

May 9th, 2017

Europe | Germany | Crops

DR. KALLIWODA

RESEARCH GmbH

UPDATE

BUY

Target price: € 39.80

BayWa AG

Growing business with potential to increase profitability margins, we expect stronger Q1 & Q2

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

Last Price: 33.30
High **Low**
Price 52 W.: 33.93 28.90
Market Cap. (EURm) 1157.51
No. of Shares (in m) 34.76

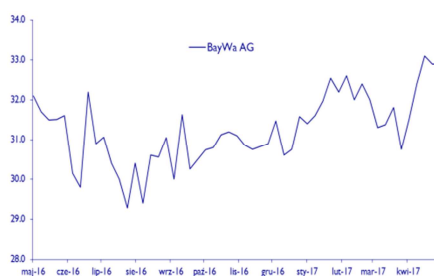
Shareholders

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%
2016	0.85	2.58%

Chart



Analyst

Dr. Norbert Kalliwoda

nk@kalliwoda.com

Tel.: 0049-69-97205853

See also Bloomberg Page: **KALL**

- The BayWa Group earned revenues of €15,409.9m in the reporting year 2016, which provides a y/y increase of 3.2%. The BayWa Group's operating result (EBIT) dropped by 8.5% to €144.7m. The drop in earnings is result of the unfavourable market conditions in the Agriculture Segment. The Group's net income dropped by 14.4% to €52.7m. Earnings per share (EPS) BayWa Group equalled to €0.90 (vs. 2015: €1.39).
- Within the agricultural segment, revenues increased by approximately 7% to Euro 10.9b (Euro 10.2 billion), however, EBIT dropped by -22% to €70.1m (previous year: €87.2m). In Energy segment, the Company achieved drop in sales in Conventional Energy (-9.6% y/y) and in Renewable Energy (-7.1% y/y). On the other hand BayWa Group increased EBIT in the energy segment (+7% to €83.1m). Within Building materials segment the Company increased revenues from €1.50bln to €1.53bln on y/y basis and EBIT €27.4m to €28.5bln on y/y basis due to the favourable weather conditions that speed up construction activities over the course of the full year.
- The BayWa Group operates in favourable market conditions, in accordance to the latest predictions by the United States Department of Agriculture (USDA), the 16/17 harvest period is expected to provide excellent grain and oilseeds harvests. The worldwide harvest volume of grain – excl. rice – is fixed at increase by 93m tonnes to a new high of 2,077m tonnes. Worldwide consumption is anticipated to rise by approx. 5% to 2,065m tonnes, meaning that inventories probably boost by around 12m tonnes to 498m tonnes.
- We regard the outlook for the BayWa Group as optimistic overall for 2017. The group revenues and the bottom line indicators should increase substantially in 2017. We believe that positive impact of the bottom line enhancement will come soon (e.g. reducing debt and SG&A costs) and should be seen in boosting margins in mid-2017 and translate to significant increase in free cash flow margin. With regards to short-term market perspective, 1Q17 financial results of BayWa Group (publication on May 11) should come out strong, in our view, providing potential catalyst for the performance of the share market price. In our opinion, the company's sales growth, deliberate and well-knit long-term strategy related to entering foreign markets, new technologies, debt management, strong operating cash-flow are firm support for good direction of stable, development of the company.

Key Figures

EURm	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	15,958	15,202	14,982	15,410	16,094	16,798	17,528	18,273
EBITDA	281	280	342	272	328	335	341	347
Operating result	137	152	212	122	224	236	249	262
Net income	54	81	115	52	102	106	112	119
EPS	0,91	1,78	1,39	0,89	1,48	1,66	1,70	1,84
BVPS	26,55	22,77	23,37	23,14	25,27	27,66	30,29	33,23
RoE	6,12%	9,49%	14,42%	6,50%	12,12%	11,48%	11,16%	10,82%
EBIT margin	0,86%	1,00%	1,41%	0,79%	1,39%	1,40%	1,42%	1,43%
P/E	42,58	17,37	20,41	37,08	22,30	19,86	19,41	17,89
P/BVPS	1,45	1,36	1,22	1,43	1,31	1,19	1,09	0,99
EV/EBITDA	12,56	13,91	11,84	16,21	13,12	12,88	12,49	12,06

