

May 9, 2016

Europe | Germany | Crops

UPDATE

BUY

Target price: € 38.80

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

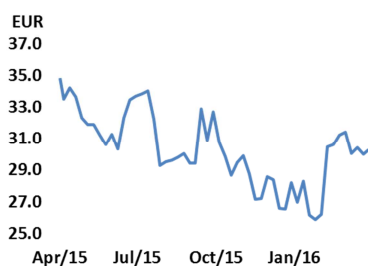
Last Price: 30.68
High 35.00 **Low** 25.25
Price 52 W.: 35.00 25.25
Market Cap. (EURm) 1062.86
No. of Shares (in m) 34.64

Shareholders

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

Dividends

	in EUR	in %
2011	0.60	1.96%
2012	0.65	2.12%
2013	0.75	2.44%
2014	0.80	2.61%
2015E	0.85	2.77%



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RESEARCH GmbH

BayWa AG

Business Internationalization Boosts Long Term Growth

- Full year earnings.** Although a challenging market environment in 2015, BayWa consolidated EBIT grew by 4.0% y/y to €158.1m, which was primarily due to the performance in the energy segment (EBIT conventional energies up 168% and renewable up 68%). The volatility in market prices has slowed group revenues by 1.8% to €14.9m, while gross profit improved from €1.5bn to €1.6bn (4.7%). The reason was the project developments in the renewable energies business which improved change in inventory to €86.7m. Compared to the previous year, the higher income tax expenses reduced net income to €61.6m (vs. FY14: €80.7m). The board of management proposed €0.85 dividend per share for the fiscal year 2015.
- High price volatility in raw materials and agricultural produce.** Revenues in the agriculture business grew by 0.5% to €10.2bn mainly due to a rise in trading volume by 12.6%. Fruit business recorded a positive harvest in New Zealand but offset by the lower performance in Germany, thus sales increased by 0.6% in 2015 to €567.4m (5-years CAGR +45%), while EBIT went up 31.2% to €27m (€0.5m improvement in D&A). In the energy segment, sales declined by 6.4% and EBIT improved by 82.6%. Fall in oil price affected conventional energy, which revenues declined by 16.9% y/y while boosted by the project management business and systems sold, in renewable energy the revenues rose by 29.5% to €1.0bn and EBIT grew by €25.3m to €61.8m.
- International trade and procurement network development.** In our earnings estimates we have considered the general impact of cyclical fluctuations and price volatility, and risks related to the specific businesses (e.g. changes in subsidy measure for the energy business and slowdown for the construction demand). As main growth drivers, our model have assumed (1) the expansion in the fruit business given the recent takeover of TFC Holland, (2) the product pipeline in the energy business, and (3) the internationalization plan brought forward from the Munich-based group. We have released therefore the new target price of 38.82€ per share (revenues CAGR 4%, 2016E-2020E). In the forecasts was included also the engagement in the farming digitalization with the recent acquisition of PC-Agrar GmbH (€5.2m sales in FY15). BayWa sustainable development ensures growing dividends trend (FY15 payout ratio 61.1%).

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	2.11	2.93
BVPS	25.31	25.11	26.55	22.77	23.37	25.26	28.23
RoE	8.00%	13.66%	6.12%	9.49%	7.71%	11.25%	14.10%
EBIT margin	1.56%	1.77%	0.86%	1.00%	1.06%	1.60%	2.00%
P/E	20.68	10.83	33.68	17.16	21.93	14.45	10.41
P/BVPS	1.21	1.22	1.15	1.34	1.31	1.21	1.08
EV/EBITDA	15.03	12.32	13.42	13.50	13.10	10.74	8.91

