

December 20th, 2017

Europe | Germany | Crops & Energy

DR. KALLIWODA
RESEARCH GmbH

UPDATE

BUY

Target price: € 42.50

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

Last Price:	31.24
	High Low
Price 52 W.:	34.09 30.01
Market Cap. (EURm)	1093.71
No. of Shares (in m)	35.01

Shareholders

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

Performance

4 Weeks	-3.30%
26 Weeks	-0.40%
52 Weeks	1.70%

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

Further expansion of renewable energy business

- The Group produced earnings before interest and tax (EBIT) of €90.3m by 30 Sept 2017 (9M/2016: €85.4m). BayWa also lifted its revenues considerably in the first nine months to close to €12 billion (9M/2016: €11.4b). The progression in revenues and EBIT was driven by all three core operating segments: Agriculture, Energy and Building Materials.
- The Agriculture segment documented a €4.5m year-on-year increase in EBIT earnings in 9M/2017 to €49.6m (9M/2016: €45.1m). The revenues in 9M/2017 enhanced year on year (9M/2017: €8.25b; 9M/2016: €8.19b). The Energy segment documented a €5.3m year-on-year increase in EBIT earnings in 9M/2017 to €63m (9M/2016: €57.7m). The revenues in 9M/2017 increased year on year by solid margin (9M/2017: €2.5b; 9M/2016: €2.07b). The Building Materials segment documented ca. €3m year-on-year increase in EBIT earnings in 9M/2017 to €21.6m (9M/2016: €18.8m). The revenues also increased year on year (9M/2017: €1.2b; 9M/2016: €1.17b).
- In line with our expectations, the sizeable year-on-year climb in the 9M/2017 results was mainly driven by Renewable Energies business segment. The Group was capable to keep up the solid performance in Building Materials segment while the performance in Agri segment was burden due to the failed harvest in Germany and Europe.
- 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 environment. The group's revenues and the bottom line indicators should increase substantially in 2017-2019. We believe that positive impact of the bottom line enhancement will come soon (e.g. reducing SG&A costs) and should be seen in boosting margins in coming years and translate to significant increase in free cash flow margin.
- We expect that Baywa's 4Q17 results to show a substantial qoq profits recovery in Agri segment. We expect the Company's results to improve in the vast majority of segments (most likely Renewable Energy and on Building Materials). Growing demand for renewable and conventional energy, increasing willingness to spend of farmers and continual growth in building activities in Germany should support positive trend in revenues and profitability of the Group. The stock continues to be a BUY with a Target Price of € 42.44 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	16 912	17 768	18 714
EBITDA	281	280	288	273	306	418	442	470
EBIT	137	152	158	145	177	279	293	309
Net income	54	81	62	53	80	146	154	163
EPS	0.91	1.78	1.39	0.90	1.78	3.25	3.43	3.62
BVPS	26.55	22.77	23.37	23.14	24.54	27.77	31.04	34.32
RoE	6.12%	9.49%	7.72%	6.54%	9.64%	16.03%	15.02%	14.29%
EBIT margin	0.86%	1.00%	1.06%	0.94%	1.10%	1.65%	1.65%	1.65%
P/E	42.58	17.37	20.41	28.15	17.52	9.62	9.12	8.63
P/BVPS	1.45	1.36	1.22	1.43	1.27	1.12	1.01	0.91
EV/EBITDA	12.56	13.91	14.04	16.16	14.04	10.27	9.71	9.37

