Consolidated Financial Statements 2019

of BayWa AG

BayWa

Contents

Imprint

Project management and coordination
BayWa AG, Munich, Germany
PR/Corporate Communications/Public Affairs

Text
BayWa AG, Munich, Germany
Corporate Finance & Accounting/Investor Relations
PvF Investor Relations Peters von Flemming & Partner, Frankfurt am Main, Germany

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Language versions
The financial report is available in German and English. Only the German version is legally binding.
Both versions can be viewed/downloaded from the company's website at: www.baywa.com.

Consolidated Management Report of BayWa AG for the Financial Year 2019

Note about this report

The consolidated management report of BayWa AG has been revised for the reporting year 2019. The aim is to make it more streamlined in accordance with the principle of materiality. Slight changes were also made to the order of the sections to enhance the logical sequence of events. The “Sustainability” and “Employees” sections have been moved to the “Background to the Group” section between the “Control system” and “Research and development” sections. The “Comparison of forecast business development with actual business development” and “General statement on the business situation of the Group” summarising statements have been moved to the end of the Financial Report. Within the reporting on the segments, the Energy Segment was placed at the beginning due to its high economic importance for the BayWa Group. The forecast and the opportunities and risks report have been added to the economic report, and are affiliated with the forward-looking components of the management report. The remuneration report and the contents of the “Takeover-relevant Information” conclude the consolidated management report.

Overview

Development was positive overall for the BayWa Group in 2019. The corporate goals for the reporting year were achieved. However, development was varied among the segments. Overall, the Energy Segment developed considerably better than expected. The Renewable Energies business unit, which achieved new highs in both revenues and operating result, was the main factor behind this development. The Conventional Energy business unit also exceeded the goals set for the financial year 2019. The Building Materials Segment developed better than planned in the reporting year. By contrast, the economic situation in the Agriculture Segment is unsatisfactory. In view of the great importance of these business activities for the BayWa Group, action is required here in order to noticeably increase profitability. In 2019, the BayWa Group once again profited from its heavily diversified business activities and its strategic orientation towards international markets and towards new areas of business and business models.

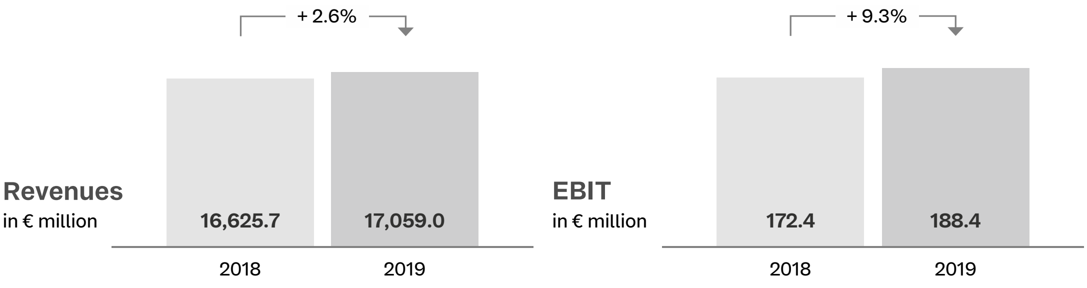
The positive business development in the Energy Segment was driven by both business units in 2019. At €4,474.3 million, the Energy Segment’s total revenues were up year on year by €505.8 million. Earnings before interest and tax (EBIT) increased by 32.7% to €127.4 million, thereby setting a new record. The Renewable Energies business unit significantly exceeded the project developments and sales for the year as a whole. Plant sales, with a total output of 911.6 megawatts (MW), more than doubled in the reporting year (2018: 453.0 MW), setting a new record. Overall, revenues rose by 29.1% to €1,975.3 million. Following €72.5 million in the previous year, earnings before interest and tax (EBIT) reached a new high of €101.0 million in the reporting year. The improvement in both revenues and the operating result is primarily attributable to the sharp rise in project sales and growth in solar trading, and exceeded the positive expectations. The development of the Conventional Energy business unit in 2019 was shaped by a strong rise in demand for heat energy carriers. This business unit’s revenues rose by 2.5% to €2,499.0 million in the reporting year mainly due to the rise in sales volumes in the heating business. EBIT improved by 12.3% to €26.4 million primarily due to excellent margins in the heating oil and fuel business, thereby reaching a new record high.

The Agriculture Segment’s revenues fell slightly by 1.4% to €10,857.5 million, and EBIT fell slightly by €3.5 million to €96.6 million. Development in the business units was therefore mixed. The BAST business unit’s grain and oilseed meal handling volume fell by 1.6 million tonnes to just under 25.0 million tonnes in financial year 2019. This was mainly due to the suspension of business with Iran and the trade conflict between the US and China. The revenues of the BAST business unit declined by 7.8% to €4,875.8 million due to both sales volume and price factors. Earnings were particularly affected by defaults on receivables in connection with the suspension of bread grain business with Iran caused by the sanctions and the lower trading volume. The business unit's total earnings before interest and tax (EBIT) declined slightly in 2019 by €12.0 million to €19.1 million. The BayWa Group's fruit sales increased by just over 8% to 380,550 tonnes in 2019. Development of domestic trade was therefore positive. By contrast, the harvest volume of apples harvested by the New Zealand subsidiary T&G Global Limited was just under 23% lower than in the previous year due to bad weather. The Global Produce business unit recorded moderate revenue growth of 4.5% to €843.9 million in 2019. Earnings before interest and tax (EBIT) increased in 2019 by €9.7 million year on year to €36.9 million. However, this figure includes special income from the sale of a property by T&G Global, which more than compensated for the poorer operating performance. The Agri Trade & Service business unit's grain, oilseed and oilseed meal handling volume increased by 12.5% to just under 7.3 million tonnes. Revenues increased mainly due to volume factors by 4.7% to €3,454.4 million. The business unit's earnings before interest and tax (EBIT) improved to €7.8 million. In a persistently difficult market environment, this increase is mainly due to restructuring measures in previous years. BayWa's agricultural equipment business was unable to reach the record-breaking level of the previous year in 2019. Sales of new machinery declined by 4.1% to 4,617 tractors in 2019. On the other hand, sales of machinery and accessories in the fluid fertilizer segment and the service business developed positively. The Agricultural Equipment business unit's revenues rose by 3.8% to €1,683.4 million. By contrast, earnings before interest and tax (EBIT) fell to €32.8 million in the reporting year (minus 10.4%) following the extremely strong increase in the previous year (2018: plus 83.9%).

In Germany, business development in the building materials trade was boosted by the solid development of the construction industry throughout 2019 and the mild weather conditions both in the spring and in late autumn of 2019. In 2019, the Building Materials Segment increased revenues by 5.3% to €1,702.8 million due to pricing and volume factors. Earnings before interest and tax (EBIT) for the segment increased by 3.2% to €32.1 million. In addition to the positive sales development, the successful expansion of the high-margin range of private brands and the linking together of online and stationary sales channels through the Click & Collect function as part of efforts to position the company as an integrated multi-specialist contributed to the improvement in earnings.

In the reporting year, the Innovation & Digitalisation Segment generated revenues on a par with the previous year at €10.6 million (2018: €10.7 million). As predicted, the segment recorded negative earnings before interest and tax (EBIT) of €14.6 million (2018: minus €12.3 million). Among other things, this was due to a rise in marketing expenses in the reporting year in connection with Agritechnica and with the expansion of additional development and distribution capacities.

BayWa Group



The BayWa Group generated total revenues of €17,059.0 million in 2019, a 2.6% increase compared to the previous year. EBIT improved by 9.3% to €188.4 million. The increase in earnings should be seen against the background that the charge of €68.6 million from the termination of the antitrust proceedings regarding crop protection products was processed in the reporting year. This negative effect on earnings was almost offset by income from the sale of investments. At the same time, the result includes total one-off charges of almost €15 million for various projects such as the preparation of a capital increase at BayWa r.e., restructuring measures, portfolio adjustments and the final legal costs in connection with the settlement of the antitrust proceedings. Net income for the period increased by 11.3% to €61.1 million due to improved operating earnings.

The Board of Management and Supervisory Board will recommend to the Annual General Meeting of Shareholders a 5-cent increase in the dividend of 95 cents per share.

Background to the Group

Group structure and business activities

The BayWa Group

2019	Revenues (in € million)	Employees (annual average)
Energy	4,474.3	2,812
Agriculture	10,857.5	10,580
Building Materials	1,702.8	4,371
Innovation & Digitalisation	10.6	198
Other Activities	13.7	870
Total	**17,059.0**	**18,831**

BayWa AG was established in 1923 and has its principal place of business in Munich. Through consistent growth and the continual expansion of its scope of services, BayWa has grown from its humble beginnings in agricultural cooperative trading into a provider of integrated solutions and a project developer in the core segments of Energy, Agriculture and Building Materials. The BayWa Group's business activities encompasses planning, wholesale, retail and logistics, as well as extensive supporting services and consultancy. Its business focus is on Europe, but BayWa has also established an international trade and procurement network by maintaining important activities in the US and New Zealand and business relations from Asia to South America. The BayWa Group has registered places of business in 44 countries, either through itself or through Group companies.

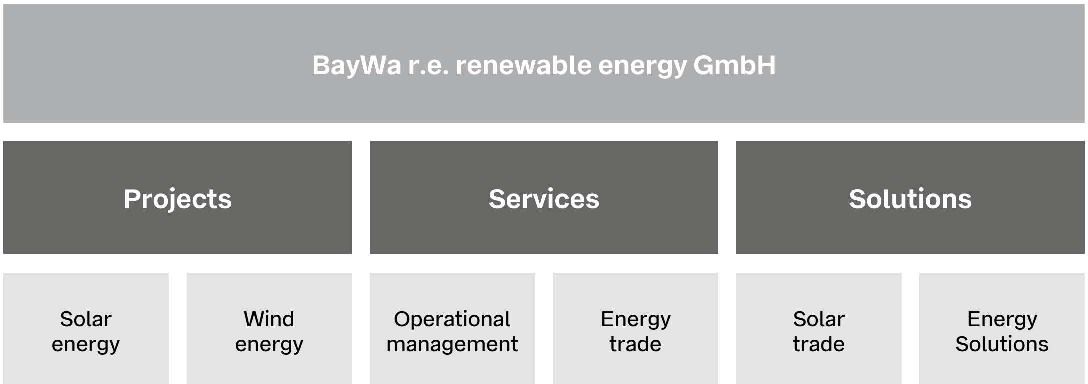
BayWa AG conducts its business in the three operating segments and the Innovation & Digitalisation segment both directly and through its subsidiaries, which are included in the group of consolidated companies. Besides the parent company, BayWa AG, the BayWa Group comprises 342 fully consolidated Group companies. Furthermore, 26 companies were included at equity in the financial statements of BayWa.

Energy Segment

In the financial year 2019, the Energy Segment accounted for just under 26% of consolidated revenues. The segment's business activities are divided into the Renewable Energies business unit, which is pooled in BayWa r.e. renewable energy GmbH, and the Conventional Energy business unit.

Renewable Energies

The Group pools the lion's share of the renewable energies value chain in BayWa r.e. renewable energy GmbH (BayWa r.e.). BayWa r.e. pursues a three-pronged diversification strategy for its business portfolio: by country, by energy carrier and by business activity. Business activities are divided into three areas: Projects, Services and Solutions.



Projects encompasses international project planning, management and the construction of wind farms and solar parks as well as the sale of finished plants. The field of bioenergy was spun off with the sale of BMH Biomethan GmbH. Services comprises planning and technical services, the provision of consumables, technical and commercial operational management, plant maintenance and energy trade. BayWa r.e.'s branches in Europe and South-East Asia enable it to provide a 24-hour service for its international customers. It currently oversees facilities with a total installed output of approximately 8.3 gigawatts (GW) worldwide. In energy trading, BayWa r.e. markets electricity, gas and heat generated from renewable sources. Total direct marketing volume was 3.5 GW in 2019. Solutions involves selling photovoltaic systems and components and tailored energy solutions to supply energy to commercial and industrial customers. The Renewable Energies business unit has had a strong international focus since its founding in order to reduce reliance on individual national markets. BayWa r.e. is now represented in Europe, in North America, in the Asia-Pacific region, and in Africa, amounting to a total of 26 countries.

Conventional Energy

In its Conventional Energy business unit, BayWa predominantly sells heating oil, fuels, lubricants and wood pellets mainly in Bavaria, Baden-Württemberg, Hesse, Saxony and Austria. In the heating business, heating materials are primarily sold through in-house offices. Diesel and Otto fuels, as well as AdBlue, are sold through a total of 125 Group filling stations and partner stations in Germany. In addition, BayWa supplies fuels, as well as AdBlue, to resellers and wholesalers. In Austria, more filling stations are managed by subsidiaries. The Group company GENOL Gesellschaft m.b.H. (formerly: GENOL Gesellschaft m.b.H. & Co KG) acts as a wholesale fuel supplier to cooperative filling stations. In addition to its filling station operations, BayWa also offers a fleet filling station card. This means that users of the BayWa filling station card can now take advantage of some 2,500 filling stations all over Germany. Electric vehicle customers can now charge their vehicles at over 17,000 charging stations in Germany and approximately 55,000 throughout Europe using the BayWa filling station card. BayWa sells lubricants to commercial and industrial customers, as well as to farmers and operators of combined heat and power plants. The Interlubes digital platform is used for selling lubricants and agricultural inputs from all major manufacturers and brands online to B2B users in the areas of commerce, industry, municipal services, transportation, agriculture and forestry.

Effective as at 1 January 2020, the Conventional Energy business unit's activities have been restructured into the five fields of fuels, heating oil and diesel, wooden pellets, contracting and Mobility Solutions GmbH. The lubricant business comprises trading with the TECTROL brand and extensive applications and service packages for key customers, such as operators of biogas engines, as well as commercial customers. The field of diesel and heating oil supplies farmers and commercial customers – including construction sites and farms – with diesel and heating oil. The field of wooden pellets includes selling to private consumers and commercial customers in addition to production at the subsidiary WUN Pellets GmbH. In contracting, the focus is on energy solutions in the fields of biomass, CHP units and gas for the hotel sector, municipal services and the residential construction segment in southern Germany. Mobility Solutions GmbH is divided into three fields: Light Vehicle, Heavy Vehicle and Digital Mobility. The Light Vehicle field comprises electromobility and drives forward the planning and expansion of the charging infrastructure. The Heavy Vehicle field establishes a network of filling stations for liquefied natural gas (LNG) as a lower greenhouse gas emissions alternative to conventional fuels. Digital Mobility offers the whole system with filling station and charging card, related app and billing for customers and – as a white label system – also for third parties.

Agriculture Segment

The Agriculture Segment accounted for approximately 64% of consolidated revenues in 2019. The segment is divided into four business units: BayWa Agri Supply & Trade (BAST), Global Produce, Agri Trade & Service and Agricultural Equipment, covering the core elements of the value chain from field to marketing of agricultural products.

BAST

The BayWa Agri Supply & Trade (BAST) business acts as a supply chain manager from purchasing and logistics to distribution. It pools the activities not tied to a specific location, particularly international trading with grain, oilseed meal and specialities. The main customer groups are grain and oil mills, producers of starch and feedstuffs, malt houses and breweries, as well as biofuel manufacturers. When it comes to the procurement and marketing of agricultural products, BayWa possesses a global trading network as well as inland and deep water ports.

Global Produce

In Germany, BayWa is one of the leading single sellers of dessert pome fruit to wholesalers and retailers in the food industry and a supplier of organic pome fruit. BayWa also records, sorts, stores, packages and provides services for fruit customers in Germany and abroad as a marketer under contract at its five sites in the Lake Constance and Neckar regions. BayWa is active in the international trading of fresh products through its subsidiary in New Zealand T&G Global Limited (T&G Global). T&G Global maintains international trade relationships in the Americas, Asia, Australia and Europe. Through the marketing of dessert pome fruit between the northern and southern hemispheres, BayWa is in a position to provide trade partners with fresh agricultural products all year round, expand its product range and seize sales opportunities for German fruit on the international growth markets.

The existing sales structures of T&G Global and its affiliates offer the potential to open up additional sales markets, particularly in Asia. BayWa has expanded its portfolio to include exotic speciality fruits, particularly in the fast-growing “ready-to-eat” market, through the majority interest in the Dutch supplier TFC Holland B.V. (TFC), significantly strengthening its position as a leading international supplier of fruit and pome fruit. TFC has long-standing international trade relations in all procurement markets for tropical fruits – mainly for avocado and mango – as well as with the European food retail industry. The BayWa subsidiary Al Dahra BayWa Agriculture LLC also produces vegetable fruits in climate-controlled greenhouses in the United Arab Emirates for the local market. Through acquisitions and investments, the Global Produce business unit is oriented internationally and offers a broad range of pome fruit through to exotic fruits. Due to the increasing concentration in food wholesale and retail, setting the company apart from the competition through an attractive diversified product portfolio featuring specialities plays an increasingly important role.

Agri Trade & Service

The Agriculture business unit covers the stages of the value chain of recording, sales and service in particular for farms. It supplies farmers with agricultural inputs such as seed, fertilizers, crop protection and feedstuffs throughout the entire agricultural year and takes responsibility for recording and marketing the harvest regionally. For its recording activities, BayWa maintains a network of 177 high-performance locations in its core regions, with significant transport, processing and storage capacities. This provides seamless goods delivery, quality inspection, handling, correct storage and care of agricultural products. BayWa sells products to local, regional, national and international companies in the foodstuff, wholesale and retail industries through its in-house trade departments. Alongside its services for conventional agriculture, BayWa is gradually expanding its range of organic products and the marketing structures for organically produced products in the regions. The most recent example is the Heilbronn agricultural site, which has also been authorised to record products from organic farming since summer 2019. In addition, 130 BayWa sites are certified to trade agricultural inputs for ecological agriculture. BayWa is also a member of Biokreis, the fourth-largest organic farming association in Germany, and a licensed user of the Bayerische Bio-Siegel (Bavarian organic seal).

Due to historically evolved structures in Germany, the agricultural business is concentrated primarily in the regions of Bavaria, Baden-Württemberg, Mecklenburg-West Pomerania, Thuringia, Saxony, Saxony-Anhalt and southern Brandenburg. The focal point when it comes to developing BayWa's agribusiness in Germany is on site modernisation, process optimisation in the logistics chain, the expansion of e-commerce activities and employee development. By expanding its digital services, such as the BayWa Portal for agriculture, BayWa is also gaining new customers beyond its traditional regions. Through its subsidiary RWA Raiffeisen Ware Austria Aktiengesellschaft (RWA), which maintains close business relations with 450 cooperative warehouses, BayWa is represented throughout Austria. Numerous privately owned medium-sized trading enterprises, mainly operating locally, make up the competitive environment for agricultural products. By contrast, there are also a number of wholesalers operating nationwide that offer agricultural inputs. All told, BayWa is the agricultural company that generates the highest sales in Germany.

Agricultural Equipment

The Agricultural Equipment business unit offers a full line of machinery, equipment and systems for all areas of agriculture. Important customer groups are also those in forestry, municipal services and commercial customers. Aside from tractors and combine harvesters, the range of machinery also includes versatile municipal vehicles, road-sweeping vehicles, mobile systems for wood shredding and forklift trucks for municipal services and commercial operations. The range on offer for forestry extends from large machinery and equipment such as forestry tractors, wood splitting and chipping machinery, forest milling cutters and mulchers, cable winches, road and path construction machinery right through to small appliances such as chainsaws and brush cutters and the necessary protective clothing. In addition, a workshop network with 281 locations and 711 mobile service vehicles provide maintenance and repair services for machinery and equipment.

The Agricultural Equipment business unit comprises product management for new machinery, especially AGCO-brand machinery (Fendt, Massey Ferguson, Challenger and Valtra), as well as international activities. CLAAS sales and service through the joint affiliated companies are equally positioned form an organisational perspective. The Agricultural Equipment special business division is divided into the product categories municipal services, forestry, indoor equipment and irrigation technologies. For products made by AGCO and CLAAS, BayWa operates a specialised network of in-house workshops in southern and eastern Germany and in the Netherlands that are tailored to manufacturer brands. In Germany, BayWa has also significantly expanded its sales structures for Massey Ferguson-branded products in recent years to increase their market share. The sale of products is complemented by trade in spare parts and the provision of mobile service vehicles for maintenance and repair services. BayWa also sells used machinery via its sites and online platforms.

In BayWa's traditional core regions, the market for agricultural equipment is focused primarily on replacement investments and the modernisation of machinery and systems. Against this backdrop, developing international markets with above-average growth potential is becoming increasingly more important. BayWa is currently represented with subsidiaries or joint ventures in the Netherlands, Canada, Zambia and South Africa.