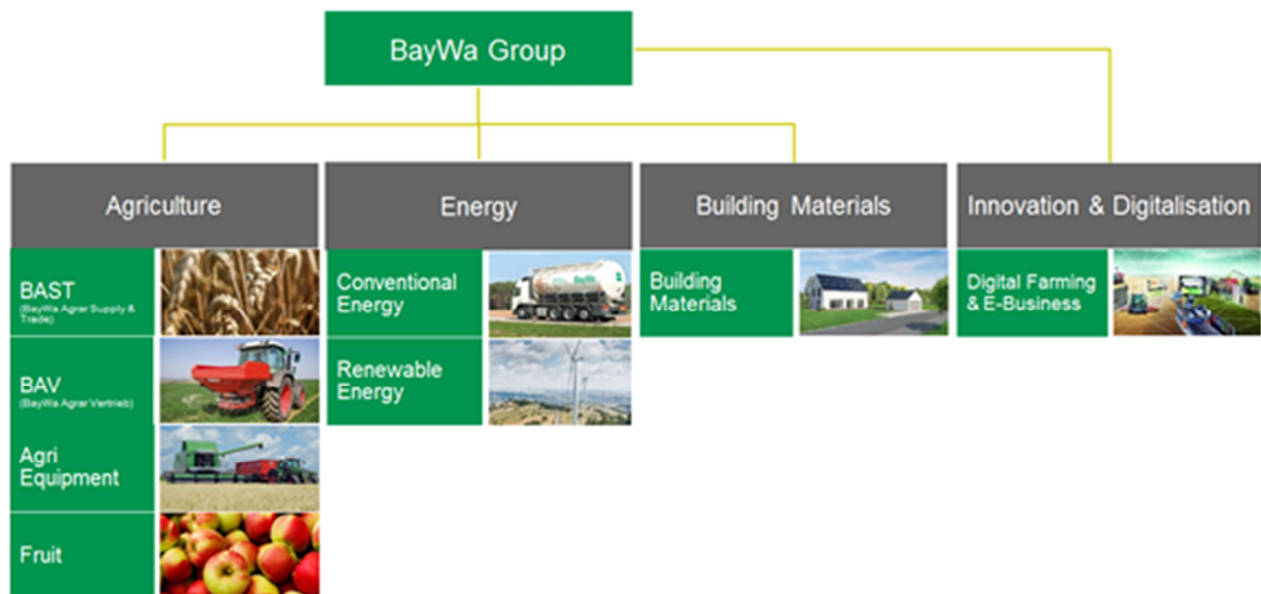
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1 Company profile

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 the new Innovation & Digitalisation Segment and 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 272 fuel stations in Germany and Austria. 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 40 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, dependency on the German and Austrian market - Very difficult market in Austria (-11% y/y) - Agriculture exposure is almost 70% of FY16, which plays down in importance Energy and Building businesses - M&A Intensive activity complicated decision-making process and strategy execution - Lower tractor registration in Germany (-10.8% y/y) - Lower profitability margins in 2016 vs. 2015
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 a significant role in 2017 if volumes gains cannot offset a decline in grain prices.

Source: Dr. Kalliwoda Research GmbH © 2017

3 Valuation

Based on the WACC of 6.3 % we have released a fair value of €39.81 per share for BayWa AG.

WACC assumptions	
Equity	
Long-term risk-free rate	2.0%
Market risk premium	9.8%
Company beta	1.4
Equity costs	15.7%
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	6.3%

Source: Dr. Kalliwoda Research GmbH © 2017

Discounted Cash Flow Model (Basis 5/2017)

in EURm	2017E	2018E	2019E	2020E	2021E
Total revenues	16094.6	16798.9	17528.5	18274.0	19053.3
(y-o-y change)	4.4%	4.4%	4.3%	4.3%	4.3%
EBIT	223.7	235.8	248.5	261.7	275.6
(operating margin)	1.4%	1.4%	1.4%	1.4%	1.4%
NOPLAT	156.6	165.1	174.0	183.2	192.9
+ Depreciation & amortisation	104.4	98.9	92.7	85.7	77.9
= Net operating cash flow	261.0	264.0	266.7	268.9	270.8
- Total investments (Capex and WC)	-131.3	-141.2	-110.7	-108.5	-59.1
Capital expenditure	-73.7	-127.5	-117.8	-89.1	-82.1
Working capital	-57.6	-13.6	7.2	-19.3	23.0
= Free cash flow (FCF)	129.7	122.8	156.0	160.4	211.7
PV of FCF's	122.0	108.8	130.0	125.7	156.1

PV of FCFs in explicit period	642.57
PV of FCFs in terminal period	3 638.92
Enterprise value (EV)	4 281.49
+ Net cash / - net debt	-2 685.24
+ Investments / - minorities	-294.00
Shareholder value	1 302.25
Number of shares outstanding (m)	34.8

WACC	6.3%
Cost of equity	15.7%
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)	37.46
Fair value per share in EUR (in 12 months)	39.81

WACC	Terminal EBIT margin						
	-0.1%	0.4%	0.9%	1.4%	1.9%	2.4%	2.9%
4.8%	-413.21	-227.05	-40.89	145.27	331.43	517.59	703.75
5.3%	-334.94	-192.09	-49.24	93.62	236.47	379.32	522.18
5.8%	-284.90	-169.80	-54.71	60.39	175.48	290.57	405.67
6.3%	-250.22	-154.42	-58.61	37.19	132.99	228.80	324.60
6.8%	-224.83	-143.20	-61.56	20.07	101.70	183.34	264.97
7.3%	-205.48	-134.68	-63.89	6.91	77.70	148.49	219.29

Source: Dr. Kalliwoda Research GmbH © 2017

4 12M/16 Results

In 2016 the BayWa Group revenues increased by 3.2% (equivalent to €473m) to the amount of €15.4b was therefore within the scope of the market expectation of Euro 15.4 billion (Bloomberg Consensus). EBIT dropped by approx. -8% mainly due to the difficult global agricultural markets, extreme volatility and price pressure. On the other hand, higher volume growth in grain & oilseed (+12% y/y) more than compensated for downturn in prices of grain and crude oil. The main reason for decrease in EBIT was difficult agri markets that burden result. The unfavourable environment for agri trading and agri equipment was partly offset by strong performance of BayWa r.e., conventional energy, building materials and fruit. Still, investors can have in hand stable dividend at EUR 0.85 per share.