Source: company, Dr. Kalliwoda Research GmbH © 2017

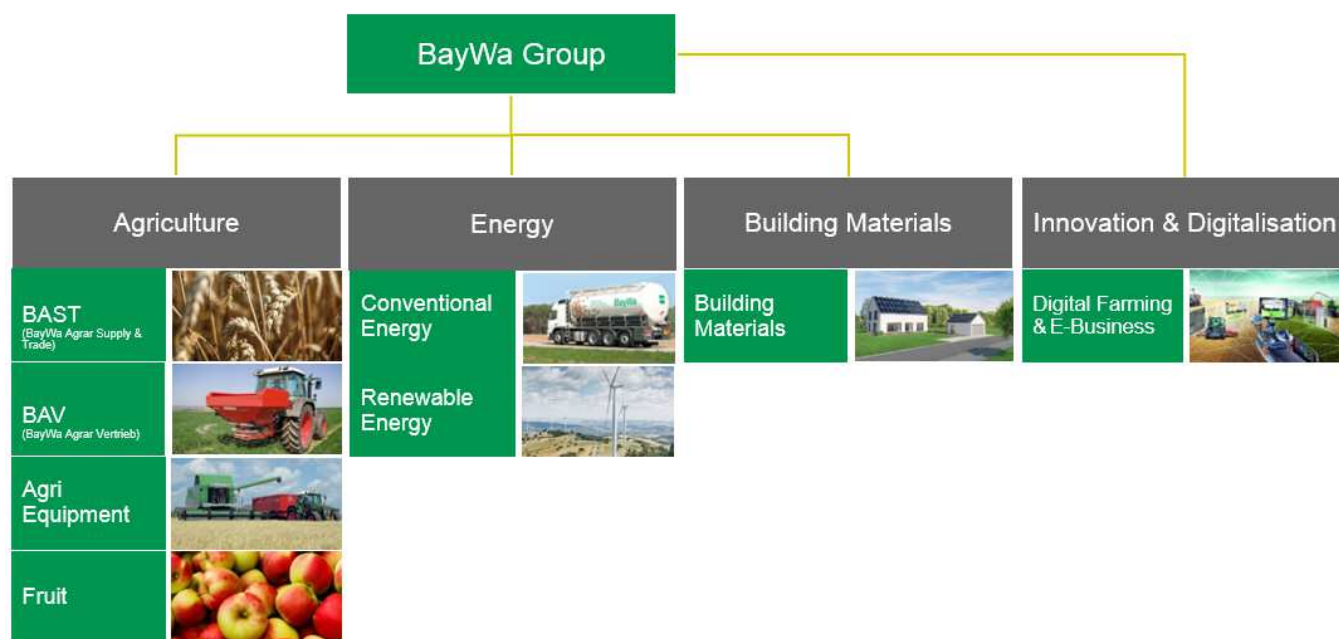
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1 Company profile

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 16,711 employees as of 31 December 2016.



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 than expected net profitability in Q3/2017 - Weather-related losses in fruit trading in Q3/2017
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 - Agricultural demand elasticity is to be rather low, yet the Energy business is seasonal while building cyclical bias is evident - Weather-related losses in Agri segment

Source: Dr. Kalliwoda Research GmbH © 2017

3 Valuation

Based on the WACC of 6.4 % we have released a fair value of €42.44 per share for BayWa AG.

WACC assumptions	
Equity	
Long-term risk-free rate	2.2%
Market risk premium	6.3%
Company beta	1.4
Equity costs	11.0%
Debt	
Debt costs (before tax)	5.5%
Tax rate on debt interest	29.7%
Debt costs (after tax)	3.9%
Equity value	35%
Debt value	65%
WACC	6.4%

Source: Dr. Kalliwoda Research GmbH © 2017

Discounted Cash Flow Model (Basis 9/2017)

in EURm	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E
Total revenues	16 137	16 912	17 768	18 714	19 759	20 916	22 197	23 621
(y-o-y change)	4.7%	4.8%	5.1%	5.3%	5.6%	5.9%	6.1%	6.4%
EBIT	177.4	279.0	293.2	308.8	326.0	345.1	366.3	389.7
(operating margin)	1.1%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
NOPLAT	124.2	195.3	205.2	216.1	228.2	241.6	256.4	272.8
+ Depreciation & amortisation	129.1	138.7	149.3	160.9	173.9	188.2	204.2	222.0
= Net operating cash flow	253.3	334.0	354.5	377.1	402.1	429.8	460.6	494.9
- Total investments (Capex and WC)	-44.6	-130.6	-214.4	-287.7	-255.3	-249.5	-295.2	-305.7
Capital expenditure	-158.2	-218.8	-257.0	-300.1	-240.0	-257.2	-276.3	-297.6
Working capital	113.7	88.2	42.6	12.4	-15.3	7.7	-19.0	-8.1
= Free cash flow (FCF)	208.7	203.4	140.1	89.3	146.7	180.3	165.4	189.1
PV of FCF's	205.5	188.3	121.9	73.1	112.9	130.4	112.4	120.8
PV of FCFs in explicit period	1 065.30							
PV of FCFs in terminal period	3 329.06							
Implied Enterprise value (EV)	4 394.36							
+ Net cash / - net debt	-2 685.33							
+ Investments / - minorities	-328.40							
Shareholder value	1 380.63							
Number of shares outstanding (m)	34.8							
WACC	6.4%							
Cost of equity	11.0%							
Pre-tax cost of debt	5.5%							
Normal tax rate	29.7%							
After-tax cost of debt	3.9%							
Share of equity	35.0%							
Share of debt	65.0%							
Fair value per share in EUR (today)	39.71							
Fair value per share in EUR (in 12 months)	42.24							