Source: company, Dr. Kalliwoda Research GmbH © 2016

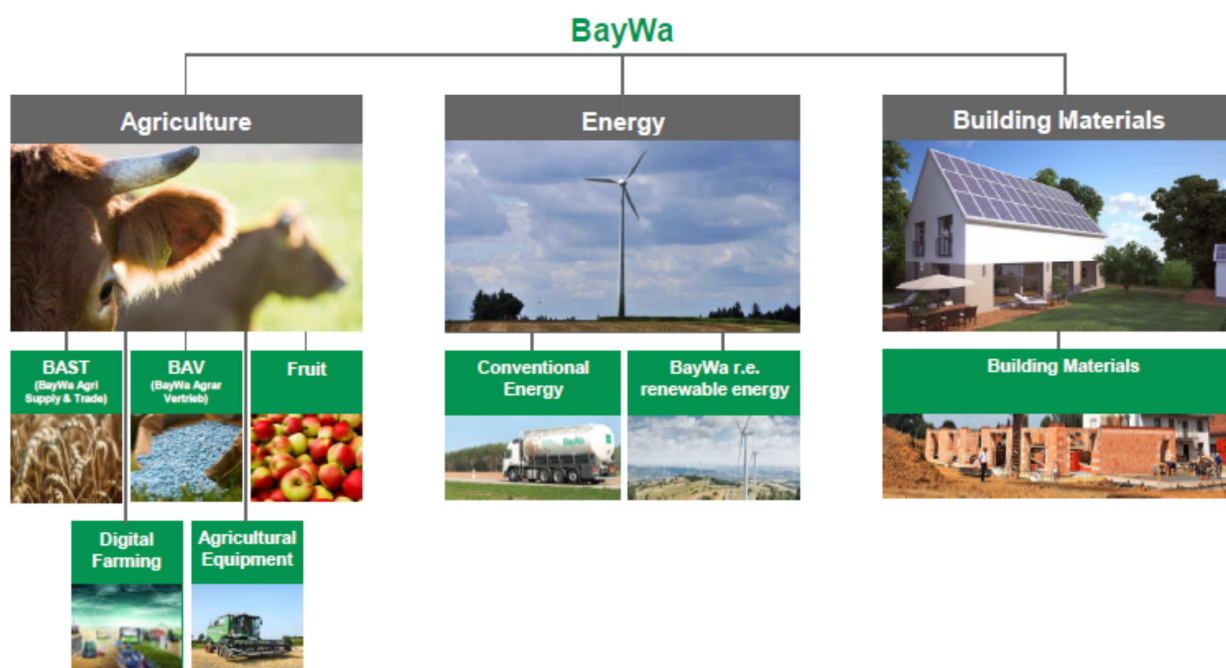
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1 Company profile

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 244 fuel stations in Germany. In addition, BayWa has established itself in the renewable energies market as a major, internationally 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"> - Leader in Crop protection product distribution (Germany) and Top 10 world agricultural traders - Strong position in Heating Oil trade: Largest in Southern Germany and Top Five in Austria - Economies of Scope: Nearly complete coverage of the agricultural value chain - Diversification in the segments agriculture, energy and building materials reduces the dependence on the agrarian segment and the commodity fluctuation - Solid shareholder structure: the main shareholders are Bayerische Raiffeisen-Beteiligungs AG (35%), Raiffeisen Agrar Invest GmbH (25%) - Geographic stronghold in Germany and Austria with worldwide expansion starting in 2013 - Core competency in full-service supplement for the agricultural industry generates a large and loyal customer foundation - Loyal customers relations since they are buyers of agrarian products and supplier of crops at the same time 	<ul style="list-style-type: none"> - Still, large dependency on the German and Austrian market (Share of Revenue: ca. 80%) - Agriculture exposure is almost 70% of FY13 revenues against half in FY12m, which plays down in importance Energy and Building businesses - M&A Intensive activity complicated decision-making process and strategy execution - Large inventories are usual in Q3 (after harvest) and 1Q ahead (sowing season) sometimes may create inventory overhang and margin pressure
Opportunities	Threats
<ul style="list-style-type: none"> - 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. - 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 - Internationalization of business: Chile, USA, China, Australia, Fiji and New Zealand - Number of building permits continues to rise steadily - Cefetra B.V. business should benefit from above than expected improvement in Polish economy 	<ul style="list-style-type: none"> - Germany and Austria are still important so economic weakness in Core Europe is to be felt by BayWa AG - Volatile commodity markets - High fuel prices - Agricultural demand elasticity is to be rather low, yet the Energy business is seasonal while building cyclical bias is evident - Oversupply in grain commodities, wheat especially, is to play an significant role in 2014 if volumes gains cannot offset a decline in grain prices.

Source: Dr. Kalliwoda Research GmbH © 2016

3 Valuation

In order to derive a fair value for BayWa we used a traditional DCF model. We used the discount factor (WACC) of 7.1%, CAGR for sales growth of c. 4.0% (2016E-2020E) and the long term growth rate (g) of 2.2%. Our DCF model therefore, lead to a 12-month target price of 38.82€ per share.

