>	<b>4.703</b>	<b>4.711</b>
Property, plant and equipment	1.068	1.074	1.397	1.420	1.403	1.413	1.339	1.467	1.507
Assets-for-sale	233	0	0	0	0	0	0	0	0
At-Equity shareholdings	93	102	196	204	215	219	278	304	384
Financial assets	325	408	257	226	153	157	162	217	298
Other assets	42	46	54	60	62	112	166	154	186
Intangible assets	140	157	148	167	213	227	283	288	295
Goodwill	0	0	0	0	0	0	0	0	0
Deferred tax assets	113	128	209	212	246	241	253	271	277
<b>Non-current assets</b>	<b>2.012</b>	<b>1.915</b>	<b>2.104</b>	<b>2.287</b>	<b>2.356</b>	<b>2.396</b>	<b>2.476</b>	<b>2.701</b>	<b>2.945</b>
<b>Total assets</b>	<b>4.457</b>	<b>5.015</b>	<b>5.486</b>	<b>6.036</b>	<b>6.474</b>	<b>6.487</b>	<b>7.511</b>	<b>7.404</b>	<b>7.656</b>
<b>Liabilities</b>									
Tax payables	53	77	28	25	29	55	52	48	53
Pension provisions	30	29	29	30	31	32	33	34	35
Other provisions	136	145	171	176	180	197.9	196	202	208
Short-term financial debt	894	1.132	1.171	1.491	1.520	1.438	2.232	1.910	1.890
Trade payables	761	767	745	792	894	1.336	1.344	1.424	1.468
Other liabilities	73	265	330	255	430	267.0	369.2	358	359
<b>Current liabilities</b>	<b>1.947</b>	<b>2.414</b>	<b>2.480</b>	<b>2.769</b>	<b>3.084</b>	<b>2.986</b>	<b>4.047</b>	<b>3.976</b>	<b>4.014</b>
Pension provisions	520	512	638	625	661	673	697	717	741
Other provisions	88	86	83	83	86	89	92	95	98
Financial and leasing debt	649	629	953	1.227	1.269	774	914	1.004	1.094
Long-term trade payables	4	3	2	5	5	5	6	6	6
Other liabilities	11	26	45	93	97	26	37	38	39
Deferred tax liabilities	126	163	154	158	174	138	272	318	363
Liabilities from assets-for-sale	27	0	0	0	0	0	0	0	0
<b>Long-term liabilities</b>	<b>1.425</b>	<b>1.419</b>	<b>1.874</b>	<b>2.191</b>	<b>2.292</b>	<b>2.065</b>	<b>2.074</b>	<b>2.178</b>	<b>2.341</b>
<b>Total liabilities</b>	<b>3.372</b>	<b>3.833</b>	<b>4.354</b>	<b>4.961</b>	<b>5.376</b>	<b>5.051</b>	<b>6.121</b>	<b>6.154</b>	<b>6.355</b>
<b>Shareholder's equity</b>	<b>862</b>	<b>914</b>	<b>786</b>	<b>810</b>	<b>804</b>	<b>1.107</b>	<b>1.086</b>	<b>921</b>	<b>972</b>
Minority interests	223	268	284	266	294	328	302	328	328
<b>Total equity and liabilities</b>	<b>4.457</b>	<b>5.015</b>	<b>5.486</b>	<b>6.036</b>	<b>6.474</b>	<b>6.487</b>	<b>7.511</b>	<b>7.404</b>	<b>7.656</b>

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## 8 Financial ratios

Ratios	2012	2013	2014	2015	2016	2017	2018	2019E	2020E
Gross margin	13.22%	9.72%	9.97%	10.55%	10.37%	15.23%	17.38%	20.05%	22.46%
EBITDA margin	2.91%	1.76%	1.84%	1.93%	1.77%	1.98%	1.90%	2.04%	2.06%
EBIT margin	1.77%	0.86%	1.00%	1.06%	0.94%	1.07%	1.04%	1.20%	1.20%
Net margin	1.09%	0.33%	0.53%	0.41%	0.34%	0.41%	0.33%	0.51%	0.51%
Return on equity (ROE)	13.66%	6.12%	9.49%	7.72%	6.54%	8.17%	6.43%	9.97%	9.76%
Return on assets (ROA)	3.70%	2.33%	2.70%	2.18%	1.63%	2.36%	1.93%	2.28%	2.29%
Return on capital employed (ROCE)	7.16%	3.82%	4.82%	3.39%	2.99%	4.17%	3.76%	4.20%	4.09%
Current ratio	1.26	1.28	1.36	1.35	1.36	0.95	1.20	1.18	1.17
Quick ratio	0.36	0.33	0.54	0.56	0.54	0.56	0.37	0.46	0.45
Net interest cover	3.97	2.21	2.12	2.25	2.74	2.49	2.27	2.60	2.59
Net debt/EBITDA	6.63	7.84	10.10	10.63	11.82	8.19	11.11	9.31	9.22
Book value per share	25.11	26.55	22.77	23.37	22.91	24.03	24.64	26.01	27.22
CAPEX/Sales	1.42%	1.57%	1.91%	0.94%	0.43%	0.97%	1.28%	1.43%	1.58%
Working capital/Sales	11.51%	9.35%	13.95%	15.68%	15.97%	10.85%	15.05%	12.69%	12.06%
EV/Sales	0.30	0.22	0.26	0.27	0.29	0.22	0.27	0.24	0.24
EV/EBITDA	10.37	12.56	13.91	14.04	16.16	11.08	14.03	11.95	11.74
EV/EBIT	17.03	25.73	25.60	25.60	30.40	20.60	25.65	20.31	20.16
P/BVPS	1.33	1.45	1.36	1.22	1.44	1.09	1.07	1.01	0.96
P/E	11.87	42.58	17.37	20.41	36.26	23.41	28.68	17.77	17.27