Source: Dr. Kalliwoda Research GmbH © 2017

4 9M/17 Results

The Group produced earnings before interest and tax (EBIT) of €90.3m by 30 Sept 2017 (9M/2016: €85.4m). BayWa also lifted its revenues considerably in the first nine months to close to €12 billion (9M/2016: €11.4b). The progression in revenues and EBIT was driven by all three core operating segments: Agriculture, Energy and Building Materials.

The company successfully issued of a EUR 300 million hybrid bond. A total of €300 million was placed with national and international institutional investors. The proceeds of the issue will be utilized, among other purposes, to refinance liabilities, to enhance the company's capital base and to diversify the portfolio of financing opportunities. The company acquired majority holding in Vista GmbH (a service developer for satellite applications), in Landhandel Knaup GmbH (an agriculture products trading) and made an acquisition of wind project developer Future Energy in Australia.

The **Agriculture segment** documented a €4.5m year-on-year increase in EBIT earnings in the first nine months of 2017 to €49.6m (9M/2016: €45.1m). The revenues in 9M/2017 enhanced slightly year on year (9M/2017: €8.25b; 9M/2016: €8.19b). The revenues progression was mainly because of farmers' greater desire to invest continues. The incredibly confident development of agricultural equipment business overcompensated for the weather-related losses in fruit trading. Frost damages trigger weakest EU apple harvest since 10 years: 9.3 m tons. Therefore, fruit trading business did not meet the level of the prior year because of a delay to the marketing season for overseas apples because of weather conditions and the worse than expected harvest in Germany and European countries.

The **Energy segment** documented a €5.3m year-on-year increase in EBIT earnings in the first nine months of 2017 to €63m (9M/2016: €57.7m). The revenues in 9M/2017 enhanced year on year by solid margin (9M/2017: €2.5b; 9M/2016: €2.07b). The renewable energy division achieved 43% increase in revenues due to global expansion of the service business and trading with PV components. The energy segment documented sizeable year-on-year sales progress in the first nine months of the recent fiscal year, predominantly because of the international growth of BayWa r.e. renewable energy business which sold solar, wind and biogas plants with a total output of above 290 megawatts (MW) in Europe, Australia and the US. Moreover, the company benefitted from high average oil price.

The **Building Materials segment** documented ca. €3m year-on-year increase in EBIT earnings in the first nine months of 2017 to €21.6m (9M/2016: €18.8m). The revenues in 9M/2017 enhanced year on year (9M/2017: €1.2b; 9M/2016: €1.17b). This positive pattern was mainly because of high demand for building materials in the German construction, which is experiencing persistently solid expansion and the increase in sales in areas such as flat roof construction and building components.

Results in 9M/2017

9M/17 results vs. previous year			
in EURm	9M/2017	9M/2016	change
Net sales	11 980.3	11 439.3	4.7%
EBITDA	188.1	177.3	6.1%
<i>EBITDA margin</i>	1.6%	1.5%	
EBIT	90.3	85.4	-
<i>EBIT margin</i>	0.8%	0.7%	
Net income	28.0	25.0	-
<i>Net margin</i>	0.2%	0.2%	

