

May 7, 2014

Europe | Germany | Crops

UPDATE

BUY

Target price: € 47.39

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

Last Price: 40.53
High 41.80 **Low** 35.00
Price 52 W.: 41.80 35.00
Market Cap. (EURm) 1400.47
No. of Shares (in m) 34.55
Avg. Daily Volume (shares) 14,737

Shareholders

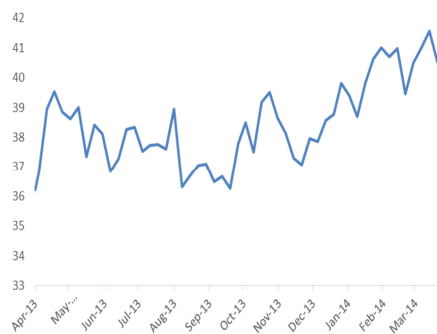
Bay. Raiffeisen-Beteiligungs 35.15%
Raiffeisen Agrar Invest 25.12%
Free float 39.73%

Performance

4 Weeks 2.70%
13 Weeks 4.50%
26 Weeks 11.79%
52 Weeks 9.30%
YTD 7.30%

Dividend

	in EUR	in %
2010	0.50	1.23%
2011	0.60	1.48%
2012	0.65	1.60%
2013	0.75	1.85%



Dr. Piotr Arendarski
Email: pa@kalliwoda.com

Dr. Norbert Kalliwoda
Email: nk@kalliwoda.com

Phone: +49 69 97 20 58 53
www.kalliwoda.com

DR. KALLIWODA

RESEARCH GmbH

BayWa AG

A globally active company with growth potential

- With its business segments agriculture, energy and building materials, BayWa AG is a diversified and leading wholesaler in the agricultural business in Europe. BayWa is present in 20 European countries as well as in the USA and New Zealand. The company generates around 63% of its revenues in the Core Markets in Germany 46% and Austria 16,7% and in the rest of the world of 36,3% (including mainly USA and New Zealand).
- BayWa AG has been very active in acquiring small and medium businesses in 2012 and 2013 marking a milestone in acquisitions that also has provoked an increase in leverage. In this way, BayWa has evolved from a European into a global agricultural trading company due to the acquisitions of Turners& Growers, Cefetra and Bohnhorst
- The BayWa Group has kept good track record in the third quarter of the financial year: Revenues had risen by 52% to almost €16 billion by 31 December 2013 (previous year: €10.53 billion), and EBIT (earnings before interest and tax) had climbed by more than 18% to €222 million in total.
- There are many upside opportunities for the future company development; 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
- The final estimate of implied market value based on DCF model equals €1.7billion. This implies 16,9% upside potential which translate into 12 months target price of €47.39. We hold a buy recommendation.

Key Figures

EURm	2009	2010	2011	2012	2013	2014E	2015E
Net sales	7,260	7,903	9,586	10,531	15,958	17,830	18,728
EBITDA	210	228	251	306	360	392	437
EBIT	115	129	149	187	222	253	283
Net income	45	51	52	96	98	112	118
EPS	1.33	1.48	1.50	2.79	2.84	3.25	3.43
BVPS	23.48	24.56	24.84	24.94	26.46	28.41	30.46
RoE	5.76%	6.16%	6.13%	11.16%	11.06%	11.85%	11.64%
EBIT margin	1.59%	1.63%	1.56%	1.77%	1.39%	1.42%	1.51%
P/E	30.47	27.39	27.02	14.53	14.26	12.47	11.83
P/BVPS	1.73	1.65	1.63	1.63	1.53	1.43	1.33
EV/EBITDA	15.53	14.28	12.96	10.65	9.04	8.31	7.45

Content

1	Company Profile	3
2	SWOT Analysis	4
3	Current Developments.....	4
4	Valuation.....	6
5	12M/13 results	6
6	Profit and loss statements	10
7	Balance sheets.....	11
8	Cash flow statements	12
9	Financial ratios	12

1 Company profile

BayWa AG is a trading and services Group composed of three core business segments: Agriculture, Energy, and Building Materials. The company founded in 1923, headquartered in Munich, is active on every continent in the world. The Company is engaged in the wholesale and retail of industrial and agricultural goods, and in the provision of related services. Its business activities are structured into the core segments of Agriculture, Building Materials and Energy, along with Other Activities. The Agriculture segment offers products such as grain and fruits, crop protection products, fertilizers, feedstuff and seeds, as well as agricultural equipment such as tractors, forestry machinery and spare parts. The Building Materials segment provides construction materials and building components, as well as operating garden centers and pet departments 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 242 fuel stations in Germany. In addition, BayWa has established itself in the renewable energies market as a major, internationally oriented project developer and trader in the fields of wind power, solar power and bioenergy.

BayWa AG is a strong corporate structure listed on Frankfurt Stock Exchange with Approximately 17,000 employees and over 3,000 locations in 28 countries.



Source: Company's Corporate Presentation 2013

2 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> - Leader in Crop protection product distribution (Germany) and Top 10 world agricultural traders - Strong position in Heating Oil trade: Largest in Southern Germany and Top Five in Austria - Economies of Scope: Nearly complete coverage of the agricultural value chain - Diversification in the segments agriculture, energy and building materials reduces the dependence on the agrarian segment and the commodity fluctuation - Solid shareholder structure: the main shareholders are Bayerische Raiffeisen-Beteiligungs AG (35%), Raiffeisen Agrar Invest GmbH (25%) - Geographic stronghold in Germany and Austria with worldwide expansion starting in 2013 - Core competency in full-service supplement for the agricultural industry generates a large and loyal customer foundation - Loyal customers relations since they are buyers of agrarian products and supplier of crops at the same time 	<ul style="list-style-type: none"> - Still, large dependency on the German and Austrian market (Share of Revenue: ca. 80%) - Agriculture exposure is almost 70% of FY13 revenues against half in FY12m, which plays down in importance Energy and Building businesses - M&A Intensive activity complicated decision-making process and strategy execution - Large inventories are usual in Q3 (after harvest) and 1Q ahead (sowing season) sometimes may create inventory overhang and margin pressure
Opportunities	Threats
<ul style="list-style-type: none"> - Global grain production including rice is up by 176 million tonnes year on year and is set to reach a new all-time high of around 2.43 billion tonnes. - By 2050, the world's population will grow by another 2 billion, reaching 9 billion people and increasing prosperity in EM is leading to changes in eating habits and increasing demand for food - Internationalization of business: Chile, USA, China, Australia, Fiji and New Zealand - Number of building permits continues to rise steadily - Cefetra B.V. business should benefit from above than expected improvement in Polish economy 	<ul style="list-style-type: none"> - Germany and Austria are still important so economic weakness in Core Europe is to be felt by BayWa AG - Volatile commodity markets - High fuel prices - Agricultural demand elasticity is to be rather low, yet the Energy business is seasonal while building cyclical bias is evident - Oversupply in grain commodities, wheat especially, is to play an significant role in 2014 if volumes gains cannot offset a decline in grain prices.

