

August 22nd, 2017

Europe | Germany | Crops

DR. KALLIWODA

RESEARCH GmbH

UPDATE

BUY

Target price: € 41

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

Last Price:	31.45
	High Low
Price 52 W.:	34.09 28.31
Market Cap. (EURm)	1097.61
No. of Shares (in m)	34.90

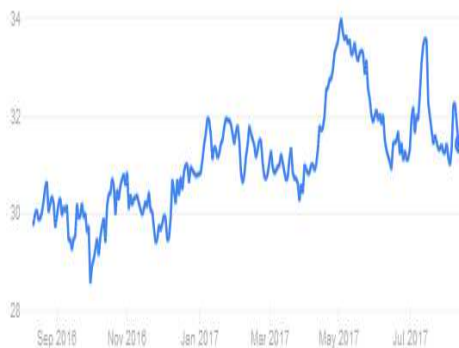
Shareholders

Bay. Raiffeisen-Beteiligungs	34.99%
Raiffeisen Agrar Invest	25.09%
Free float	39.92%

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 1y



Analyst

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BayWa AG

Strong first half of 2017

- As we anticipated in the last report, the 2Q17 financial results of BayWa AG came out strong on y-o-y basis. The Group produced earnings before interest and tax (EBIT) of €72.8m by 30 June 2017 (6M/2016: €53m). BayWa also lifted its revenues considerably in the first half to close to EUR 8.0 billion (6M/2016: €7.5bln).
- The Agriculture Segment documented a €5.2m year-on-year decrease in EBIT earnings in the first half of 2017 to €48.3m (6M/2016: €53.5m). The revenues in the first half of 2017 enhanced year on year (6M/2017: €5.6b; 6M/2016: €5.4b). The Energy Segment documented a €26m year-on-year boost in EBIT earnings in the first half of 2017 to €49.1m (6M/2016: €23.1m). The revenues in the first half of 2017 enhanced year on year (6M/2017: €1.66b; 6M/2016: €1.27b). The Building Materials Segment documented a €1.3m year-on-year increase in EBIT earnings in the first half of 2017 to €6.8m (6M/2016: €5.6m). The revenues in the first half of 2017 enhanced year on year (6M/2017: €754m; 6M/2016: €733m).
- In line with our expectations, the sizeable year-on-year climb in the half-year results was mainly driven by Renewable Energies business segment. The Group was capable to keep up the solid performance in earlier quarters here and speed up the advertising efforts of its international wind farms and solar parks.
- Overall, we expect positive developments in coming months. We are particularly bullish on Renewable Energy unit (driven additionally by development of cryptocurrency industry) and on Agricultural sector overall. We do not change our forecast. Therefore, we expect the Group to generate €16.13b of revenues and €224m of EBIT in 2017.
- All in all, we expect the Company to deliver good recurring results in 12M/17, provided that no unfavourable influences are applied on business by weather conditions and market developments. The group revenues and the bottom line indicators should increase substantially in 2017. We maintain our favorable view of the Company due to its careful business attitude, balanced growth prospects and strong current efficiency. The stock continues to be a BUY with a Target Price of € 41 (unchanged) based on DCF.

Key Figures

EURm	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	15 958	15 202	14 928	15 410	16 137	16 901	17 720	18 591
EBITDA	281	280	288	273	329	337	346	354
EBIT	137	152	158	145	224	237	251	266
Net income	54	81	62	53	102	107	114	123
EPS	0.91	1.78	1.39	1.17	2.29	2.37	2.55	2.74
BVPS	26.55	22.77	23.37	23.14	25.28	27.70	30.38	33.41
RoE	6.12%	9.49%	7.72%	6.54%	12.16%	11.58%	11.32%	11.06%
EBIT margin	0.86%	1.00%	1.06%	0.94%	1.39%	1.40%	1.42%	1.43%
P/E	42.58	17.37	20.41	28.15	13.75	13.24	12.33	11.50
P/BVPS	1.45	1.36	1.22	1.43	1.24	1.14	1.04	0.94
EV/EBITDA	12.56	13.91	14.04	16.16	12.83	12.55	12.13	11.66