WACC assumptions

Equity

Long-term risk-free rate	1.5%
Market risk premium	10.0%
Company beta (from Thomson Reuters)	1.7
Equity costs	18.5%

Debt

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

Equity value	28%
Debt value	72%
WACC	7.1%

Source: Dr. Kalliwoda Research GmbH © 2016

Discounted Cash Flow Model (Basis05/2016)

in EURm	2016E	2017E	2018E	2019E	2020E
Total revenues	15221.18	15987.06	16692.59	17292.10	17719.41
(y-o-y change)	2.0%	5.0%	4.4%	3.6%	2.5%
EBIT	243.54	319.74	367.24	372.30	381.50
(operating margin)	1.6%	2.0%	2.2%	2.2%	2.2%
NOPLAT	170.48	223.82	257.07	260.61	267.05
+ Depreciation & amortisation	108.36	104.22	98.81	91.98	83.62
= Net operating cash flow	278.84	328.04	355.87	352.59	350.67
- Total investments (Capex and WC)	-193.93	-239.84	-206.71	-171.47	-114.75
Capital expenditure	-127.41	-154.21	-131.93	-122.23	-83.20
Working capital	-66.52	-85.64	-74.78	-49.24	-31.54
= Free cash flow (FCF)	84.91	88.20	149.16	181.12	235.92
PV of FCF's	81.18	78.77	124.43	141.13	171.71

PV of FCFs in explicit period	597.22
PV of FCFs in terminal period	3,180.48
Enterprise value (EV)	3,777.71
+ Net cash / - net debt	-2,298.19
+ Investments / - minorities	-223.29
Shareholder value	1,256.23
Number of shares outstanding (m)	34.6

WACC	7.06%
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%
Fair value per share in EUR (today)	36.26
Fair value per share in EUR (in 12 months)	38.82

Source: Dr. Kalliwoda Research GmbH © 2016

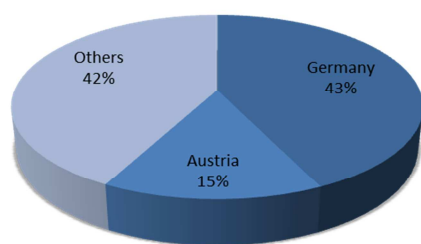
Sensitivity Analysis							
WACC	Terminal EBIT margin						
	0.7%	1.2%	1.7%	2.2%	2.7%	3.2%	3.7%
5.6%	-174.43	-85.16	4.11	93.38	182.65	271.92	361.19
6.1%	-157.89	-81.73	-5.57	70.58	146.74	222.90	299.06
6.6%	-145.25	-79.20	-13.14	52.92	118.98	185.04	251.09
7.1%	-135.33	-77.28	-19.23	38.82	96.87	154.92	212.97
7.6%	-127.36	-75.80	-24.25	27.30	78.86	130.41	181.96
8.1%	-120.83	-74.65	-28.47	17.72	63.90	110.08	156.26

4 FY15 turnover

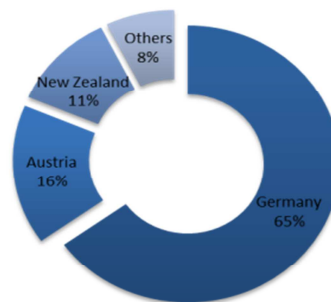
In 2015, BayWa group revenues declined by 1.8% to €14.9m (vs. FY14: €15.2bn). The reason was the fall in prices for heating oil and fuel which affected particularly the conventional energies businesses (lowered by €456.4m to €2.2bn). In the agriculture trade business sales increased by €90.8m to €8.3bn given the jump in grain trade volumes, although revenues for the fruit trading remained stable y/y and for the agriculture equipment slightly lowered. In total agricultural segment sales rose by €49.4m to €10.2m. The renewable energies activities climbed sales by €231m to €1.0bn, as with the positive performance recorded in project management business. Due to unfavourable market condition in prices for building and insulation material, sales in building material declined by 1.9%, while EBIT almost remains stable.

Sales breakdown by regions and non-current asset employed by countries in 2015

Revenues break-down by region



Non-current assets by region



Source: Dr. Kalliwoda Research GmbH © 2016

Fiscal-year 2015 consolidated results

FY15 results vs. previous year			
in EURm	FY15	FY14	change
Net sales	14,928	15,202	-1.8%
EBITDA	288	280	3.0%
EBITDA margin	1.9%	1.8%	
EBIT	158	152	4.0%
EBIT margin	1.1%	1.0%	
Net income	62	81	-23.7%
Net margin	0.4%	0.5%	

Source: Dr. Kalliwoda Research GmbH © 2016

Segment Break-down figures FY15 vs. FY14

Sales and EBIT margins according to segments FY2015 vs. FY2014					
	FY15	FY14		FY15	FY14
Agriculture			Others		
Sales EURm	11,071.0	10,755.1	Sales EURm	66.9	134.3
share in total sales	74.2%	70.7%	share in total sales	0.4%	0.9%
EBITDA margin	1.28%	1.52%	EBITDA margin	211.4%	77.0%
Energy			Consolidation		
Sales EURm	3,554.5	3,733.5	Sales EURm	-1,297.7	-979.9
share in total sales	23.8%	24.6%	share in total sales	-8.7%	-6.6%
EBITDA margin	3.23%	1.98%			
Building materials			Group		
Sales EURm	1,533.4	1,558.8	Total sales EURm	14,928.1	15,201.8
share in total sales	10.3%	10.3%	change y-o-y	-1.80%	
EBITDA margin	2.75%	2.75%			