3 Current Developments and Outlook

BayWa AG has been very active in acquiring small and medium businesses throughout its life span but 2012 and 2013 marked a milestone in acquisitions that also has provoked an increase in leverage. In this way, BayWa has evolved from a European into a global agricultural trading company as the acquisitions of Turners & Growers and Apollo Apples, Cefetra and Bohnhorst will enable BayWa to increase its international footprint substantially with Agriculture-related activities now being the company bulk of revenues (ca. 70% sales, vs. 48% in 2012).

Sep 27, 2012, BayWa took over the shares in Cefetra (Rev €4.6bn) as of 1 January 2013. The purchase agreement with the shareholders of Cefetra was signed on 27 September 2012. The purchase price for 100% of the shares of Cefetra amounts to €125m. Cefetra, Netherlands-based globally active services, logistics and agricultural trading company with access to already-completed grain harvests in the Southern Hemisphere.

Sep 27, 2012, BayWa AG announced that on September 27, 2012, it signed an agreement for the acquisition of 60% of the shares in Bohnhorst Agrarhandel GmbH (Rev €470m), Steimbke. The agreed purchase price amounted to approximately €36m. Thereof, €12m base on a long-time performance-related earn-out agreement. The transaction shall become effective with effect of June 1, 2013. Bohnhorst is agricultural trader with international activities that has excellent infrastructures and also deals in the fertilizer and feed sectors.

December 19, 2013, BayWa AG acquired a 49% share in Dutch company Agrimec. The transaction is subject to approval by antitrust authorities. Agrifirm, one of the largest agricultural cooperatives in the Netherlands, holds a 51% share in the agricultural equipment company. The purchase price of the 49% share amounts to €3.8m. Agrimec is a newly founded joint venture between Agrifirm and BayWa AG. Agrifirm will transfer its entire agricultural equipment business (called Abemec) in the Netherlands to the new joint venture. The company will sell and service among others the AGCO products Fendt and Massey Ferguson in its sales territories, which focus on the southern Netherlands.

February 07, 2014

Turners & Growers [NZX: TUR], the fruit marketer controlled by Germany's BayWa Aktiengesellschaft, has confirmed acquisition discussions with Hawke's Bay orchard and packaging company Apollo Apples as it announces its new strategy for growth. Turner & Growers, in majority owned by German firm BayWa Aktiengesellschaft, announced it has a new growth strategy, which focuses on further international expansion outside its traditional strengths in pipfruit, kiwifruit and grapes.

General outlook in Agriculture segment:

By 2050, the world's population will grow by another 2 billion, reaching 9 billion people. It is estimated an increase prosperity in newly industrializing countries is leading to changes in eating habits and increasing demand for food. The global arable land per person will decrease from 0.3 to 0.2 hectares between 2000 - 2050. BayWa AG is well prepared to meet the new trends with new and modern cultivation methods that increase agricultural productivity also by providing all operating materials for farming and cultivation.

General outlook in the Energy Segment:

A growing world population combined with a rising standard of living in newly industrializing countries is leading to increasing demand for energy. This higher demand conflicts with greater ecological awareness. It is estimated that within the past 40 years, global CO₂ emissions have doubled.

BayWa is well prepared to meet the new trends by securing an ecological and sustainable energy supply and being a strong partner for renewable energy projects by the founding of BayWa r.e.

General outlook in the Building Materials Segment:

The average person spends 90% of his or her time in enclosed spaces. Furthermore, the air pollution indoors can be up to 50 times higher than outside. Construction is changing – worldwide there is a stronger tendency towards energy-efficient and sustainable building.

BayWa AG is well prepared to meet the new trends by offering a complete product line for new construction, renovation and modernization to achieve energy-efficient and sustainable solutions and supporting innovative research projects.

4 Valuation

Discounted Cash Flow Model (Basis 05/2014)

in EURm	Phase 1						
	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Total revenues	17,829.94	18,728.26	19,542.29	20,323.69	21,136.33	21,981.48	22,860.43
(y-o-y change)	11.7%	5.0%	4.3%	4.0%	4.0%	4.0%	4.0%
EBIT	252.55	282.69	343.06	381.45	422.59	502.64	576.12
(operating margin)	1.4%	1.5%	1.8%	1.9%	2.0%	2.3%	2.5%
NOPLAT	189.41	212.02	257.29	286.09	316.94	376.98	432.09
+ Depreciation & amortisation	190.05	199.62	208.30	216.63	225.29	234.30	243.67
= Net operating cash flow	379.46	411.64	465.59	502.72	542.23	611.28	675.76
- Total investments (Capex and WC)	-376.98	-246.38	-261.44	-268.34	-381.07	-384.80	-397.90
Capital expenditure	-376.75	-266.47	-291.69	-298.68	-308.63	-318.97	-329.72
Working capital	-0.23	20.09	30.25	30.34	-72.45	-65.83	-68.17
= Free cash flow (FCF)	2.48	165.26	204.15	234.37	161.16	226.48	277.86
PV of FCF's	2.30	142.02	162.64	173.09	110.33	143.74	163.48

PV of FCFs in explicit period	681.51
PV of FCFs in terminal period	3,092.86
Enterprise value (EV)	3,774.37
+ Net cash / - net debt	-2,033.09
+ Investments / - minorities	-223.29
Shareholder value	1,517.99
Number of shares outstanding (m)	34.55
WACC	7.87%
Cost of equity	11.7%
Pre-tax cost of debt	7.8%
Normal tax rate	30.0%
After-tax cost of debt	5.4%
Share of equity	39.0%
Share of debt	61.0%
Fair value per share in EUR (today)	43.93
Fair value per share in EUR (in 12 months)	47.39