Building Materials Segment

Just under 10% of consolidated revenues are generated in the Building Materials Segment. The segment primarily comprises building materials trading activities in southern and eastern Germany and Austria. In addition, BayWa serves a number of franchise partners in the building materials and retail business in Austria through its Austrian subsidiary AFS Franchise-Systeme GmbH. The BayWa Group is one of Germany's market leaders in the building materials trade, with a total of 128 sites, and also ranks among the leading suppliers in Austria, with 31 sites. The number of franchise locations currently totals 998.

In the building materials trade, BayWa mainly caters to the needs of small and medium-sized construction companies, tradesmen, commercial enterprises and municipalities. Private developers and homeowners are also important customers. The key success factors in this business are physical proximity to the customer, the product mix, advisory services and close relations with commercial customers. BayWa takes these factors into account with a targeted focus on its customer groups when it comes to sales and customer consulting services. One example of this is the BayWa Building Materials Online portal, which business customers can use to place orders 24/7. The building services division of BayWa has been a wholly-owned Group company since the start of the year. To this end, the 12 building services locations and their over 300 employees in total, which were previously assigned to BayWa's building materials trade, have been spun off into an independent company. This will enable BayWa Haustechnik GmbH to position itself as a national provider of installation services for heating, plumbing and ventilation and to better adapt to the challenges facing the industry, such as the shortage of skilled workers, the energy transition and digitalisation. In addition, BayWa has been working with developers on the implementation of projects in Germany since 2018. To this end, it enters into joint ventures with construction companies or property developers as a partner and primarily acts as a provider of concepts. For planning and calculation, the online services include the special room designer software and the "Mr+Mrs Homes" property configurator. In addition, BayWa AG provides bathroom modules made from wood through its stake in the start-up Tjiko GmbH. These bathrooms are individually designed using a digitally controlled process and configurator and are manufactured in series with complete interior fittings. The Tjiko bathroom modules are chiefly aimed at property developers and general contractors of large residential construction projects who want to realise an economical and highly individualised bathroom design in the properties.

Further areas of focus in the Building Materials Segment include healthy construction and energy efficiency. BayWa offers a wide range of tested low-emission building materials plus solutions for energy-efficient construction or renovation. Thanks to its private brand lines for construction components and landscaping; for structural and chemical products, as well as insulation materials; for healthy-living building materials and cleaning agents; and for roofing accessories, BayWa is increasingly becoming an initiator of new products. In the case of conventional construction materials, being close to the customer is a significant competitive advantage. At the same time, the cost of transporting heavy or bulky construction materials with relatively low added value necessitates excellent location structures and optimum logistics.

Innovation & Digitalisation Segment

BayWa has plotted a clear course into the digital future through the independent Innovation & Digitalisation Segment, which is responsible for developing and marketing digital products and services for enhancing productivity in agriculture. It also pools the BayWa Group's e-commerce activities. With its software product NEXT Farming OFFICE, the Group company FarmFacts GmbH offers farmers a future-oriented and interoperable farm management system. It enables farmers to seize the opportunities of smart farming, irrespective of the type of farm or farm size. With over 18,700 users, who farm more than 25% of the agricultural space, BayWa takes up a leading market position in Germany. In addition, FarmFacts teamed up with six leading manufacturers of agricultural equipment at Agritechnica 2019 to launch the web-based, open "NEXT Machine Management by aag" data management software on the market as a new module for NEXT Farming LIVE that processes all data generated by machinery and equipment regardless of the manufacturer. BayWa is also driving forward the assessment of satellite data in the farming industry in its partnership with the European Space Agency (ESA). The goal is to optimally incorporate satellite data into agriculture processes in order to create positive effects regarding the use of resources and water, as well as for harvest yields. The distribution and marketing of the resulting data is carried out by the Group subsidiary VISTA GmbH.

To accelerate the development of innovative ideas for agriculture, BayWa and RWA Raiffeisen Ware Austria created the Agro Innovation Lab (AIL), which is to be continued by RWA from January 2020 onwards. Start-ups with innovative business ideas for agriculture have the opportunity to apply for the acceleration programme organised by AIL. In 2019, the AIL set up the "Robotics Challenge" competition and worked with farmers to test six such prototypes in the field. The results of these tests are included in the Robotics Report. The report categorises 100 robotics companies worldwide in terms of their current level of maturity and the functionality and application areas of their agricultural robots, presents the legal and regulatory framework in the EU with a special focus on Germany and Austria and identifies the key challenges for developing companies and farmers. According to estimates, the robotics market is set to grow by 40% between now and 2025 and will have a lasting impact on the agricultural industry. With the requirements for resource-friendly production techniques on the rise and the availability of labour growing ever more critical, mechanical solutions are increasingly gaining importance.

Other Activities

Other Activities encompass the Group's central management and administrative functions as well as peripheral activities.

Management, monitoring and compliance

BayWa is an Aktiengesellschaft (stock corporation) under German law with a dual management structure consisting of a Board of Management and a Supervisory Board.

As at 31 December 2019, the Board of Management consisted of five members: Prof. Klaus Josef Lutz (Chairman, responsible for the BayWa Agri Supply & Trade and Global Produce business units), Andreas Helber (responsible for Finance), Marcus Pöllinger (responsible for the Building Materials Segment and the Agri Trade & Service, Agricultural Equipment and Digital Farming business units) Matthias Taft (responsible for the Energy Segment) and Reinhard Wolf (General Director and Chairman of the Board of Directors of RWA Raiffeisen Ware Austria Aktiengesellschaft).

Effective 1 January 2019, Marcus Pöllinger took over the responsibility for the Agricultural Equipment business unit and the Digital Farming division, in addition to the Building Materials Segment and the Agri Trade & Service business unit.

The Board of Management is solely responsible for managing the Aktiengesellschaft with the primary aim of increasing its value over the long term.

The BayWa AG Supervisory Board consists of 16 members. It monitors and consults the Board of Management in its management activities and regularly discusses business development, planning, strategy and risks together with the Board of Management. In accordance with the German Codetermination Act (MitbestG), shareholder and employee representatives also sit on the Supervisory Board of BayWa AG to ensure codetermination on the basis of parity. The Supervisory Board has formed six committees in order to boost its efficiency.

Details on cooperation between the Board of Management and the Supervisory Board and on corporate governance at BayWa AG are presented in the Supervisory Board report and the corporate governance declaration. These are publicly available at www.baywa.com/en/group/corporate-governance/corporate-governance.html.

The main task of the Corporate Compliance organisational unit is to perform preventive duties. Corporate Compliance particularly draws on training courses and an extensive range of consultancy and information services to prevent breaches of the law. Its activities are focused on antitrust law, corruption prevention, data protection, customer/export control and combating money laundering. Comprehensive frameworks have been developed and are to be treated as Group-wide rules on these issues.

A Group-wide code of conduct was introduced in 2015, creating a uniform set of values which apply to the entire BayWa Group. Employees who wish to report potential breaches of compliance regulations are now able to register their suspicions through an anonymous tip-off system in addition to existing possibilities, such as the ombudsman. Reported information is assessed and followed up in conjunction with Corporate Audit. Corporate Compliance and Corporate Audit work together closely in internal investigations relating to compliance. There is also an extensive range of compliance controls to review and guarantee adherence to compliance principles. Corporate Compliance is managed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer. Compliance Officers and Data Protection Officers are also appointed in BayWa's business units, as well as at all significant affiliated companies. They are available to employees as additional contact partners and act as multipliers.

Corporate goals and strategy

BayWa remains true to its roots while continuing to evolve. The fundamental changes in the corporate environment and in the value chain call for adjustments or even entirely new business models. In keeping with the guiding principle “We meet basic needs through leading solutions for food, energy and shelter”, BayWa is becoming a trusted partner to its customers for the long term when it comes to integrated and sustainable solutions. The aim is to ensure the success of BayWa customers by combining products with advisory and other services and to make their work easier. As a strong partner to its customers, BayWa seeks to ensure that the company remains independent and competitive. True to the claim “United for success.”, BayWa’s corporate conduct has always had a long-term focus and been shaped by the company’s responsibility towards customers, employees, society and the environment.

BayWa has set itself the target of taking on a pioneering role when it comes to sustainability and the development of green solutions across all of its business units. Since the start of the financial year 2018, BayWa r.e.’s business operations have been completely climate neutral. The carbon footprint of the BayWa r.e. Group was analysed, and measures to reduce greenhouse gas emissions were then identified and implemented. Certificates from high-quality carbon offset projects were then used to compensate for the remaining emissions. German sites in the Global Produce business unit have also been operating climate neutrally since June 2018, and there are plans to ensure that international sites follow suit in future. In July 2019, BayWa joined the international RE100 initiative. In doing so, it has committed itself to covering 100% of its electricity needs from renewable energies throughout the Group, as a self-imposed corporate goal already by the end of 2020.

BayWa is taking two market-driven approaches with regard to its further strategic development: ensuring business continuity by enhancing competitive strength, as well as growth in new business areas by developing innovative, customer-focused business models. The Group’s growth ambitions focus on the Renewable Energies, BAST and Global Produce business units.

The strategic pursuits at a functional level are fourfold: Within business models and the organisation, the objective is to press ahead with digitalisation. In operating business, the plan is to optimise management and expand the points of customer contact to strengthen Group brands. Particular focus is being placed at Group level on strengthening the BayWa umbrella brand across all segments and business units. Achieving an excellent organisational set-up marked by close collaboration across divisions and high-performing employees and managers will improve corporate performance. Finally, BayWa plans to continuously analyse its business portfolio for future growth and earnings potential with the aim of ensuring and increasing the profitability of the BayWa Group’s business operations on a sustained basis.

The objective in the Energy Segment is to further advance the global expansion of renewable energies. Another focus is on scale, continued internationalisation and expanding the service business, as well as on the provision of integrated energy solutions. Examples include the combination of installations for generating renewable energy with efficient energy storage systems, as well as the cross-segment development of innovative products and services, for example with regard to electromobility. BayWa r.e. Energy Ventures GmbH invests in fledgling start-ups offering innovative solutions in the energy industry as a lead investor or co-investor. In order to be able to exploit the existing growth potential in the markets for renewable energies more quickly, BayWa r.e. intends to take on a partner within the framework of a capital increase. This transaction will reduce BayWa’s share in BayWa r.e. by almost half. The additional capital available will significantly accelerate revenue and earnings growth in the medium term.

The Conventional Energy business unit continuously promotes the expansion of mobility solutions in the fields of charging infrastructure for e-mobility, LNG filling stations and digital mobility. Furthermore, BayWa also offers e-mobility solutions created on the basis of comprehensive fleet analysis and targeted at fleet operators. Due to the increasing orientation of the BayWa Group towards sustainability aspects, BayWa disposed of part of its fossil fuel-based business in 2019 by selling the filling station business of its subsidiary TESSOL.

In the Agriculture Segment, the Group is affirming its aim of becoming Europe’s leading agricultural trade, distribution and logistics provider with global reach. BayWa aims to deepen existing customer ties and attract new customers by seizing opportunities to export to international markets; expanding the agricultural products range through the addition of specialities such as starch products, hops and legumes; and presenting new service offerings. By taking these steps, BayWa will be further developing its core business on a functional and cost-efficient basis. In the BAST business unit, the new 2024 "Road to Ingredients" strategy also provides for the expansion of the product range to include prepared products and the expansion of the marketing offer for organically and regionally produced agricultural goods. In addition, BayWa is boosting its position as supply chain manager and diversifying its portfolio through international partnerships.

In the recording and agricultural inputs business, the location structure is undergoing consolidation and optimisation, and digital services are being added to the business model. The number of German agricultural locations is to be significantly reduced in the medium term. Structural optimisation and other measures are aimed at significantly reducing the capital tied up in the Agri Trade & Service business unit during this period. Sales are being geared towards integrated solutions, since the rise in the digitalisation of agriculture is resulting in a change in requirements. The use of digitally controlled machinery and equipment for the application of agricultural inputs often requires specially adapted varieties of seed, fertilizer or crop protection products. BayWa will in future therefore combine the services of the Agricultural Equipment business unit with those of the Agri Trade & Service business unit in order to offer farmers a one-stop service without additional channels. The range of e-commerce activities will also be constantly expanded. In addition, BayWa is driving forward digital processing in logistics in its agricultural trading business. The digitalisation of the value chain supports the successful management of the increasing complexity and dynamics of logistics processes in the "physical Internet", i.e. in the storage, transport and delivery of goods. This increases customer benefit and reduces costs. Targeted diversification of the product portfolio and the expansion of the private brand business are also helping to stabilise profitability.

In the Global Produce business unit, BayWa's objective is to offer retailers in Europe a diverse and attractive range of agricultural products throughout the year by systematically expanding its procurement base. The focus is on expanding the range of fruit and vegetable specialities. In addition, the New Zealand Group company T&G Global is being used as a platform for expanding exports to countries in Asia and tapping into new sales markets. International marketing of the full range of agricultural products in the Global Produce business unit is to use an overarching strategy to enhance synergies and acquire new customers. In Germany, activities are focused on expanding the range of organic products and apple brands such as Jazz and Envy.

In the Agricultural Equipment business unit, BayWa is further strengthening the brand-specific sales organisations. In order to increase efficiency, it has split into agricultural equipment on the one hand and special technology for municipalities, industry and forestry operations on the other. In addition, the focus is on the development of cross-vendor digital interfaces and the development of a new water management business division.

In the Building Materials Segment, development activities are focused on measures to ensure continuous efficiency improvements and the expansion of online offerings. Thanks to the successful integration of bricks-and-mortar retail with the BayWa Building Materials Online portal, BayWa now offers a comprehensive multi-channel service covering its entire sales region. In addition, BayWa aims to expand cooperation with property developers and building contractors in Germany through joint ventures.

The Innovation & Digitalisation Segment encompasses the fields of Digital Farming and eBusiness. In terms of digital farming, BayWa's goal is to assume a leading role as a professional partner for agriculture. With its software products NEXT Farming OFFICE and NEXT Farming LIVE, the subsidiary FarmFacts is the market leader in Germany and the driving force behind smart farming at the BayWa Group. In addition, FarmFacts is generating opportunities for growth on the international markets. Smart farming solutions go beyond the bounds of precision agriculture such as site-specific farm management. For example, just in time for the 2018 harvest, BayWa launched a pilot project with its subsidiary VISTA Geowissenschaftliche Fernerkundung GmbH, which used data provided by Sentinel 2 satellites in the ESA's Corpernicus programme to calculate yield potential for crops such as wheat, corn and rapeseed.

BayWa's eBusiness includes the BayWa Portal platform for online trade and plays a cross-cutting role when it comes to digitalising interfaces and processes between BayWa and its customers. The focus here is on an omni-channel approach and further development into a smart digital customer platform and the digitalisation of customer-centric processes.

With its corporate financing, BayWa puts its faith in tried-and-tested, reliable partners in the cooperative federation. Furthermore, it makes sure that there is sufficient diversification in terms of financing sources, so as to guarantee its independence and limit risks. Efficient management of working capital is vital at the BayWa Group as it represents a net figure for current assets less current liabilities. BayWa aims to maintain a balanced capital structure.

Control system

Strategic controlling of the corporate divisions is based on value-oriented corporate governance and integrated risk management. Operational management of the corporate divisions is conducted based on targets; the key earnings figures EBITDA, EBIT and EBT are primarily used as the most significant financial performance indicators. The development of financial performance indicators in the financial year 2019 is described in the Financial Report in the section “Financial Performance Indicators”. BayWa reports on its non-financial performance indicators in its separate Sustainability Report.

The value-driven management approach supports the medium- and long-term streamlining of the portfolio and the strategic orientation of capital allocation within the Group. This approach shows whether the ratio between the operating profit achieved and the risk-adjusted cost of capital is appropriate, i.e. whether the business units and the segments have earned their cost of capital. Interest on average capital invested in the business units is charged by applying the weighted average cost of capital (WACC) model. The return on invested capital (ROIC) of the business units is then measured against the respective cost of capital. There is economic profit if the return on invested capital is higher than the cost of capital specific to each business unit (see also “Economic profit” section). The further development of an efficient risk management system is particularly important in safeguarding long-term economic success, especially in international business. The risk management system is monitored and managed by a Risk Board established in 2009 and headed up by the Chief Executive Officer. In addition, the Global Book System (GBS) has been in place to coordinate trade management in grain, oilseed and co-product trade since 2014. The GBS reconciles and optimises trade and risk positions of individual product lines across the board for national and international divisions.

Sustainability at BayWa

The consolidated non-financial report is part of the sustainability report 2019, which is published on the website www.baywa.com/en/responsibility/at-a-glance.html.

Employees

The number of employees at BayWa rose once again in the financial year 2019. By the end of the year, the BayWa Group employed 19,193 employees (2018: 17,864). In terms of an annual average, the number of employees rose year on year by 827 to 18,831, equating to an increase of 4.6%. This development primarily results from the Energy Segment, especially from a series of strategic acquisitions in the Renewable Energies business unit, as well as from the Building Materials Segment. A rise in the number of employees was also recorded in BAST and Global Produce, and in the Innovation & Digitalisation Segment. The number of employees fell only slightly or stayed the same in the Agri Trade & Service and Agricultural Equipment business units.

In 2019, 400 new trainees started their career at BayWa. With a total of 1,410 trainees, BayWa is one of the largest companies in Germany to offer trainee programmes, and, with a trainee ratio of approximately 7%, BayWa is providing training to young people that goes beyond the needs of the company.

Development of the average number of employees in the BayWa Group

					Change	
	2016	2017	2018	**2019**	2019/18	in %
Energy	1,911	2,079	2,407	2,812	405	16.8
Agriculture	10,212	10,613	10,428	10,580	152	1.5
Building Materials	4,081	4,113	4,211	4,371	160	3.8
Innovation & Digitalisation	126	158	183	198	15	8.2
Other Activities	630	587	775	870	95	12.3
BayWa Group	**16,960**	**17,550**	**18,004**	**18,831**	**827**	**4.6**

Research and development in the Innovation & Digitalisation Segment

	2019	2018
Non-capitalised research and development expenses (in €)	400,000	400,000
Employees	73	72
Own work capitalised (in €)	2,638,953	2,006,000

The BayWa Group's research and development activities relate to the formation and further development of the Innovation & Digitalisation Segment and take place at the subsidiaries FarmFacts GmbH and VISTA Geowissenschaftliche Fernerkundung GmbH.

Research focuses primarily on pilot projects on the topics of site-specific sowing and fertilization, as well as satellite-based remote sensing services and applications for agriculture, water management and the environment. Development pertains mainly to software and digital applications for digital farming.

FarmFacts focuses first and foremost on software modules for controlling agricultural processes, as well as telematic applications and management software for the automated steering of agricultural machinery. “NEXT Machine Management by aag” was launched on the market in the reporting year. The application was developed by the manufacturers of agricultural equipment AGCO, Krone, Kuhn, Lemken, Pöttinger and Rauch. The cloud-based application is integrated into NEXT Farming LIVE as a module. It is a data management software for processing and assessing all data generated by machinery and equipment, regardless of the manufacturer. This interface is also open to other agricultural equipment manufacturers to allow farmers to digitally connect their machinery in future via a growing number of manufacturers. There are plans to launch “NEXT Machine Management by aag” on international markets in 2020. VISTA is currently implementing scientific methods into operating services and applications and developing digital solutions on the basis of satellite data. These include hydrology, agriculture and environmental applications such as accurate local forecasts of nutrient and water requirements or harvest forecasts for research and commercial applications. Optical and radar satellite images in various resolutions, as well as additional geodata, are combined for this purpose.

As at 31 December 2019, 73 employees worked in research and development. The BayWa Group's research and development expenses totalled €400,000 in the financial year 2019. Own work capitalised with regard to new digital farming products amounted to some €2.6 million.

Financial Report

Operative business development

Energy Segment

Market and industry development 2019/20

Development of renewable energies
In 2019, global investments in renewable energies stood at USD363.3 billion, a slight increase year on year (2018: USD362.5 billion). Investments in solar energy (photovoltaics) fell year on year by 4% to USD136.4 billion. By contrast, global investments in wind energy increased by 7.5% to USD142.7 billion, USD112.8 billion of which was attributable to onshore wind projects (BNEF, Clean Energy Investment Trends 2019). According to Bloomberg New Energy Finance (BNEF), 2019 and 2020 are set to be record years for the development of renewable energies. In addition, wind and solar are now the most cost-efficient form of power generation for two-thirds of the world (BNEF Signposts, 3Q 2019, pp. 4, 5).