Source: Dr. Kalliwoda Research GmbH © 2016

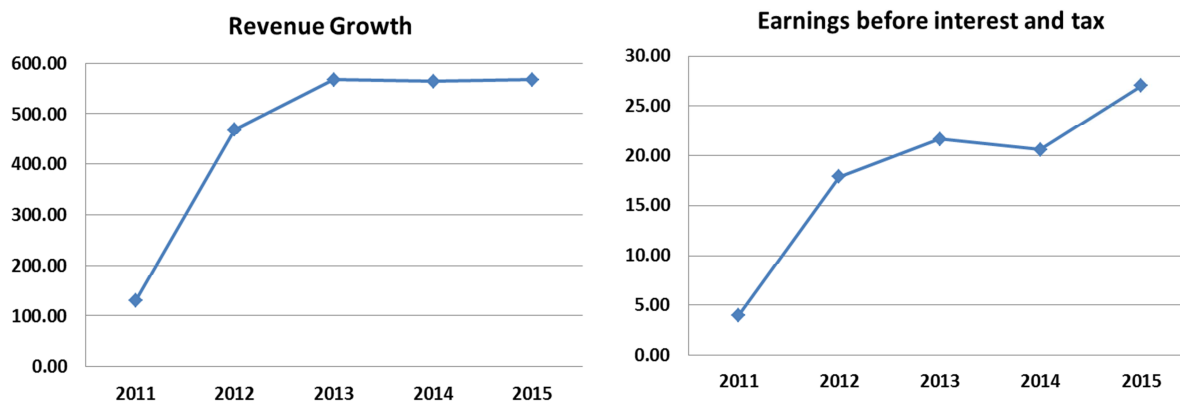
Agriculture Segment development

The agriculture division accounted for roughly 68% of consolidated sales in fiscal year 2015. The business was heavily affected by natural phenomena, which produced up and down on harvests and consequently on the offering and pricing. Overall, the agriculture segment increased revenues by 0.5% to €10.2bn in FY15 while the EBITDA fell by €22m to €141.6m as the lower sales in trade with agricultural produce.

The **Agriculture trade business** was up 1.1% to €8.3bn in FY15, because an increase of 30.4% in grain trading volume to 19.5m. Grain and oilseed total turnover achieved around 30.2m tonnes (prior year 26.8m tonnes). In details, sales of fertilisers were up 5.7% y/y (roughly 2.5m tonnes traded with the Austrian subsidiary), seed up 10.6% y/y, crop protection slowdown as with the dry weather in summer, and feedstuff down by 12.3%. Thus, the fall in produce prices lowered agricultural trade EBITDA to €71.9m (prior year €96.4m), this including a rise in logistic and start-up expenses.

Business involving fruit trading enhanced of 0.6% y/y to €567.4m. Although the result was offset by the marketing volume recorded in Germany down 6.9% y/y, the results of the New Zealand T&G Global limited (revenues up 40.5% y/y) and the first-time consolidation of Apollo Apples Limited, grew EBITDA from €34.09m to €40.0, 17.4% y/y (5-years CAGR +61%). Due to the above international expansion, financing costs related to the fruit business climbed by €1.3m (€5.7m) while EBT improved by 31.8% to €21.3m.

Fruit Business Performance (5-years EBIT CAGR +61%)



Source: Dr. Kalliwoda Research GmbH © 2016, data in EUR m

With the fall in farmer's investment propensity, sales of new tractors lowered 8.7% y/y roughly €4.0bn in 2015 while used machinery sales grew by 2.3% to €18bn and animal equipment orders were higher y/y. Revenues and EBITDA in the agriculture equipment business came at €1.3bn, 3.8% lower y/y and at €1.4bn down €31.9m respectively.

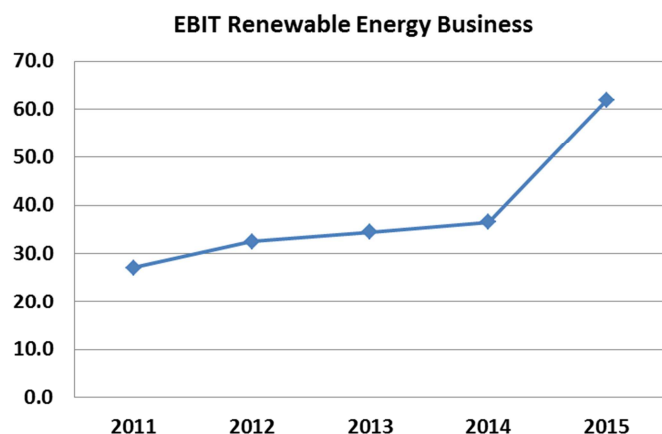
In Q4/15 BayWa established the new **digital farming division**, which includes the acquired PC-Agrar GmbH. Revenues are still moderated at €5.2m, and investments for the start-up establishment led the EBITDA down to €2.2m. The digital business expands BayWa service in the smart farming and farm management solutions.