Sensitivity Analysis		Terminal EBIT margin						
		1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
WACC	6.4%	-86.36	-30.87	24.61	80.09	135.57	191.06	246.54
	6.9%	-84.14	-34.67	14.81	64.29	113.77	163.25	212.72
	7.4%	-82.40	-38.00	6.40	50.81	95.21	139.61	184.02
	7.9%	-81.03	-40.96	-0.89	39.18	79.24	119.31	159.38
	8.4%	-79.94	-43.61	-7.28	29.05	65.37	101.70	138.03
	8.9%	-79.07	-46.00	-12.92	20.15	53.23	86.30	119.38

Dr. Kalliwoda | Research © 2014

5 12M/13 financial results and outlook

The BayWa Group continued to be on the route to good results in the third quarter of the financial year. Revenues in 12M/13, BayWa raised the total revenue to €15,957m (51.5% y-o-y from €7,826m) and the EBIT to €222m (18.8% y-o-y from €186m). While the revenue in the agriculture segment (+112.8%) increased y-o-y the sales decreased in the building materials segment by 2.1% and the energy segment (-4.9%) compared to 12M/12. An important growth-factor (67.4% of total revenue share) was the agriculture segment with an increase of revenue from €5,052m (12M/12) to €10,748m (12M/13). Acquisitions in the Agriculture Segment were a crucial contributing factor to excellent sales development. Furthermore, continuously high

demand for agricultural machinery and an above-typical harvest volume brought to stable earnings in the reporting quarter. This boost is primarily due to the acquisitions consolidated for the first time in the current financial year, Cefetra B.V. (consolidated since 2 January 2013) and Bohnhorst Agrarhandel GmbH (consolidated since 21 May 2013). Furthermore, New Zealand fruit trade company Turners & Growers Limited (T&G) is also contributing to full-year segment earnings in 2013, in contrast to the previous year. EBIT was also up year on year, increasing by 35.7% to €123.5m as of 31 December 2013.

Energy Segment's revenues dropped a bit year on year primarily as a result of a decrease in heating oil prices. In the first four quarters of the last reporting year, the segment produced revenues of €3,496m (prior year: €3,677m). At €45.1m, EBIT increased by 4.9% year on year as of 31 December 2013. The raise in revenues from conventional energy trading was absorbed in the reporting year by the fall in renewable energies triggered by holds off in the project business. Decrease in sales and increase in EBIT makes this segment effectively managed by company's principals last year.

Building Materials Segment primarily includes the Group's building elements traded in Germany and Austria. Annual sales virtually completely rewarded for weather-related declines in the first half of the year. The hot, dry climate meant that building activity was in whole swing in the summer months and only slowed down in August because of to the holiday period. The Group segment's revenues just dropped short of the previous year's numbers after twelve months of the last financial year, coming in at about €1,703m (previous year: €1,740m).

12M/13 results vs. previous year			
in EURm	12M 2013	12M 2012	% change
Net sales	15,958	10,531	51.5%
EBITDA	360	306	17.8%
<i>EBITDA margin</i>	<i>2.3%</i>	<i>2.9%</i>	
EBIT	222	187	18.8%
<i>EBIT margin</i>	<i>1.4%</i>	<i>1.8%</i>	
Net income	98	96	1.9%
<i>Net margin</i>	<i>0.6%</i>	<i>0.9%</i>	

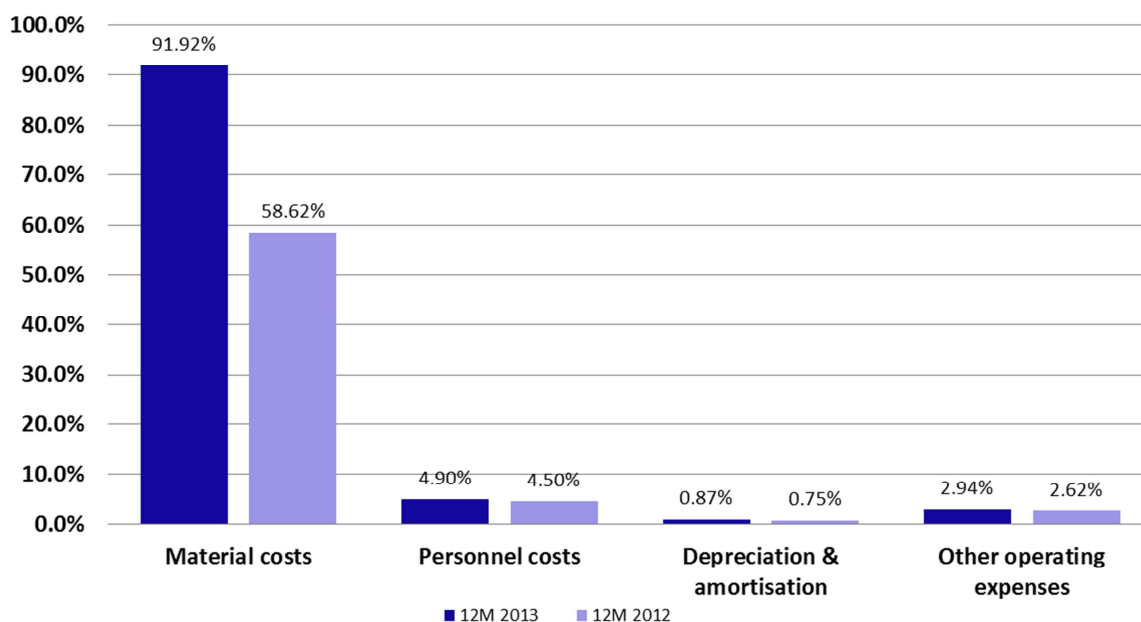
Sales and EBIT margins according to segments 12M/13 vs. 12M/12					
	12M 2013	12M 2012		12M 2013	12M 2012
Agriculture			Building materials		
Sales EURm	10,748.5	5,052.0	Sales EURm	1,703.1	1,740.4
share in total sales	67.4%	48.0%	share in total sales	10.7%	16.5%
EBIT margin	1.10%	1.80%	EBIT margin	1.60%	2.00%
Energy			Group		
Sales EURm	3,496.3	3,677.0	Total sales EURm	15,957.6	10,531.1
share in total sales	21.9%	34.9%	change y-o-y	51.53%	
EBIT margin	1.30%	1.20%			

Source: Company data, Dr. Kalliwoda Research GmbH

Please note: Net income is calculated as consolidated net income minus share of minority interest