Source: company, Dr. Kalliwoda Research GmbH © 2017

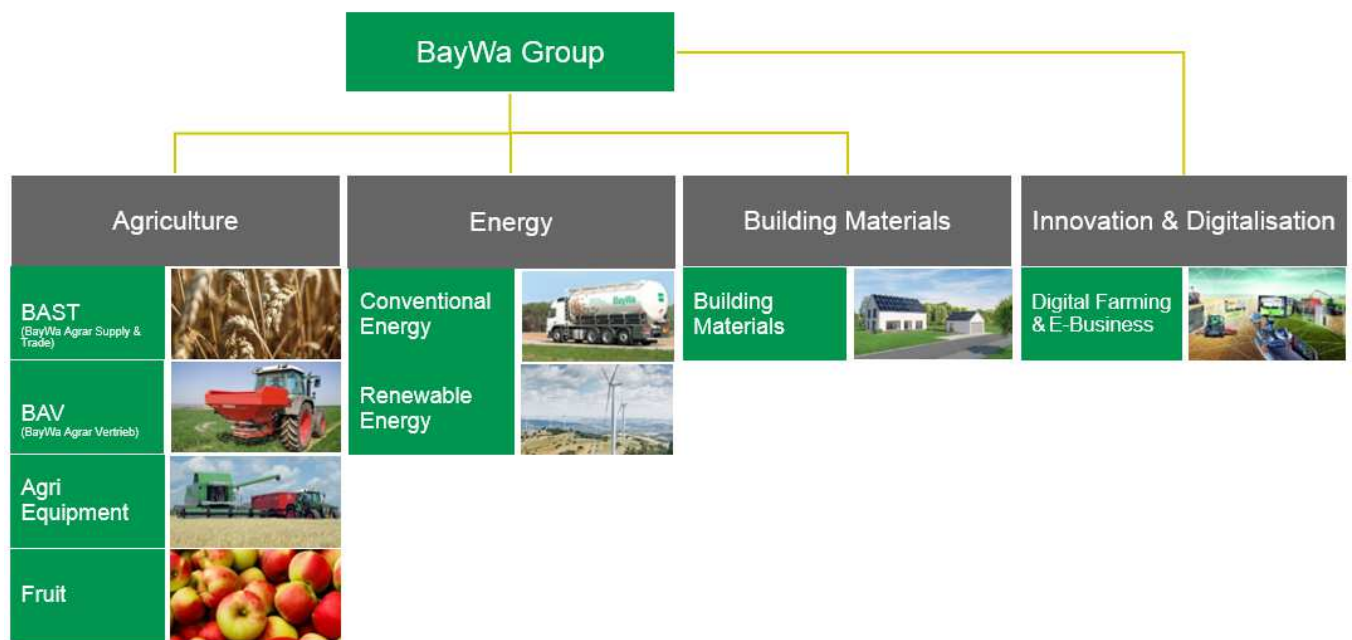
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1 Company profile

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 innovation & digitalization 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 17,399 employees as of 30 June 2017 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) in 2016 - 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 (wheat and coarse grains) in 2017/18 is still on high levels and is set to reach 2.04 bln tones according International Grains Council (as of 27 July 2017) - 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 (GDP: 3.9% in 2q 2017) 	<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 €41 per share for BayWa AG.

WACC assumptions	
Equity	
Long-term risk-free rate	2.0%
Market risk premium	9.0%
Company beta	1.5
Equity costs	15.5%
Debt	
Debt costs (before tax)	4.0%
Tax rate on debt interest	29.7%
Debt costs (after tax)	2.8%
Equity value	28%
Debt value	72%
WACC	6.3%

Source: Dr. Kalliwoda Research GmbH © 2017

Discounted Cash Flow Model (Basis 3/2017)

in EURm	2017E	2018E	2019E	2020E	2021E
Total revenues	16137.2	16900.9	17720.4	18590.5	19534.2
(y-o-y change)	4.7%	4.7%	4.8%	4.9%	5.1%
EBIT	224.2	237.3	251.3	266.2	282.6
(operating margin)	1.4%	1.4%	1.4%	1.4%	1.4%
NOPLAT	156.9	166.1	175.9	186.4	197.8
+ Depreciation & amortisation	105.2	100.0	94.3	87.7	80.5
= Net operating cash flow	262.1	266.1	270.1	274.1	278.3
- Total investments (Capex and WC)	-140.9	-142.6	-120.3	-121.7	-76.3
Capital expenditure	-75.3	-129.9	-121.3	-93.8	-88.0
Working capital	-65.6	-12.7	1.0	-27.9	11.8
= Free cash flow (FCF)	121.2	123.5	149.8	152.4	202.0
PV of FCF's	114.0	109.2	124.6	119.2	148.5