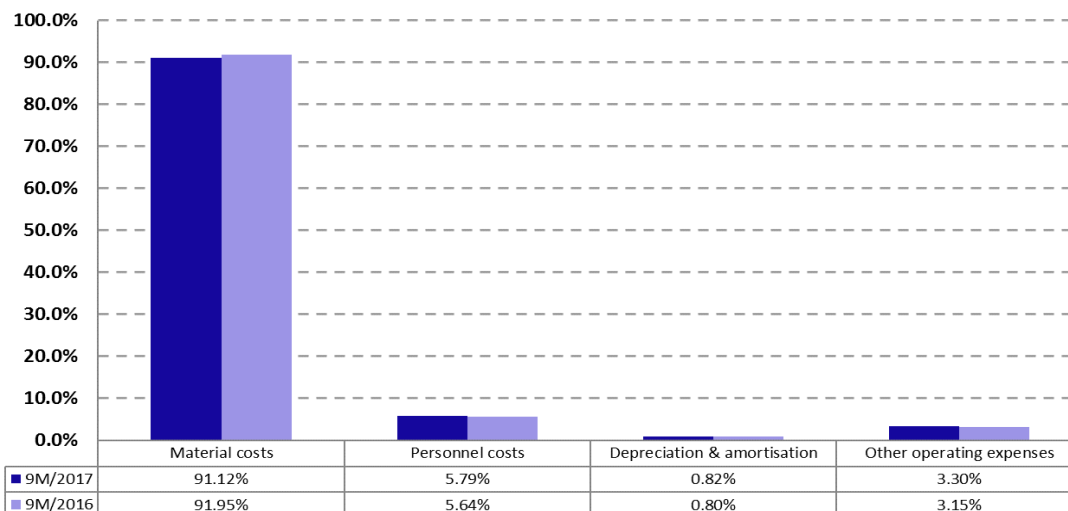
Source: Dr. Kalliwoda Research GmbH © 2017

Segment performance breakdown figures 9M/2017 vs. 9M/2016

Sales and EBIT margins according to segments 9M/2017 vs. 9M/2016					
	9M/2017	9M/2016		9M/2017	9M/2016
Agriculture			Innovation and others		
Sales EURm	8 247.1	8 186.3	Sales EURm	4.8	4.4
<i>share in total sales</i>	68.8%	71.6%	<i>share in total sales</i>	0.0%	0.0%
EBIT	49.60	45.10	EBIT	neg.	neg.
EBIT margin	0.6%	0.6%	EBIT margin	neg.	neg.
Energy			Group		
Sales EURm	2 500.5	2 070.6	Total sales EURm	11 980.3	11 439.3
<i>share in total sales</i>	20.9%	18.1%	<i>change y-o-y</i>	4.7%	
EBIT	63.00	57.70			
EBIT margin	2.5%	2.8%			
Building materials					
Sales EURm	1 218.6	1 168.6			
<i>share in total sales</i>	10.2%	10.2%			
EBIT	21.60	18.80			
EBIT margin	1.8%	1.6%			

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

Costs breakdown



Source: Dr. Kalliwoda Research GmbH © 2017

Outlook

In **Agricultural segment**, we predict positive trend in earnings in Q4/2017. Because of the weather, the autumn sowing season commenced about two weeks later than in 2016. Therefore, the bulk of seasonal demand for operating resources is likely to move to the later autumn months. Moreover, we should see the results of restructuring works in Italy and Romania in next months. Additionally, trade with tropical fruits could benefit from Christmas business. The fruit trading business damaged by poor weather, should report moderate recovery effects from overseas apple business throughout to the end of the year, while the northern parts should report harvest below average, including Germany. Propensity to invest is likely to increase in the agricultural sector. Widespread willingness of farmers to invest in agricultural equipment should continue. Moreover, the high-margin speciality firms such as Evergrain and Thegra Tracomex should contribute more to the overall performance of the segment. Overall, the Agri segment experienced difficult time this year due to unexpected weather conditions. However, the restructuring, cost savings and stable rise in sales of new and used tractors should provide positive driver for the future top and bottom line results.

In the **Energy segment**, it can be suspected that trade with heating oil in particular will rise once again in the winter months ahead. We anticipate steady development of fuels and lubricants business in line with positive economic trend that suggests GDP growth of 2.0% in Germany.