In the field of onshore wind energy, approximately 55.3 gigawatts (GW) were added worldwide in 2019, with China accounting for a significant share as in previous years (45%), followed by North America (20%) and Europe (17%) (BNEF, Global Wind Market Outlook, 4Q 2019, pp. 2, 3). Germany accounted for only approximately 0.7 GW of the 9.4 GW in new onshore wind energy installations in Europe. This is due to a lack of approved projects as a result of growing local opposition as well as long-lasting proceedings, which present the German wind energy industry with major challenges. The most important European countries for the construction of new onshore wind turbines in 2019 were the Netherlands and France, with approximately 1.2 GW each, followed by Spain, with approximately 1 GW. In North America, new installations were primarily driven by the US (10.3 GW), followed by Mexico, with 1.5 GW. In the Asia-Pacific region, China (24.7 GW), India (2.3 GW), Australia (1.5 GW) and other markets recorded an increase in the expansion of onshore wind energy. For 2020, the BNEF forecasts a global expansion of 69 GW for onshore wind energy capacity, which would mean a further increase compared to the 55.3 GW generated in 2019 (BNEF, Global Wind Market Outlook, 4Q 2019, pp. 1, 4, 5, 10, 17, 19).

Global photovoltaic installation capacities increased by 121 GW in 2019, with the Asia-Pacific region recording the largest increase of 52% as in the previous year, followed by Europe (17%), North America (9%), Africa and the Middle East (5%) and Central and South America (6%) (BNEF, Global PV Market Outlook, 4Q 2019, pp. 1, 2). Of the 63 GW added in the Asia-Pacific region, China accounted for 28 GW, India for 10.8 GW and other countries in the region for 24.5 GW, in particular Japan (7.8 GW), Vietnam (5.1 GW), Australia (4.7 GW) and South Korea (2.5 GW). In Europe, Spain and Germany were the main driving forces behind the resurgence in the expansion of photovoltaic systems to a total of 21 GW, with 4.5 GW and 4 GW respectively, followed by the Netherlands and Ukraine, with 3 GW each, and France, with 1.4 GW. While the US continued to dominate North America (11.1 GW), Mexico grew strongly, with an increase of 3.3 GW. Africa and the Middle East also became increasingly important, with a total growth of 5.5 GW in 2019. The United Arab Emirates made the largest contribution in this region, with 1.7 GW, followed by Pakistan (1.3 GW) and Israel and Egypt, with 0.9 GW each. In Central and South America, Brazil continued to play a leading role with new installations of 2.7 GW, accounting for around 40% of new installations in the entire region. According to global forecasts, the expansion of photovoltaic systems is expected to continue to grow very strongly in 2020, with between 121 GW and 154 GW expected worldwide (BNEF, Global PV Market Outlook, 4Q 2019, Appendix a, b, c).

Development of conventional energy
In the field of conventional energy, the price of crude oil plays a key role in the development of demand and the prices of various fossil energy carriers. In the first four months of 2019, crude oil prices rose by up to 40% from their low for the year of just under USD52 per barrel to a high of just under USD73 per barrel at the end of April. This movement was mainly triggered by production cutbacks by the Organization of the Petroleum Exporting Countries (OPEC), a supply shortage due to the US sanctions against Iran and economic problems in Venezuela. As the year progressed, the trade conflict between the US and China, the resulting slowdown in global economic growth and continued high shale oil production in the US led to significant price declines. Even the agreement between OPEC and some non-OPEC member states, including Russia, to extend existing

production quotas by nine months until 31 March 2020 and the drone attack on an oil refinery in Saudi Arabia did not lead to a sustainable price turnaround. Towards the end of 2019, the oil price remained in the range between around USD57 and USD67 per barrel (TECSON, Rohölpreise, 2019). Overall, the oil price in 2019 averaged at USD64 per barrel, above the forecast average of USD61 per barrel. Forecasts made by the US Energy Information Administration (EIA) about the development of crude oil prices in 2020 predict that the oil price will hover around USD61 per barrel in 2020. In general, prices will be very volatile in the short term subject to the development of inventories. Based on the current forecasts, the relationship between production and global consumption is set to be balanced for 2020 as a whole (EIA, Short-Term Energy Outlook, December 2019, pp. 1, 16). In the heating sector, demand for fossil fuels is generally subject on the one hand to fluctuations in consumption determined by weather conditions. On the other hand, purchasing behaviour is influenced by price trends. The price of heating oil largely followed the development of the crude oil price and exceeded the previous year's level until mid-May 2019. As the year progressed, the heating oil prices gave way again and remained below the previous year's values until just before the end of the year (TECSON, Heizölpreise, 2019). Sales of heating oil in Germany increased by 14.1% year on year in 2019 (BAFA, Amtliche Mineralöldaten, 2019). The main reason for this may have been that consumers had used the lower prices in the second half of the year for stockpiling.

Structural factors such as the rise of renewable energies, the increased use of gas, and cuts to consumption due to modern technologies and energy-efficient building renovations have resulted in a long-term decline in heating oil consumption in Germany. This trend is also likely to continue going forward. However, the upcoming CO_2 price from 2021 onwards could have a positive effect on the demand for heating oil in 2020, as end consumers are expected to fill up their tanks in advance. Total fuel sales in Germany rose slightly by 0.9% in 2019. Sales of Otto fuels increased by 1.0%, and sales of diesel increased by 0.8%. Total lubricant sales were 1.6% higher than in the previous year in 2019. In light of the low level of overall economic growth in Germany, it can be assumed that sales will remain largely stable in 2020.

Business performance

The Renewable Energies business unit once again saw highly positive development in 2019 and significantly exceeded the project developments and sales planned for the year as a whole. Plant sales with a total output of 911.6 megawatts (MW) more than doubled in the reporting year (2018: 453.0 MW), setting a new record. In the field of solar energy, twelve free-standing solar parks with a total output of 620.0 MW and a floating project with an output of 8.4 MW were sold. Of this total, 269.0 MW was attributed to Mexico, 221.0 MW to the US and 138.4 MW to Europe including Germany. After BayWa r.e. built Europe's first subsidy-free solar park in sunny Spain in 2018, the first subsidy-free solar park in Germany, Barth V, was realised in 2019 by BayWa r.e. with a capacity of 8.8 MW using free-standing photovoltaics. This shows that subsidy-free solar power also works and is marketable in Germany. A total of ten wind farms with a combined output of 282.8 MW were sold in the national markets of Sweden (94.6 MW), Italy (94.2 MW), Germany (25.6 MW), the United Kingdom (18.8 MW), France (18.0 MW), Austria (17.3 MW) and Australia (14.4 MW). BayWa r.e. will also assume responsibility for the commercial and technical management and maintenance of most of these plants going forward.
BayWa r.e.'s service business recorded a rise in total plant capacity under its management around the world of just under 46% to more than 8.3 GW in 2019 (2018: 5.7 GW). Contributory factors here included a contract with Siemens Gamesa Germany for the maintenance of 230 wind turbines with a total capacity of approximately 600 MW as well as mandates for the technical and commercial management of nine German and six French wind farms belonging to the Talanx Group with a total output of over 300 MW. In trading with photovoltaic (PV) modules, the total output of PV modules sold rose by just over 70% to 927.0 megawatt peak power output (MWp). Sales of inverters rose accordingly. The growth is primarily due to marked cost decreases in production and the resulting improvement in competitiveness of conventional forms of energy production. The acquisition of the Canadian solar distributor National Solar Distributors – a provider of residential and commercial grid-connected solar solutions as well as industrial and smaller off-grid applications – with effect from August 2019 also contributed to growth. All told, revenues increased by 29.1% to €1,975.3 million in 2019. Following €72.5 million in the previous year, earnings before interest and tax (EBIT) reached a new high of €101.0 million in the reporting year. The improvement in both revenues and the operating result is primarily attributable to the sharp rise in project sales and growth in the solar trading and exceeded the positive expectations.

As expected, the Conventional Energy business unit was shaped by a strong rise in demand for heat energy carriers in the financial year 2019. In terms of fuel oil, the sales volume increased by 7.1% and was clearly above the previous year's level. This was because customers wanted to stockpile at the fuel oil prices that were more favourable in comparison to the previous-year period, particularly in the second half of the year. The climate package passed by legislators in late September may have already led to panic buying, as it calls for an increase in the price of fuels. The marketing volume of wood pellets has also risen, achieving an increase of 24.3%. In this case too, the relatively low prices may have encouraged consumers to stock up in advance. The collaboration with WUN Pellets GmbH also boosted the marketing volume of wood pellets, making BayWa the largest trading company of wood pellets in southern Germany. In the heat contracting business, BayWa Energie Dienstleistungs GmbH (EDL) was able to start running its new wood chip facility for local heating and distant heating supply in Neustadt an der Waldnaab in early 2019. The facility supplies twelve subscribers in the city and surrounding area. Group fuel sales decreased by 9.9% year on year, performing weaker than expected. However, diesel sales recorded a moderate rise due to supply activities for construction sites, commercial enterprises and farmers. The acceptance of additional filling station cards at BayWa filling stations also had a positive effect on the fleet business with freight forwarders. Sales of lubricants were also lower than expected due to the weakening economy, falling by 3.7%. The Conventional Energy business unit’s revenues exceeded expectations and rose by 2.5% to €2,499.0 million in the reporting year mainly due to the rise in sales volumes in the heating business. EBIT improved by 12.3% to €26.4 million in 2019 primarily due to excellent margins in the heating oil and fuel business, thereby defying expectations and reaching a new record high.

At €4,474.3 million, the Energy Segment’s total revenues for the financial year 2019 were up year on year by €505.8 million. Earnings before interest and tax (EBIT) increased by 32.7% to €127.4 million, thereby setting a new high.

Agriculture Segment

Market and industry development 2019/20

Development of grain and oilseed

Global balance of grain (excluding rice) in millions of tonnes	Grain year			Change	
	2017/18	2018/19	**2019/20**	2019/20 compared to 2018/19	
Production					
World	2,124.2	2,127.1	2,166.7	39.6	1.9%
thereof: wheat	762.9	731.5	764.0	32.5	4.4%
thereof: coarse grain	1,361.3	1,395.6	1,402.7	7.1	0.5%
Consumption					
World	2,117.8	2,156.0	2,177.7	21.7	1.0%
thereof: wheat	741.7	737.0	754.2	17.2	2.3%
thereof: coarse grain	1,376.1	1,419.0	1,423.5	4.5	0.3%
Inventory changes					
World	6.4	- 28.9	- 11.0		
thereof: wheat	21.2	- 5.5	9.8		
thereof: coarse grain	- 14.8	- 23.4	- 20.8		

European balance of grain (excluding rice) in millions of tonnes	Grain year			Change	
	2017/18	2018/19	**2019/20**	2019/20 compared to 2018/19	
Production					
EU	303.2	285.0	313.0	28.0	9.8%
thereof: Germany	45.6	38.0	44.7	6.7	17.6%
Consumption					
EU	292.8	291.8	295.5	3.7	1.3%
thereof: Germany	42.7	41.7	43.0	1.3	3.1%
Inventory changes					
EU	1.2	- 6.8	17.5		
thereof: Germany	2.9	- 3.7	1.7		

Sources: USDA, Grain: World Markets and Trade, February 2020, pp. 21, 27; BLE, Bericht zur Markt- und Versorgungslage Getreide 2019; BMEL, Ernte 2019, Appendix 1 c; DRV, Jahresbericht Agrarwirtschaft 2019, p. 11

Global grain harvest yields were on a par with the levels recorded in the previous year in grain year 2018/19. However, global consumption continued to increase by just under 1%, exceeding production and resulting in a stock reduction of some 28.9 million tonnes. Nevertheless, the coverage of stocks is about four and a half months (DBV, Situationsbericht 2019/20, p. 164). In the European Union, the 2019 grain harvest was approximately 9.8% higher than the drought-related weak harvest of the previous year (USDA, Grain: World Markets and Trade, February 2020, pp. 21. 27). The German grain harvest was almost 18% higher than in the previous year, but is still a good 3% below the average for the years 2013 to 2018 (BMEL, Ernte 2019, Appendix 1 c).
In view of the globally relaxed supply situation, grain price – measured according to the grain price index of the Food and Agriculture Organization of the United Nations (FAO) – amounted to 164.3 points in December 2019, which was approximately 2.1% below the value of the previous year of 167.8 points (www.fao.org/worldfoodsituation/foodpricesindex/en). On the MATIF commodity futures exchange, wheat prices for 2019 fell from €204 per tonne at the beginning of the year to €153 per tonne in September as a result of the significantly better harvest yields compared to the previous year. Although prices recovered to around €189 per

tonne by the end of the year, they were still well below the highs of 2011 and 2013 (DBV, Situationsbericht 2019/20, p. 168). According to the latest forecasts from the U.S. Department of Agriculture (USDA), global grain production in 2019/20 – excluding rice – is likely to be up slightly on the previous year's volume by just under 1.9%. Worldwide consumption is therefore expected to be almost completely covered by the current harvest season. Against this background, grain prices are expected to remain relatively stable in 2020 (DBV, Situationsbericht 2019/20, p. 167).

Soya meal, which accounts for around 70% of all oilseed meal, was harvested in 2018/19 at just under 234 million tonnes worldwide, up around 0.6% on the previous year (USDA, Oilseeds: World Markets and Trade, 2020, p. 9). The prices for soya meal on the Chicago Board of Trade (CBoT) commodity futures exchange fluctuated within a narrow range between just under €290 and €310 per tonne for much of the year in 2019. In May, the expectation of a large harvest in Argentina and low imports into China at the same time led to a price collapse to around €279 per tonne. Subsequently, prices rose in June to their annual high of just under €325 per tonne due to an expected lower cultivation volume in the US. Overall, however, the fluctuation range of the prices was considerably smaller than in the previous year. At the end of the year, the price of €295 per tonne was back at the level of the end of the previous year. Global production is expected to rise by around 2.0% to 238 million tonnes in marketing year 2019/20 (USDA, Oilseeds: World Markets and Trade, February 2020, p. 9). Despite an anticipated further increase in consumption, demand is expected to be met by global supply. Against this background, soya meal prices are expected to remain stable in 2020.

Development of fruit cultivation

Following the above-average fruit harvest in 2018, Germany's harvest in 2019 was again smaller at 1.28 million tonnes. However, the harvest volume was only slightly below the average of previous years. Plums, German prunes (Zwetschge), cherries and pears suffered major losses due to the hot summer and drought (DRV, Jahresbericht Agrarwirtschaft 2019, p. 30; DBV, Situationsbericht 2019/20, p. 179). In the case of apples, the harvest volume in Germany was, as expected, lower at just under 1.0 million tonnes in 2019 after the record volume of almost 1.2 million tonnes in the previous year (Destatis, Land- und Forstwirtschaft, Baumobst, 2020, p. 7). At around 10.6 million tonnes, the 2019 harvest in the EU was also a good 20% below the previous record from 2018 (WAPA, EU 28 apple production by country, 2019). Apple prices declined significantly over the first half of 2019 due to the abundant supply from the previous year's harvest. In July 2019, prices in the EU and in Germany were down by some 8% and 14% respectively on the five-year average. As 2019 produce began to be harvested, the scarcity of supply caused prices to rise above the five-year average (EU apple dashboard, 2020). For the current marketing year, a positive apple price development is expected throughout Europe, mainly due to the below-average to average yields across all countries and the massive crop failure in Poland in 2019 (minus 44%) caused by late frost, with constant demand and significantly reduced stock quantities (www.ama.at/Marktinformationen/Obst-und-Gemuse/Aktuelle-Informationen/2019/Marktuebersicht-international-Apfel).

In the southern hemisphere, the harvest volume of apples declined by around 2.5% year on year to just approximately 5.0 million tonnes in 2019, a level which was below expectations. The harvest volume in New Zealand was 3.8% lower than in the previous year. In addition, the apple harvest was mainly characterised by small fruit sizes and poorer quality due to late frosts during the bloom phase. This has affected exports of some apple varieties. Based on the current status of fruit development, the World Apple and Pear Association (WAPA) forecasts that the apple harvest in the southern hemisphere will decrease by just under 1% to approximately 5.0 million tonnes in 2020. On the other hand, New Zealand's harvest is expected to be almost 6% higher (WAPA, Southern hemisphere apple production, 2020).

Development of agricultural inputs

Demand for agricultural inputs is highly dependent on the weather, among other factors. At the beginning of 2019, the mild weather and the resulting early start to the season led to increased demand for seed and fertilizer. Overall, however, market conditions for the agricultural inputs trade remained difficult, primarily due to the stricter regulations on the use of fertilizers and crop protection. In 2019, sales of all types of fertilizer fell by just under 6% year on year in Germany, as expected (Destatis, Düngemittelversorgung, 2019). On average, prices for fertilizer climbed by 4.8% year on year up to October 2019 (Destatis, Index of purchase prices of the means of agricultural production: Germany, October 2019). In 2020, sales of nitrogen and phosphate fertilizers are expected to fall further due to the requirements of the German Fertiliser Application Ordinance (DüV). As a result of the low demand, and assuming that weather and vegetation conditions are normal, prices of fertilizers are expected to remain constant or fall slightly in the first half of 2020 and to increase slightly in the second half. The demand for crop protection depends crucially on the weather, which determines the growing conditions for weeds, fungal diseases and animal pests, and is subject to considerable fluctuations. In 2019, sales of crop protection products remained a good 8% below the previous year's level due to dry weather and a low treatment rate – despite being forecast to rise slightly (IVA, Der Deutsche Pflanzenschutzmarkt 2019). Lower demand for crop protection is mainly due to the decline in rapeseed cultivation area as the sowing of winter rapeseed largely ceased due to the drought in autumn 2019. Moreover, rapeseed cultivation is particularly affected by restrictions on the use of crop protection products (DBV: German grain harvest just below average). Prices for crop protection products climbed slightly by 1.3% year on year up to October 2019 (Destatis, Index of purchase prices of the means of agricultural production: Germany, October 2019). Assuming largely unchanged cultivation structure, normal weather conditions and stable prices, the use of crop protection is expected to decrease again in 2020 due to the social and political factors. The seed market is mainly influenced by the development of land under cultivation for grain, corn and rapeseed. Total area under cultivation in Germany declined slightly by almost 1% in 2019 (Destatis, press release 13 May 2019 and 19 December 2019). Seed sales in the industry are therefore likely to have decreased slightly in 2019, despite forecasts of stable development. By contrast, average seed prices as of October 2019 were slightly up 0.8% on the same month last year. Assuming largely constant areas under cultivation and normal weather conditions, seed sales in 2020 should be at the level of the previous year. Production in the feedstuff industry in the marketing year 2018/19 fell slightly by 0.3% to 23.8 million tonnes of mixed feed nationwide. This decrease is mainly due to decreasing livestock numbers as a result of high production costs, low pork prices and increasing legal requirements (DRV, Jahresbericht Agrarwirtschaft 2019, p. 28). Feed prices, which had risen noticeably in the previous year due to the shortage of staple feed and the scarce supply of feedstuff grain and rapeseed, were 8.7% below the previous year's level as at October 2019 (Destatis, Index of purchase prices of the means of agricultural production: Germany, October 2019). The market is forecast to decline slightly in 2020 as a whole, as animal stocks are expected to fall further.

Development of agricultural equipment

The revenue and income situation of German farmers declined in the harvest year 2018/19 compared to the two very good previous years (BMEL, press release no. 212, 23 October 2019). Accordingly, the economic barometer for agriculture, which measures the mood in the agricultural sector, fell to its lowest level in three and a half years. The assessment of the future economic situation has also deteriorated continuously over the course of 2019 (DBV, Economic barometer for agriculture, 1st + 2nd quarter 2020, pp. 1, 2). According to estimates by the VDMA (German Mechanical Engineering Industry Association), the industry's sales of €8.4 billion in 2019 were slightly lower than in 2018 (2018: €8.6 billion). After two years of strong growth, the positive trend did not continue, contrary to expectations. At 33%, the general propensity of farmers to make investments in the first half of 2020 almost remains unchanged from the previous-year figure of 34%. However, the planned investment volume of €3.8 billion for the first six months of 2020 is considerably lower than in the same period of the previous year 2019 (€4.3 billion). While investments in machinery and equipment will probably reach the previous year's level again, a significant decline is expected for farm buildings (DBV, Economic barometer for agriculture, 1st + 2nd quarter 2020, p. 6).

Business performance

BAST business unit

The BAST business unit comprises international grain and oilseed meal trading activities. Trading volumes with grain and oilseed meal fell by 1.6 million tonnes to just under 25.0 million tonnes in the financial year 2019; a slight increase had been anticipated. The decline in handling volume was mainly due to the suspension of bread grain business with Iran. In addition, the trade dispute between the US and China led to a shift in trade flows to Europe, especially for soya meal. China restricted the import of soya beans from the US through import duties and instead imported them from Latin America. This created an oversupply of US soya beans in Europe, which led to increased competition. For this reason, more soya beans were processed into soya meal in Europe, which led to a decline in demand for soya meal from Latin America. Due to increased market uncertainty and in expectation of falling prices, customers have reduced their purchases on the futures market. In addition, demand for agricultural products in the UK was lower than in the previous year due to the mild winter and higher inventories. In addition, continuing uncertainty about the timing and terms of Brexit led to weaker demand. Overall, the oilseed meal and specialities handling volumes fell by around 1.8 million tonnes, primarily due to the lower demand for soya meal. On the other hand, trade in grain recorded a slight increase of 0.2 million tonnes due to the better harvest in Europe compared with the previous year. Overall, however, revenues in the BAST business unit fell by 7.8% to €4,875.8 million in the year under review due to lower volumes and prices; a slight increase had been expected. Earnings were negatively affected by the lower trading volume, as well as defaults on receivables in connection with the suspension of bread grain business with Iran caused by the sanctions. All in all, the BAST business unit generated operating earnings before interest and tax (EBIT) of €19.1 million in 2019, which was €12.0 million lower than in the previous year.