Within the agricultural segment, revenues increased by approximately 7% to Euro 10.9b (Euro 10.2 billion), however, EBIT fell by -22% to €70.1m (previous year: €87.2m). Global grain output in 2016/17 achieved a new high at over 2bln tons: volume growth in wheat (+2%) and corn (+9%). The inventory changes are still positive (from 13/14 to 16/17) but the predicted positive change in inventory for 16/17 is relatively low at 19m, in comparison to 13/14 and 14/15, 64m and 59m respectively. The downturn in producer prices caused strong decline in investments from side of farmers, therefore there was a significant sales drop in 2016 to €7.2bln (-2% y/y) in German agri equipment sector. The improvement in the BAST and BAV business units because of the expansion of international trading activities was the main explanation for this rise.

In Energy segment, the Company achieved drop in sales in Conventional Energy (-9.6% y/y) and Renewable Energy (-7.1% y/y). On the other hand BayWa AG increased EBIT in the whole energy segment (+ 7% to €83.1m). The output generated, which includes all wind turbines, solar power and biomass plants commissioned in 2016, came to 265.0 megawatts (MW) in the reporting year. The distinct decrease in the prices of heating oil and fuels was the main issue behind the drop in revenues in the Conventional Energy business unit from €2,246.4million to €2,030.1 million

Within Building materials segment favourable weather conditions speed up construction activities over the course of the full year. Revenue volumes of the whole building materials portfolio gained from a flourishing housing construction market in particular, which also resulted in a spike in demand for prefabricated components, such as stairs, ceilings and garages. The Company increased revenues from €1.50bln to €1.53bln on y/y basis and EBIT €27.4m to €28.5bln on y/y basis.

The Innovation & Digitalisation Segment generated sales of €6.0m in the reporting year, representing an increase of 14.9%

Other operating income improved by an overall of €37.0m in the reporting year to €194.9m. This boost was due mainly to far greater income from asset disposals and higher price gains. The rise in inventories

in the financial year of €66.7 million was mostly because of the project developments in the Renewable Energies business unit during the financial year 2016. Personnel expenses rose y/y by 4.6%, or €38.0m, to €863.1m, primarily as a result of the growth of business activities. Earnings before interest, tax, depreciation and amortisation (EBITDA) dropped by €15.7m, or 5.5%, to €272.6m in the financial year 2016 (2015: €288.3m).

On the bottom side, the BayWa Group created net income of €52.7m in the fiscal year 2016 (2015: €61.6m); in contrast to the prior year's figure; this delivers a decrease of 14.4%. Therefore, Earnings per share (basis: average number of shares outstanding of 34,764,480) dropped from €1.39 in the earlier year to €0.90 in the fiscal year 2016.

The Group's balance sheet rose by 7.3%, or €438.2m, to €6,474.9m as at the reporting date of 31 December 2016. Borrowing went up by €415.8m, whereas equity raised by €22.4m. In the fiscal year 2016, the BayWa Group spent around €154.1m in intangible assets (€25.9m) and property, plant and equipment (€128.2m) combined with its acquisitions. These investments were mainly for the objective of restoration and preservation of buildings, facilities and office fixtures and fittings. In the fiscal year 2016, non-current assets raised slightly y/y by 3.0%, or €68.5m, to €2,355.7m. Due to the Project advancements in the Renewable Energies business unit and the international growth of agricultural trade activities, the BayWa Group's inventories boost by €238.7m y/y to €2,380.3m. Current liabilities amounted to €3,084.3m - comprising current financial liabilities, trade payables, financial liabilities, tax, other liabilities along with current provisions and liabilities from disposal groups. The liabilities are backed by current assets and assets held for sale/disposal groups of €4,119.1m, providing sound liquidity in any case.

Cash flow from operating activities (CFO) amounted to €208.6m in the fiscal year 2016 that ended up being €189.6m better than the prior year's figure of €19.0m. This improve - which was associated with an increase in inventories and trade receivables - that were due to the decline in other assets not attributable to investment and financing activities together with an increase in trade payables and other liabilities not attributable to investment and financing activities.

Cash flow from investing (CFI) activities was negative by €19.9m. Mainly due to payments for company purchases, that amounted to €71.2m in the fiscal year 2016 (2015: €36.9m) and primarily were attributed to the purchase of TFC Holland B.V., Evergrain Germany GmbH & Co. KG and Agrimec Group B.V.

Cash flow from financing (CFO) activities sum up to €-63.0m in the fiscal year and was due to, mainly, the partial repayment of the bonded loans issued in earlier years in addition to the repayment of further debts. Moreover, cash outflows from dividend payments at the parent company and at subsidiaries amounted to €35.7m and interest payments to €27.8m. In an overall, cash and cash equivalents as at the

end of the reporting year arrived at €104.4 million which is €19.9 million higher than in the previous year.