Profitability

Share in sales 12M/13 vs. 12M/12



Source: Company data, Dr. Kalliwoda Research GmbH

Balance Sheet and Cash Flow as of 31 December 2013, the most important positions on BayWa's balance sheet were current assets (€3,100m) with inventories as the dominant position within this group (€1,836m). At the end of December 2013, BayWa's financial debt amounted to €1,761m and comprised short-term borrowings of €629m, long-term borrowings of €1,132m. With cash of €92m, the company's net gearing amounted to 241%. The equity totaled to €914m. The balance sheet grew by 12.5% to €5,015m over the last year in comparison to 12M 2012. In 12M/12, BayWa generated an operating cash flow from operating activities of €219.3m (9M/12: €150m). With consolidated net income increasing by €3.3 million year on year, declining non-cash income and, in particular, a significantly lower increase in inventories compared to the previous year — excluding the increase in inventories through acquisitions — as well as decrease in trade payables were contributing factors to this development. This was mainly offset by a reduction in trade liabilities. Cash flow from investing activities increased considerably with cash inflow of €15.6m. Payments for company acquisitions of €175.0m and investments in intangible assets, property, plant and equipment and financial assets of €228.6m were offset by incoming payments from the disposal of intangible assets and property, plant and equipment of €337.4m.

Outlook

In our opinion the BayWa Group's outlook for the financial year 2014 and the following years remains to be positive. Revenues and EBIT will improve further, mostly as a result of the newly consolidated companies Cefetra and Bohnhorst. In terms of agricultural business, we expect the harvest in Germany to exceed the expectations. The good harvest mixed with the current price pattern ought to guarantee a comfortable income scenario for the farmers. Consequently we estimate the tendency of farmers to invest in new agricultural continues to be on a substantial level. In the energy business, the company on one hand is aiming to sale of several wind farms completed in the UK and Germany (42.7 MW) and on the other hand it is anticipated the start of construction of BayWa's largest solar park so far in France (45.4 MW). Consequently, the company should have secure financing for the new investment in CAPEX. Concerning the building material segment we expect an increase due to the high sales in the months of July till December and this trend should be continued. The key focus for the financial year 2014 and 2015 is the integration of newly acquired companies into Group processes and structures. This is shown by new records in terms of revenues and earnings that are expected to be achieved by the end of the current financial year.

Our forecasts 2014E-16E			
in EURm	2014E	2015E	2016E
Net sales	17,830	18,728	19,542
EBITDA	392	437	508
<i>EBITDA margin</i>	2.2%	2.3%	2.6%
EBIT	253	283	343
<i>EBIT margin</i>	1.4%	1.5%	1.8%
Net income	112	118	160
<i>Net margin</i>	0.63%	0.63%	0.82%

Source: Company data, Dr. Kalliwoda Research GmbH

Sales estimates according to segments 2014E-16E			
in EURm	2014E	2015E	2016E
Agrar	12,361	13,041	13,627
(% of net sales)	691%	701%	705%
Energy	3,671	3,818	3,971
(% of net sales)	205%	205%	205%
Build Materials	1,788	1,860	1,934
(% of net sales)	10%	10%	10%
Others	10	10	10
(% of net sales)	0.1%	0.1%	0.1%
Total net sales	17,830	18,728	19,542

Source: Company data, Dr. Kalliwoda Research GmbH

6 Profit and loss statements

Profit and loss statement - BayWa							
Figures in EURm	Fiscal year						
	2008	2009	2010	2011	2012	2013	2014E
Revenue split							
Agriculture	4,049	3,270	3,505	4,259	5,052	10,749	12,361
Energy	2,463	1,837	2,359	3,112	3,677	3,496	3,671
Building Materials	1,786	1,776	1,903	2,066	1,740	1,703	1,788
Others	497	377	136	149	62	10	10
Total revenues	8,795	7,260	7,903	9,586	10,531	15,958	17,830
Change of inventories	-49	-14	75	89	39	27	52
Capitalised items	0	0	2	2	5	2	5
Total output	8,858	7,376	8,107	9,806	10,780	16,247	18,161
Cost of goods sold	-7,666	-6,244	-6,937	-8,503	-9,355	-14,668	-16,502
Gross profit	1,129	1,016	966	1,083	1,176	1,290	1,328
Other operating income	113	130	127	129	205	260	275
Personnel costs	-607	-619	-633	-679	-718	-781	-789
Depreciation & amortisation	-96	-94	-99	-102	-119	-138	-139
Other operating expenses	-338	-318	-329	-381	-419	-469	-479
Operating income	151	115	129	149	187	222	253
Net financial result	-47	-27	-22	-42	-46	-54	-55
EBT	104	89	107	108	141	168	197
Income taxes	-27	-16	-20	-28	-5	-47	-55
Minorities	-18	-12	-16	-19	-21	-23	-30
Net income / loss	59	60	71	61	116	98	112
EPS	1.72	1.33	1.48	1.50	2.79	2.84	3.25
DPS	0.06	0.50	0.60	0.65	1.12	1.14	1.30
Change y-o-y							
Revenue split							
Agriculture	n.a	-19.24%	7.20%	21.51%	18.62%	112.76%	15.00%
Energy	n.a	-25.38%	28.36%	31.94%	18.16%	-4.91%	5.00%
Building Materials	n.a	-0.55%	7.15%	8.54%	-15.74%	-2.14%	5.00%
Others	n.a	-24.22%	-63.85%	9.63%	-58.49%	-84.35%	1.00%
Total revenues	n.a	-17.45%	8.85%	21.29%	9.86%	51.53%	11.73%
Change of inventories	n.a	-70.56%	-618.17%	18.46%	-56.10%	-29.60%	88.65%
Total output	n.a	-16.74%	9.91%	20.95%	9.94%	50.71%	11.78%
Cost of goods sold	n.a	-18.55%	11.10%	22.57%	10.02%	56.79%	12.50%
Gross profit	n.a	-9.95%	-4.95%	12.08%	8.63%	9.65%	3.01%
Other operating income	n.a	15.04%	-2.31%	1.57%	58.91%	26.67%	5.78%
Personnel costs	n.a	1.98%	2.26%	7.27%	5.74%	8.83%	1.00%
Depreciation & amortisation	n.a	-1.90%	5.26%	2.87%	16.47%	16.35%	0.72%
Other operating expenses	n.a	-5.92%	3.46%	15.81%	9.84%	12.13%	2.00%
Operating income	n.a	-23.68%	11.70%	15.75%	25.20%	18.76%	13.84%
Net financial result	n.a	-42.73%	-19.31%	92.09%	9.40%	17.54%	3.00%
EBT	n.a	-15.10%	21.12%	0.30%	31.33%	19.16%	17.29%
Income taxes	n.a	-41.45%	27.75%	39.15%	-83.50%	920.98%	17.11%
Minorities	n.a	-32.89%	32.88%	12.97%	13.32%	9.99%	29.88%
Net income / loss	n.a	2.40%	17.00%	-13.64%	89.15%	-15.06%	14.42%
EPS	n.a	-22.67%	11.28%	1.35%	85.99%	1.85%	14.42%
DPS	n.a	733.33%	20.00%	8.33%	71.68%	1.85%	14.42%
Share in total revenues							
Agriculture	46.04 %	45.04 %	44.35 %	44.43 %	47.97 %	67.36 %	69.33 %
Energy	28.00 %	25.31 %	29.84 %	32.46 %	34.91 %	21.91 %	20.59 %
Building Materials	20.31 %	24.46 %	24.08 %	21.55 %	16.53 %	10.67 %	10.03 %
Others	5.65 %	5.19 %	1.72 %	1.56 %	0.59 %	0.06 %	0.05 %
Total revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Change of inventories	-0.56 %	-0.20 %	0.95 %	0.93 %	0.37 %	0.17 %	0.29 %
Capitalised items	0.00 %	0.00 %	0.03 %	0.02 %	0.05 %	0.01 %	0.03 %
Total output	100.73 %	101.59 %	102.58 %	102.29 %	102.36 %	101.81 %	101.86 %
Cost of goods sold	-87.17 %	-86.00 %	-87.78 %	-88.71 %	-88.83 %	-91.92 %	-92.55 %
Gross profit	12.83 %	14.00 %	12.22 %	11.29 %	11.17 %	8.08 %	7.45 %
Other operating income	1.28 %	1.79 %	1.61 %	1.35 %	1.95 %	1.63 %	1.54 %
Personnel costs	-6.90 %	-8.53 %	-8.01 %	-7.08 %	-6.82 %	-4.90 %	-4.43 %
Depreciation & amortisation	-1.09 %	-1.30 %	-1.26 %	-1.07 %	-1.13 %	-0.87 %	-0.78 %
Other operating expenses	-3.84 %	-4.38 %	-4.16 %	-3.97 %	-3.97 %	-2.94 %	-2.68 %
Operating income	1.72 %	1.59 %	1.63 %	1.56 %	1.77 %	1.39 %	1.42 %
Net financial result	-0.53 %	-0.37 %	-0.27 %	-0.43 %	-0.43 %	-0.34 %	-0.31 %
EBT	1.19 %	1.22 %	1.36 %	1.12 %	1.34 %	1.05 %	1.11 %
Income taxes	-0.30 %	-0.22 %	-0.25 %	-0.29 %	-0.04 %	-0.29 %	-0.31 %
Minorities	-0.21 %	-0.17 %	-0.21 %	-0.19 %	-0.20 %	-0.14 %	-0.17 %
Net income / loss	0.67 %	0.83 %	0.90 %	0.64 %	1.10 %	0.62 %	0.63 %