PV of FCFs in explicit period	615.52
PV of FCFs in terminal period	3 704.12
Implied Enterprise value (EV)	4 319.64
+ Net cash / - net debt	-2 685.33
+ Investments / - minorities	-294.00
Shareholder value	1 340.31
Number of shares outstanding (m)	34.8
WACC	6.3%
Cost of equity	15.5%
Pre-tax cost of debt	4.0%
Normal tax rate	29.7%
After-tax cost of debt	2.8%
Share of equity	28.0%
Share of debt	72.0%
Fair value per share in EUR (today)	38.55
Fair value per share in EUR (in 12 months)	41.00

Source: Dr. Kalliwoda Research GmbH © 2017

Sensitivity Analysis							
WACC	Terminal EBIT margin						
	-0.1%	0.4%	0.9%	1.4%	1.9%	2.4%	2.9%
4.8%	-404.27	-221.64	-39.02	143.61	326.24	508.87	691.50
5.3%	-330.11	-188.92	-47.73	93.46	234.64	375.83	517.02
5.8%	-282.10	-167.80	-53.50	60.80	175.10	289.40	403.70
6.3%	-248.57	-153.10	-57.64	37.82	133.29	228.75	324.21
6.8%	-223.87	-142.32	-60.77	20.77	102.32	183.86	265.41
7.3%	-204.96	-134.10	-63.25	7.61	78.46	149.31	220.17

4 6M/17 Results

As we anticipated in the last report, the 2Q17 financial results of BayWa AG came out strong on y-o-y basis. The Group produced earnings before interest and tax (EBIT) of €72.8m by 30 June 2017 (6M/2016: €55.3m). BayWa also lifted its revenues considerably in the first half to close to EUR 8.0 billion (6M/2016: €7.5bn). The rise in bottom line income, was accountable to Renewable Energies in particular, along with to the agricultural equipment business and the building materials trade. In line with our expectations in the last report, the sizeable year-on-year climb in the half-year results was mainly driven by Renewable Energies business segment. The Group was capable to keep up the solid performance in earlier quarters here and speed up the advertising efforts of its international wind farms and solar parks.

The Agriculture Segment documented a €5.2m year-on-year decrease in EBIT earnings in the first half of 2017 to €48.3m (6M/2016: €53.5m). The revenues in the first half of 2017 enhanced year on year (6M/2017: €5.6b; 6M/2016: €5.4b). The cut down in income was mostly driven by one-off costs (restructuring costs for southern and eastern European business activities - approx. €4m,) suffered by the BAST business unit and the expected decrease in fruit business. Within BAST business unit, the Group expanded speciality trading through the takeover of the Thegra Tracomex Group (100%) in January 2017. Additional impact on the segment were the delay in harvesting in New Zealand and high base from last year in Fruit business because of sale of T&G Global Limited packaging logistics unit in New Zealand. EU 2017 fruit harvest has been affected by intense weather conditions, therefore apple volumes dropped in a range of up to 70%. In terms of Agri Equipment, we can observe sustained recovery in the agriculture sector's economic environment, as farmers are likely to have more disposable income to spend on equipment than last year.

The Energy Segment documented a €26m year-on-year boost in EBIT earnings in the first half of 2017 to €49.1m (6M/2016: €23.1m). The revenues in the first half of 2017 enhanced year on year (6M/2017: €1.66b; 6M/2016: €1.27b). In Renewable Energy unit the revenue boosted by €259m (+82%), mainly due to the excellent project sales activity in UK and Germany: sale of 2 solar parks and 3 wind farms with total power of ca. 141 MW. In contrast, Conventional Energy unit experienced stable growth. Fossil fuels trading increased marginally on the solid previous-year period because of strong economic development and the constant reasonably low price of oil.

The Building Materials Segment documented ca. €1.2m year-on-year increase in EBIT earnings in the first half of 2017 to €6.8m (6M/2016: €5.6m). The revenues in the first half of 2017 enhanced year on year (6M/2017: €754m; 6M/2016: €733m). The results illustrate positive sentiment in the sector in Germany and Austria. Sales volumes for the whole building materials portfolio are gaining from substantial level of capacity utilisation at firms in the industry triggered in precise by flourishing call for multi-storey residential construction. In general, the segment performs according to our expectations.