We are especially bullish on renewable energy segment. The sold output may exceed 300 MW and to be higher than expected (+215 MW). Margins should remain at the same level due to high competition. The company significantly expand operations by purchasing project developer Future energy and project portfolio in Australia. Besides the structural reasons (eg. 80% of power generation in Germany originate from renewable energy sources until 2050) the renewable energy sector received another unexpected driver to grow - development of blockchain technology and proof-of-work protocol (miners use energy intensive hardware and are rewarded by collecting cryptocurrency). Especially wind energy is well suited to mine cryptocurrencies. Bitcoin price approaching 18,000 USD and development of blockchain technology, results in the booming demand for computation power and cheap energy. According to Digiconomist, the Bitcoin's current estimated annual electricity consumption (TWh) are estimated at 32TWh with monthly growth of +20%, while Ethereum uses energy at level of 11TWh. This means that the costs of mining Bitcoin is approx. USD 1.6b per year and Bitcoin mining consumes more electricity a year than Ireland.

In terms of **Building Materials segment**, we expect the high demand for residential properties should be maintain, which drives an increase to construction activity. Demand for building materials ought to take advantage of the high order backlog of construction firms in the last quarter of 2017. We anticipate increase in residential and commercial constructions as well as in public-sector construction. The demand should be driven by low-interest environment, accumulated personal savings and relatively stable and growing business in Germany and Austria.

Overall, we keep our bullish outlook for coming months. We adjust our projections for Baywa for 2017E and onwards. We cut our sales forecasts for 2017E due to the failed harvest in Germany and Europe and lower than expected margins in Energy segment. However, we increase our revenues and profitability forecast for 2018E onwards. We are particularly bullish on Renewable Energy business and on Building Materials overall. We expect the Group to generate €16.13b of revenues and €177m of EBIT in 2017.

Our forecasts 2017E-19E			
in EURm	2017E	2018E	2019E
Net sales	16 137	16 912	17 768
Agri	11 440	12 012	12 630
Energy	3 086	3 225	3 396
Building Materials	1 591	1 655	1 721
EBITDA	306	418	442
<i>EBITDA margin</i>	<i>1.9%</i>	<i>2.5%</i>	<i>2.5%</i>
EBIT	177	279	293
<i>EBIT margin</i>	<i>1.1%</i>	<i>1.7%</i>	<i>1.7%</i>
Net income	80	146	154
<i>Net margin</i>	<i>0.50%</i>	<i>0.87%</i>	<i>0.87%</i>

Source: Dr. Kalliwoda Research GmbH © 2017

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 environment. The group's revenues and the bottom line indicators should increase substantially in 2017-2019. We believe that positive impact of the bottom line enhancement will come soon (e.g. reducing SG&A costs) and should be seen in boosting margins in coming years and translate to significant increase in free cash flow margin.