Dr. Kalliwoda | Research © 2014

7 Balance sheets

Balance sheet - BayWa							
Figures in EURm	Fiscal year						
	2008	2009	2010	2011	2012	2013	2014E
Assets							
Inventories	1,101	905	1,062	1,165	1,433	1,836	1,862
Trade receivables	455	363	437	515	621	702	959
Tax receivables	13	11	21	43	50	65	80
Other receivables	168	207	226	227	254	403	422
Securities and other financial assets	2	2	2	2	2	2	3
Cash & cash equivalents	16	20	28	87	85	92	189
Current assets	1,755	1,507	1,777	2,040	2,445	3,100	3,516
Property, plant and equipment	908	943	917	1,110	1,068	1,074	1,094
Assets-for-sale	5	5	49	259	233	0	0
At-Equity shareholdings	11	38	46	17	93	102	31
Financial assets	237	267	284	274	325	408	510
Other assets	23	22	24	25	42	46	47
Intangible assets	35	66	64	119	140	157	221
Goodwill	0	0	0	0	0	0	0
Deferred tax assets	91	91	92	70	113	128	94
Non-current assets	1,310	1,432	1,476	1,873	2,012	1,915	1,998
Total assets	3,066	2,939	3,253	3,913	4,457	5,015	5,513
Liabilities							
Tax payables	33	30	39	57	53	77	105
Pension provisions	27	27	28	28	30	29	53
Other provisions	113	98	106	116	136	145	185
Short-term financial debt	735	591	538	584	894	1,132	1,122
Trade payables	511	463	549	750	761	767	1,156
Other liabilities	86	81	73	79	73	265	147
Current liabilities	1,506	1,290	1,334	1,615	1,947	2,414	2,769
Pension provisions	399	398	397	388	520	512	721
Other provisions	64	67	64	76	88	86	141
Financial and leasing debt	44	76	271	570	649	629	450
Long-term trade payables	41	44	45	0	4	3	0
Other liabilities	4	4	2	13	11	26	24
Deferred tax liabilities	92	104	100	101	126	163	129
Liabilities from assets-for-sale	0	0	33	82	27	0	0
Long-term liabilities	645	692	914	1,230	1,425	1,419	1,465
Total liabilities	2,151	1,982	2,248	2,845	3,372	3,833	4,234
Shareholder's equity	776	803	838	866	862	914	982
Minority interests	139	155	167	202	223	268	298
Total equity and liabilities	3,066	2,939	3,253	3,913	4,457	5,015	5,513