Results in 12M/2016

12M/16 results vs. previous year			
in EURm	12M/16	12M/15	change
Net sales	15.409,9	14.981,6	2,9%
EBITDA	272,0	341,8	-20,4%
EBITDA margin	1,8%	2,3%	
EBIT	144,7	158,1	-8,5%
EBIT margin	0,9%	1,1%	
Net income	52,7	61,6	-14,4%
Net margin	0,3%	0,4%	

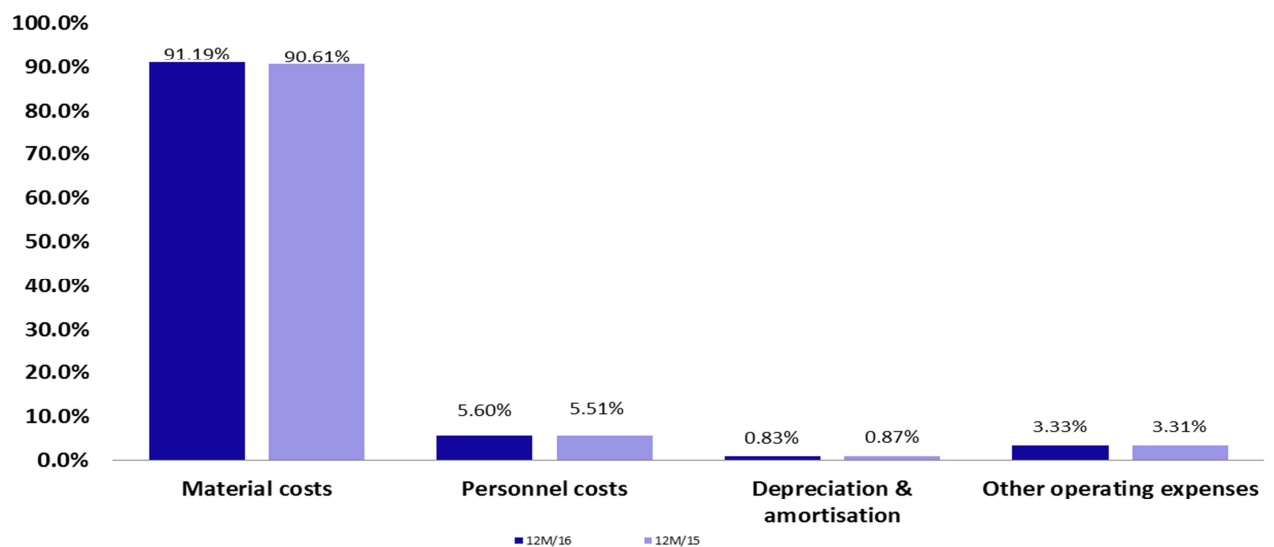
Source: Dr. Kalliwoda Research GmbH © 2017

Segment Break-down figures 12M/2016 vs. 12M/2015

Sales and EBITDA margins according to segments 12M2016 vs. 12M2015					
	12M/16	12M/15		12M/16	12M/15
Agriculture			Innovation and others		
Sales EURm	10 884.5	10 154.7	Sales EURm	19.3	66.9
share in total sales	70.6%	67.8%	share in total sales	0.1%	0.4%
EBITDA margin	1.2%	1.4%	EBITDA margin	-34.2%	211.4%
Energy			Group		
Sales EURm	2 976.0	3 264.0	Total sales EURm	15 410.5	14 981.6
share in total sales	19.3%	21.8%	change y-o-y	2.9%	
EBITDA margin	3.8%	3.5%			
Building materials					
Sales EURm	1 530.0	1 496.0			
share in total sales	9.9%	10.0%			
EBITDA margin	2.9%	2.8%			

Source: Dr. Kalliwoda Research GmbH © 2017 (Revenues in the table include intra and inter segment results)

Group Profitability



Source: Dr. Kalliwoda Research GmbH © 2017

Outlook

In accordance to the latest predictions by the United States Department of Agriculture, the 16/17 harvest period is expected to provide excellent grain and oilseeds harvests. The worldwide harvest volume of grain – excl. rice – is fixed at increase by 93m tonnes to a new high of 2,077m t. Worldwide consumption is anticipated to rise by approx. 5% to 2,065m t., therefore inventories probably boost by ca. 12m tonnes to 498m tonnes. When it comes to agricultural operating resources, we believe that market volume of seed is anticipated to stay constant at least in Germany and Austria in 2017. We foresee significant revenue growth in the Agri Segment and a significant rise in the operating result (EBIT) in the financial year 2017.

Demand for heating oil is likely to improve over the course of the year due to the significantly colder and longer winter in 2017 compared to 2016. Nevertheless, consumer ordering is incredibly vulnerable to level of prices. The Renewable Energies business unit is likely to continue its path towards global expansion in 2017 by means of organic developments and acquisitions. The goal of solar activities will be on new projects in the UK, France and the US. In 1Q 2017, within Renewable Energy sector, BayWa AG has linked seven solar farms to the grid in the UK. These plants accomplish a total output of 76 MW and located across England, Wales and Northern Ireland. The company has created all of these turnkey plants within the last five months. We foresee that, there is likely to be a moderate raise in the Energy Segment's sales for 2017, on the other side, the operating result (EBIT) probably will be relatively lower in comparison to the previous fiscal year due to higher competition in the business regarding renewable energies and diminishing margins in traditional energy business.

In terms of Building Materials Segment, we believe that revenues will probably increase significantly in 2017. The operating result (EBIT) should be able to slightly exceed the number reported in 2016 regardless of cost increases. The assumptions are mostly based on increasing demand in the construction industry in Germany. Most studies predict that revenues are likely to increase by 5.0% to €112.2bn overall. The BayWa building materials trade will probably take part in the prosperity in the construction industry in 2017 as a result of its wide array of goods. Specifically, the company ought to benefit from the expanding trend in the direction of pre-fabrication and climbing demand for flat roofs.