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## 9 Contacts

Primary Research   Fair Value Analysis   International Roadshows		Dr. Kalliwoda Research GmbH, Steinstraße 24, D-64839 Münster, office Frankfurt Arndtstr. 47, 60325 Frankfurt Tel.: 069-97 20 58 53 Fax: 069-13 81 92 15
Head: <b>Dr. Norbert Kalliwoda</b> E-Mail: nk@kalliwoda.com	CEFA-Analyst; University of Frankfurt/Main; PhD in Economics; Dipl.-Kfm., Dipl.-Hdl.	<u>Sectors:</u> IT, Software, Electricals & Electronics, Mechanical Engineering, Logistics, Laser, Technology, Raw Materials
<b>Dr. Peter Arendarski</b> E-Mail: pa@kalliwoda.com	Senior-Analyst, Msc & Ph. D in Finance (Poznan Univers. of Economics), CFA Level 3 Candidate	<u>Sectors:</u> Technology, Raw Materials, Banks & Insurances, Financial-Modelling (Quant., Buyside)
<b>Patrick Bellmann</b> E-Mail: pb@kalliwoda.com	Junior-Analyst; WHU - Otto Beish. School of Management Vallendar	<u>Sectors:</u> Support Research and Quantitative Approach
<b>Ilias Chahboune</b> E-Mail: ic@kalliwoda.com	Master Economics: Uni Amsterdam	<u>Sectors:</u> Consumer, Retail, Real Estate
<b>Kilian Dreher</b> E-Mail: kd@kalliwoda.com	Junior-Analyst; University of Frankfurt/Main	<u>Sectors:</u> Consumer, Retail, Food & Beverages, Fashion
<b>Michael John</b> E-Mail: mj@kalliwoda.com	Dipl.-Ing. (Aachen)	<u>Sectors:</u> Chemicals, Chemical Engineering, Basic Metals, Renewable Energies, Laser/Physics
<b>Marta Kifleab</b> E-Mail: mki@kalliwoda.com	University of Mainz: Sprachwissenschaften	Roadshow/Conference Organisations
<b>Rainer Koch</b> E-Mail: rk@kalliwoda.com	Computer-Science/Dipl.-Betriebsw., (Frankfurt); seasoned international Executive IT-Industry	<u>Sectors:</u> IT, IT-Services, Internet, Media, Internet, Emerging Markets
<b>Witold Konrad Kosinski</b> E-Mail: wk@kalliwoda.com	Finance & Banking Warsaw School of Econ, Master of Science; postgrad. Managem. Studies, Prepar. CFA Lev. 2	<u>Sectors:</u> Consumer Goods, Trading Companies, Food & Beverages, Technology
<b>Olaf Köster</b> E-Mail: ok@kalliwoda.com	Dipl.-Betriebswirt, EBS	<u>Sectors:</u> Renewable Energy/Technology
<b>Sebastian Krawczyk</b> E-Mail: sk@kalliwoda.com	Bachelor Management, Quant. Meth. in Economics & Inf. Systems at Warsaw School/Mannheim, CFA Can.	<u>Sectors:</u> Quantitative Methods, Automotive, Technology
<b>Christoph Löffel</b> E-Mail: cl@kalliwoda.com	Bachelor Betriebswirtschaftslehre Universität Mannheim	<u>Sectors:</u> Financials, Real Estate
<b>Dr. Heinz Müller</b> E-Mail: hm@kalliwoda.com	Dr. agr, Dipl.-agr. (Agrarökonomie)	<u>Sectors:</u> Agrochemicals, Consumer Chemicals, Chemicals
<b>Dr. Christoph Piechaczek</b> E-Mail: cp@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Witten-Herdecke.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>Anas Rahhal</b> E-Mail: ar@kalliwoda.com	Master of Science in International Management (Finance), Goethe Uni Frankfurt	<u>Sectors:</u> Video Games/Entertainment/Technology
<b>Nele Rave</b> E-Mail: nr@kalliwoda.com	Lawyer; Native Speaker, German School London,	<u>Legal adviser</u>
<b>Hellmut Schaarschmidt;</b> E-Mail: hs@kalliwoda.com	Dipl.-Geophysicists; University of Frankfurt/Main.	<u>Sectors:</u> Oil, Regenerative Energies, Specialities Chemicals, Utilities
<b>Dr. Erik Schneider</b> E-Mail: es@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Hamburg.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>Hans-Georg Sutter</b> E-Mail: hsu@kalliwoda.com	Dipl.-Wirtschaftsingenieur University Kaiserslautern	<u>Sectors:</u> IT/e-commerce
<b>Beata Wiendl</b> E-Mail: bw@kalliwoda.com	Dipl.-Ökonomin (Hochsch. für Handel & Wirtschaft, Szolnok, Ungarn)	<u>Office-Manager, native polish, fluent hungarian and german.</u>
<b>Also view Sales and Earnings Estimates:</b>  <b>DR. KALLIWODA   RESEARCH on Terminals of Bloomberg, Thomson Reuters, vwd group and Factset</b>	Analyst of this research: Dr. Norbert Kalliwoda, CEFA	

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