Dr. Kalliwoda | Research © 2014

8 Cash Flow Statement

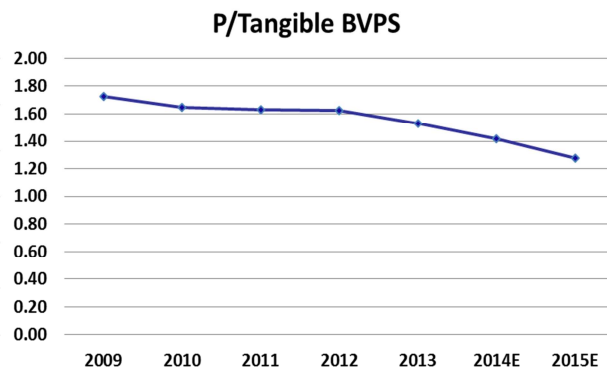
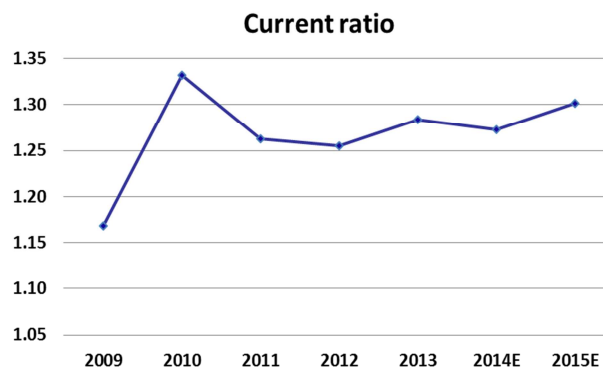
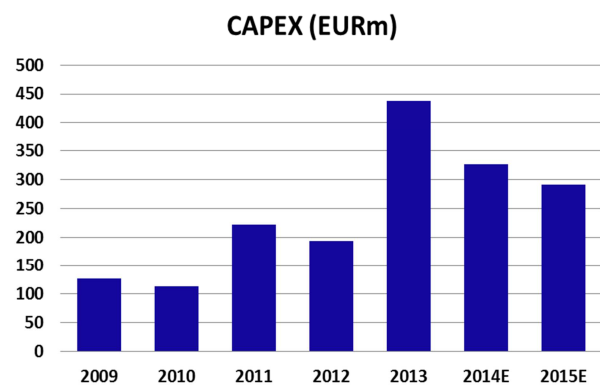
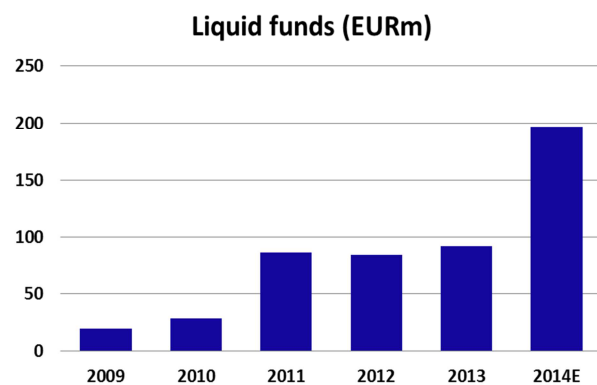
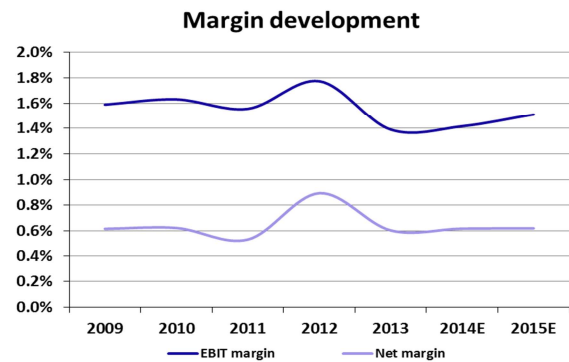
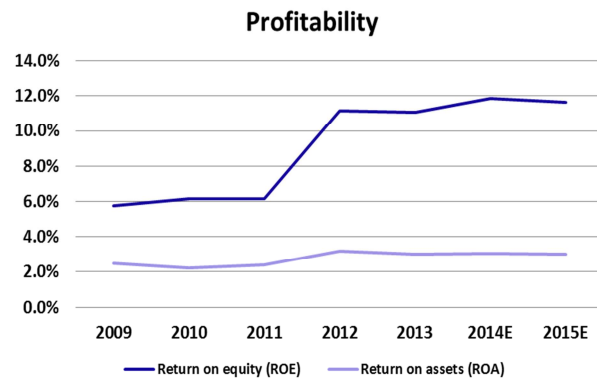
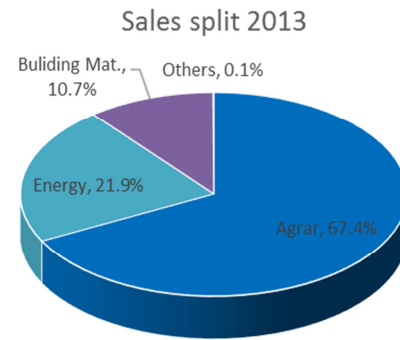
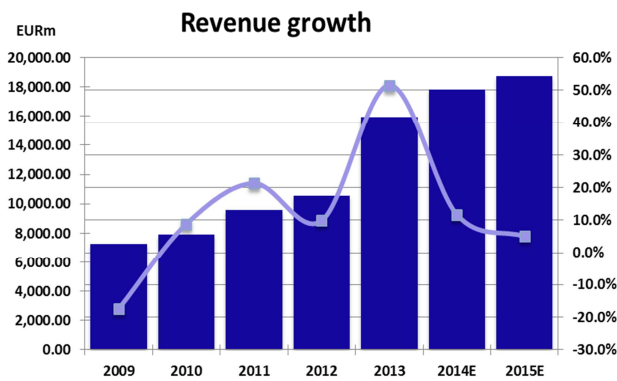
Cash flow statement - BayWa							
Figures in EURm	Fiscal year						
	2009	2010	2011	2012	2013	2014E	2015E
Net income / loss before minority share deduction	58	67	71	117	121	142	161
Depreciation & amortisation	94	99	102	119	138	139	154
Change of working capital	96	-131	-183	15	-280	0	20
Others	8	-29	4	-81	29	94	106
Net operating cash flow	244	-9	-28	150	9	376	441
CAPEX	-128	-114	-223	-194	-277	-377	-266
Free cash flow	116	-123	-250	-44	-268	-1	175
Cash flow from financing	-113	132	274	37	275	98	-17
Change of cash	4	9	59	-2	7	97	158
Cash at the beginning of the period	16	20	28	87	85	92	189
Cash at the end of the period	20	28	87	85	92	189	347