Results in 6M/2017

6M/17 results vs. previous year			
in EURm	6M/2017	6M/2016	change
Net sales	8 044.0	7 456.4	7.9%
EBITDA	138.6	116.6	18.8%
EBITDA margin	1.7%	1.6%	
EBIT	72.8	55.3	-
EBIT margin	0.9%	0.7%	
Net income	27.4	14.7	-
Net margin	0.3%	0.2%	

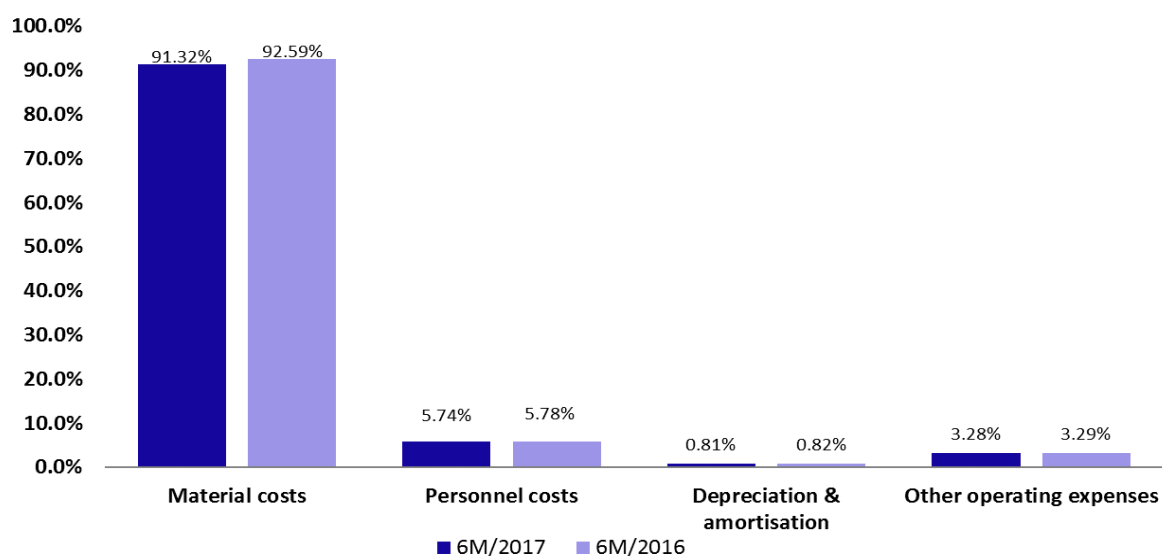
Source: Dr. Kalliwoda Research GmbH © 2017

Segment Break-down figures 6M/2017 vs. 6M/2016

Sales and EBIT margins according to segments 6M/2017 vs. 6M/2016					
	6M/2017	6M/2016		6M/2017	6M/2016
Agriculture			Innovation and others		
Sales EURm	5 614.8	5 439.0	Sales EURm	3.0	3.3
share in total sales	69.8%	72.9%	share in total sales	0.0%	0.0%
EBITDA	77.40	80.70			
EBITDA margin	1.4%	1.0%			
Energy			Group		
Sales EURm	1 664.1	1 274.0	Total sales EURm	8 044.0	7 456.4
share in total sales	20.7%	17.1%	change y-o-y	7.9%	
EBITDA	66.00	38.80			
EBITDA margin	4.0%	3.0%			
Building materials					
Sales EURm	753.6	732.5			
share in total sales	9.4%	9.8%			
EBITDA	14.50	13.20			
EBITDA margin	1.9%	1.8%			

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

Overall, we expect positive developments in coming months. We are particularly bullish on Renewable Energy unit within Energy sector and on Agricultural sector overall. We do not change our forecast. Therefore, we expect the Group to generate €16.13bof revenues and €224m of EBIT in 2017.

Our forecasts 2017E-19E			
in EURm	2017E	2018E	2019E
Net sales	16 137	16 901	17 720
EBITDA	329	337	346
<i>EBITDA margin</i>	<i>2.0%</i>	<i>2.0%</i>	<i>1.9%</i>
EBIT	224	237	251
<i>EBIT margin</i>	<i>1.4%</i>	<i>1.4%</i>	<i>1.4%</i>
Net income	102	107	114
<i>Net margin</i>	<i>0.63%</i>	<i>0.63%</i>	<i>0.64%</i>

Source: Dr. Kalliwoda Research GmbH © 2017

In terms of Agricultural sector, we expect global production of grain in 17/18 slightly below previous year wish stable price development and inventory reduction. We predict positive trend in earnings in 2H/2017 because of beneficial outlook for international trading. This may be driven by ongoing rise in producer prices over last weeks and therefore farmers are more eager to sell products. Moreover, the high-margin speciality firms such as Evergrain and Thegra Tracomex should contribute more to the overall performance of the segment. In the operating resource business, there exists decent marketing opportunity for fertilisers particularly, in perspective of the forthcoming fertiliser period. Fruit business is anticipated to behave in a different way in various regions. The southern parts of the globe should benefit from above average harvest, while the northern parts, due to cold weather should report harvest below average, including Germany. Overall, we expect lower fruit harvest. However, there are two side of the coins and the overall effect on the financial performance depends on marketing activity of the Group.