Energy Segment Development

The energy division was affected by the drop in crude oil price. However, the convenient price in heating oil generated an increase in these consumer's sales by 2.5% in 2015, as with the new Straubing Wallmühle airport contract and the positive performance of the Austrian subsidiaries. Revenues of wood pellets grew by 15.7% given the construction of five specialist centres in southern Germany. Sales of lubricant were up 4.5% outperforming the market. Overall, the difficulties in heating oil and fuel price led to a decline of 16.9% in conventional energy sales, while the positive margin development in the fuel business EBITDA improved by 61.1% to €24.0m.

The **renewable energies** business enhanced to over €1.0bn. In total, the output generated in 2015 rose by 76% to 294.9MW (69.6% wind power plant, 29.4% solar power plants, 1.1% biomass plants). In the wind power business, seven plants were sold in Germany, Austria, Great Britain and the USA (largest market with 79.6 MW of output). Trading in photovoltaic components increased by 19% to 245.6 MWp, because the activities in the USA and Switzerland. In total, the renewable energy business rose sales and EBITDA by 29.5% and by 53.5% respectively. Overall energy segment sales fell by 6.4% y/y to €3.3bn while the EBITDA increased by €40.7m to €114.8m. Investments in renewable energies rose to 4.2% y/y, as well as the photovoltaic capacity expansion increased by +27%.

Trend in renewable energy EBITDA (5-years EBIT CAGR +23%)



Source: Dr. Kalliwoda Research GmbH © 2016, data in EUR m

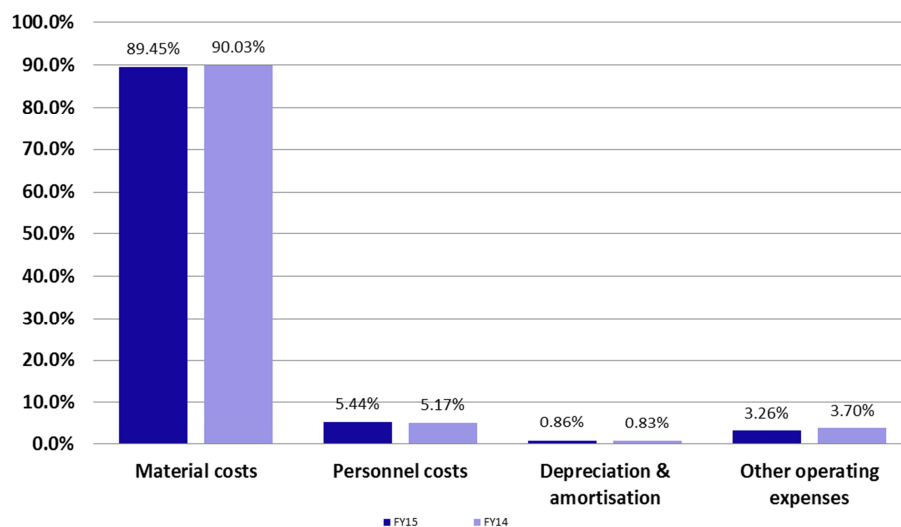
Building Material Development

The beginning of fiscal year 2015 was almost unfavourable for the building materials activities. Growth driver in the whole industry was the residential construction, business with lower demand for materials. Moreover, in Europe the demand for building materials outside Germany declined significantly, generating more competition and pressure on the prices in BayWa main market. In sum, despite sales in building materials trading performed well, revenues in building materials segment lowered by 1.9% to €1.5bn and EBITDA fell by €0.7m to €42.2m

Other activities Development

Due to the disposal of the building material business activities in Rhineland-Palatinate and North Rhine-Westphalia in Q2/14, other activities revenues declined to €12.8m in 2015 (prior year €82.7m). EBIT came at €-33.7m (€-26.0m in 2014) mostly as effects of group administration costs and consolidation effects.

Group Profitability



Source: Dr. Kalliwoda Research GmbH © 2016

As with the change in revenues, cost of raw materials fell by 1.8% in 2015. Group gross profit rose from €1.5bn to €1.6bn, 4.7% y/y, mainly because the increase in inventories. Personal expenses moved up by 4% y/y given the acquisition of Apollo Apples Limited and the expansion of activities in the renewable energy. After €2.5m increase in D&A, EBIT grew by 4.0% y/y to €158.1m. Tax expenses accounted for €26.5m (rate 30.1%), up compared the previous fiscal year due to deferred tax liabilities and loss carry forwards in 2014. Net income was down from €80.7m to €61.6m.