Global Produce business unit

The marketing volume in the Global Produce business unit grew further in the reporting year: Soft and stone fruit recorded growth of just under 64%, tropical fruit recorded growth of almost 47%, and vegetable fruits recorded growth of a good 21%. Marketing volumes for the leading category, dessert pome fruit, were 5% lower than in the previous year. All in all, fruit sales of the BayWa Group in 2019 rose by a good 8% year on year to 380,550 tonnes. Domestic business benefited until the new harvest from the marketing of the record crop of apples in the previous year, albeit at relatively low prices. It was then possible to market the new harvest in 2019, which was in short supply, with better fruit qualities at rising prices. In terms of international business, the harvest volume of apples harvested by the New Zealand subsidiary T&G Global in 2019 was just under 23% lower than in the previous year. This was due to the late frosts during the bloom phase, which on the whole also led to smaller fruit sizes or poorer quality compared to the previous year. As a result, the prices achieved were also below the level of the previous year. The high growth rates for tropical fruit are due to a strong trading performance of T&G Global in the Asia-Pacific market. The growth in vegetable fruits was exclusively attributable to increases in T&G Global. The Global Produce business unit recorded moderate revenue growth of 4.5% to €843.9 million in 2019, which did not meet expectations. In 2019, earnings before interest and tax (EBIT) increased by €9.7 million year on year to €36.9 million, thereby significantly exceeding expectations. This is mainly due to the fact that, in the course of the relocation of T&G Global's headquarters, a special income from the sale of the old administrative building was incurred, which more than compensated for the worse than expected operating performance.

Agri Trade & Service business unit

The Agri Trade & Service business unit comprises the agricultural input business, the recording of agricultural products and the grain, oilseed and oilseed meal marketing activities in Germany and those managed by the Group company RWA. In 2019, the volume of grain, oilseed and oilseed meals traded by the Agri Trade & Service business unit increased by 12.5% year on year to just under 7.3 million tonnes and was therefore within the forecast range. The increase is due to a higher volume of grain as a result of better harvests in Germany and Europe. Grain trading in the first quarter still benefited from the marketing of the scarce stocks from the previous year at good conditions. As the year progressed, positive harvest expectations and a good supply situation led to continuously falling prices. In this market environment, there was noticeable reluctance on the part of market participants, which led to a low selling propensity. As a result, only small stocks were available for trading in the second half of the year and significantly poorer margins were achieved. The volume of oilseed and oilseed meal handled decreased, mainly due to lower demand for feedstuffs resulting from good availability of staple feed. Business development of agricultural inputs was mixed in the course of the year. The season began early due to the mild weather. The early procurement of fertilizers was very good in particular. Several factors led to a noticeable decline in demand in the second half of the year. On the one hand, the use of fertilizers was severely restricted by the drought. On the other hand, prices were above the previous year's level and the expectation of fertilizer prices falling again was reflected in the massive scale of purchasing restraint. This was exacerbated by the time frame for fertilization, which was restricted by law. This meant that sales of fertilizers in Germany in 2019 were a good 3% below the previous year's figure. Owing to a positive trend abroad, the sales volume of the BayWa Group rose by a good 2% to 2.3 million tonnes and was thereby in line with expectations. Sales of crop protection products were below the previous year's level due to lower sowing of winter rapeseed in 2018 and therefore fell short of expectations. As the year progressed, the weather-related low incidence of disease led to lower demand for crop protection products. Last but not least, the use of crop protection products is limited by general restrictions imposed by legislators. Seed sales declined by a just under 6% in the reporting year, thereby falling short of the forecast of stable sales volumes. The main reason for this was that the sowing of winter rapeseed largely failed due to the drought in autumn 2019. Overall, revenues in the Agri Trade & Service business unit rose by 4.7% to €3,454.4 million in the reporting year, mainly due to volume factors. The positive development was therefore somewhat weaker than anticipated. Operating earnings before interest and tax (EBIT) improved in 2019 to €7.8 million and was therefore in line with expectations. In a persistently difficult market environment, this earnings increase is mainly due to restructuring measures carried out in previous years.

Agricultural Equipment business unit
BayWa's agricultural equipment business was unable to reach the record-breaking level of the previous year in 2019. Sale of new machinery declined by 4.1% to 4,617 tractors in 2019. This fall was due to the fact that many customers took receipt of new machinery they had ordered ahead of schedule owing to mild weather conditions toward the end of 2018. The 10.0% increase in used equipment business to 1,936 tractors was primarily due to the higher volume of trade-ins in the wake of the previous year's strong new machinery sales. Sales of machinery and accessories in fluid fertilizer and mechanical weed control business performed well. Service business developed positively overall due to high sales of tractors over the past few years, which also led to a rise in the number of employees. In terms of international business, Dutch Group company Agrimec recorded weaker development year on year predominantly as a result of the strong increase in regulation in the Dutch market. All in all, the Agricultural Equipment business unit exceeded expectations by generating total revenues of €1,683.4 million in 2019, which equates to a year-on-year increase of 3.8%. By contrast, operating earnings before interest and tax (EBIT) declined significantly in the reporting year following the strong increase of 83.9% in the previous year: by 10.4% from €36.6 million to €32.8 million. This decline was largely due to cost increases under collective agreements, the expansion of personnel capacity in service business and costs relating to the redesign of the e-commerce platforms. In addition, advertising costs were also up year on year due to the expansion of the product portfolio, the launch of new products and Agritechnica. The fall in earnings was not as significant as expected, however, due to the broad product portfolio and the range expansion implemented in the previous year. What's more, earnings generated in the reporting year were still above the average over the past five strong years.

Overall, the Agriculture Segment's grain, oilseed and oilseed meal handling volume was down just under 3% year on year to 32.2 million tonnes in the financial year 2019. This decline was particularly due to the development of oilseed and oilseed meal. The segment's revenues decreased slightly by 1.4% to €10,857.5 million. Earnings before interest and tax (EBIT) declined slightly by €3.5 million to €96.6 million, meaning that the forecast slight rise in revenue and significant improvement in earnings failed to materialise.

Building Materials Segment

Market and industry development 2019/20

With revenue growth of 8.5% to €137.2 billion, the growth generated by the German construction sector was stronger than forecast at the beginning of the year, when an increase of 6% was anticipated. As in the previous year, all branches of the construction industry contributed to this growth. Residential construction recorded a 8.5% increase to €50.6 billion (Argumentationslinie der Präsidenten des ZDB und des HDB, 18 December 2019, p. 3). Growth was primarily due to construction of new multi-storey residential properties, where building completions rose by 4.1% year on year in 2019 (Heinze, Monatspräsentation Februar 2020, p. 25). Redevelopment, renovation and modernisation business also reported higher growth rates compared to the previous year (Heinze, Monatspräsentation Februar 2020, p. 15). In the commercial construction sector, revenues increased by 7.5% to around €48.6 billion and also exceeded the growth rate forecast at the beginning of the year of 6.0%. High-rise commercial construction benefited from the increase in employment levels and rising consumer spending. This led to an increase in investment in office and administration buildings and in warehouse and trade buildings. In commercial civil engineering, growth was driven in particular by Deutsche Bahn's investment in railway lines, bridges and tunnels. Public-sector construction saw revenues up by 9.0% to €38.6 billion, which also exceeded the growth forecast at the beginning of the year of 6.0%. This growth was fuelled in particular by the German federal government's investment in road infrastructure and waterways as part of the the 2030 Federal Transport Infrastructure Plan (Argumentationslinie der Präsidenten des ZDB und des HDB, 18 December 2019, pp. 3 et seq.).

This growth trend in construction investment is expected to continue in 2020, albeit at a much lower rate. In nominal terms, revenues in the construction sector are expected to rise by 5.5% to €145.0 billion. In residential construction, revenues are forecast to increase by 7.0% to €54.2 billion (Argumentationslinie der Präsidenten des ZDB und des HDB, 18 December 2019, pp. 3 et seq.). Growth will continue to be supported by the boom in multi-storey residential construction, with the number of completed residential units expected to rise by some 12.3% to 173,000. In conventional owner-occupied home construction, on the other hand, year-on-year growth is expected to be low as in the previous year (Heinze, Monatspräsentation Februar 2020, p. 25). In spite of the heightened uncertainty regarding general economic development, a further increase in revenues of 5.5% to €51.3 billion is also expected in commercial construction. This growth is expected to be driven by solid domestic demand and investment in rail infrastructure. In public-sector construction, revenues are expected to climb by 4.0% to €39.5 billion, with investment in municipal construction set to rise alongside investment as part of the Federal Transport Infrastructure Plan (Argumentationslinie der Präsidenten des ZDB und des HDB, 18 December 2019, p. 5).

The Austrian construction industry continued its upward trend in 2019 (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, pp. 16 et seq.). Growth impulses mainly originated in structural engineering from the residential construction segment, which benefited in particularly from a significant housing shortage particularly in urban areas. The ongoing low interest rates and associated favourable terms and conditions boosted demand for owner-occupied housing and particularly for single- and multi-family properties (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, p. 9). Multi-storey residential construction also recorded high growth in 2019 (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, p. 10). Bolstered by solid economic development, non-residential construction was also characterised by a widespread willingness for investment in the expansion of business premises in industry and commerce (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, S. 11). Civil engineering benefited from the implementation of urgently required rail and road infrastructure measures and investment in digital network expansion (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, p. 13).

The construction industry is also likely to make a noticeable contribution to Austria's economic growth once again in 2020. However, growth momentum is set to slow somewhat (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, pp. 16 et seq.). The sharp rise in prices on the housing market from midway through 2019 has led to a slight decline in demand for single and multi-family properties, and building permits for new builds have also declined marginally (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, p. 9). Multi-storey residential construction, on the other hand, should benefit from the increased number of contracts that are set to be awarded for social housing as part of urban planning initiatives (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, p. 10). Non-residential construction is losing momentum somewhat in 2020, in line with macroeconomic development. Investments, particularly in industrial and office buildings as well as in the construction of much-needed infrastructure in the healthcare sector, may remain at a high level, however the rate of year-on-year growth is falling (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, p. 10). The achievement of binding climate targets for 2030 and 2050, the commitment to a comprehensive, sustainable overhaul and expansion of existing transport infrastructure and the systematic development of digital network infrastructure are all contributing to persistent growth in civil engineering (BDI – Roth, Die österreichische Bauwirtschaft 2019–2020, p. 13).

Business performance

In Germany, business development in the Building Materials business unit was boosted by the solid development of the construction industry throughout 2019 and the mild weather conditions both in the spring and in late autumn. In the structural engineering sector, industry growth was fuelled by strong activity in the construction of new buildings. This led to demand for buildings materials outstripping demand in development business. However, in view of the high level of capacity utilisation, construction companies struggled to take on new orders and projects. Civil engineering business also developed very positively, benefiting from roadwork material deliveries. There was also a significant year-on-year rise in gardening and landscaping business. BayWa recorded particularly high rates of growth in 2019 in the sale of construction equipment and tools, with BayWa's online trade activities making a significant contribution. Revenues in the Building Materials Segment exceeded expectations by increasing 5.3% to €1,702.8 million in 2019, due to increases in both sales volumes and prices. The segment's earnings before interest and tax (EBIT) climbed 3.2% to €32.1 million, exceeding the forecast stable development. In addition to the positive sales development, the successful expansion of the high-margin range of private brands and the linking together of online and stationary sales channels through the Click & Collect function as part of efforts to position the company as an integrated multi-specialist contributed to the improvement in earnings, as was the case in the previous year.

Innovation & Digitalisation Segment

Market and industry development 2019/20

There is a wide range of statements being made about the global market volume for digital farming. The differences between these statements are due to the fact that market observers have differing opinions about how to define the market. For 2016, figures were somewhere between USD6.6 billion and USD11.3 billion. Similarly, 8 to 10-year forecasts also diverge greatly, ranging from USD23.4 billion to USD40.0 billion (Bharat Book Bureau, Smart Agriculture Market to 2025, 2017; Transparency Market Research, Global Smart Agriculture Market, 2017; Prognostix, Smart Agriculture: 13 trends to watch out for, 2017). In light of this, BayWa expects global market value to stand at a mean value of around USD12 billion in 2019, with growth of at least 10% a year in the medium to long term. Based on a global market volume of around USD3.4 billion in 2017, annual growth of just under 13% to around USD5.5 billion is forecast for the digitalised precision farming market in 2021 (Roland Berger, Focus October 2019: Farming 4.0: How precision agriculture might save the world, p. 10). This growth is being driven by the increases in productivity of up to 30% achievable through smart farming (amp2.handelsblatt.com/technik/digitale-revolution-big-data-auf-dem-acker-wie-die-landwirtschaft-mit-ki-den-welthunger-bekaempft).

In Germany, overall market volume in interactive retail (online and mail-order retail) and e-commerce grew by approximately 9.9% in 2019, reaching around €94 billion for all goods and services. With an increase of 11.6% to €72.6 billion, e-commerce saw even stronger growth than anticipated at the start of 2019, according to estimates by Bundesverband E-Commerce und Versandhandel Deutschland e.V. (German e-commerce and distance selling trade association – bevh). Multi-channel retailers recorded the highest growth rates, boosting their revenues by 13.3% to €25.7 billion. Online marketplaces recorded growth of 10.8% in 2019; at €33.9 billion in revenues, they remained by far the largest sales channel in the German e-commerce sector. Pure players, in other words e-commerce companies that do not own bricks-and-mortar stores and offer their products and services solely on their own websites, recorded growth of 10.7% to €10.8 billion (bevh, Präsentation Jahrespressegespräch 2020, pp. 5, 15). In 2020, bevh expects the German e-commerce sector to record slightly lower growth of around 10% to roughly €80 billion due to the dampened economic outlook. Overall, interactive retail involving goods and services should exceed the €100 billion threshold for the first time in 2020 (bevh, press release 21 January 2020, Vielbesteller treiben E-Commerce-Umsatz in 2019 auf neuen Höchststand, p. 2).

Business performance

The Innovation & Digitalisation Segment pools all activities of the BayWa Group in its Digital Farming and eBusiness areas. The eBusiness area covers the BayWa Group's online activities. However, the revenues and income from the activities are attributed to the business unit or segment responsible for the respective sold product. The offerings in Digital Farming include the NEXT Farming OFFICE and NEXT Farming LIVE software products, digital map material from the Group company VISTA Geowissenschaftliche Fernerkundung GmbH, analyses and advisory services, as well as hardware components. The latter is also offered and sold through the Agricultural Equipment business unit's sales structures. Increasingly stricter requirements under the German Fertiliser Application Ordinance (DüV) – which is associated with an optimisation of fertilizer volumes and stricter documentation obligations – led to increased interest in digital farming and farm management products among farmers, as well as a marked increase in sales of the NEXT Farming LIVE software package. In the service sector, however, revenues were slightly down year on year. All in all, revenues in the Innovation & Digitalisation Segment were on par with the previous year at €10.6 million (2018: €10.7 million). At 51%, the largest share came from software licences and software maintenance contracts, followed by digital map material, including analyses and advice, and soil sampling, with a share of 33%. Sensors, measurement systems and soil analysis programmes, such as Greenseeker and other hardware, accounted for 16% of revenues. As predicted, the Innovation & Digitalisation Segment recorded negative earnings before interest and tax (EBIT) of €14.6 million (2018: minus €12.3 million). The main reason for this was, on the one hand, a high level of investment in the development of digital farming solutions such as new software modules and hardware components. On the other hand, the segment also carries out a service role for the operating business units by hosting and further developing the BayWa Portal, which does not generate any direct income.

Development of Other Activities in 2019

At €13.7 million, the Other Activities Segment's revenues in the reporting year were essentially on par with 2018 (2018: €13.1 million). Earnings before interest and tax (EBIT) resulting from Other Activities consist of the Group's administration costs, as well as consolidation effects; in 2019, this came to minus €53.1 million following minus €42.5 million in the previous year.

Assets, financial position and earnings position of the BayWa Group

Asset position

Composition of assets

in € million	2015	2016	2017	2018	**2019**	Change in % 2019/18
Non-current assets	2,287.2	2,355.8	2,396.9	2,476.8	3,276.6	32.3
thereof: land and buildings	845.4	850.4	854.6	827.2	1,377.1	66.5
thereof: financial assets	168.2	189.1	232.6	204.5	218.3	6.7
thereof: investment property	55.9	41.6	40.9	38.2	46.7	22.3
Non-current asset ratio (in %)	37.9	36.4	36.9	33.0	37.0	
Current assets	3,739.7	4,094.2	4,077.4	5,030.4	5,585.9	11.0
thereof: inventories	2,141.5	2,380.3	2,322.7	2,909.5	3,286.4	13.0
Current asset ratio (in %)	61.9	63.2	62.8	67.0	63.0	
Assets/disposal groups held for sale	9.8	24.9	13.7	4.2	4.7	11.9
Total assets	**6,036.7**	**6,474.9**	**6,488.0**	**7,511.5**	**8,867.2**	**18.0**

The €799.7 million, or 32.3%, rise in non-current assets from €2,476.8 million to €3,276.6 million was primarily due to the initial application of IFRS 16, according to which leases have been recognised since 1 January 2019. Under the new requirements, rights of use and corresponding lease liabilities must be recognised for a large number of leases. In this context, lease assets attributable to non-current assets were capitalised in the amount of €567.6 million at the point of initial application on 1 January 2019.

The modernisation and expansion of the Group's network of locations resulted in investments in land and buildings of €86.8 million. Of this amount, €60.3 million was attributable to leases. This was offset by the sale of locations no longer required in the amount of €15.4 million. Taking into account the depreciation of buildings in the amount of €74.3 million, the book value of land and buildings at the Group increased by €550.0 million to €1,377.1 million. The increase in technical facilities and machinery was due to repair and maintenance investments of €64.1 million as well as the introduction of IFRS 16. Depreciation of technical facilities and machinery amounted to €45.6 million, while prepayments and assets under construction declined by €12.4 million to €85.6 million. In addition to the initial application of IFRS 16, investments in the modernisation of the vehicle fleet led to an increase in fixtures and office equipment. Overall, additions to property, plant and equipment associated with investment activities in the amount of €292.5 million was offset by depreciation in the amount of €173.7 million. Disposals of property, plant and equipment stood at €121.5 million in the financial year. Property, plant and equipment climbed by €666.5 million year on year from €1,399.9 million to €2,066.3 million.

The €13.9 million increase in financial assets was particularly due to additions to shareholdings in affiliated companies of €5.8 million as well as additions to other loans of €6.1 million. Both non-current marketable securities (€109.8 million), most of which comprise credit balances with cooperatives, and the share of companies recognised at equity (€208.0 million) remained on par with the previous year.

Investment property increased by €8.5 million year on year due to the reclassification of land and buildings to assets held for sale and stood at €46.7 million. Non-current receivables and other assets rose by €6.9 million, while deferred tax assets climbed by €45.1 million.

Current assets fell by €555.5 million year on year, or 11.0%, totalling €5,585.9 million at the end of the reporting period. Along with a significant €377.0 million rise in inventories, the Group also recorded a €113.4 million increase in trade receivables. The main reason for the increase in inventories lies in the rise in unfinished goods in the Renewable Energies business unit, where projects that had yet to be completed had to be disclosed as inventories at the end of the year. The value of unfinished goods and services, almost all of which are project-driven, came to €1,162.0 million, corresponding to a €317.1 million year-on-year increase. By contrast, the €55.7 million rise in finished services and merchandise was attributable to a variety of segments. In particular, the Renewable Energies and Agricultural Equipment business units reported a year-on-year increase of inventories at the end of the year. Barring slight positive and/or negative deviations, finished goods and services Agri Trade & Service, BAST, Global Produce and Conventional Energy business units and the Building Materials Segment were on par with the prior year. The rise in trade receivables was due to the business performance in the final quarter. In particular, the project sales in the Renewable Energies business unit at the end of the year, as well as the agricultural equipment and conventional energy businesses, contributed to an increase in said receivables. Current receivables and other assets were slightly up on the previous year’s figure, standing at €2,054.9 million at year-end. Positive market values declined by €71.3 million, whereas trade receivables increased by €113.4 million year on year to €1,199.4 million.