In terms of Energy sector, we expect that the sound development of renewable energies ought to keep going into the second half of the year, particularly in terms of sales volume. One of the reason of the bullish attitude in terms of sales volume is further expansion of cryptocurrency market, with Bitcoin price approaching 4,000 USD and development of blockchain technology, which results in the booming demand for computation power and cheap energy, especially wind energy. The Bitcoin's current estimated annual electricity consumption (TWh) are estimated at 15.5TWh with annual growth of +20%, while Ethereum uses energy at level of 4.5TWh. This means that the costs of mining are approx. 774m USD per year. Moreover, from the supply side, we can expect global expansion of the service business of the Group, in particular, operational & commercial management of wind/solar farms. The conventional energy unit should experience stable development.

In terms of Building Materials Segment, we expect the high demand for residential properties should be maintain, which drives an increase to construction activity. We anticipate increase in residential and constructions as well as in public-sector construction. The demand should be driven by low-yield

environment and relatively stable and growing business in Germany and Austria. Additional upside potential should come from the fact that the Group expands online sales and marketing with own brand.

All in all, we are optimistic that the Group will have the ability to accomplish our targets for the year, provided that no unfavourable influences are applied on business by weather conditions and market developments. 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 2017 and translate to significant increase in free cash flow margin.

As we anticipated, the 6M/17 financial results of BayWa AG came out strong on y-o-y basis, in our view, providing potential catalyst for the further performance of the share market price like growing demand for renewable energy, increasing willingness to spend of farmers and continual growth in building activities should support positive trend in revenues and profitability of the Group.