Dr. Kalliwoda / Research © 2014

9 Financial ratios

Fiscal year	2009	2010	2011	2012	2013	2014E	2015E
Gross margin	15.34%	14.43%	13.28%	13.22%	9.72%	9.14%	9.22%
EBITDA margin	2.89%	2.89%	2.62%	2.90%	2.26%	2.20%	2.33%
EBIT margin	1.59%	1.63%	1.56%	1.77%	1.39%	1.42%	1.51%
Net margin	0.62%	0.62%	0.53%	0.89%	0.60%	0.62%	0.62%
Return on equity (ROE)	5.76%	6.16%	6.13%	11.16%	11.06%	11.85%	11.64%
Return on assets (ROA)	2.46%	2.22%	2.40%	3.19%	3.03%	3.04%	3.00%
Return on capital employed (ROCE)	5.50%	5.17%	4.66%	5.58%	6.40%	6.90%	7.45%
Net debt (in EURm)	1,070.95	1,237.45	1,564.37	2,033.09	2,207.11	2,153.61	2,004.92
Net gearing	133.39%	147.59%	180.73%	235.93%	241.44%	219.41%	190.47%
Equity ratio	27.32%	25.77%	22.12%	19.33%	18.23%	17.80%	18.04%
Current ratio	1.17	1.33	1.26	1.26	1.28	1.27	1.29
Quick ratio	0.30	0.35	0.37	0.36	0.33	0.42	0.45
Net interest cover	4.29	5.94	3.58	4.10	4.14	4.57	4.97
Net debt/EBITDA	5.11	5.42	6.22	6.65	6.13	5.49	4.59
Book value per share	23.48	24.56	24.84	24.94	26.46	28.41	30.46
CAPEX/Sales	1.31%	1.12%	3.55%	1.34%	1.73%	2.11%	1.42%
Working capital/Sales	9.11%	10.30%	8.74%	11.51%	9.35%	8.37%	7.86%
EV/Sales	0.45	0.41	0.34	0.31	0.20	0.18	0.17
EV/EBITDA	15.53	14.28	12.96	10.65	9.04	8.31	7.45
EV/EBIT	28.23	25.28	21.84	17.44	14.69	12.90	11.52
P/BVPS	1.73	1.65	1.63	1.63	1.53	1.43	1.33
P/E	30.47	27.39	27.02	14.53	14.26	12.47	11.83
P/FCF	12.03	-11.40	-5.60	-32.12	-5.23	-1486.88	8.01

Dr. Kalliwoda / Research © 2014



Source: Company data, Dr. Kalliwoda Research GmbH

DR. KALLIWODA RESEARCH GmbH Primary Research Fair Value Analysis International Roadshows		Arndtstraße 47 60325 Frankfurt Tel.: 069-97 20 58 53 www.kalliwoda.com
Head: Dr. Norbert Kalliwoda E-Mail: nk@kalliwoda.com	CEFA-Analyst; University of Frankfurt/Main; PhD in Economics; Dipl.-Kfm.	<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 Beisheim School of Management, Vallendar (2012)	<u>Sectors:</u> Support Research and Quantitative Approach
Andreas Braun E-Mail: rb@kalliwoda.com	Junior-Analyst; University of Frankfurt/Main (2012)	<u>Sectors:</u> Support Research and Quantitative Approach
Michael John E-Mail: mj@kalliwoda.com	Dipl.-Ing. (Aachen)	<u>Sectors:</u> Chemicals, Chemical Engineering, Basic Metals, Renewable Energies, Laser/Physics
Adrian Kowollik E-Mail: ak@kalliwoda.com	Dipl.-Kfm.; Humboldt-Universität zu Berlin, CFA Candidate	<u>Sectors:</u> Media, Internet, Gaming, Technology, Eastern European stocks
Maximilian F. Kaessens E-Mail: mk@kalliwoda.com	Bachelor of Science in Business Administration (Babson College (05/2012), Babson Park, MA (US))	<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
Hellmut Schaarschmidt; E-Mail: hs@kalliwoda.com	Dipl.-Geophysicists; University of Frankfurt/Main.	<u>Sectors:</u> Oil, Regenerative Energies, Specialties 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
David Schreindorfer E-Mail: ds@kalliwoda.com	MBA, Economic Investment Management; Univ. Frankfurt/ Univ. Iowa (US).	<u>Sectors:</u> IT/Logistics; Quantitative Modelling
Nele Rave E-Mail: nr@kalliwoda.com	Lawyer; Native Speaker, German School London,	<u>Legal adviser</u>

Also view Sales and Earnings Estimates:
DR. KALLIWODA | RESEARCH on Terminals of Bloomberg, Thomson Reuters, vwd and Factset

Analyst of this research:
 Dr. Norbert Kalliwoda, CEFA, Cefa-Analyst;



Essential information, disclosures and disclaimer

A. Essential information

Investments in financial instruments and securities (e.g. equities, bonds) generally involve high risks. It is possible that investors lose some or all of their invested money. Potential investors should be aware of the fact that prices of securities could fall and rise. Thus, the income from such investments might be subject to considerable fluctuations. Investment strategies are not appropriate at all times and past results are not a guarantee of the future performance. Investors should make their own and independent decisions as to whether undertake a risky investment.

B. Disclosures according to Section 34b of the German Securities Trading Act (WpHG) and the German Regulation governing the Analysis of Financial Instruments (FinAnV).

I. Information about the company held accountable and regulatory authority:

Company responsible for the content of this document: DR. KALLIWODA | RESEARCH GmbH, Frankfurt am Main, Germany.

Regulatory authority for DR. KALLIWODA | RESEARCH GmbH is the Federal Financial Supervisory Authority (BaFin), Graurheindorfer Straße 108, 53117 Bonn, Germany and Lurgiallee 12, 60439 Frankfurt am Main, Germany.

II. Additional Information:

1. Sources of information:

Essential sources of information for the compilation of this document are publications from domestic and international information services and media (e.g. Bloomberg, dpa-AFX, Reuters, VWD, among others), financial press (e.g. Allgemeine Zeitung Frankfurter, Börsenzeitung, Financial Times Handelsblatt and others), specialized trade press, published statistics, rating agencies as well as publications by peer group companies and the company itself. This document was made available to the company before publishing to ensure the correctness of the information provided.

2. Summary of the basis of valuation principles and methods used to prepare this document:

Within the scope of the evaluation of companies, the following valuation methods are applied: Multiple-based models (Price/Earnings, Price/Cash-flow, Price/Book value, EV/Sales, EV/EBIT, EV/EBITDA), peer group comparisons, historic valuation methods, discounting models, sum-of-the-parts-approaches, substance-valuation methods and SWOT-analyses. The valuation principles and models are dependent on macroeconomic factors, such as interest rates, exchange rates, raw materials and on basic assumptions about the economy. Moreover, the value of enterprises is affected by market moods and market sentiment. The approaches are based on expectations that could change rapidly and in advance warning according to developments specific to the individual branch. The valuation results and fair values derived from the models might therefore change accordingly.