Furthermore, receivables from income taxes increased by €5.6 million to €59.8 million, with non-current assets and disposal groups held for sale also climbing by €0.5 million to €4.7 million. As at the reporting date, this item predominantly contained real estate inventories, which are intended to be sold in the subsequent year.

BayWa places an emphasis on ensuring matching maturities in the financing of assets. Current liabilities of €4,377.1 million – consisting of current financial debt, trade payables, financial liabilities, tax, other liabilities along with current provisions and liabilities from disposal groups – were offset by current assets and assets held for sale/disposal groups of €5,585.9 million. There was roughly 140% coverage for non-current assets amounting to €3,276.6 million through equity and long-term borrowing of €4,490.1 million. Ensuring matched maturities in financing is an important quality criterion for the financing partners of BayWa in the context of raising short-term funds.

Financial position

Financial management

The aim of financial management within the BayWa Group is to provide the cash and cash equivalents required for the purpose of conducting regular business at all times. This task includes hedging against interest rate risk, currency risk and merchandise-related market risks by using suitable derivative instruments.

Forward exchange transactions and swaps are used selectively to hedge receivables and liabilities denominated in a foreign currency. These forward exchange transactions and swaps serve exclusively to hedge existing and future receivables and liabilities from underlyings in the purchase and sale of merchandise within the scope of customary business operations. Hedging transactions in the BayWa Group are designed to reduce the risks associated with fluctuating exchange rates. The volume of open positions arising from the respective underlyings and the resulting cash flows form the basis for currency hedges. Terms reflect those of the underlyings.

Within the BayWa Group, financial management has been set up as a service centre for the operating units and not as a profit centre in its own right. In accordance with this conservative approach to providing services, the use of fungible financial products to generate original profit contribution in financial operations has been waived. In particular, there are no speculative risk positions in our financial operations.

Day-to-day financial management is focused on liquidity management through cash pooling within the whole Group and the same-day provision of liquidity. Corporate Treasury uses suitable IT systems and appropriate treasury management software for this purpose.

The procurement of funds is organised centrally, with the exception of the activities in New Zealand, the Netherlands and Eastern Europe. Corporate Treasury is responsible for the centralised monitoring of Group-wide financial exposures.

Financial management is subject to requirements imposed by an internal control system, which includes the documentation of transactions, a hierarchy of approval and resolution procedures, the principle of dual control as well as the segregation of Treasury front, middle and back offices.

The most important financing principle of the BayWa Group consists in observing the principle of matching maturities. Short-term debt is used to finance the working capital. Investments in property, plant and equipment, as well as acquisitions, are funded from equity, bonded loans and other long-term loans. This includes issued bonded loans, long-term loans from banks and associated companies as well as the hybrid bond issued in October 2017. Capital market measures replace financing from short-term credit lines, but without clearing or terminating them, and therefore diversify the refinancing portfolio.

In addition, the project companies in the Renewable Energies business unit have access to separate non-recourse financing (without the lenders having access to the BayWa Group's assets and cash flows).

The management of working capital is a focal point at BayWa and comprises the optimisation of working capital as a net figure for current assets less current liabilities.

Interest rate risks inherent in short-term debt are covered by BayWa in the context of its risk management through the use of simple derivative instruments. Long-term interest rates were hedged naturally by issuing bonded loans in 2018, 2015 and 2014, as both fixed-interest and variable-interest rate tranches were issued and the interest rate risk was reduced as a result. The fixed coupon of the hybrid bond that was issued led to an increase in the hedge ratio by means of natural hedging.

Around 50% of the total borrowing portfolio is to be secured against interest rate risk through the respective hedging instruments. This partial hedging takes account of the strong, seasonally induced fluctuations in financing requirements.

BayWa evolved from the cooperatives sector, with which it remains closely connected through its shareholder structure, as well as through the congruent regional interests of the cooperative banking sector and commerce. Along with its integration into the cooperative financial association, the broad transnational diversification of the bank portfolio and the financial instruments, in particular, lower the financing risk within the BayWa Group.

Capital structure

in € million	2015	2016	2017	2018	**2019**	Change in % 2019/18
Equity	1,075.9	1,098.3	1,435.5	1,389.1	1,358.6	- 2.2
Equity ratio (in %)	17.8	17.0	22.1	18.5	15.3	–
Short-term borrowing [1]	2,769.3	3,084.4	2,986.8	4,047.7	4,377.1	8.1
Long-term borrowing	2,191.5	2,292.2	2,065.7	2,074.7	3,131.5	50.9
Debt	4,960.8	5,376.6	5,052.5	6,122.4	7,508.6	22.6
Debt ratio (in %)	82.2	83.0	77.9	81.5	84.7	–
Total capital (equity plus debt)	**6,036.7**	**6,474.9**	**6,488.0**	**7,511.5**	**8,867.2**	**18.0**

1 Including liabilities from non-current assets held for sale

The BayWa Group's total assets stood at €8,867.2 million on 31 December 2019 and were therefore €1,355.7 million, or 18.0%, higher than the previous year's figure. The €30.5 million decline in equity stood in contrast to a rise in borrowing, with both short-term (up by €329.4 million) and long-term borrowing (up by €1,056.8 million) increasing year on year.

Capital management

The capital structure of the Group is made up of debt and equity. Equity ratio is 15.3% (2018: 18.5%) of total equity at the end of the reporting period. In order to provide a relevant metric, BayWa's capital management uses an adjusted equity ratio. The adjustments concern the reserve recognised for actuarial gains and losses from provisions for pensions and severance pay (including minority interests) of minus €289.6 million (2018:

minus €230.4 million). The reason for this is that this reserve results from a change of parameters not within the company's control when calculating personnel provisions. Also, the effect of the initial application of IFRS 16, which had a negative impact on the equity ratio of 1.4 percentage points, has been eliminated (see also Note A.3. in the notes to this report). Adjusted for these two components, the adjusted equity ratio stands at 20.0% (2018: 21.6%).

For trading companies such as BayWa Group, a fixed equity ratio is only of limited relevance as a key business figure. In particular, the change in current assets with the storage of inventories in the form of agricultural commodities, as well as the acquisition of project licences in the fields of renewable energies, has a direct influence on the balance sheet total – and therefore also on the equity ratio – but actually forms the basis for trading activities in the subsequent year. As a result, the BayWa Group uses equity-to-fixed-assets ratio II as a target in its capital management process. Equity and long-term borrowing should cover at least 90% of non-current assets. As at 31 December 2019, the equity-to-fixed-assets ratio was 137%.

The increase in the debt ratio was due to a rise in both short-term and long-term borrowing. Short-term borrowing is used exclusively to finance short-term funds tied up in working capital. The status of short-term borrowing disclosed at year-end regularly reflects the highest level of utilisation on account of the warehousing of agricultural commodities and/or increasingly on account of unfinished products in the fields of renewable energies. The rise in short-term borrowing was primarily related to increases in current financial liabilities (up €81.4 million to €2,313.6 million), lease liabilities as a result of the initial application of IFRS 16 (up €57.0 million to €68.2 million) and trade payables (up €32.0 million to €1,048.7 million) associated with the rise in inventories.

Long-term borrowing rose in the financial year 2019 by €1,056.8 million and amounted to €3,131.5 million as at the reporting date. Besides rising pension provisions (up €78.3 million), this trend was also due to the increase in lease liabilities caused by the introduction of IFRS 16 (up €542.0 million) and the rise in non-current financial liabilities (up €418 million) caused by the green bond issue in June 2019 in the amount of €500 million.

Gearing

The BayWa Group's management assesses and manages the capital structure in regular intervals via factors such as the key indicators "adjusted net debt", "adjusted equity" and "adjusted net debt/EBITDA".

Calculating adjusted net debt involves deducting cash and cash equivalents from current and non-current financial liabilities at banks. Nonrecourse financings are also deducted despite them carrying interest. They pertain to loans extended to project companies in the Renewable Energies business unit that are solely based on project cash flow instead of the BayWa Group's credit rating. Lenders have no access whatsoever to the BayWa Group's assets and cash flows outside each project company. EBITDA generated by the project companies during the reporting year came to €20.5 million (2018: €39.5 million). Grain inventories for immediate use are also deducted. These inventories could be converted into cash and cash equivalents as soon as they are recognised due to their highly liquid and current nature as well as their daily prices listed on international markets and stock exchanges. Any price risk is fully eliminated by a physical asset for sale, either through concluding a sales agreement with a highly solvent business partner or through a forward contract on the stock exchange. On account of the highly liquid nature of these inventories, the BayWa Group deems it to be appropriate to deduct them as cash and cash equivalents when calculating net debt and the related financial key figures.

in € million	**31/12/2019**	31/12/2018
Non-current and current liabilities at banks	3,614.7	3,115.3
less cash and cash equivalents	- 229.7	- 120.6
Net debt	**3,385.0**	**2,994.7**
less non-recourse financing	- 71.4	- 95.0
less inventories for immediate use	- 900.2	- 930.4
Adjusted net debt	**2,413.4**	**1,969.3**
EBITDA	403.0	315.3
Adjusted equity	1,648.2	1,619.5
Net debt (adjusted)/equity (adjusted) (in %)	**146.4**	**121.6**
Net debt (adjusted)/EBITDA	**6.0**	**6.2**

Given the different business models (trade and project development), gearing is subject to differences in recognition, reporting and review. The use of the borrowed funds for project financing in the Renewable Energies business unit is different from the traditional trade-related business fields. Furthermore, borrowing as part of project development is accrued over a longer period of time before before the corresponding inflows result from the sale of the projects. This is taken into account in the calculation of adjusted net debt for the trading business. The Renewable Energies business unit's financial liabilities, cash and cash equivalents, and EBITDA generated in the financial year are deducted in the process. The value of the key indicator "adjusted net debt/EBITDA" should lie between 3.0 and 4.5 and is determined using the following approach:

in € million	**31/12/2019**	31/12/2018
Non-current and current liabilities at banks	1,936.6	1,932.6
less Cash and cash equivalents	- 177.4	- 73.6
Net debt	**1,759.2**	**1,859.0**
less non-recourse financing	–	–
less inventories for immediate use	- 900.2	- 930.4
Adjusted net debt	**859.1**	**928.6**
EBITDA	265.1	219.5
Net debt (adjusted)/EBITDA	**3.2**	**4.2**

Cash flow statement and development of cash and cash equivalents

in € million	2015	2016	2017	2018	**2019**
Cash flow from operating activities	19.0	208.6	- 170.2	- 452.2	- 212.0
Cash flow from investment activities	- 143.5	- 123.6	- 60.5	- 243.0	- 149.4
Cash flow from financing activities	98.7	- 63.0	235.9	710.8	469.6
Cash and cash equivalents at the end of the period [1]	84.5	104.4	105.5	120.6	229.7

1 Including inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates in the amount of €0.9 million

The cash flow from operating activities came to minus €240.2 million in the financial year 2019, a year-on-year increase of €212.0 million. With consolidated net income up €6.2 million year on year, this increase was primarily the result of a year-on-year decline in inventories, trade receivables and other assets not allocable to investing and financing activities, and a rise in short- and medium-term provisions. By contrast, cash inflow declined as a result of the increase in trade payables and other liabilities not allocable to investing and financing activities.

Cash flow from investing activities decreased year on year by €149.4 million following cash outflow of €93.6 million in the reporting year. Payments for company acquisitions came to €53.4 million (2018: €144.8 million) and were primarily attributable to the acquisition of the Royal Ingredients Group International B.V. and BayWa r.e. UK (Development) Limited. In the financial year 2019, investments of €317.2 million were made in intangible assets, property, plant and equipment, and financial assets (2018: €212.4 million), which were offset by incoming payments from the disposal of intangible assets, property, plant and equipment, and financial assets of €157.3 million (2018: €104.3 million).

Cash flow from financing activities in the financial year 2019 stood at €469.6 million and was attributable in particular to the issuing of a green bond in June 2019 in the amount of €500 million and the assumption of further borrowing to finance project business in the Renewable Energies business unit. This was offset by cash outflows from dividend payments at BayWa AG and its subsidiaries totalling €61.6 million, as well as interest payments of €59.3 million.

In an overall analysis of the cash flow from operating activities, investment and financing activities, and in consideration of changes to the group of consolidated companies and changes in foreign exchange rates, cash outflow from operating activities and investment activities was fully compensated by the incoming cash flow from financing activities. As a result, cash and cash equivalents at the end of the reporting period came to €229.7 million, which was €109.1 million higher than in the previous year.

Financial base and capital requirements

The BayWa Group's financial base is replenished by funds from the short-term debt for working capital and by funds from operating activities. Investment financing and the ongoing financing of operations have a considerable impact on the capital requirements of BayWa AG, as do the repayment of financial liabilities and ongoing interest payments. The overall view of liquidity and debt is determined through the calculation of adjusted net liquidity or net debt and used for internal financial management as well as for external communication with financial investors and analysts. Net liquidity and net debt is calculated from the sum total of cash and cash equivalents less bank debt and outstanding loans, as reported in the balance sheet.

Along with short-term borrowing, the company also finances itself by way of a multi-currency Commercial Paper Programme, which received its most recent top up of €500.0 million in 2017, taking it to a total volume of €1,000.0 million. As at the balance sheet date, securities were issued in various currencies in the amount of €849.0 million (2018: €626.0 million) with an average weighted residual term of 59 days (2018: 58 days). At the end of the reporting period, €126.6 million (2018: €154.9 million) in receivables had been financed at their nominal value from the ongoing Asset-Backed Securitisation Programme.

Investments

In the financial year 2019, the BayWa Group invested a total of €321.5 million in intangible assets (€29.0 million) and property, plant and equipment (€292.5 million) in addition to its acquisitions (2018: €202.0 million). The investments made in the financial year 2019 were primarily for the purpose of repair and maintenance of technical facilities and machinery, buildings, facilities (in construction) and office fixtures and fittings, as modern locations and seamlessly operating facilities are a precondition for efficient logistics processes.

Real estate no longer used for operations was sold off wherever appropriate in the financial year 2019. The proceeds accruing from these transactions are used to reduce debt or to finance the Group's growth.

Including company acquisitions, roughly 39.3% of total investments in non-current assets at the BayWa Group were accounted for by the Energy Segment, where the lion's share was attributable to the Renewable Energies business unit. Aside from the aforementioned segment, 31.0% of investments were attributable to the Agriculture Segment, with 10.0% going to the Building Materials Segment, and 2.1% earmarked for the Innovation & Digitalisation Segment. The remaining 17.6% are accounted for by investments in Other Activities.

Earnings position

in € million	2015	2016	2017	2018	**2019**	Change in % 2019/18
Revenues	14,928.1	15,409.9	16,055.1	16,625.7	17,059.0	2.6
EBITDA	288.3	272.6	318.4	315.3	403.0	30.7
EBITDA margin (in %)	1.9	1.8	2.0	1.9	2.3	–
EBIT	158.1	144.7	171.3	172.4	188.4	9.3
EBIT margin (in %)	1.1	0.9	1.1	1.0	1.1	–
EBT	88.1	69.6	102.4	92.6	79.2	- 14.5
Consolidated net result for the year	**61.6**	**52.7**	**67.2**	**54.9**	**61.1**	**11.3**

The revenues of the BayWa Group rose by 2.6%, or €433.3 million, to €17,059.0 million in the financial year 2019. The sharpest rise in revenues was recorded in the Energy Segment, with the Renewable Energies business unit growing by €445.2 million to €1,975.3 million and the Conventional Energies business unit by €60.7 million to €2,499.0 million. In the Building Materials Segment, revenues rose by €85.3 million year on year to €1,702.8 million. A slight increase in revenues was also recorded in Other Activities (€0.6 million). By contrast, revenues in the Agriculture Segment decreased by €158.4 million to €10,857.5 million, due to two opposing developments: Revenues increased in the Agri Trade & Service (up €155.6 million), Global Produce (up €36.0 million) and Agricultural Equipment (up €61.0 million) business units, but this was offset by a €411.0 million decline in revenues in the BAST business unit. There was also a slight decline in revenues of €0.1 million in the Innovation & Digitalisation Segment.

Other operating income increased by a total of €14.3 million in the reporting year to €225.6 million. Key drivers of this development included higher income from price gains of €46.3 million (2018: €14.2 million) and income from the disposal of assets of €46.8 million (2018: €43.4 million). By contrast, income from the release of provisions fell by €11.5 million to €14.3 million in the financial year 2019. At €52.5 million, other income was short of the previous year's figure (2018: €60.0 million).

In the financial year 2019, the BayWa Group reported an increase in inventories of €223.2 million, which was primarily attributable to incomplete wind farms and solar parks in the fields of renewable energy.

Along with the increase in revenues, the cost of materials also increased, rising by €337.3 million, or 2.2%, to €15,513.0 million. Gross profit recorded an improvement of €119.4 million, or 6.3%, to €2,008.5 million.

Personnel expenses climbed year on year by 9.2%, or €91.3 million, to €1,081.9 million. This was largely a result of the business activities of the companies acquired the previous year, which were included in full for the first time in the reporting year, but also the company acquisitions in the financial year 2019 itself as well as the further expansion of business activities in the Renewable Energies business unit.

At €629.4 million, other operating expenses were up by €30.4 million, or 5.1%, on the previous year's figure of €599.0 million in the financial year 2019. Other operating expenses primarily consisted of advertising costs of €55.9 million (2018: €51.2 million), maintenance expenses of €62.7 million (2018: €55.8 million), expenses due to currency-induced losses of €47.6 million (2018: €11.5 million), consultancy, auditing and legal fees of €66.7 million (2018: €47.4 million) and other expenses of €82.8 million (2018: €68.4 million). The lion's share of other expenses is attributable to the payment of €68.6 million to end the proceedings initiated by the Bundeskartellamt (German federal antitrust authority) in 2015 against BayWa AG in connection with alleged price agreements relating to trade in crop protection products. The initial application of IFRS 16 saw rental expenses decline to €16.3 million in the reporting year (2018: €66.8 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose by €87.7 million, or 27.8%, to €403.0 million in the financial year 2019 (2018: €315.3 million).

Depreciation and amortisation at the BayWa Group rose by €71.7 million, or 50.2%, to €214.6 million in the reporting year. This increase was predominantly the result of the increase in depreciation and amortisation of non-current assets within the scope of the initial application of the new lease standards (IFRS 16) at the BayWa Group.

All in all, the BayWa Group's earnings before interest and tax (EBIT) rose by €16.0 million, or 9.3%, to €188.4 million in the financial year 2019.

The financial result comprises income from participating interests, which is allocated to EBITDA and EBIT, and net interest. At €105.8 million, income from participating interests was significantly higher in the reporting year than the €15.8 million seen in the previous year. This development was due to the increase in the equity result by €2.2 million to €11.2 million, but also to the rise in other income from shareholdings by €87.8 million to €94.6 million. The primary cause of the latter was the sale of shares in TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany. Due to high net interest resulting from an increase in financial liabilities, net interest deteriorated by €29.4 million, totalling a balance of minus €109.2 million (2018: minus €79.8 million). This increase was due to the initial application of IFRS 16, among other factors. Interest expense from lease liabilities climbed by €14.3 million to €28.6 million.

The BayWa Group's earnings before tax (EBT) decreased by €13.4 million, or 14.5%, to €79.2 million. The primary reason for this was the rise in one-off expenses of just under €15.0 million, which included defence costs in relation to the antitrust proceedings concluded in the financial year 2019, legal and consulting fees for the search for a potential investor for BayWa r.e. renewable energy GmbH, Munich, Germany, and transactions relating to the portfolio consolidation. These one-off effects are reflected in Other Activities, which, coupled with the reconciliation of the presented consolidation effects, were down €17.6 million on the previous year. In operating business, growth in the Energy Segment of €12.3 million and in the Building Materials Segment of €1.2 million was offset by declines in the Agriculture Segment of €7.0 million and in the Innovation & Digitalisation Segment of €2.4 million.

Income tax expense for the BayWa Group amounted to €18.1 million in the financial year 2019, which corresponds to a year-on-year decrease of €19.6 million. The tax rate therefore amounted to 22.8% in the reporting year (2018: 40.7%).

Taking income tax into account, the BayWa Group generated net income of €61.1 million in the financial year 2019 (2018: €54.9 million), which corresponds to an increase of 11.3%. The share in profit due to shareholders of the parent company increased by 13.6% from €32.3 million in the previous year to €36.7 million in the reporting year.

Earnings per share (EPS), which is calculated from the portion of the result attributable to the shareholders of the parent company in relation to the average number of shares outstanding of 35,138,148 (dividend-bearing shares less treasury shares), rose from 56 cents in the previous year to 68 cents for the financial year 2019.