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	14 928	15 410	16 137	16 901	17 720	18 591
<i>Change of inventories</i>	39	27	-43	87	67	35	35	36	52
<i>Capitalised items</i>	5	2	5	4	8	5	5	5	5
Total output	10 780	16 247	15 346	15 177	15 679	16 377	17 139	17 949	18 835
<i>Cost of goods sold</i>	-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	1 353	1 357	2 323	2 968	3 847	4 687
<i>Other operating income</i>	205	260	182	158	195	200	199	187	188
<i>Personnel costs</i>	-718	-781	-793	-825	-864	-900	-905	-969	-1 027
<i>Depreciation & amortisation</i>	-120	-144	-128	-130	-128	-105	-100	-94	-88
<i>Other operating expenses</i>	-418	-549	-457	-488	-513	-1334	-1963	-2761	-3550
Operating income	187	137	152	158	145	224	237	251	266
<i>Net financial result</i>	-47	-62	-72	-70	-53	-78	-85	-88	-91
EBT	123	75	80	88	70	146	152	163	175
<i>Income taxes</i>	-5	-21	0	-26	-17	-44	-46	-49	-53
<i>Minorities</i>	0	0	0	0	0	0	0	0	0
Net income / loss	118	54	81	62	53	102	107	114	123
<i>EPS</i>	2.82	0.91	1.78	1.39	1.17	2.29	2.37	2.55	2.74
<i>DPS</i>	0.65	0.75	0.80	0.85	0.47	0.92	0.95	1.02	1.09
Change y-o-y									
<i>Total revenues</i>	9.86%	51.53%	-4.74%	-1.80%	3.23%	4.72%	4.73%	4.85%	4.91%
<i>Change of inventories</i>	-56.10%	-29.60%	-257.01%	-301.16%	-23.1%	-47.0%	-2.1%	4.1%	43.9%
<i>Total output</i>	9.94%	50.71%	-5.54%	-1.11%	3.31%	4.45%	4.65%	4.72%	4.94%
<i>Cost of goods sold</i>	10.02%	56.79%	-5.80%	-1.75%	3.52%	-1.70%	0.86%	-0.43%	0.22%
<i>Gross profit</i>	8.63%	9.65%	7.39%	-2.31%	0.33%	71.16%	27.74%	29.63%	21.84%
<i>Other operating income</i>	58.91%	26.67%	-29.75%	-13.47%	23.47%	2.60%	-0.50%	-6.10%	0.47%
<i>Personnel costs</i>	5.74%	8.77%	1.55%	4.05%	4.66%	4.16%	0.65%	7.00%	6.06%
<i>Depreciation & amortisation</i>	17.30%	20.20%	-11.31%	1.92%	-1.8%	-17.68%	-4.91%	-5.78%	-6.92%
<i>Other operating expenses</i>	9.63%	31.33%	-16.75%	6.81%	5.17%	160.12%	47.12%	40.61%	28.61%
<i>Operating income</i>	25.16%	-26.44%	10.68%	3.97%	-8.30%	54.63%	5.83%	5.90%	5.96%
<i>Net financial result</i>	4.56%	32.55%	15.01%	-2.13%	-24.43%	47.17%	8.97%	3.53%	3.41%
<i>EBT</i>	17.55%	-38.74%	7.08%	9.49%	-20.96%	110.07%	4.15%	7.22%	7.33%
<i>Income taxes</i>	-83.15%	352.17%	-101.34%	-9580%	-36.48%	161.08%	4.15%	7.22%	7.33%
<i>Net income / loss</i>	53.26%	-53.98%	48.62%	-23.66%	-14.30%	93.84%	4.15%	7.22%	7.33%
<i>EPS</i>	90.88%	-67.84%	96.30%	-21.77%	-15.76%	95.17%	3.79%	7.40%	7.24%
Share in total revenues									
<i>Total revenues</i>	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
<i>Change of inventories</i>	0.37 %	0.17 %	-0.28 %	0.58 %	0.43 %	0.22 %	0.20 %	0.20 %	0.28 %
<i>Capitalised items</i>	0.05 %	0.01 %	0.04 %	0.03 %	0.05 %	0.03 %	0.03 %	0.03 %	0.03 %
<i>Total output</i>	102.36 %	101.81 %	100.95 %	101.66 %	101.75 %	101.5 %	101.4 %	101.3 %	101.3 %
<i>Cost of goods sold</i>	-88.83 %	-91.92 %	-90.89 %	-90.94 %	-91.2 %	-85.6 %	-82.4 %	-78.3 %	-74.8 %
<i>Gross profit</i>	11.17 %	8.08 %	9.11 %	9.06 %	8.81 %	14.40 %	17.56 %	21.71 %	25.21 %
<i>Other operating income</i>	1.95 %	1.63 %	1.20 %	1.06 %	1.26 %	1.24 %	1.18 %	1.05 %	1.01 %
<i>Personnel costs</i>	-6.82 %	-4.89 %	-5.22 %	-5.53 %	-5.60 %	-5.57 %	-5.36 %	-5.47 %	-5.53 %
<i>Depreciation & amortisation</i>	-1.14 %	-0.90 %	-0.84 %	-0.87 %	-0.83 %	-0.65 %	-0.59 %	-0.53 %	-0.47 %
<i>Other operating expenses</i>	-3.97 %	-3.44 %	-3.00 %	-3.27 %	-3.33 %	-8.27 %	-11.62 %	-15.58 %	-19.10 %
<i>Operating income</i>	1.77 %	0.86 %	1.00 %	1.06 %	0.94 %	1.39 %	1.40 %	1.42 %	1.43 %
<i>Net financial result</i>	-0.45 %	-0.39 %	-0.47 %	-0.47 %	-0.34 %	-0.48 %	-0.50 %	-0.50 %	-0.49 %
<i>EBT</i>	1.16 %	0.47 %	0.53 %	0.59 %	0.45 %	0.91 %	0.90 %	0.92 %	0.94 %
<i>Income taxes</i>	-0.04 %	-0.13 %	0.00 %	-0.18 %	-0.11 %	-0.27 %	-0.27 %	-0.28 %	-0.28 %
<i>Minorities</i>	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
<i>Net income / loss</i>	1.12 %	0.34 %	0.53 %	0.41 %	0.34 %	0.63 %	0.63 %	0.64 %	0.66 %