The storage of inventories and new licences in the renewable energies business were the key factors in total assets change in FY2015 balance sheet. These increase led to a reduction year on year of the equity ratio, which stood at 17.8%. Adjusted ratio for the recognised reserve and for provisions was higher to 21.4% y/y. Short term debt increased by €275.8m (including an increase in current liabilities of €147.1m) to expand internationally the agriculture trade business, as with the purchase in harvest produce (Q4/15). Long-term borrowings were up 4.0%, primarily because the placement of a new bonded loan of €200.0m. The funds were used to expand the agriculture trade business, projects in the renewable energies business and new acquisitions (New Zealand business).

Operating cash flows increased from €-90.6m to €19.0m, mainly because the contributions of a non-cash result of participating interests. Cash flows from investments improved from €-227.6 to €-143.5, due to costs for company acquisition recorded in fiscal year 2014 (roughly €142.2m paid in 2014 for the acquisition of PC-Agrar Informations und Beratungsdiens GmbH, Great Lake Tomatoes Ltd, Rianto Ltd, Wessex Grain Ltd.'s business activities). Financing activities cash flows grew by €98.7m for the placement of a long-term bond and short-term loan in May (in total €275.0m). Overall, cash at the end of the reporting year was €23.9m lower to €84.5m.

Outlook

Based on BayWa storage of grain and positive harvest volume recorded, it is expected up the BayWa trade in agriculture produce, especially in grain and oilseed. Boosted by the new trading office in Ukraine, Russia and Argentina, the initial inclusion of Wessex Grain Ltd and the recent acquisition of the trader Evergrain Germany GmbH, BayWa is likely to expand its trading of grain and oilseed to more than 32m tonnes.

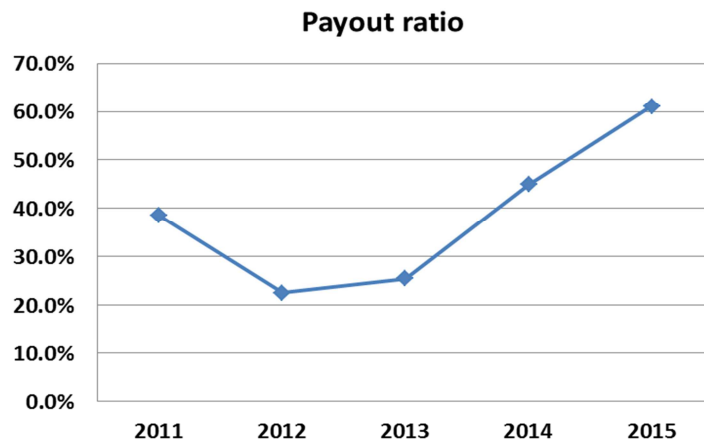
Moreover, it is expected a slight increase in the sales volume for seed given the better market penetration in traditional market. Crop protection business is also revised up after a weak performance in 2015. The feedstuff sales seem to get some positive impact after the business restructuring. The acquisition of the Dutch supplier of exotic fruit and vegetables TFC Holland in the fruit business might boost sales and it is reasonable to expect a better EBIT y/y due to one-off expenses related to the New Zealand subsidiary. Overall, revenues in the agriculture trade business are expected higher than 2015, as well as the EBIT due to the completed costs to set-up the grain trading in Italy, Spain and Romania.

Despite low price in heating oil prices the conventional energy business is expected to slowdown in 2016. However, the growing pipeline with 375MW for commissioning and turbine/plant sales (200MW solar energy and 175MW wind energy) in the renewable energies should compensate the above trend.

As with the slowdown in the number of building material sites, revenues in the segment are expected to slightly fall in 2016 as well as the EBIT given the increase in personal costs. The company is looking for a strategic partner in this segment.

We have assumed in the analysis the persistence in 2016 of price volatility in raw material and agricultural produce (grain, oilseeds, fertilisers, mineral oil, bio methane and solar component). In our forecast we expected group revenues of €15.2bn for the whole BayWa group in 2016, boost from the international activities and a better segment performing in the next year. BayWa dividend yield make the stock interesting.