We expect that Baywa's 4Q17 results to show a substantial qoq profits recovery, which given market trends, should be no surprise for investors, though. We expect the Company's results to improve in the vast majority of segments (most likely Renewable Energy and on Building Materials) providing potential catalyst for the further performance of the share market price. Growing demand for renewable and conventional energy, increasing willingness to spend of farmers and continual growth in building activities in Germany 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	16 912	17 768	18 714
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	15 177	15 679	16 377	17 150	17 996	18 959
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	1 353	1 357	2 323	2 979	3 894	4 810
Other operating income	205	260	182	158	195	200	199	187	188
Personnel costs	-718	-781	-793	-825	-864	-900	-906	-971	-1 034
Depreciation & amortisation	-120	-144	-128	-130	-128	-129	-139	-149	-161
Other operating expenses	-418	-549	-457	-488	-513	-1357	-1893	-2709	-3551
Operating income	187	137	152	158	145	177	279	293	309
Net financial result	-47	-62	-72	-70	-53	-63	-70	-73	-76
EBT	123	75	80	88	70	114	209	220	233
Income taxes	-5	-21	0	-26	-17	-34	-63	-66	-70
Minorities	0	0	0	0	0	0	0	0	0
Net income / loss	118	54	81	62	53	80	146	154	163
EPS	2.82	0.91	1.78	1.39	0.90	1.78	3.25	3.43	3.62
DPS	0.65	0.75	0.80	0.85	0.85	0.85	1.30	1.37	1.45
Change y-o-y									
Total revenues	9.86%	51.53%	-4.74%	-1.80%	3.23%	4.72%	4.80%	5.06%	5.32%
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%	-1.11%	3.31%	4.45%	4.72%	4.93%	5.35%
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%	-2.31%	0.33%	71.16%	28.22%	30.74%	23.51%
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%	4.16%	0.72%	7.22%	6.48%
Depreciation & amortisation	17.30%	20.20%	-11.31%	1.92%	-1.8%	1.02%	7.42%	7.62%	7.83%
Other operating expenses	9.63%	31.33%	-16.75%	6.81%	5.17%	164.58%	39.49%	43.07%	31.09%
Operating income	25.16%	-26.44%	10.68%	3.97%	-8.30%	22.35%	57.29%	5.06%	5.32%
Net financial result	4.56%	32.55%	15.01%	-2.13%	-24.43%	18.87%	11.11%	4.29%	4.11%
EBT	17.55%	-38.74%	7.08%	9.49%	-20.96%	64.38%	82.72%	5.32%	5.72%
Income taxes	-83.15%	352.17%	-101.34%	-9580%	-36.48%	104.30%	82.72%	5.32%	5.72%
Net income / loss	53.26%	-53.98%	48.62%	-23.66%	-14.30%	51.68%	82.72%	5.32%	5.72%
EPS	90.88%	-67.84%	96.30%	-21.77%	-35.32%	98.14%	82.09%	5.50%	5.63%
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 %	0.20 %	0.20 %	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 %	-90.94 %	-91.2 %	-85.6 %	-82.4 %	-78.1 %	-74.3 %
Gross profit	11.17 %	8.08 %	9.11 %	9.06 %	8.81 %	14.40 %	17.61 %	21.92 %	25.70 %
Other operating income	1.95 %	1.63 %	1.20 %	1.06 %	1.26 %	1.24 %	1.18 %	1.05 %	1.00 %
Personnel costs	-6.82 %	-4.89 %	-5.22 %	-5.53 %	-5.60 %	-5.57 %	-5.36 %	-5.47 %	-5.53 %
Depreciation & amortisation	-1.14 %	-0.90 %	-0.84 %	-0.87 %	-0.83 %	-0.80 %	-0.82 %	-0.84 %	-0.86 %
Other operating expenses	-3.97 %	-3.44 %	-3.00 %	-3.27 %	-3.33 %	-8.41 %	-11.20 %	-15.25 %	-18.98 %
Operating income	1.77 %	0.86 %	1.00 %	1.06 %	0.94 %	1.10 %	1.65 %	1.65 %	1.65 %
Net financial result	-0.45 %	-0.39 %	-0.47 %	-0.47 %	-0.34 %	-0.39 %	-0.41 %	-0.41 %	-0.41 %
EBT	1.16 %	0.47 %	0.53 %	0.59 %	0.45 %	0.71 %	1.24 %	1.24 %	1.24 %
Income taxes	-0.04 %	-0.13 %	0.00 %	-0.18 %	-0.11 %	-0.21 %	-0.37 %	-0.37 %	-0.37 %
Minorities	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income / loss	1.12 %	0.34 %	0.53 %	0.41 %	0.34 %	0.50 %	0.87 %	0.87 %	0.87 %

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	2 499	2 398	2 489	2 493
Trade receivables	621	702	1 084	1 255	1 396	1 406	1 394	1 442	1 467
Tax receivables	50	65	28	23	43	64	66	67	68
Other assets	254	403	28	22	107	114	175	276	277
Securities and other financial assets	2	2	156	224	153	228	486	495	506
Cash & cash equivalents	85	92	108	84	104	453	469	672	668
Current assets	2 445	3 100	3 390	3 749	4 184	4 764	4 987	5 441	5 480
Property, plant and equipment	1 068	1 074	1 397	1 420	1 403	1 413	1 427	1 467	1 507
Assets-for-sale	233	0	0	0	0	0	0	0	0
At-Equity shareholdings	93	102	196	204	215	220	318	314	404
Financial assets	325	408	257	226	153	157	165	223	312
Other assets	42	46	54	60	62	112	168	160	196
Intangible assets	140	157	148	167	213	228	286	295	306
Goodwill	0	0	0	0	0	0	0	0	0
Deferred tax assets	113	128	209	212	246	241	269	278	287
Non-current assets	2 012	1 915	2 262	2 287	2 291	2 372	2 632	2 737	3 012
Total assets	4 457	5 015	5 652	6 037	6 475	7 136	7 619	8 178	8 492
Liabilities									
Tax payables	53	77	28	25	29	56	53	50	56
Pension provisions	30	29	29	30	31	32	34	35	37
Other provisions	136	145	171	176	180	190	199	209	221
Short-term financial debt	894	1 132	1 312	1 491	1 520	1 730	1 820	1 910	1 890
Trade payables	761	767	745	792	894	1 295	1 254	1 362	1 394
Other liabilities	73	265	204	255	430	266	286	363	368
Current liabilities	1 947	2 414	2 488	2 769	3 084	3 570	3 646	3 930	3 966
Pension provisions	520	512	638	625	661	676	709	744	784
Other provisions	88	86	83	83	86	89	94	98	104
Financial and leasing debt	649	629	1 111	1 227	1 269	1 449	1 589	1 679	1 769
Long-term trade payables	4	3	2	5	5	5	6	6	6
Other liabilities	11	26	127	93	97	26	38	39	41
Deferred tax liabilities	126	163	152	158	174	134	241	269	295
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	2 381	2 675	2 837	2 999
Total liabilities	3 372	3 833	4 602	4 961	5 376	5 951	6 321	6 766	6 966
Shareholder's equity	862	914	786	810	804	856	969	1 083	1 198
Minority interests	223	268	264	266	294	328	328	328	328
Total equity and liabilities	4 457	5 015	5 652	6 037	6 475	7 136	7 619	8 178	8 492