Financial Performance Indicators

BayWa orients the short-term management of its corporate divisions with the development of key earnings indicators EBITDA, EBIT and EBT. Key earnings indicators for the segments of the BayWa Group developed as follows in the financial year 2019:

Key financial earnings figures

	Earnings before interest, tax, depreciation and amortisation (EBITDA)			Earnings before interest and tax (EBIT)			Earnings before tax (EBT)		
in € million **2019**		Change (absolute)	Change (in %)		Change (absolute)	Change (in %)		Change (absolute)	Change (in %)
Renewable Energies	137.9	42.1	43.9	101.0	28.5	39.3	61.2	7.7	14.4
Conventional Energy	38.8	6.2	19.0	26.4	2.9	12.3	26.3	4.6	21.2
Energy Segment	**176.7**	**48.3**	**37.6**	**127.4**	**31.4**	**32.7**	**87.5**	**12.3**	**16.4**
BAST	28.4	- 7.2	- 20.2	19.1	- 12.0	- 38.6	9.2	- 14.8	- 61.7
Global Produce	61.5	19.9	47.8	36.9	9.7	35.7	30.2	8.3	37.9
Agri Trade & Service	44.9	10.8	31.7	7.8	2.6	50.0	- 6.6	3.3	33.3
Agricultural Equipment	53.4	5.1	10.6	32.8	- 3.8	- 10.4	23.3	- 3.8	- 14.0
Agriculture Segment	**188.2**	**28.7**	**18.0**	**96.6**	**- 3.5**	**- 3.5**	**56.1**	**- 7.0**	**- 11.1**
Building Materials Segment	**57.0**	**9.8**	**20.8**	**32.1**	**1.0**	**3.2**	**23.4**	**1.2**	**5.4**
Innovation & Digitalisation Segment	**9.1**	**19.4**	**> 100.0**	**- 14.6**	**- 2.3**	**- 18.7**	**- 14.8**	**- 2.4**	**- 19.4**

The difference in the contributions from each segment to the total earnings of the BayWa Group in all three key earnings indicators, EBITDA, EBIT and EBT, is calculated from the earnings contribution of the Other Activities Segment as well as on the basis of economic influence factors at Group level. BayWa does not perform any entrepreneurial management in the Other Activities Segment, as this segment encompasses peripheral activities that are of secondary importance in the BayWa Group. Group-wide economic influence factors are circumstances not attributable to the operational management of the segments.

Medium- to long-term portfolio optimisation in the BayWa Group is carried out through value-oriented management. Using economic profit as a basis, this system calculates the surplus return on invested capital (ROIC) of the corporate divisions by means of their risk-weighted costs of capital.

Economic profit

in € million **2019**	Renewable Energies	Conventional Energy	BAST	Global Produce	Agri Trade & Service	Agricultural Equipment	Building Materials	Innovation & Digitalisation
Net operating profit	101.0	26.4	19.1	36.9	7.8	32.8	32.1	- 14.6
Average invested capital [1]	1,522.2	- 3.9	581.3	345.9	1,088.6	579.2	429.4	22.2
ROIC (in %)	6.63	> - 100.00	3.29	10.68	0.71	5.66	7.48	- 66.02
Weighted average cost of capital (WACC) (in %)	4.50	5.50	4.90	5.90	4.60	5.50	5.40	5.50
Difference (ROIC less WACC) (in %)	2.13	> - 100.00	- 1.61	4.78	- 3.89	0.16	2.08	- 71.52
Economic profit by business unit	32.5	26.6	- 9.4	16.5	- 42.3	0.9	8.9	- 15.9
		Energy				Agriculture	Building Materials	Innovation & Digitalisation
Economic profit by segment		**59.1**				**- 34.2**	**8.9**	**- 15.9**

1 Intangible assets + property, plant and equipment + net working capital

In the financial year 2019, the Energy and Building Materials Segments, as well as the Global Produce and Agricultural Equipment business units of the Agriculture Segment, achieved positive economic profit (in other words, positive net income after respective capital costs). In the Energy Segment, the Renewable Energies business unit was able to generate an economic profit of €32.5 million, which was significantly higher than the previous year's figure (2018: €22.5 million). In the Conventional Energy business unit, the economic profit was able to be increased in the reporting year primarily through a positive margin trend in the fuel business to €26.6 million (2018: €20.8 million). The Energy Segment's economic profit totalled €59.1 million (2018: €43.3 million). The Building Materials Segment was able to significantly expand its economic profit significantly once again in the financial year 2019 to €8.9 million (2018: €3.0 million). Within the Agriculture Segment, the Global Produce business unit generated an economic profit of €16.5 million following €8.4 million in the previous year. By contrast, a decline was reported in the Agricultural Equipment business unit to €0.9 million, down from €4.5 million in the previous year. Although the BAST business unit saw significant year-on-year improvement of €4.1 million, economic profit remained negative in 2019 at minus €9.4 million. The Agri Trade & Service business unit reported economic profit of minus €42.3 million, which was €17.0 million higher than the previous year's figure. The Agriculture Segment as a whole recorded economic profit of €34.2 million in the financial year 2019 (2018: minus €59.9 million). The Innovation & Digitalisation Segment posted economic profit of minus €15.9 million, as expected in its planning.

Comparison of forecast business development with actual business development

A moderate rise in revenues and a significant increase in earnings before interest and tax (EBIT) in the financial year 2019 were forecast for the BayWa Group in the Outlook section of the 2018 Group Management Report. Revenues at Group level climbed by 2.6%, which was within the forecast range. Consolidated earnings before interest and tax (EBIT) performed in line with expectations with a 9.3% increase. The Energy Segment performed significantly better than originally forecast both in terms of revenues and earnings. The Building Materials Segment also exceeded expectations when it comes to revenue and earnings development. By contrast, the Agriculture Segment fell significantly short of the targets set in the forecast. The Innovation & Digitalisation Segment performed a little worse than expected in the reporting year.

General statement on the business situation of the Group

Overall, the Board of Management considers the business performance of the BayWa Group in 2019 to have been positive. The corporate goals for the reporting year were achieved, however business performance varied among the individual segments. The Energy Segment performed better than originally expected. The Renewable Energies business unit was a primary contributor here, after it achieved new records in both revenues and earnings. The Conventional Energy business unit also exceeded the goals set for the financial year 2019. The Building Materials Segment also exceeded expectations in the reporting year. By contrast, the situation in the Agriculture Segment is unsatisfactory. Given the significance of these business activities for the BayWa Group, action is required here to noticeably boost profitability. In 2019, the BayWa Group once again profited from its heavily diversified business activities, its strategic orientation towards international markets and new areas of business and business models.

Outlook

Outlook for the BayWa Group

Prospects for the BayWa Group are positive overall for 2020 on the basis of the expected underlying conditions in the operational segments. Group revenues are likely to increase moderately in consideration of anticipated price developments. Earnings before interest and tax (EBIT) are likely to improve moderately in 2020,[1] with substantial revenue expansion and a significant improvement in earnings expected in the Agriculture Segment. The Building Materials Segment is likely to see its revenues and earnings (EBIT) increase moderately. In the Energy Segment, the positive development of the Renewable Energies business unit is set to continue, however the sale of the TESSOL filling station business in the Conventional Energy business unit in 2019 will lead to a significant structural decline in revenues and earnings. All in all, revenues and EBIT in the Energy Segment will be considerably lower in the financial year 2020 than in the previous year. The Innovation & Digitalisation Segment is expected to increase its revenues by a moderate margin. The segment's earnings before interest and tax (EBIT), which was in the negative double-digit million range in 2019, is set to improve considerably year on year in 2020.

Outlook for the Energy Segment

The Renewable Energies business unit will continue on its growth course on international markets in 2020. Overall, the project pipeline for wind farm and solar park sales in 2020 totals just under 1.2 gigawatts (GW), with solar parks accounting for roughly 690 megawatts (MW) and approximately 480 MW attributable to wind energy projects. The focus of solar activities is on new projects the US, which account for over half of the overall project pipeline, followed by the Netherlands and Mexico. In the Netherlands, growth will primarily be driven by GroenLeven, the project development company for solar plants in which a majority share was acquired in 2018, with a project pipeline for solar parks of more than 2 GW. In 2020, BayWa r.e. is set to realise Europe's largest floating solar park in partnership with GroenLeven. The Bomhofsplas floating photovoltaics project with an output of 27.4 megawatt-peak (MWp) is scheduled for construction in just eight weeks as a fully climate-neutral project.

This marks the fourth floating solar park constructed by BayWa r.e. in the past eighteen months. At the beginning of 2020, BayWa r.e. concluded an agreement with AB InBev regarding the purchase of 100% renewable energy for AB InBev's European breweries. The Virtual Power Purchase Agreement (VPPA) governs the supply of electricity from two solar parks for a period of ten years, with over 130 MW going to AB InBev. This is the

1 This forecast is based on the assumption that the spread of the coronavirus does not lead to an uncontrolled increase in the number of cases. The international and intercontinental spread of the disease, with a significant rise in the number of infections, could, however, have a noticeable negative impact on business development over a sustained period of time, particularly in the Renewable Energies, Global Produce, Building Materials and Agricultural Equipment business units. This is due to the international network of logistics chains and the resulting limited availability of primary materials and products. For further information on this issue, please refer to the section on market risks and opportunities in the Opportunity and Risk Report and in the Notes to the Financial Statements under (E.11) Significant events after the reporting date.

largest Europe-wide solar power agreement ever reached in the private sector. In order to supply the electricity, BayWa r.e. is financing and developing two new solar parks in Spain with a total installed capacity of almost 200 MW, which will provide AB InBev breweries with around 250 gigawatt-hours (GWh) of green power per year. Activities relating to wind turbines are focused on the United States, Europe and Australia. In terms of services, the Canadian software developer PowerHub acquired in autumn 2019 will make a full-year contribution to revenues and earnings and also help expand business. The aim of the acquisition is to expand the range of services offered by BayWa r.e. in the use of digital technology in operating renewable energy plants and to strengthen successful service business around the world. Direct marketing agreements with a total capacity of just under 4.0 GW were already in place at the beginning of 2020, representing an increase of just under 20% compared with 2019. In solutions business, trading in photovoltaic components should continue to benefit from rising demand for new system solutions and attractive prices for photovoltaic modules. In addition, the full-year inclusion of the Canadian solar company National Solar Distributors, which was acquired in the second half of 2019, should make a positive contribution to revenues and earnings. All in all, the revenues in the Renewable Energies business unit are expected to remain on par with the previous year primarily due to the expansion of trading activities involving photovoltaic components and the solid project pipeline. Earnings before interest and tax (EBIT) are likely to be on par with the level recorded in the previous year. This is due to the fact that a larger share of revenues will be attributable to the sale of project rights in 2020, which offer a slimmer margin compared to the completion of construction projects. The realisation and completion of these projects is scheduled for 2021. BayWa AG will look to find further partners by means of a capital increase through third-party allocation at the level of BayWa r.e. renewable energy GmbH in order to leverage growth potential more quickly in renewable energy markets. BayWa AG intends to maintain its majority share in BayWa r.e. renewable energy GmbH.

In the Conventional Energy business unit, the sale of TESSOL’s filling station business at the end of 2019 and start of 2020 will lead to a significant decline in revenues and earnings. The expansion of the activities of BayWa Mobility Solutions, on the other hand, is expected to have a positive effect. The development of charging infrastructure for electric vehicles is being driven forward in light vehicles business. A service portfolio ranging from fleet analysis to the design and realisation of integrated mobility concepts for fleet operators will open up new business potential. In the heavy vehicles sector, new business opportunities are opening up through the establishment of a network of liquid natural gas (LNG) filling stations for heavy goods vehicles. Several LNG filling stations are set to be commissioned in 2020. Partnerships are becoming increasingly important in the area of digital mobility. Through partnership agreements, BayWa customers have access to almost all charging stations throughout Germany, while the BayWa filling station card is accepted at one in five filling stations nationwide. With its filling station card and billing systems, BayWa also offers an all-in-one solution with filling station and charging card, related app and billing for customers and – as a white label system – also for third parties. The sales volume of fuels is expected to continue to grow moderately as a result of the increasing acceptance of the BayWa filling station card and the expansion of diesel delivery logistics for construction companies, freight forwarders and agricultural companies. Lubricant business is expected to see a decline in sales in 2020 due to the downturn in mechanical and plant engineering. However, the fall in sales volume should be counteracted in earnings terms with an expansion of the service portfolio with the addition of services to monitor fluid usage in machinery and to arrange preventative maintenance. In fluid management, the OilFox system automatically records heating oil tank levels at industrial and commercial companies, enabling direct delivery to raise supply reliability. Biologische Fachberatung Biogas, a specialist advice service for operators of biogas plants and municipalities, analyses the substrates in fermenters used in biogas or wastewater treatment plants in order to improve the quality of the biogas produced by adding trace elements and enzymes as and when needed. Further sales growth is expected in the AdBlue market as a result of the rising number of registrations for Euro VI diesel vehicles. In terms of heating business, it is assumed that customers will increasingly stock up on heating oil in anticipation of the upcoming introduction of the carbon pricing system. Sales of wood pellets are likely to rise as a result of the increased number of installed pellet heaters through the increase in production capacities at WUN Pellets GmbH. In heat contracting business, work continues to modernise the biomass heating plant to provide local heating for the industrial estate in Krailling, Upper Bavaria, Germany. In Neustadt an der Waldnaab, Germany, the newly constructed local heating system and associated biomass heating plant were commissioned in November 2019. In addition, the range of services in heat contracting has been expanded with the addition of landlord-to-tenant electricity. The first project of this nature is currently under construction. Sales are expected to increase in the area of heat contracting. Due to the predicted decline in oil prices, revenues in the trade of heating fuels, fuels and lubricants in

2020 are expected to be significantly below the level of 2019 despite the expected sales increase. Earnings before interest and tax (EBIT) in the Conventional Energy business unit are expected to decline significantly.

In total, revenues in the Energy Segment are set to be significantly down on the previous year based on the current forecast, with declines in the Conventional Energy business unit not able to be offset by growth in the Renewable Energies business unit. The Energy Segment's earnings before interest and tax (EBIT) are also likely to fall some way short of the previous year's figure.

Outlook for the Agriculture Segment

In the BayWa Agri Supply & Trade (BAST) business unit, the handling volume of grain and oilseed meal is expected to remain on par with the previous year's figure in 2020. The cool-down in the trade dispute between the US and China could result in deliveries of US soy beans to China rising again. In the previous year, the dispute led to a surplus in the supply of US soy beans and a low price level in Europe. In view of the high level of uncertainty on the overall market, customers have therefore been reticent when it comes to stocking up. The easing of tension in the trade dispute is expected to result in customers turning to the futures markets once again. In addition, the full-year inclusion of the Dutch speciality trading company Royal Ingredients Group B.V., which was acquired in the first quarter of 2019, is also likely to contribute to growth. Furthermore, the expansion of the customer portfolio is also expected to lead to rising demand for other speciality traders acquired in previous years, such as Tracomex B.V. Last but not least, initial positive effects are expected from the new Road to Ingredients strategy. This is offset by the reclassification of the speciality trader for malting barley, Evergrain Germany GmbH & Co. KG (Evergrain), from the BAST business unit to the Agri Trade & Service business unit. Based on the assumption of largely stable prices, revenues in the BAST business unit are likely to remain on par with the previous year. Earnings before interest and tax (EBIT) are expected to increase significantly in 2020. The absence of one-off expenses from the previous year linked to the trade embargo on Iran will contribute in particular to the improvement in earnings here. Higher earnings contributions are also expected in Hungarian trading business following the successful restructuring measures.

In the Global Produce business unit, the entire marketing volume of the BayWa Group is likely to increase noticeably in 2020. This expectation is due primarily to the further increase in apple production in New Zealand on the back of a 4% rise in land available for cultivation. This expansion of production in 2020 is the result of plantations established over the past three to four years. In addition, the acquisition of fruit trader Freshmax will also have a positive impact on marketing volumes, revenues and earnings. An increase of around 4% is expected in export business. In Germany, marketing volumes are likely to be lower than in 2019 as apple harvest volume was some 17% down on the record-breaking harvest of 2018. The fall in supply of domestic and imported agricultural products is likely to result in a moderate rise in the price of apples in Germany. Higher prices are also expected in New Zealand due to improved fruit quality. Overall, the Global Produce business unit will be able to increase revenues slightly in 2020 compared to 2019, due to both volume and price effects. Earnings before interest and tax (EBIT) are likely to significantly outperform the level recorded in the previous year. Both national and international activities are contributing to the expected increase in earnings. Fruit business in Germany is likely to generate a moderate increase in earnings in 2020, whereas a marked rise in earnings contributions is expected from international fruit trading business.

In the Agri Trade & Service business unit, recording and marketing volumes of grain, oilseed and oilseed meals are expected to increase marginally year on year in Germany assuming normal weather conditions. The expansion of trade in organic products should also see sales increase in the financial year 2020. It is assumed that the specialist retailer for malting barley, Evergrain, which was included in the Agri Trade & Service business unit effective as at 1 January 2020, will make a positive contribution to revenues and earnings. Furthermore, sales should also benefit from the newly introduced sales organisation and the establishment of the Unamera platform aimed at grain and oilseed trading between agricultural companies and farmers and processors. In the agricultural input business, sales of crop protection products should rise slightly on the previous year's level, given normal weather conditions. However, limitations as a result of the stricter requirements defined in the German Fertiliser Application Ordinance (DüV) and restrictions in the use of crop protection may have an opposing effect. BayWa is mitigating this effect by expanding its range of products with the addition of agricultural inputs for organic cultivation. Sales of seed are expected to remain stable. Due to the solid availability of staple feed and the slight decline in animal stocks, demand for feed is expected to dip slightly. All in all, revenues in the Agri Trade & Service business unit should increase moderately in 2020. The increases in sales volumes and revenues will also have a positive impact on the earnings of the Agri Trade & Service business unit. In addition, structural optimisation measures implemented in previous years should lead to significant cost savings. As a result, earnings before interest and tax (EBIT) in the Agri Trade & Service business unit are expected to rise significantly year on year in 2020.

In the Agricultural Equipment business unit, new machinery business in Germany is expected to remain stable at a high level in 2020 following two extremely strong previous years. The positive effects originate from Agritechnica in autumn 2019, as farmers gain economic advantages in particular from the more intensive use of digital components in partnership with their existing machinery. In Austria, the exclusive agreement with John Deere and the expansion of the range of accessories and spare parts is expected to lead to a continuation of the positive previous-year trend. In international business, further growth is also anticipated primarily as a result of the expansion of the market share of CLAAS products at existing branches and the addition of a new location to the existing sales region. In the Netherlands, stricter legal requirements concerning phosphate, nitrate and particulates and general reticence when it comes to investment after two dry years in succession is expected to cause new tractor business to stabilise at a low level in 2020 after a major decline in the previous year. All in all, revenues in the Agricultural Equipment business unit should remain on par with the previous year in 2020. Earnings before interest and tax (EBIT) in the Agricultural Equipment business unit are expected to fall significantly in 2020.

On the whole, BayWa anticipates a slight revenue growth and a significant rise in the earnings before interest and tax (EBIT) in the Agriculture Segment in financial year 2020 on the basis of anticipated developments in the individual business units.

Outlook for the Building Materials Segment

The BayWa building materials trade is well positioned to benefit from the continued positive development of the construction sector in 2020 thanks to its broad range of products. However, given the high capacity utilisation in the industry, the scope for expanding sales is limited and further growth can primarily be achieved through increases in efficiency. Digitalisation is a key driving force here. It is expected that BayWa will benefit from the growing trend towards increased industrial pre-fabrication through the further expansion of specialisation in distribution activities. The pre-fabricated bathroom modules made by start-up Tjiko, in which BayWa has held a stake since May 2019, are one example of this. Initial revenue and earnings contributions are expected in project business on account of approved projects and the commencement of marketing in 2020. The arrival of digitalisation in the construction industry is also a driving force here. BayWa is a project partner in Germany's first community of single-family properties built using building information modeling (BIM). Since mid-2019, work has been underway to construct the "Wohnen am Lerchenberg" (Lerchenberg residences) project in Borna, near Leipzig, entirely with BIM. All aspects of the project are fully digital, from sale and planning through to construction. The "Mr+Mrs Homes" property configurator provides the basis for the project. Another growth area is the realisation of projects with integrated energy systems in partnership with the Conventional Energy and Renewable Energies business units. Further growth is also expected through the BayWa Building Materials Online portal and in e-commerce. Other positive effects are also expected from the expansion of subsidies for building renovation as part of the German government's Climate Action Programme 2030. Revenues in the Building Materials Segment are therefore expected to see a slight increase in 2020. The increase is expected to result primarily from higher prices and only to a minor extent from rising sales volumes. Earnings before interest and tax (EBIT) should improve slightly in 2020, despite increases in standard wages.