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	1 356	1 343	1 353	1 397
Tax receivables	50	65	28	23	43	24	26	27	28
Other assets	254	403	28	22	107	24	25	26	27
Securities and other financial assets	2	2	156	224	153	178	186	195	204
Cash & cash equivalents	85	92	108	84	104	252	299	369	380
Current assets	2 445	3 100	3 390	3 749	4 184	4 013	4 076	4 158	4 231
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	220	231	242	254
Financial assets	325	408	257	226	153	157	165	173	181
Other assets	42	46	54	60	62	64	67	71	74
Intangible assets	140	157	148	167	213	178	186	195	204
Goodwill	0	0	0	0	0	0	0	0	0
Deferred tax assets	113	128	209	212	246	161	169	177	186
Non-current assets	2 012	1 915	2 262	2 287	2 291	2 185	2 236	2 285	2 315
Total assets	4 457	5 015	5 652	6 037	6 475	6 198	6 312	6 444	6 546
Liabilities									
Tax payables	53	77	28	25	29	56	53	49	55
Pension provisions	30	29	29	30	31	32	34	35	37
Other provisions	136	145	171	176	180	190	199	209	219
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	163	167
Current liabilities	1 947	2 414	2 488	2 769	3 084	2 851	2 895	2 949	2 993
Pension provisions	520	512	638	625	661	676	708	742	779
Other provisions	88	86	83	83	86	89	94	98	103
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	28	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	2 174	2 160	2 145	2 098
Total liabilities	3 372	3 833	4 602	4 961	5 376	5 025	5 055	5 094	5 090
Shareholder's equity	862	914	786	810	804	879	963	1 056	1 162
Minority interests	223	268	264	266	294	294	294	294	294
Total equity and liabilities	4 457	5 015	5 652	6 037	6 475	6 198	6 312	6 444	6 546

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7 Cash Flow Statement

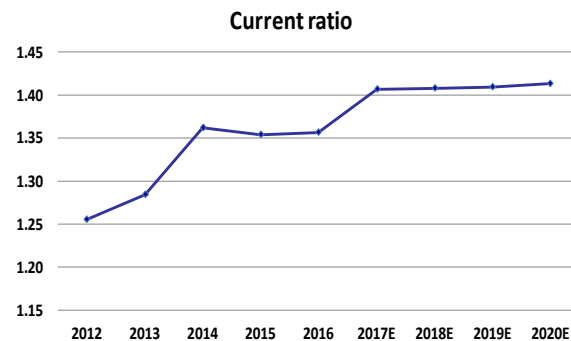
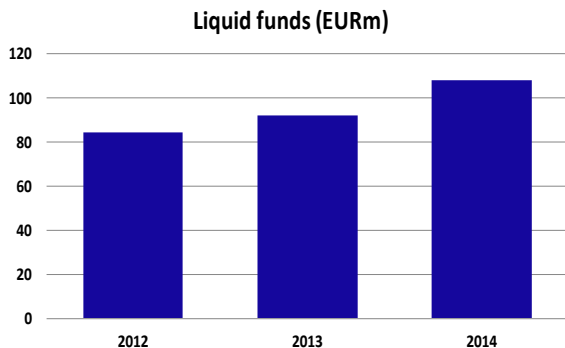
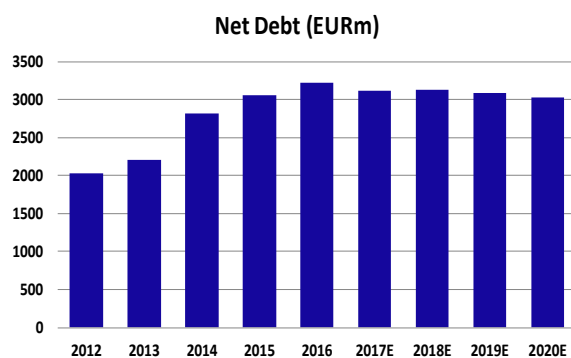
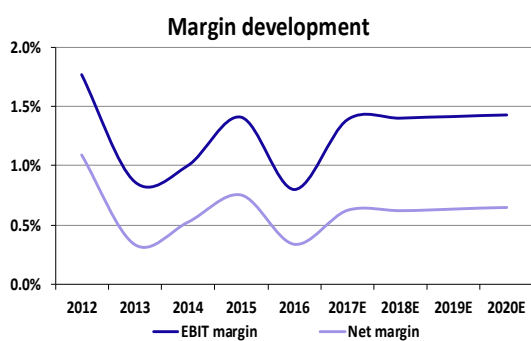
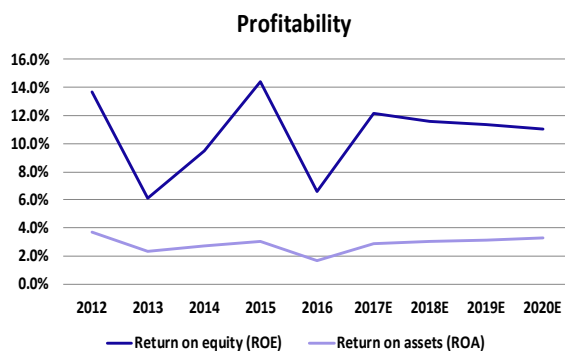
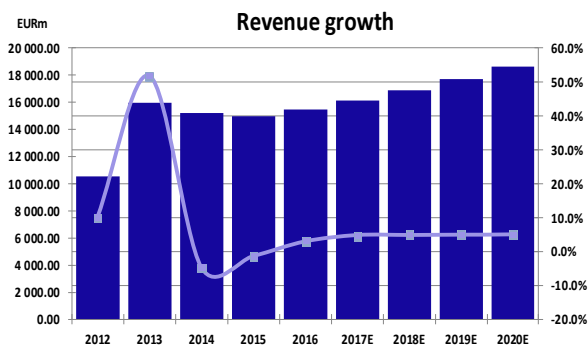
Cash flow statement - BayWa AG									
Figures in EURm	Fiscal year								
	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income / loss before minority share deduction	118.0	54.3	80.7	61.6	52.8	102.3	106.6	114.3	122.7
Depreciation & amortisation	119.8	144.0	127.7	130.2	127.8	105.2	100.0	94.3	87.7
Change of working capital	15.3	-31.9	-224.1	-191.0	-190.0	-65.6	-12.7	1.0	-27.9
Others	-80.9	52.9	-75.0	18.2	217.9	52.1	-36.4	-9.8	6.4
Net operating cash flow	150.0	219.3	-90.6	19.0	208.5	194.1	157.5	199.7	188.9
CAPEX	-193.6	15.6	-227.6	-143.5	-123.6	-75.3	-129.9	-121.3	-93.8
Free cash flow	-43.6	234.9	-318.2	-124.4	84.9	118.8	27.6	78.4	95.1
Cash flow from financing	37.4	-217.0	334.4	98.7	-65.0	29.1	19.2	-8.2	-84.0
Change of cash	-2.3	7.4	16.3	-23.9	19.9	147.9	46.8	70.2	11.1
Cash at the beginning of the period	87.0	84.7	92.1	108.4	84.5	104.4	252.3	299.1	369.3
Cash at the end of the period	84.7	92.1	108.4	84.5	104.4	252.3	299.1	369.3	380.4