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7 Cash Flow Statement

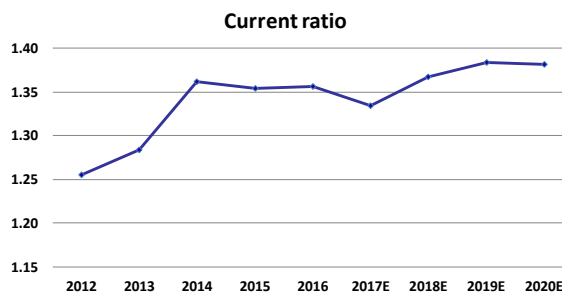
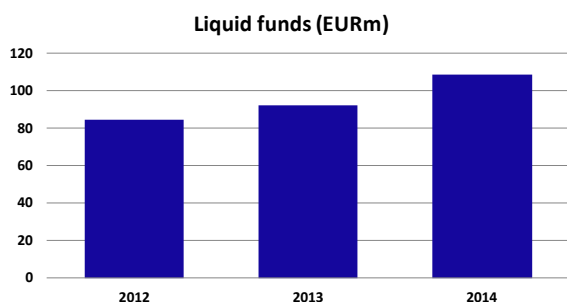
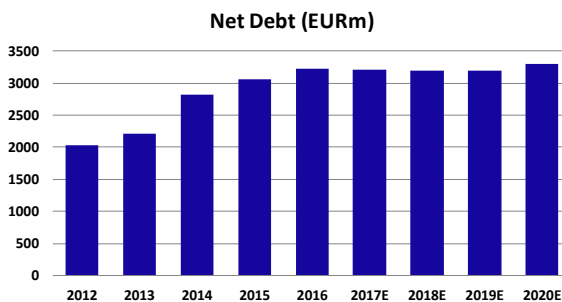
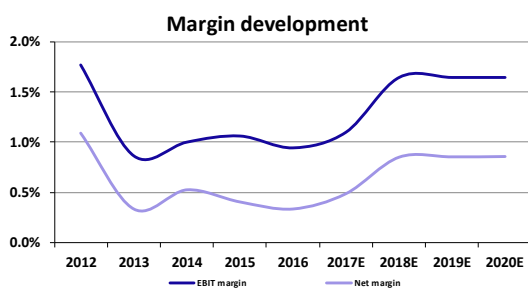
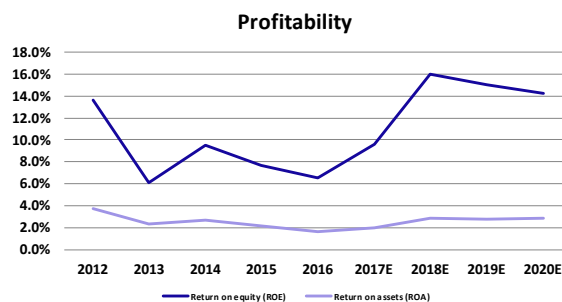
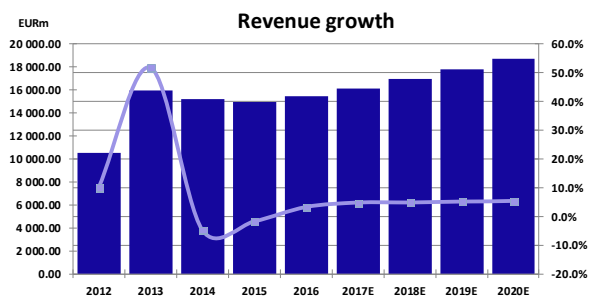
Cash flow statement - BayWa AG									
Figures in EURm	Fiscal year								
	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income / loss before minority share deduction	118.0	54.3	80.7	61.6	52.8	80.1	146.3	154.1	162.9
Depreciation & amortisation	119.8	144.0	127.7	130.2	127.8	129.1	138.7	149.3	160.9
Change of working capital	15.3	-31.9	-224.1	-191.0	-190.0	113.7	88.2	42.6	12.4
Others	-80.9	52.9	-75.0	18.2	217.9	-21.2	91.8	35.0	33.0
Net operating cash flow	150.0	219.3	-90.6	19.0	208.5	301.7	464.9	381.0	369.3
CAPEX	-193.6	15.6	-227.6	-143.5	-123.6	-158.2	-218.8	-257.0	-300.1
Free cash flow	-43.6	234.9	-318.2	-124.4	84.9	143.4	246.2	124.0	69.2
Cash flow from financing	37.4	-217.0	334.4	98.7	-63.0	205.4	-230.1	78.9	-73.5
Change of cash	-2.3	7.4	16.3	-23.9	19.9	348.8	16.1	203.0	-4.4
Cash at the beginning of the period	87.0	84.7	92.1	108.4	84.5	104.4	453.2	469.3	672.3
Cash at the end of the period	84.7	92.1	108.4	84.5	104.4	453.2	469.3	672.3	667.9