Outlook for the Innovation & Digitalisation Segment

In the Innovation & Digitalisation Segment, the revenues are minor in size. The segment's activities are mainly based around investments and development costs for future digital product and service offerings. Growth is set to be driven by the international expansion of sales of the NEXT Farming OFFICE and NEXT Farming LIVE software packages. Another example is the GPS-controlled Leitspurmanager software which, coupled with digitalised field databases, enables seed to be sown and fertilizer and crop protection to be applied automatically and without any overlap. In addition, FarmFacts has developed a manufacturer-independent machine data management system for the Agrar Application Group (aag), in which six respected agricultural equipment companies have joined forces to create open software solutions. The new “NEXT Machine Management by aag” module, which is integrated into the NEXT Farming LIVE farm management software, was launched in time for Agritechnica in November 2019. An increase in marketing figures is expected from the full-year availability in 2020. In addition, the increasing importance of site-specific fertilization should also play a role due to stricter fertilization requirements. Here, fertilization based on sensor data and satellite information ensures that farms are managed effectively and efficiently. At the same time, the integrated digital nutrient requirement calculation in the NEXT Düngung (fertilization) software module ensures that fertilization use is optimises and strict documentation obligations are met. Revenues from BayWa’s eBusiness activities are set to increase through the further development of the BayWa Portal. However, revenues and income from these activities are attributed to the respective business unit or segment responsible for the individual product sold. Revenues reported in the Innovation & Digitalisation Segment are expected to increase moderately and at a low level in 2020. A significant improvement is expected in earnings before interest and tax (EBIT) from its current negative double-digit million range as the previous year’s EBIT was negative impacted by marketing expenses linked to Agritechnica that were not incurred in 2020.

Other Activities

No revenue forecast was made for Other Activities as the size of such activities is insignificant in terms of the business development of the Group. As compared to 2018, the development of earnings before interest and tax (EBIT) in 2020 is likely to be characterised, among other things, by rising expenses for IT infrastructure, equipment and security. This could be offset by higher non-operating income from holdings. Overall, the negative EBIT from Other Activities in 2020 should improve significantly in 2020 due to the absence of the one-off expenses from the previous year.

Opportunity and Risk Report

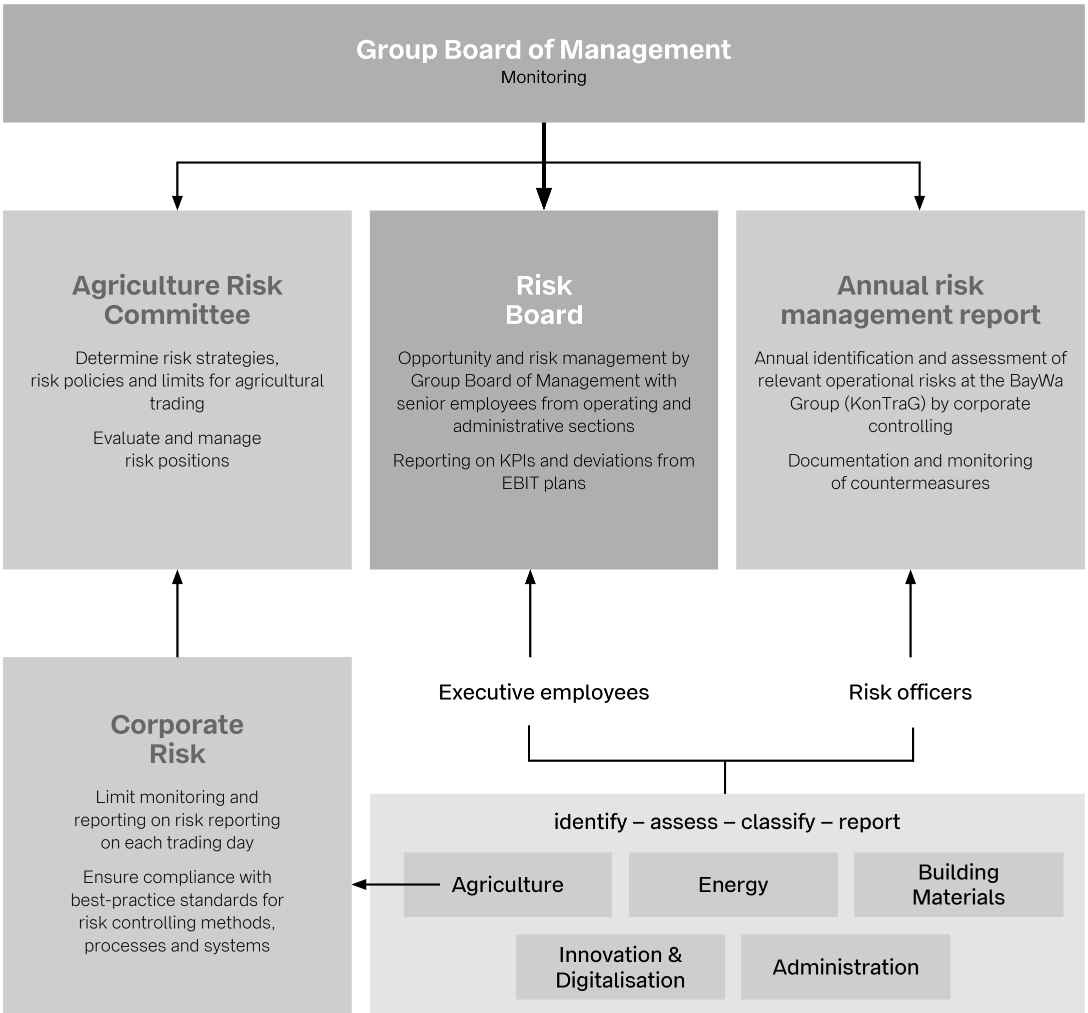
Principles of opportunity and risk management

The management of opportunities and risks is an ongoing area of entrepreneurial activity, which is necessary to ensure the long-term success of the company and is closely aligned with the long-term strategy and medium-term planning of the BayWa Group. BayWa makes use of opportunities that arise in the context of its business activities. Internationalisation also allows BayWa to tap into new business opportunities, which in turn reduces its dependence on the individual country markets and their risks. The identification of entrepreneurial opportunities, the safeguarding of the assets and the enhancing of enterprise value therefore necessitate an opportunity and risk management system. The systematic development of existing and new systems with a built-in early warning component makes an indispensable contribution to further strengthening and consistently building up a Group-wide opportunity and risk culture.

The principles underlying the system set in place within BayWa Group to identify and monitor risks specific to the business have been described in a risk management manual approved by the Board of Management. In addition, the Internal Audit Department regularly audits the internal risk management system which supports the processes. ISO certifications for the standardisation of workflows and for risk avoidance, as well as the conclusion of insurance policies, supplement the Group’s management of risk.

Moreover, BayWa Group has established binding goals and a code of conduct in its corporate policy and ethical principles as well as the Code of Conduct which have been defined throughout the Group. They regulate individual employee actions when applying the corporate values as well as their fair and responsible conduct towards suppliers, customers and colleagues.

Structure of opportunity and risk management within BayWa Group



At the BayWa Group, opportunity and risk management is an integral component of the planning and management and control processes. A comprehensive risk management system based on the German Control and Transparency in Business Act (KonTraG) records and monitors both the development of the Group and any existing weak points on an ongoing basis. The risk management system covers all segments and is included as a key component of reporting. A particularly important task of risk management is to guarantee that risks to the Group as a going concern are identified and kept to a minimum. This enables the management of Group companies to react swiftly and effectively. All units have risk officers and risk reporting officers who are responsible for implementing the reporting process.

A key component of the opportunity and risk management set-up is the Risk Board, which has been in place since the financial year 2009. Presided over by the Chief Executive Officer, the Risk Board, which consists of operations managers and support staff, meets regularly to discuss and assess operating opportunities and risks. Minuted meetings are used to develop an understanding of the opportunities and risks and form the basis of the measure of risk applied to operational decisions.

The Agriculture Risk Committee is part of Risk Governance and acts as the highest decision-making body for trading activities concerning agricultural commodities. It is composed of members of the Board of Management and others and meets regularly and when warranted. The Committee decides on risk guidelines and limit systems for the agricultural trade activities and, where necessary, implements risk-controlling and mitigating measures. A form of risk controlling that is independent of trading was established at both the level of the Corporate Risk organisational unit and in the individual agriculture trading companies to ensure that the provisions of the Agriculture Risk Committee are implemented in full, including adherence to limits. The Risk

Officer's responsibility in the trading companies covers all risk processes within the company, including limit monitoring and reporting.

The Corporate Risk organisational unit's tasks are to execute risk controlling for the trading activities with agricultural commodities and to operate and develop the risk management system to monitor risks on each trading day. In addition, the unit also serves as a Group-wide competence centre to ensure compliance with best practices in relation to risk controlling methods, processes and systems in commodities trading as well as to guarantee adherence to financial market regulations on commodity derivatives.

Risk management process in the BayWa Group

In the Group-wide risk reporting process, risks are classified into categories, and estimates are made as to their probability of occurrence and potential financial impact. The risk management system is based on individual observations, supported by the relevant management processes, and forms an integral part of the core activities. It starts with strategic planning and proceeds through to procurement, sales and distribution and, finally, to the management of counterparty risk. As an extension of the planning process that takes place in the business units and in procurement, sales organisations and centralised functions, the risk management system serves to detect and assess potential divergences from expected developments. In addition to identifying and assessing key developments influencing business, this system facilitates the prioritisation and implementation of activities.

The risk reports, which are regularly prepared by the business units, are a cornerstone of the risk management system. These reports are consolidated into the annual risk management report by the Corporate Controlling department and are subject to evaluation by the Board of Management and by the heads of the business units. This includes all individual risks that could have an impact on the business activities of the BayWa Group, assigned to one of the seven risk categories – compliance risks, risks pertaining to organisational structure and workflow, operating risks, market risks, financial risks, legal risks and strategic risks – and their respective subcategories. The significance of each individual risk results from the potential impact on the assets, financial position and earnings of the BayWa Group in the event that the risk materialises, weighted by the likelihood of that risk materialising. The product of these two values is referred to as the expected value of damages. The expected value of damages per risk category is calculated by adding the expected value of damages of all subcategories assigned to the risk category. Their expected value of damages are formed by the sum of the expected value of damages of all individual risks contained. The sum of the expected value of damages form the basis for the classification of the risk categories in the BayWa Group.

A further risk management system is in place for the trading activities with agricultural commodities, including the associated hedging transactions, which encompasses the relevant business activities of BayWa AG, BayWa Agrarhandel GmbH and BayWa Agri Supply & Trade B.V. The Minimum Requirements for Risk Management (MaRisk) published by the German Financial Supervisory Authority (BaFin) serve as the benchmark for this risk management system. MaRisk includes arrangements governing the identification, assessment, management and monitoring of all material risk types, including counterparty risks as well as operating risks, such as quality and logistics risks. BayWa adapted the standards established in the financial services sector and leading trading companies for its agricultural trade activities due to the flexible and practical framework of the material regulations. Appropriate and effective risk management pursuant to MaRisk comprises in particular the formulation of strategies and the establishment of internal control procedures in consideration of the risk-bearing capacity. The internal control system consists in particular of:

- Arrangements governing the organisational structure and workflow
- Processes for identifying, evaluating, managing, monitoring and reporting risks (risk management and control processes)
- The establishment of a risk controlling function

In order to manage market risks on each trading day, the positions, including the spreads (underlying risks), are determined and monitored for the associated agricultural trading companies. Value-oriented procedures, in addition to the volume limits, serve to ensure that the positions are managed in a manner that is appropriate for the risks. These procedures include the regular mark-to-market valuation (on at least a monthly basis) of pending agricultural transactions of German agricultural units and the determination of the trading results derived from this, as well as the portfolio-based value-at-risk procedure for the liquid products of all agricultural trading units. In addition, scheduled and ad hoc stress tests are performed to recognise the effect that extraordinary market price changes have on earnings and, where necessary, implement measures to reduce risks. The trading positions as well as the risks these pose are reported to the business units and the local risk management officer on a daily basis as well as to the Board of Management in the form of the Risk Board.

These control mechanisms are supported by a standardised IT system solution for risk management, which has been in place for a number of years and has been certified by an external auditor.

The Global Book System (GBS) is used to coordinate trade management activities; it is responsible for the overarching coordination and optimisation of the trading and risk positions of the individual product lines in the trading of grain, oilseed and co-products for the national and international sectors. Fundamental market analyses are performed within the scope of the market research activities to estimate the global supply and demand situation. An additional focus is placed on implementing quantitative portfolio and risk analysis procedures, the results of which are discussed in weekly meetings with the trading departments. Given the volatility in the markets for agricultural products, BayWa works with specialists in the area of algorithm-controlled trading strategies in order to limit the effects of fluctuations in the market triggered by high frequency trading on BayWa's positions.

Identification of opportunities in the BayWa Group

A dynamic market environment also gives rise to opportunities. The BayWa Group continuously monitors both macroeconomic trends, and the development of industry-specific and general environments and structures. These include government regulations, suppliers, customers and other stakeholders as well as competitors. The identification of opportunities is integrated into the BayWa Group's strategy and planning processes. The focus of the product and service portfolio is permanently reviewed on the basis of these analyses. The identified opportunities are predominantly implemented on a decentralised basis in the business units.

Classification of risks and opportunities in the BayWa Group

The seven risk categories in the BayWa Group are divided into several sub-categories. The risks in these sub-categories are classified as low, noticeable, considerable, significant or substantial on the basis of the theoretical expected value of damages. The theoretical expected value of damages is the amount that would result in the very unlikely event that all of the individual risks in a sub-category materialise at the same time. Risks are classified by taking into account the risk reduction measures (net view). The significance of the opportunities for the BayWa Group are assessed by way of a qualitative classification into material or immaterial. The following table provides a general overview of all risks and opportunities and depicts their significance for the BayWa Group.

		Risks		Opportunities	
		Risk classification	**Y/y change**	**Opportunity classification**	**Y/y change**
Market risks and opportunities					
	Sales market	significant	increased [1]	material	constant
	Procurement	considerable	reduced	material	increased
	Competition	considerable	reduced [1]	immaterial	constant
	Image	noticeable	increased [1]	immaterial	constant
	Price	substantial	reduced [1]	material	constant
	Loss of customers	low	reduced [1]	/	/
Operating risks and opportunities					
	Sales	noticeable	reduced [1]	material	increased
	Environmental impact	significant	increased [1]	immaterial	constant
	Production	low	reduced	immaterial	constant
	Inventory	noticeable	reduced [1]	material	constant
	Product quality	considerable	increased [1]	immaterial	constant
	Case of damage	noticeable	increased [1]	/	/
	Project	significant	increased	material	increased
Risks and opportunities of the organisational structure and workflow					
	IT	considerable	reduced	immaterial	constant
	Quality	significant	reduced [1]	immaterial	constant
	Personnel	significant	increased	immaterial	constant
	Organisation	considerable	increased [1]	immaterial	constant
Financial risks and opportunities					
	Financial market	considerable	reduced [1]	immaterial	constant
	Group companies	noticeable	increased	immaterial	constant
	Default on receivables	considerable	reduced [1]	/	/
	Interest	low	reduced [1]	immaterial	constant
	Liquidity	noticeable	reduced [1]	immaterial	constant
	Currency	noticeable	reduced [1]	immaterial	constant
	Taxes	noticeable	reduced [1]	/	/
Strategic risks and opportunities					
	Corporate strategy	significant	increased	immaterial	constant
	Investments	low	reduced [1]	immaterial	constant
	Acquisitions & disposals	low	reduced [1]	material	increased
	Market development	noticeable	reduced [1]	immaterial	constant
	Innovation and technology	considerable	increased	material	constant
Legal risks and opportunities					
	Contracts	considerable	increased	/	/
	Changes in legislation	significant	reduced [1]	immaterial	constant
	Liability and insurance	low	increased [1]	/	/
	Violations of the law	substantial	reduced [1]	/	/
Compliance risks and opportunities					
	Corruption/fraud	noticeable	reduced [1]	/	/
	Product safety/standards	low	constant	/	/
	Data protection	low	increased [1]	/	/
	Compliance with laws & guidelines	significant	reduced [1]	/	/

1 No year-on-year change in risk classification

Risk classification (potential implications on earnings) according to expected value of damages		Assessment of the opportunities
low =	≤ €1.0 million	Qualitative classification / Categorisation into “material” and “immaterial”
noticeable =	≤ €2.5 million	
considerable =	≤ €5.0 million	
significant =	≤ €10.0 million	
substantial =	> €10.0 million	

Overall, at the time of the risk inventory carried out at the end of 2019 the BayWa Group was not exposed to any risks that could endanger its existence as a going concern.

Composition of the risk and opportunities categories in the BayWa Group

Key individual risks are described below.

Compliance risks

Group companies are and will continue to be faced with legal disputes and proceedings in relation to their operating business activities. For example, these can result from breaches of compliance regulations by individual employees. This may lead to individual Group companies having to pay compensation or financial penalties or being imposed with other civil or criminal sanctions. These risks are continuously monitored by corresponding specialist areas of the Group.

BayWa AG and the Bundeskartellamt (German federal antitrust authority) reached an agreement to end the administrative offence proceedings that had been ongoing since March 2015 relating to BayWa AG and other crop protection wholesalers. BayWa AG opted to bring the complex as well as time- and resource-intensive legal proceedings to a conclusion by means of a settlement. The settlement includes a payment of €68.6 million. A corresponding penalty notice was submitted to BayWa AG on 8 January 2020. BayWa AG fully cooperated with the Bundeskartellamt in investigating the allegations.

Generally speaking there is a risk that customers will assert claims for compensation for damages against BayWa AG. At the time of writing, only a handful of isolated claims have been asserted against BayWa, all of which have been refuted by BayWa. No further claims have been asserted or announced so far. It is BayWa's belief that the alleged misconduct did not result in any buyers suffering any financial damages whatsoever.

We assume, supported by the assessment of our legal advisers, that it is extremely unlikely in this context that third parties will successfully assert any material claims against BayWa AG. Therefore, no risk provisions for this matter have been formed on the balance sheet.

BayWa's data protection risk relates to the incorrect handling of personal or customer-related data as well as the unlawful disclosure or use of said data. This risk is increasing due to the digital transformation of many business activities and increased awareness of the issue due to new legal regulations. Advice and awareness programmes, as well as process controls, are in place to ensure compliance with data protection regulations within the Group. In general, BayWa ensures that customers retain sovereignty over their data.

Operating risks and opportunities

In energy business, the Renewable Energies business unit is particularly affected by changes in subsidy measures and political frameworks. In this context, positive signals such as ambitious targets as part of the European Commission's "green deal" generally have a positive impact on business prospects. Downturns in business, in contrast, come as a result of decisions such as the US's withdrawl from the Paris climate agreement. These two effects are long-term in nature and do not influence business to a material extent at the current time. The extension to national tax incentives for wind farms in the US are helpful in the short term. The trade conflict between the US and China may also have a negative impact on the availability of system components and price trends. Against the backdrop of mainly country-specific risks, revenue and earnings development is stabilised by means of geographic diversification. Diversification across multiple energy carriers – particularly wind energy and solar energy – reduces risk such as the loss of individual technology providers. Climatic risks (wind, sunshine) also play a role for BayWa's electricity-generating Group companies in the Renewable Energies business unit and in energy trading. Long-term surveys mean that average wind and sunshine are relatively easy to forecast in the medium term on the basis of expert opinions, although both positive and negative deviations can occur at short notice that result in corresponding increases or decreases in revenue. The issue of grid connection is becoming increasingly important in countries such as Spain and Australia and may lead to unscheduled delays to project realisation. These kinds of problems can be avoided if they are taken into account at an early stage during planning.

The Conventional Energy business unit largely comprises trading in crude oil-based products such as fuels and lubricants as well as heating oil. Generally speaking, the development of demand for heat energy carriers such as heating oil also depends on the level of consumption, weather conditions and the price trend. In the medium to long term there is a risk that sales will decline as a result of the energy and mobility transition toward carbon-free renewable drive and heating concepts. However, new growth opportunities are also arising as a result of the trend toward e-mobility. Apart from the default risk on trade receivables, these business activities are subject to little risk.