The ratings are the evaluation results and refer to a fair value pricing reflecting a time-horizon of twelve-months. Nevertheless, evaluation results are subject to changing market conditions and constitute merely a snapshot. The evaluation results and fair values may be reached faster or slower than expected by the analysts. The results and fair values may be scaled upwards or downwards.

DR. KALLIWODA | RESEARCH GmbH uses the following rating model:

BUY:	Based on our analysis, we expect the stock to appreciate and produce a total return of at least 10% over the next twelve months
ACCUMULATE:	Based on our analysis, we expect the stock to appreciate and produce a total return between 5%- 10% over the next twelve months
HOLD:	Based on our analysis, we expect the stock to produce a total return between -5% and +5% over the next twelve months
REDUCE:	Based on our analysis, we expect the stock to cause a negative return between -5% and -10% over the next twelve months
SELL:	Based on our analysis, we expect the stock to cause a negative return exceeding -10% over the next twelve months

3. Updates:

A specific update of this document has currently not been set. The research reflects the author's judgement on the date of this publication and is subject to change without any notice. The document might be incomplete or shortened and it may not contain all information concerning the company covered. It is in the sole decision of DR. KALLIWODA | RESEARCH GmbH whether and when a potential update of this research is made.

III. Disclosures about potential conflicts of interest:

The business model of DR. KALLIWODA | RESEARCH GmbH is based on business relationships with issuer company, their broker or IR/PR agency, as well as equity transactions to be performed on the issuer's stock. Dr. Kalliwoda Research has entered into an agreement on the preparation of this document with the issuer itself.

Conflicts of interest may be in existence with employees of DR. KALLIWODA | RESEARCH GmbH who are the authors of this document as well as other persons that were involved in the preparation of this research or related parties. Following conflicts of interest might exist:

1. DR. KALLIWODA | RESEARCH GmbH employees or other persons that were involved in the preparation of this document or related parties might have a major shareholding (holding more than 5%) of the share capital of the issuer that is, or whose financial instruments are, the subject of the research.

2. DR. KALLIWODA | RESEARCH GmbH employees or other persons that were involved in the preparation of this document or related parties are possibly holders of instruments that are mentioned in this research (or that are linked to these instruments) or might become holders and could regularly trade the issuer's securities or securities based on these issues as principal or agent.
3. DR. KALLIWODA | RESEARCH GmbH employees or other persons that were involved in the preparation of this document or related parties could have participated in leading a consortium for the issuer via a public offering of the financial instruments that are the subject of this research.
4. DR. KALLIWODA | RESEARCH GmbH employees or other persons that were involved in the preparation of this document or related parties might have been party to an agreement on the provision of investment banking services with the issuer which is the subject of this research, or have received services or a pledge to perform under the terms of such an arrangement during the same period.
5. DR. KALLIWODA | RESEARCH GmbH employees or other persons that were involved in the preparation of this document or related parties may have other substantial economic interests concerning to the issuer, who is the subject of this research.

The analysts have limited access to information that possibly could constitute a conflict of interest for the institution. DR. KALLIWODA | RESEARCH GmbH keeps insider registers appropriate to sec. 15 WpHG for assignees that normally have approach to inside information. Insiders' dealings appropriate to sec. 14 WpHG are categorically prohibited.

The analysts that composed this research did not receive or acquire shares in the issuer that is the subject of this document at any time. The analysts hereby certify that all of the views expressed accurately reflect the individual views about the issuer. No part of the remuneration was, is or will be, directly or indirectly, linked to the evaluation result or views expressed by the analyst in this research.

C. Disclaimer:

This document is published and being distributed by DR. KALLIWODA | RESEARCH GmbH solely for informational purposes and for the personal use by persons in Continental Europe. This research is not intended to be in any form an offer or advice to buy or sell the securities referred to herein. This research is intended to provide information to assist investors in making their own investment decisions. Any decision to purchase any securities of the issuer must be made solely on the basis of the information contained in the offering documents from the issuer relating to such securities and not on the contents hereof.

Potential investors should seek professional and individual information and advice before making their investment decisions. This document neither constitutes a contract nor any kind of obligation.

Neither this document nor any copy, in whole or in part, thereof may be distributed in any other jurisdiction where its distribution might be restricted by law.

The information within this document has been obtained from sources believed by DR. KALLIWODA | RESEARCH GmbH to be reliable. DR. KALLIWODA | RESEARCH GmbH does not examine if the

information is verified and complete, nor guarantees its correctness and completeness. Although due attention has been taken during the compilation of this document, it cannot be excluded that the information given is not complete or the document contains mistakes.

The liability of DR. KALLIWODA | RESEARCH GmbH shall be restricted to gross negligence and willful misconduct. Possible faults or incompleteness of this document may be corrected by DR. KALLIWODA | RESEARCH GmbH and do not constitute reasons for liability, neither with regard to indirect nor to direct or consequential losses. Moreover, DR. KALLIWODA | RESEARCH GmbH does not accept any responsibility and liability for any damage arising from using this research or its contents or otherwise arising in relation herewith. In each case, the liability and responsibility of DR. KALLIWODA | RESEARCH GmbH is limited to typical, predictable damages and the liability for any direct or indirect losses is excluded.

This document is subject to the laws of the Federal Republic of Germany. Place of jurisdiction is Frankfurt am Main, Germany.

In the United Kingdom this document is to be distributed only to persons who are described in Section 11 (3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended). This research may not be distributed and forwarded directly or indirectly to any other group of individuals. The distribution of this document in other international jurisdictions may be restricted by law and individuals who possess this study should inform themselves of any existing restrictions and comply with them.

Neither this document nor any copy of it may be taken or transmitted into the United States of America, Canada, Japan or Australia or distributed, directly or indirectly, in the United States of America, Canada, Japan or Australia or to any resident thereof. Any Failure to comply with these restrictions may constitute a violation of United States, Canadian, Japanese or Australian securities laws or the law of any other jurisdiction.

By accepting this document the reader or user agrees and accepts to be bound by all of the foregoing provisions and this disclaimer. Moreover, the user accepts not to distribute this document to unauthorized persons. The user of this document has to compensate DR. KALLIWODA | RESEARCH GmbH for any disadvantages, damages, claims and losses resulting from or in relation with the unauthorized use of this document.

© 2014 DR. KALLIWODA | RESEARCH GmbH, Arndtstraße 47, D-60325 Frankfurt am Main. All rights reserved.