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%	18.76%	22.91%	26.66%
EBITDA margin	2.91%	1.76%	1.84%	1.93%	1.77%	1.90%	2.47%	2.49%	2.51%
EBIT margin	1.77%	0.86%	1.00%	1.06%	0.94%	1.10%	1.65%	1.65%	1.65%
Net margin	1.09%	0.33%	0.53%	0.41%	0.34%	0.49%	0.85%	0.86%	0.86%
Return on equity (ROE)	13.66%	6.12%	9.49%	7.72%	6.54%	9.64%	16.03%	15.02%	14.29%
Return on assets (ROA)	3.70%	2.33%	2.70%	2.18%	1.63%	2.01%	2.84%	2.78%	2.81%
Return on capital employed (ROCE)	7.16%	3.82%	4.82%	3.39%	2.99%	3.48%	4.92%	4.83%	4.78%
Current ratio	1.26	1.28	1.36	1.35	1.36	1.33	1.37	1.38	1.38
Quick ratio	0.36	0.33	0.54	0.56	0.54	0.58	0.64	0.66	0.67
Net interest cover	3.97	2.21	2.12	2.25	2.74	2.82	3.99	4.02	4.06
Net debt/EBITDA	6.63	7.84	10.10	10.63	11.82	10.47	7.65	7.24	7.04
Book value per share	25.11	26.55	22.77	23.37	23.14	24.54	27.77	31.04	34.32
CAPEX/Sales	1.42%	1.57%	1.91%	0.94%	0.43%	0.98%	1.29%	1.45%	1.60%
Working capital/Sales	11.51%	9.35%	13.95%	15.68%	15.97%	14.55%	13.36%	12.47%	11.78%
EV/Sales	0.30	0.22	0.26	0.27	0.29	0.27	0.26	0.24	0.24
EV/EBITDA	10.37	12.56	13.91	14.04	16.16	14.12	10.33	9.77	9.42
EV/EBIT	17.03	25.73	25.60	25.60	30.40	24.39	15.47	14.74	14.33
P/BVPS	1.33	1.45	1.36	1.22	1.43	1.31	1.15	1.03	0.93
P/E	11.87	42.58	17.37	20.41	28.15	17.98	9.87	9.36	8.86

Source: Dr. Kalliwoda Research GmbH © 2017



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