5-years trend in BayWa AG pay-put ratio



Source: Dr. Kalliwoda Research GmbH © 2016

5 Profit and loss statements

Profit and loss statement - BayWa AG						
	Fiscal year					
Figures in EURm	2012	2013	2014	2015	2016E	2017E
Total revenues	10,531	15,958	15,202	14,928	15,221	15,987
Change of inventories	39	27	-43	87	40	30
Capitalised items	5	2	5	4	4	4
Total output	10,780	16,247	15,346	15,177	15,451	16,219
Cost of goods sold	-9,355	-14,668	-13,817	-13,575	-13,600	-13,588
Gross profit	1,176	1,290	1,385	1,353	1,621	2,399
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
Operating income	187	137	152	158	244	320
Net financial result	-47	-62	-72	-70	-108	-133
EBT	140	75	80	88	135	187
Income taxes	-5	-21	0	-26	-41	-56
Minorities	0	0	0	0	0	0
Net income / loss	135	54	81	62	95	131
EPS	2.82	0.91	1.78	1.39	2.11	2.93
DPS	1.13	0.36	0.71	0.56	0.84	1.17
Change y-o-y						
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%	51.82%	38.79%
DPS	73.38%	-67.84%	96.30%	-21.77%	51.82%	38.79%
Share in total revenues						
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	2016	2017
Assets						
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	71	48
Current assets	2,445	3,100	3,390	3,749	3,770	3,823
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	192
Goodwill	0	0	0	0	0	0
Deferred tax assets	113	128	209	212	167	160
Non-current assets	2,012	1,915	2,262	2,287	2,267	2,323
Total assets	4,457	5,015	5,652	6,037	6,038	6,146
Liabilities						
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
Current liabilities	1,947	2,414	2,488	2,769	2,886	2,954
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	1,107	1,007
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	136	102
Liabilities from assets-for-sale	27	0	0	0	0	0
Long-term liabilities	1,425	1,419	2,113	2,191	1,995	1,899
Total liabilities	3,372	3,833	4,602	4,961	4,881	4,853
Shareholder's equity	862	914	786	810	854	940
Minority interests	223	268	264	266	303	353
Total equity and liabilities	4,457	5,015	5,652	6,037	6,038	6,146