Source: Dr. Kalliwoda Research GmbH © 2017

8 Financial ratios

Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Gross margin	13.22%	9.72%	9.97%	10.55%	10.37%	15.65%	18.71%	22.70%	26.18%
EBITDA margin	2.91%	1.76%	1.84%	1.93%	1.77%	2.04%	2.00%	1.95%	1.90%
EBIT margin	1.77%	0.86%	1.00%	1.06%	0.94%	1.39%	1.40%	1.42%	1.43%
Net margin	1.09%	0.33%	0.53%	0.41%	0.34%	0.62%	0.62%	0.64%	0.65%
Return on equity (ROE)	13.66%	6.12%	9.49%	7.72%	6.54%	12.16%	11.58%	11.32%	11.06%
Return on assets (ROA)	3.70%	2.33%	2.70%	2.18%	1.63%	2.91%	3.04%	3.14%	3.26%
Return on capital employed (ROCE)	7.16%	3.82%	4.82%	3.39%	2.99%	4.69%	4.86%	5.03%	5.24%
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	2.25	2.74	2.87	2.79	2.86	2.93
Net debt/EBITDA	6.63	7.84	10.10	10.63	11.82	9.50	9.30	8.95	8.56
Book value per share	25.11	26.55	22.77	23.37	23.14	25.28	27.70	30.38	33.41
CAPEX/Sales	1.42%	1.57%	1.91%	0.94%	0.43%	0.47%	0.77%	0.68%	0.50%
Working capital/Sales	11.51%	9.35%	13.95%	15.68%	15.97%	15.66%	15.02%	14.32%	13.80%
EV/Sales	0.30	0.22	0.26	0.27	0.29	0.26	0.25	0.24	0.22
EV/EBITDA	10.37	12.56	13.91	14.04	16.16	12.89	12.61	12.18	11.72
EV/EBIT	17.03	25.73	25.60	25.60	30.40	18.93	17.93	16.76	15.58
P/BVPS	1.33	1.45	1.36	1.22	1.43	1.27	1.16	1.05	0.96
P/E	11.87	42.58	17.37	20.41	28.15	13.99	13.48	12.55	11.70

Source: Dr. Kalliwoda Research GmbH © 2017



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