All in all, we regard the outlook for the BayWa as optimistic overall for 2017. The group revenues and the bottom line indicators should increase substantially in 2017. We believe that positive impact of the bottom line enhancement will come soon (e.g. reducing debt and SG&A costs) and should be seen in boosting margins in mid-2017 and translate to significant increase in free cash flow margin. With regards to short-term market perspective, 1Q17 financial results of BayWa (publication on May 11) should come out strong, in our view, providing potential catalyst for the performance of the share market price. In our opinion, the company's sales growth, deliberate and well-knit long-term strategy related to entering foreign markets, debt management, strong operating cash-flow are firm support for good direction of stable, development of the company.

5 Profit and loss statements

Profit and loss statement - BayWa AG									
Figures in EURm	Fiscal year								
	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Total revenues	10 531	15 958	15 202	14 982	15 411	16 095	16 799	17 528	18 274
Change of inventories	39	27	-43	87	67	35	35	36	52
Capitalised items	5	2	5	4	8	5	5	5	5
Total output	10 780	16 247	15 346	15 230	15 680	16 335	17 037	17 757	18 519
Cost of goods sold	-9 355	-14 668	-13 817	-13 575	-14 053	-13 814	-13 933	-13 874	-13 904
Gross profit	1 176	1 290	1 385	1 406	1 358	2 281	2 866	3 655	4 371
Other operating income	205	260	182	158	195	200	199	187	188
Personnel costs	-718	-781	-793	-825	-864	-896	-899	-957	-1 009
Depreciation & amortisation	-120	-144	-128	-130	-128	-104	-99	-93	-86
Other operating expenses	-418	-549	-457	-488	-513	-1296	-1870	-2585	-3259
Operating income	187	137	152	212	123	224	236	249	262
Net financial result	-47	-62	-72	-70	-53	-78	-85	-88	-91
EBT	140	75	80	142	70	146	151	161	171
Income taxes	-5	-21	0	-26	-17	-44	-45	-48	-51
Minorities	0	0	0	0	0	0	0	0	0
Net income / loss	135	54	81	115	53	102	106	112	119
EPS	2.82	0.91	1.78	1.39	0.90	1.48	1.66	1.70	1.84
DPS	0.65	0.75	0.80	0.85	0.36	0.59	0.66	0.68	0.74
Change y-o-y									
Total revenues	9.86%	51.53%	-4.74%	-1.45%	2.86%	4.44%	4.38%	4.34%	4.25%
Change of inventories	-56.10%	-29.60%	-257.01%	-301.16%	-23.1%	-47.0%	-2.1%	4.1%	43.9%
Total output	9.94%	50.71%	-5.54%	-0.76%	2.95%	4.18%	4.30%	4.22%	4.29%
Cost of goods sold	10.02%	56.79%	-5.80%	-1.75%	3.52%	-1.70%	0.86%	-0.43%	0.22%
Gross profit	8.63%	9.65%	7.39%	1.55%	-3.45%	67.96%	25.65%	27.54%	19.58%
Other operating income	58.91%	26.67%	-29.75%	-13.47%	23.47%	2.60%	-0.50%	-6.10%	0.47%
Personnel costs	5.74%	8.77%	1.55%	4.05%	4.66%	3.80%	0.29%	6.47%	5.37%
Depreciation & amortisation	17.30%	20.20%	-11.31%	1.92%	-1.8%	-18.29%	-5.28%	-6.29%	-7.58%
Other operating expenses	9.63%	31.33%	-16.75%	6.81%	5.17%	152.67%	44.28%	38.20%	26.11%
Operating income	25.16%	-26.44%	10.68%	39.18%	-41.98%	82.18%	5.42%	5.39%	5.30%
Net financial result	4.56%	32.55%	15.01%	-2.13%	-24.43%	47.17%	8.97%	3.53%	3.41%
EBT	34.05%	-46.28%	7.08%	75.98%	-50.68%	108.76%	3.52%	6.43%	6.33%
Income taxes	-83.15%	352.17%	-101.34%	-9580%	-36.48%	160.21%	3.52%	6.43%	6.33%
Net income / loss	75.60%	-59.84%	48.62%	42.59%	-53.94%	92.45%	3.52%	6.43%	6.33%
EPS	90.88%	-67.84%	96.30%	-21.77%	-35.35%	64.54%	12.30%	2.27%	8.49%
Share in total revenues									
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 %	0.22 %	0.21 %	0.21 %	0.28 %
Capitalised items	0.05 %	0.01 %	0.04 %	0.03 %	0.05 %	0.03 %	0.03 %	0.03 %	0.03 %
Total output	102.36 %	101.81 %	100.95 %	101.66 %	101.75 %	101.5 %	101.4 %	101.3 %	101.3 %
Cost of goods sold	-88.83 %	-91.92 %	-90.89 %	-90.61 %	-91.2 %	-85.8 %	-82.9 %	-79.1 %	-76.1 %
Gross profit	11.17 %	8.08 %	9.11 %	9.39 %	8.81 %	14.17 %	17.06 %	20.85 %	23.92 %
Other operating income	1.95 %	1.63 %	1.20 %	1.05 %	1.26 %	1.24 %	1.18 %	1.07 %	1.03 %
Personnel costs	-6.82 %	-4.89 %	-5.22 %	-5.51 %	-5.60 %	-5.57 %	-5.35 %	-5.46 %	-5.52 %
Depreciation & amortisation	-1.14 %	-0.90 %	-0.84 %	-0.87 %	-0.83 %	-0.65 %	-0.59 %	-0.53 %	-0.47 %
Other operating expenses	-3.97 %	-3.44 %	-3.00 %	-3.26 %	-3.33 %	-8.05 %	-11.13 %	-14.75 %	-17.84 %
Operating income	1.77 %	0.86 %	1.00 %	1.41 %	0.80 %	1.39 %	1.40 %	1.42 %	1.43 %
Net financial result	-0.45 %	-0.39 %	-0.47 %	-0.47 %	-0.34 %	-0.48 %	-0.51 %	-0.50 %	-0.50 %
EBT	1.33 %	0.47 %	0.53 %	0.94 %	0.45 %	0.91 %	0.90 %	0.92 %	0.93 %
Income taxes	-0.04 %	-0.13 %	0.00 %	-0.18 %	-0.11 %	-0.27 %	-0.27 %	-0.27 %	-0.28 %
Minorities	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income / loss	1.28 %	0.34 %	0.53 %	0.77 %	0.34 %	0.63 %	0.63 %	0.64 %	0.65 %