Source: Dr. Kalliwoda Research GmbH © 2016

7 Cash Flow Statement

Cash flow statement - BayWa

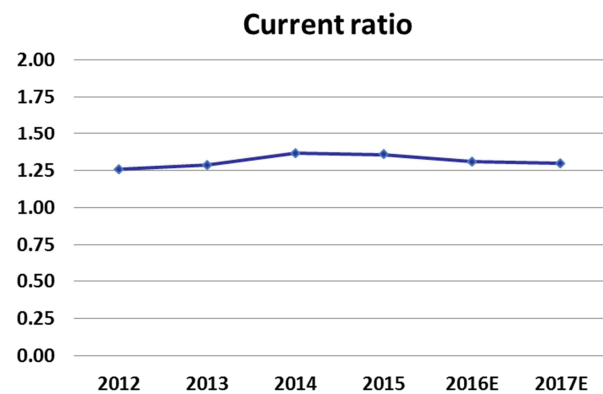
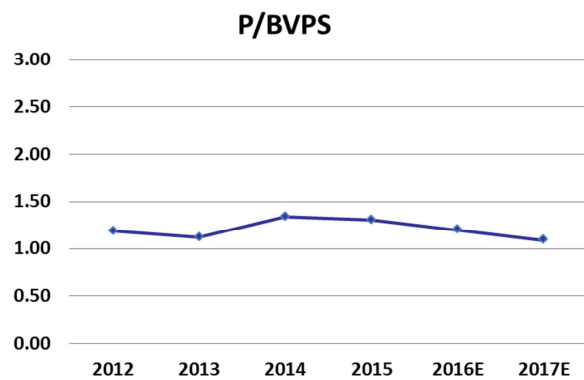
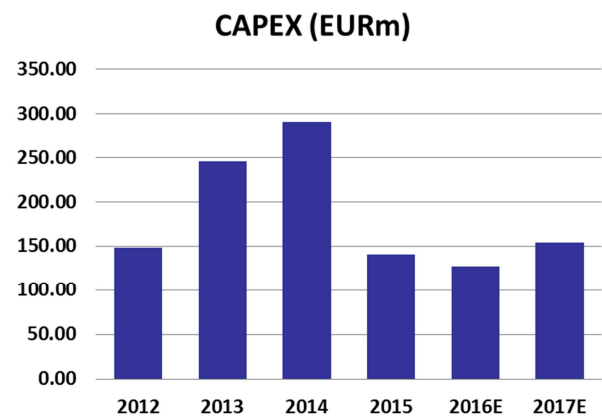
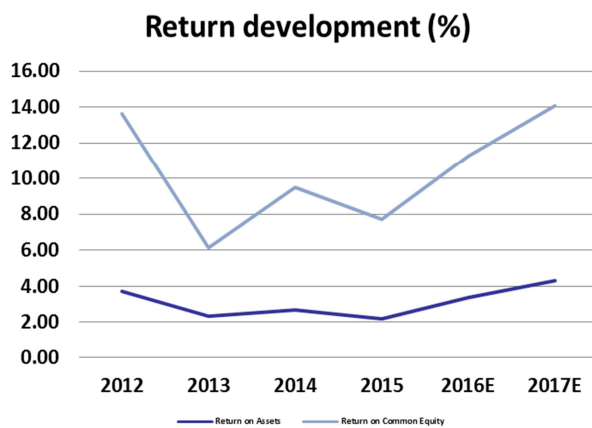
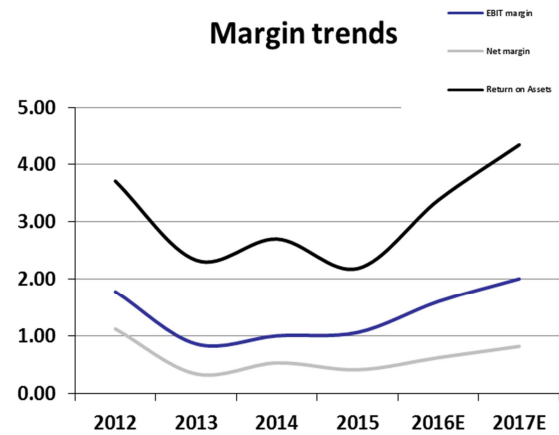
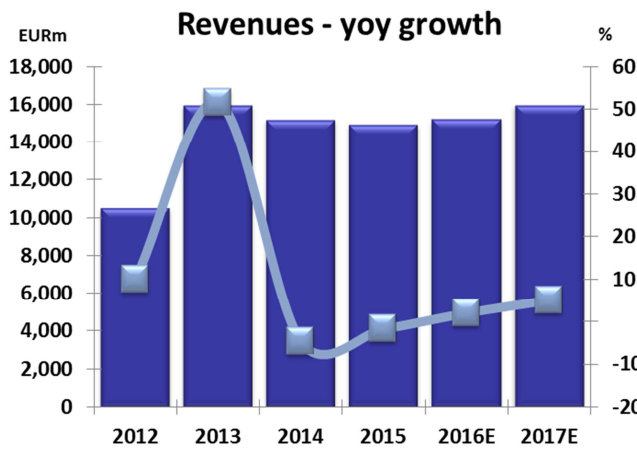
Figures in EURm	Fiscal year					
	2012	2013	2014	2015	2016E	2017E
Net income / loss before minority share deduction	118.0	54.3	80.7	61.6	94.8	130.6
Depreciation & amortisation	119.8	144.0	127.7	130.2	108.4	104.2
Change of working capital	15.3	-31.9	-224.1	-191.0	-66.5	-85.6
Others	-80.9	52.9	-75.0	18.3	20.7	-18.4
Net operating cash flow	150.0	219.3	-90.6	19.0	157.4	130.9
CAPEX	-193.6	15.6	-227.6	-143.5	-127.4	-154.2
Free cash flow	-43.6	234.9	-318.2	-124.4	29.9	-23.4
Cash flow from financing	37.4	-217.0	334.4	98.7	-65.1	-39.0
Change of cash	-2.3	7.4	16.3	-23.9	-35.2	-62.3
Cash at the beginning of the period	87.0	84.7	92.1	108.4	84.5	49.3
Cash at the end of the period	84.7	92.1	108.4	84.5	49.3	-13.1

Source: Dr. Kalliwoda Research GmbH © 2016


8 Financial ratios

Fiscal year	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	2.90%	2.26%	1.61%	1.88%	2.31%	2.75%	2.89%
EBIT margin	1.77%	1.39%	0.77%	1.01%	1.60%	2.10%	2.30%
Net margin	0.89%	0.61%	0.40%	0.32%	0.47%	0.70%	0.79%
Return on equity (ROE)	11.16%	11.10%	7.22%	6.04%	8.71%	12.64%	13.36%
Return on assets (ROA)	3.19%	3.03%	1.74%	1.83%	2.65%	3.51%	3.92%
Return on capital employed (ROCE)	7.16%	6.16%	3.72%	3.22%	5.41%	7.36%	8.21%
Current ratio	1.26	1.28	1.36	1.35	1.31	1.29	1.30
Quick ratio	0.36	0.33	0.54	0.56	0.55	0.55	0.57
Net interest cover	4.10	4.15	3.18	2.41	2.78	3.27	3.41
Net debt/EBITDA	6.65	6.12	11.53	10.91	8.85	7.14	6.48
Book value per share	25.70	27.27	22.77	23.37	25.46	28.04	31.36

Source: Dr. Kalliwoda Research GmbH © 2016



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