Source: Dr. Kalliwoda Research GmbH © 2017

6 Balance sheets

Balance sheet - BayWa AG									
Figures in EURm	Fiscal year								
	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Assets									
Inventories	1 433	1 836	1 986	2 142	2 380	2 179	2 198	2 189	2 193
Trade receivables	621	702	1 084	1 255	1 396	1 348	1 335	1 338	1 372
Tax receivables	50	65	28	23	43	24	25	26	28
Other assets	254	403	28	22	107	23	24	25	27
Securities and other financial assets	2	2	156	224	153	177	185	193	201
Cash & cash equivalents	85	92	108	84	104	257	302	376	392
Current assets	2 445	3 100	3 390	3 749	4 184	4 009	4 070	4 147	4 213
Property, plant and equipment	1 068	1 074	1 397	1 420	1 403	1 404	1 418	1 428	1 416
Assets-for-sale	233	0	0	0	0	0	0	0	0
At-Equity shareholdings	93	102	196	204	215	219	229	239	249
Financial assets	325	408	257	226	153	157	164	171	178
Other assets	42	46	54	60	61	64	67	70	73
Intangible assets	140	157	148	167	213	177	185	193	201
Goodwill	0	0	0	0	0	0	0	0	0
Deferred tax assets	113	128	209	212	246	161	168	175	183
Non-current assets	2 012	1 915	2 262	2 287	2 291	2 182	2 230	2 275	2 299
Total assets	4 457	5 015	5 652	6 037	6 474	6 191	6 299	6 422	6 512
Liabilities									
Tax payables	53	77	28	25	29	55	52	49	54
Pension provisions	30	29	29	30	31	32	33	35	36
Other provisions	136	145	171	176	180	189	197	206	215
Short-term financial debt	894	1 132	1 312	1 491	1 520	1 600	1 640	1 680	1 690
Trade payables	761	767	745	792	894	806	813	812	823
Other liabilities	73	265	204	255	430	166	155	161	164
Current liabilities	1 947	2 414	2 488	2 769	3 084	2 849	2 891	2 943	2 984
Pension provisions	520	512	638	625	661	672	701	732	763
Other provisions	88	86	83	83	86	89	93	97	101
Financial and leasing debt	649	629	1 111	1 227	1 269	1 249	1 239	1 199	1 109
Long-term trade payables	4	3	2	5	5	5	6	6	6
Other liabilities	11	26	127	93	97	26	27	29	30
Deferred tax liabilities	126	163	152	158	174	128	86	70	70
Liabilities from assets-for-sale	27	0	0	0	0	0	0	0	0
Long-term liabilities	1 425	1 419	2 113	2 191	2 292	2 170	2 153	2 132	2 079
Total liabilities	3 372	3 833	4 602	4 961	5 376	5 018	5 044	5 075	5 063
Shareholder's equity	862	914	786	810	804	878	961	1 053	1 155
Minority interests	223	268	264	266	294	294	294	294	294
Total equity and liabilities	4 457	5 015	5 652	6 037	6 474	6 191	6 299	6 422	6 512

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7 Cash Flow Statement

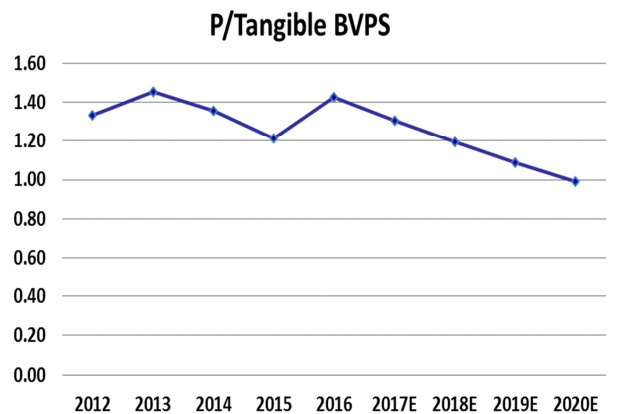
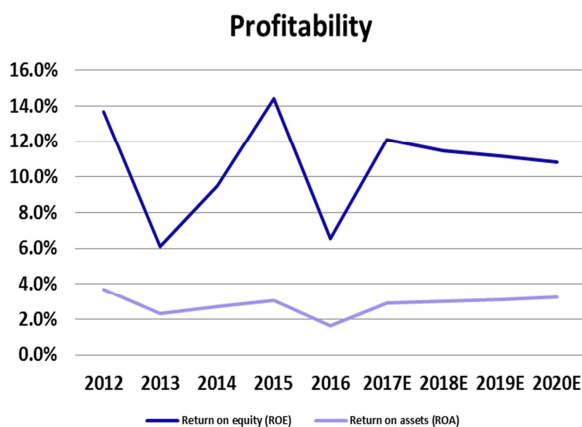
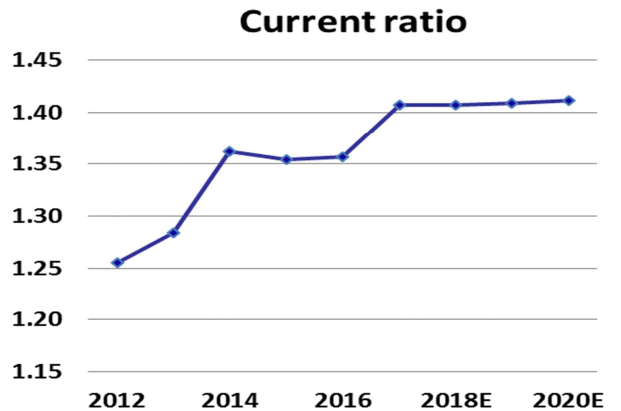
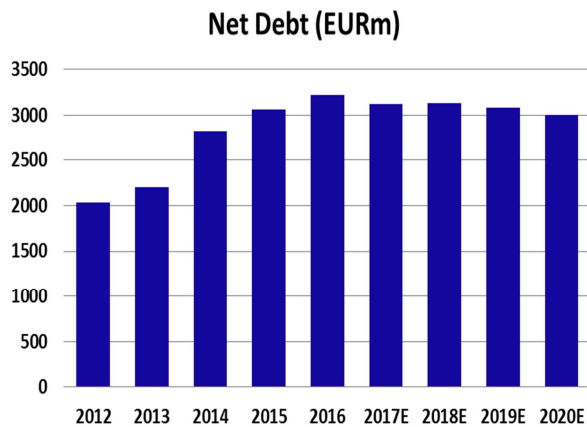
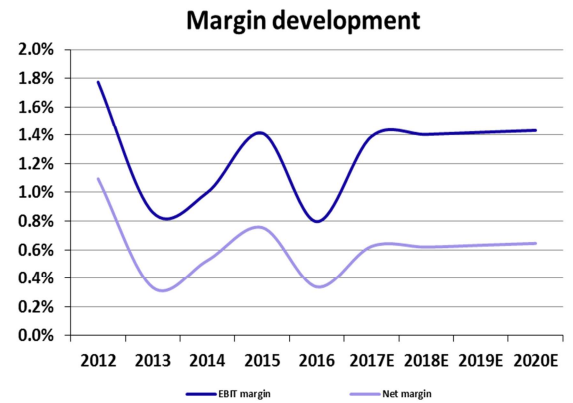
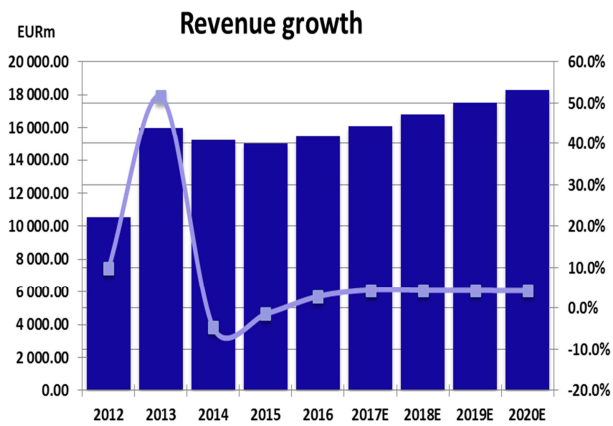
Cash flow statement - BayWa AG									
Figures in EURm	Fiscal year								
	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income / loss before minority share deduction	118.0	54.3	80.7	115.1	53.0	102.0	105.6	112.4	119.5
Depreciation & amortisation	119.8	144.0	127.7	130.2	127.8	104.4	98.9	92.7	85.7
Change of working capital	15.3	-31.9	-224.1	-191.0	-190.0	-57.6	-13.6	7.2	-19.3
Others	-80.9	52.9	-75.0	-35.2	217.7	50.9	-36.6	-10.9	5.4
Net operating cash flow	150.0	219.3	-90.6	19.0	208.5	199.7	154.3	201.3	191.3
CAPEX	-193.6	15.6	-227.6	-143.5	-123.6	-73.7	-127.5	-117.8	-89.1
Free cash flow	-43.6	234.9	-318.2	-124.4	84.9	126.0	26.8	83.5	102.1
Cash flow from financing	37.4	-217.0	334.4	98.7	-64.9	26.9	18.2	-9.7	-86.0
Change of cash	-2.3	7.4	16.3	-23.9	20.0	153.0	45.0	73.8	16.2
Cash at the beginning of the period	87.0	84.7	92.1	108.4	84.5	104.5	257.4	302.4	376.2
Cash at the end of the period	84.7	92.1	108.4	84.5	104.5	257.4	302.4	376.2	392.4

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8 Financial ratios

Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Gross margin	13.22%	9.72%	9.97%	10.86%	10.38%	15.43%	18.22%	21.87%	24.92%
EBITDA margin	2.91%	1.76%	1.84%	2.28%	1.77%	2.04%	1.99%	1.95%	1.90%
EBIT margin	1.77%	0.86%	1.00%	1.41%	0.80%	1.39%	1.40%	1.42%	1.43%
Net margin	1.09%	0.33%	0.53%	0.76%	0.34%	0.62%	0.62%	0.63%	0.65%
Return on equity (ROE)	13.66%	6.12%	9.49%	14.42%	6.57%	12.12%	11.48%	11.16%	10.82%
Return on assets (ROA)	3.70%	2.33%	2.70%	3.07%	1.64%	2.91%	3.03%	3.12%	3.23%
Return on capital employed (ROCE)	7.16%	3.82%	4.82%	5.27%	2.54%	4.69%	4.84%	5.00%	5.19%
Current ratio	1.26	1.28	1.36	1.35	1.36	1.41	1.41	1.41	1.41
Quick ratio	0.36	0.33	0.54	0.56	0.54	0.63	0.63	0.65	0.66
Net interest cover	3.97	2.21	2.12	3.02	2.32	2.87	2.77	2.82	2.88
Net debt/EBITDA	6.63	7.84	10.10	8.96	11.82	9.51	9.34	9.02	8.65
Book value per share	25.11	26.55	22.77	23.37	23.14	25.27	27.66	30.29	33.23
CAPEX/Sales	1.42%	1.57%	1.91%	0.94%	0.42%	0.46%	0.76%	0.67%	0.49%
Working capital/Sales	11.51%	9.35%	13.95%	15.63%	15.97%	15.65%	15.07%	14.41%	13.92%
EV/Sales	0.30	0.22	0.26	0.27	0.29	0.27	0.26	0.24	0.23
EV/EBITDA	10.37	12.56	13.91	11.84	16.17	13.12	12.88	12.49	12.06
EV/EBIT	17.03	25.73	25.60	19.13	35.90	19.24	18.28	17.15	16.01
P/BVPS	1.33	1.45	1.36	1.22	1.43	1.31	1.19	1.09	0.99
P/E	11.87	42.58	17.37	20.41	36.69	22.30	19.85	19.41	17.89

Source: Dr. Kalliwoda Research GmbH © 2017



9 Contacts

Primary Research Fair Value Analysis International Roadshows		Dr. Kalliwoda Research GmbH, Arndtstr. 47, 60325 Frankfurt Tel.: 069-97 20 58 53 Fax: 069-13 81 92 15
Head: Dr. Norbert Kalliwoda 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
Dr. Peter Arendarski 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)
Patrick Bellmann E-Mail: pb@kalliwoda.com	Junior-Analyst; WHU - Otto Beish. School of Management Vallendar	<u>Sectors:</u> Support Research and Quantitative Approach
Ilias Chahboune E-Mail: ic@kalliwoda.com	Master Economics: Uni Amsterdam	<u>Sectors:</u> Consumer, Retail, Real Estate
Kilian Dreher E-Mail: kd@kalliwoda.com	Junior-Analyst; University of Frankfurt/Main	<u>Sectors:</u> Consumer, Retail, Food & Beverages, Fashion
Michael John E-Mail: mj@kalliwoda.com	Dipl.-Ing. (Aachen)	<u>Sectors:</u> Chemicals, Chemical Engineering, Basic Metals, Renewable Energies, Laser/Physics
Marta Kifleab E-Mail: mki@kalliwoda.com	University of Mainz: Sprachwissenschaften	Roadshow/Conference Organisations
Rainer Koch E-Mail: rk@kalliwoda.com	Computer-Science/Dipl.-Betriebw, (Frankfurt); seasoned international Executive IT-Industry	<u>Sectors:</u> IT, IT-Services, Internet, Media, Internet, Emerging Markets
Witold Konrad Kosinski 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
Olaf Köster E-Mail: ok@kalliwoda.com	Dipl.-Betriebswirt, EBS	<u>Sectors:</u> Renewable Energy/Technology
Sebastian Krawczyk E-Mail: sk@kalliwoda.com	Bachelor in Management, Quant. Meth. in Economics & Inf. Systems at Warsaw School/Mannheim, CFA Can.	<u>Sectors:</u> Quantitative Methods, Automotive, Technology
Christoph Löffel E-Mail: cl@kalliwoda.com	Bachelor Betriebswirtschaftslehre Universität Mannheim	<u>Sectors:</u> Financials, Real Estate
Dr. Christoph Piechaczek E-Mail: cp@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Witten-Herdecke.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
Nele Rave E-Mail: nr@kalliwoda.com	Lawyer; Native Speaker, German School London,	<u>Legal adviser</u>
Hellmut Schaarschmidt; E-Mail: hs@kalliwoda.com	Dipl.-Geophysicists; University of Frankfurt/Main.	<u>Sectors:</u> Oil, Regenerative Energies, Specialities Chemicals, Utilities
Dr. Erik Schneider E-Mail: es@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Hamburg.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
Hans-Georg Sutter E-Mail: hsu@kalliwoda.com	Dipl.-Wirtschaftsingenieur University Kaiserslautern	<u>Sectors:</u> IT/e-commerce
Rainer Wochele E-Mail: rw@kalliwoda.com	Bachelor of Science in Economics and Business Administration (Goethe University Frankfurt M.)	<u>Junior-Analyst</u>
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