In the Agriculture Segment, changes in the political framework, such as changes to the regulation of markets for individual agricultural products and agricultural inputs, new regulations relating to protecting the environment or tax-related government subsidies of energy carriers, in addition to volatile markets, create risks. At the same time, however, they also open up new prospects and opportunities such as those in the areas of organic product ranges and digital farming. Extreme weather conditions can have a direct impact on offerings, quality, pricing and trading in agricultural products as well as downstream on the agricultural input business. In addition, trade conflicts can also restrict the availability of and sales opportunities for agricultural products. This is offset by the rise in product and geographical presence diversification in the Agriculture Segment, as this has reduced the dependence on individual markets and increased procurement and marketing flexibility. In addition, BayWa also combats quality risks by performing samplings and checks. Risks posed by a deterioration in the quality of inventories are reduced by corresponding warehousing standards. New opportunities could arise from BayWa's inclusion in the Bayerische Bio-Siegel (Bavarian organic seal) quality scheme. This seal confirms that BayWa meets the highest quality standards with regard to the recording and sale of agricultural products. Logistics risks resulting from a lack of transport capacities due to weather conditions or strikes are identified and managed early on by the early warning systems. Global climate change will also have a long-term effects on agriculture. The global demand for agricultural products, particularly grain, continues to grow. This may give rise to a sustained price uptrend. Price increases can give rise to opportunities through upside revaluation potential for existing trading contracts and inventories. The fruit- and vegetable-growing activities pose a financial risk to the Group, which arises from the delay between cash outflow for buying, growing and maintaining the crops as well as the costs of the harvest and cash inflow from the sale of the fruit. This risk is managed by actively monitoring net working capital. The development of income in the agriculture sector filters through directly to investment capacity and propensity and therefore to the sale of agricultural inputs and high-end agricultural machinery.

Political and economic factors exert the main influence on demand in the construction sector. In addition to a decline in private consumption, an economic impact on demand can be caused in particular by a decline in demand on the part of the public sector. The development of public finances has a direct impact here. Political factors of influence include, for instance, special depreciation for listed buildings, measures to promote improved energy efficiency and the construction of social housing. In general terms, ageing housing stock in Germany will encourage growing demand for modernisation and renovation.

Market risks and opportunities

General economic factors have an influence on consumer behaviour and investment patterns in BayWa's core markets. In the agricultural industry in particular, there is a trend towards ever larger agricultural operations that are conducting their business more professionally, particularly with regard to the customer structure. These environmental factors exert less of an influence on BayWa's business activities than on other companies. BayWa Group's business model is largely geared to satisfying fundamental human requirements, such as the need for food, mobility, the supply of energy and shelter. Accordingly, the impact of cyclical swings in demand are likely to be less strong than in other sectors. As a result, BayWa is even able to turn certain opportunities arising in times of crisis to its advantage through, for instance, the identification and acquisition of suitable companies with a view to building up or expanding existing or new areas of business. However, BayWa is unable to fully decouple itself from severe setbacks to international economic development that result from, for example, slumps in global commodity prices.

BayWa trades in merchandise that displays very high price volatility, such as grain, oilseeds, fertilizers, mineral oil, biomethane, electricity, gas, and solar components, especially in its Agriculture and Energy Segments. The warehousing of the corresponding merchandise and the conclusion of supply contracts governing the acquisition of goods in future means that BayWa is also exposed to the risk of price fluctuations. Whereas the risk inherent in mineral oils and biomethane is relatively low due to BayWa's pure distribution function, fluctuations in the price of grain, oilseeds, fertilizers, electricity, gas or solar components may incur greater risks if there is no matching in the agreements on the buying and selling of merchandise. Furthermore, activities by financial investors and technical market mechanisms can sometimes exacerbate price volatility considerably. In addition to absolute price risks, business developments may be influenced by various developments in local mark-ups, for example concerning logistics services, in forward rates as well as different quality grades. If no hedging transactions exist at the time when agreements are signed, the ensuing risk is monitored on an ongoing basis by the respective executive bodies, such as the Risk Board.

The BayWa Group uses a portfolio-based value-at-risk method to measure and control risks from commodity futures, which are treated as financial instruments as defined under IFRS 9 (International Financial Reporting Standard). The value-at-risk used by BayWa aims to quantify the negative changes in the value of a portfolio, which – with a certain degree of probability (95%) – will not be exceeded during a defined period of time (five trading days). The value-at-risk calculated as at 31 December 2019 amounted to €3.2 million and indicates that the potential loss from the commodity futures considered will, with a probability of 95%, not exceed €3.2 million within the next five trading days.

On 23 June 2016, UK citizens voted in favour of exiting the EU in a referendum (Brexit). The UK's departure from the EU was resolved effective as at 31 January 2020. The UK and the EU are now set to agree a free trade agreement to take effect after 31 December 2020 in an eleven-month transitional period. Within this transitional period, EU regulations on free movement of people and the trading of goods and services will be replaced by bilateral regulations between the EU and the UK. This transitional period means that Brexit will have no effect on BayWa Group companies based in the UK in the short term. The companies concerned will review the consequences of new regulations on freedom of movement and trade once legally binding decisions on such subjects have been made. The Group's 2019 business activities in the UK took place in the BAST, Global Produce and Renewable Energies business units. Around 6% of the Group's revenues and EBIT were generated in the UK. In the event of a "hard" Brexit without a trade deal, BayWa does not expect there to be any significant negative effects on the Group as a whole, even if restrictions are imposed on free international trade, due to the volume of business in the UK and the Group structure.

At the end of 2019, the first infections with a new type of the coronavirus began to be reported in China. The number of infections in China rose sharply initially since the start of 2020. Despite countermeasures implemented by the Chinese government, the virus has since spread to a large number of countries. If there is a significant rise in the number of new cases over a sustained period of time, this could have significant effects on business development, particularly in the Renewable Energies, Global Produce, Building Materials and Agricultural Equipment business units, on account of the international network of logistic chains and the resulting limited availability of primary materials and products. There is no way of estimating the scale of the negative impacts on the BayWa Group's business activities at the current time. If the spread of the virus cannot be restricted in the first half of 2020, increasing restrictions on supplies are expected in the second half of the year.

Financial risks and opportunities

Within the BayWa Group, financial risks and opportunities are divided into multiple risk types that are described separately in the following.

Opportunities and risks from financial instruments

In addition to fixed- and variable-rate financial instruments, which are subject to varying degrees of interest rate risks, BayWa Group also uses derivative hedging instruments such as options and futures contracts to hedge its commodity futures. In addition to interest rate risk, these derivative hedging instruments are also subject to risks posed by changes to the prices of underlying transactions as well as, depending on the base currency in which the derivative instrument is denominated, currency risks. Transactions that were not conducted via a stock exchange are also subject to counterparty risk. However, due to the measures taken by BayWa described below, there is only a slight chance that these risks will materialise. By the same token, changes to interest rates, currency exchange rates or forward market prices can lead to unplanned opportunities.

Foreign currency opportunities and risks

BayWa's business activities are largely located in the euro zone. If foreign currency positions arise from goods and services transactions or projects, they are always hedged without delay. Other payment obligations or receivables denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing of financial resources denominated in foreign currencies is prohibited.

Interest rate opportunities and risks

Interest rate risk positions arise from the Group's floating-rate financing activities, especially from the issuing of short-term commercial papers, short-term loans as well as variable-interest bonded loans. Short-term debt is used mainly to finance working capital. To reduce the interest rate risk, which is not hedged using a natural hedge, BayWa uses derivative instruments in the form of futures, interest rate caps and swaps. In the financial year 2019, the average interest rate for variable-interest financial liabilities stood at 1.388% (2018: 1.185%).

Credit and counterparty risks and default risks

As part of its entrepreneurial activities, BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group is exposed to a financing risk arising from the upfront financing of agricultural inputs, the repayment of which is made through acquiring and selling the harvest. Moreover, BayWa grants financing to commercial customers, particularly in the construction sector, in the form of payment terms of a considerable scope. Beyond this, there are the customary default risks inherent in trade receivables. Risks are managed and monitoring using the SAP Credit Management system, which allocates customers into different risk classes depending on their credit-worthiness. The minimum requirements for credit management at the BayWa Group are defined in the Group guidelines on credit management.

Liquidity risks

The liquidity risk is the risk that the BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. At the BayWa Group, funds are generated through operations and by borrowing from financial institutions. In addition, financing instruments, such as multicurrency commercial paper programmes or asset-backed securitisation, are used, as are bonded loans. BayWa also issued a green bond for the first time in June 2019. Existing credit lines are therefore measured to an extent deemed sufficient to guarantee business performance at all times, even in the event of growing volume. The financing structure therefore accounts for the pronounced seasonality of business activities. Owing to the diversification of the sources of financing, the BayWa Group does not currently have any risk clusters concerning liquidity. The BayWa Group's financing structure, with its mostly matching maturities, ensures that interest-related opportunities are reflected within the Group.

Rating

Thanks to its good credit rating among banks, BayWa was again able to take corresponding financing measures in the reporting year. This achievement is due to the solidity as well as to the long and successful history of the company and its high enterprise value, underpinned by assets such as real estate. For reasons of cost effectiveness, BayWa AG deliberately dispenses with the use of external ratings.

Legal risks

Group companies are and will continue to be faced with legal disputes and proceedings in relation to their operating business activities. Such disputes and proceedings can relate to the assertion of claims based on goods and services that are not up to standard, payment disputes or breaches of regulatory or fiscal requirements. This may lead to individual Group companies having to pay compensation or financial penalties or being imposed with other civil or criminal sanctions. The Group's business activities in more than 40 countries means that its companies can also be exposed to political and legal risks to a small extent. Accordingly, legally existing claims of the Group could ultimately not be enforceable due to weak state structures or underdeveloped legal systems. These risks are continuously monitored by corresponding specialist areas of the Group.

BayWa forms provisions for legal and litigation risks if the occurrence of an obligation is probable and the amount can be adequately estimated. In individual cases, actual utilisation may exceed the amount of the provisions. The Board of Management believes that suitable provisions have been accounted for.

Changes to the regulatory environment can influence Group development. In particular, this includes government intervention in the general framework conditions for the agricultural industry and the renewable energies business. Negative impacts emanate from the adjustment, reduction or abolition of funding measures. Conversely, new regulatory and legislative developments influencing bioenergy can also result in opportunities. In the construction sector, stricter building or fiscal regulations may also have an impact on the development of business.

Plant efficiency in terms of energy generation using renewable energy carriers is strongly reliant on regulatory frameworks and government subsidies. Politically motivated changes to subsidy parameters, in particular the retroactive cuts to or abolition of feed-in tariffs, can significantly impact the value of such facilities: either in the form of lower future disposal prices or lower cash inflows from the operation of the facilities. BayWa combats the potential implications of such risks on earnings by pursuing a threefold diversification strategy in its Renewable Energies business unit. The portfolio is diversified in terms of countries, energy carriers and business divisions (projects and service on the one hand, and trading on the other).

As a result of the financial crisis, the financial market is regulated by a wide range of laws. Derivative markets were a particular focal point of these measures, mainly to limit speculative trading involving commodities, especially in the agricultural sector. Of this significant number of new regulations, the European Market Infrastructure Regulation (EMIR) and the revision of the Markets in Financial Instruments Directive (MiFID II) are particularly relevant to BayWa's business activities. Trading on the Chicago Board of Trade (CBoT) is also subject to the US regulations of the Commodity Exchange Act (CEA), which are monitored by the Commodity Futures Trading Commission (CFTC). Besides additional costs, these new regulations also increase the risk of prosecution resulting from violations. Compliance with applicable financial regulatory measures is guaranteed by the use of a Group-wide risk management software program.

Strategic risks and opportunities

Through its strategic development into a provider of integrated solutions, the BayWa Group is expanding its role in the value chain and entering the project business more strongly. The resources necessary for the design and development of such solutions vary significantly in type and scope depending on the segment. BayWa operates primarily as a project developer within the scope of the Renewable Energies business unit. This business activity also harbours certain risks, for instance, that the planning and building of solar parks and wind farms are delayed and that they may be connected to the grid later than originally planned. In such cases, if the deadline for the further reduction in feed-in tariffs is not adhered to, there is a risk that the low feed-in and electricity income could result in the profitability of the projects being lower than planned. The Group's strategic development also encompasses acquiring companies and financing start-ups. Here there is a risk that the investments made prove to be irrecoverable or only partially recoverable in the medium term compared to original expectations.

Risks and opportunities of the organisational structure and workflow

In the area of organisational structure and workflow, the BayWa Group differentiates between a number of different risk types that are described separately in the following.

Opportunities and risks associated with personnel: As regards personnel, the BayWa Group competes with other companies for highly qualified managers as well as for skilled and motivated staff. The Group companies continue to require qualified personnel in order to secure future success. Excessively high employee fluctuation, brain drain and failure to win junior staff loyalty may have a detrimental effect on the Group's business performance. BayWa counteracts these risks by further expanding its recruiting activities and by offering its employees extensive training and continuous professional development opportunities. Management based on trust, the tasking of employees in line with their natural talents and abilities, as well as the definition and adherence to our ethical principles, are geared towards creating a positive working environment. At the same time, BayWa AG promotes the ongoing vocational training and development of its employees. With 1,410 trainees at the end of 2019, the Group ranks among the largest companies offering training specifically in rural areas. BayWa recruits a large majority of its future specialist and managerial employees from the ranks of these trainees. Long years of service to the company are a testament to the high-level of loyalty that employees display towards BayWa. This helps create an environment of stability and continuity and also secures the transfer of expertise down the generations.

IT opportunities and risks: The use of cutting-edge information technology characterises the entire business activity of the BayWa Group. All key business processes are supported by IT and mapped using state-of-the-art software solutions. At a trading company with high numbers of employees, having work processes supported electronically is imperative. The continuous monitoring and reviewing of processes mapped electronically, however, involves more than the mere implementation of new IT components. It is always accompanied by an optimisation of process workflows, as a result of which opportunities in the form of synergy and cost-savings potential can be identified and implemented. At the same time, the risk inherent in the system rises in tandem with the growing complexity and dependency on the availability and reliability of the IT systems. The implementation of new IT systems entails the risk of additional time and personnel costs as well as initially limited functionalities, which may make it necessary to operate legacy systems longer than planned. Extensive precautionary measures, such as firewalls, virus protection updated on a daily basis, disaster recovery plans and training in data protection, serve to safeguard data processing. The IT resources are pooled at a separate subsidiary, BayWa IT GmbH. Segregated in organisational terms, a data protection officer monitors compliance with security and data protection standards.

Quality risks: The BayWa Group, as an agricultural supplier, a global purveyor and marketer of grain, oilseed and fruit as well as a trader of energy carriers and building materials, is confronted with a wide range of national quality and safety standards. Compliance with the quality and safety requirements is guaranteed through the quality management teams of the respective business units. In addition, various certifications document the fulfilment of the relevant legal requirements, such as the quality management standard ISO 9001:2015 in the Conventional Energy business unit.

Overall assessment of the opportunity and risk situation by Group management

An overall assessment of the current opportunity and risk situation shows that there are no risks which could endanger the Group as a going concern. There are currently no such risks discernible for the future either. All in all, the risks to the BayWa Group are limited and manageable.

Along with potentially non-influenceable or only indirectly influenceable geopolitical risks and macroeconomic risks, operational risks are also the focus of monitoring. As far as the latter are concerned, the BayWa Group has taken appropriate measures to manage and control these risks.

Internal Control System and Risk Management System in relation to the Group Accounting process

The Internal Control System (ICS), which monitors accounting processes, is a key component of opportunity and risk management. The BayWa Group has set up an internal control system in accordance with the legal standards, the functionality of which is monitored by Internal Audit. External specialists are regularly consulted to perform benchmark analyses and certifications and to introduce optimisation measures. The consolidated financial statements are drawn up through a centralised process. Compliance with legal provisions and regulations pertaining to the Articles of Association during this process is guaranteed by the prescribed accounting standards. Corporate Accounting acts as a direct point of contact for the managers of the subsidiaries in matters pertaining to reporting and the annual and interim financial statements. Corporate Accounting prepares the consolidated financial statements pursuant to IFRS.

A control system which monitors the accounting process is designed to ensure the complete and timely capturing of all business transactions in accordance with the statutory provisions and the regulations laid down under the Articles of Association. Moreover, it serves to guarantee that stocktaking is duly and properly performed and that assets and liabilities are recognised, valued and disclosed appropriately. The control system uses both automatic and manual control mechanisms to ensure the regularity and reliability of accounting.

All subsidiaries included in this process are obliged to submit their figures on an IFRS basis in a standardised reporting form to BayWa. This allows for the prompt identification of deviations from planned targets with the opportunity to respond quickly.

Remuneration Report

The Remuneration Report is part of the Management Report and explains the system of remuneration for members of the Board of Management and the Supervisory Board.

Remuneration of the Board of Management

The remuneration system, including the main contractual components, is reviewed by the Supervisory Board once a year and adjusted if necessary.

Since 1 January 2010, the remuneration of four members of the Board of Management with an employment contract with BayWa AG has comprised an annual fixed salary, a short-term variable component (annual bonus) and a long-term variable component (known as the bonus bank). The ratio of fixed to variable short-term remuneration and long-term variable remuneration is roughly 50 to 20 to 30 based on full (100%) achievement of goals. The non-performance-related component comprises an annual fixed salary and benefits, such as the use of a company car and contributions to accident and health insurance. Short-term variable remuneration takes the form of an annual bonus. The amount of this bonus depends on the extent to which objectives, determined by the Supervisory Board and geared to individually agreed goals and to the successful development of the company's business (earnings before tax), are achieved. If the targets are achieved, the agreed bonuses are paid out in full. If the targets are exceeded, the bonus will be increased, but only up to a maximum amount (cap) of 150%. If the targets are not fulfilled, the bonus will be reduced proportionately. Both negative and positive developments are therefore taken into account in calculating short-term variable remuneration.

The long-term variable component takes the form of what is known as a bonus bank. The bonus bank will be supplemented or charged on a yearly basis depending on the extent to which objectives, linked to the success of the company (earnings before tax) and determined by the Supervisory Board for three years in advance, have been achieved, exceeded or undershot. If objectives are exceeded, the amount which can be transferred to the bonus bank is capped at approximately 135% of the target figure. If there is a credit balance on the bonus bank, one-third will be provisionally paid out for the financial year 2019 to the members of the Board of Management. The remaining two-thirds of the credit balance on the bonus bank remain in the bonus bank. The amount is paid linearly, meaning that the amount carried in the bonus bank will be paid out provisionally to members of the Board of Management in contractually agreed instalments across three financial years, provided there is a sufficient credit balance in the bonus bank and after calculating negative bonuses. If owing to payments made in previous years or a charge reducing the bonus bank, there is a negative balance in the bonus bank, the respective Board of Management members are obliged to pay back the provisional payments made in the two preceding years. Both negative and positive developments are therefore also taken into account in calculating long-term variable remuneration. Alongside the agreed cap on both components of remuneration, there is also a cap imposed for extraordinary developments.

In addition, there are pension commitments for the members of the Board of Management. These commitments can either take the form of an agreed fixed amount, or are based partly on the most recent fixed salary (30%). Employees do not reach retirement age before they turn 66. Since 1 December 2012, all obligations from pension commitments have been transferred to an external pension fund in the form of an earned entitlement, or to a provident fund. Running payments made to the pension fund or provident fund are included in the overall remuneration disclosed for the Board of Management.

There are no commitments in the employment contracts of the Board of Management members if service to the company is prematurely terminated. There are also no Change of Control clauses.

The total remuneration of all five Board of Management members for the financial year 2019 came to €9.4 million (2018: €7.8 million); of this amount, €3.5 million (2018: €2.1 million) was variable. Contributions amounting to €2.2 million (2018: €2.1 million) were paid in benefits after termination of the employment contract (pensions). An amount of €3.6 million (2018: €3.4 million) was paid out to former members of the Board of Management of BayWa AG and their dependants.

The remuneration of the Board of Management is not itemised. Instead, it is divided up into fixed and variable/performance-related amounts and disclosed once a year in the Notes to the Consolidated Financial Statements. The relevant resolution was passed by the Annual General Meeting of Shareholders in accordance with Section 286 para. 5 of the old version of the German Commercial Code (HGB) on 19 May 2015 (Code Item 4.2.4 sentence 3 German Corporate Governance Code 2017). More information concerning other remuneration can be found in the Notes to the Financial Statements and Consolidated Financial Statements.

Remuneration of the Supervisory Board

Since 1 July 2018, the remuneration of the Supervisory Board has been based on the responsibilities and the scope of tasks of the members of the Supervisory Board.

Supervisory Board members receive a fixed annual remuneration of €45,000 payable in four equal amounts after the end of the quarter for the respective quarter. Variable remuneration, as based on dividends or other factors, is not paid.

The Chairman of the Supervisory Board receives three times the amount and the Vice Chairmen twice the amount of remuneration paid. The members of the Supervisory Board also receive an additional fixed annual remuneration of €3,000 for committee work. The committee chairmen receive three times this amount.

Supervisory Board members who serve on the Supervisory Board and/or its committees for only part of the financial year will receive remuneration on a proportionate basis.

Members of the Supervisory Board are reimbursed for their expenses and value added tax which falls due on account of their activities as member of the Supervisory Board or its committees. In addition, members of the Supervisory Board are also included in the company's group accident insurance policy. The company also maintains an insurance policy against legal proceedings and pecuniary losses and a D&O insurance and legal protection policy on behalf of its Supervisory Board members and in the interests of the company. The company pays the insurance premiums.

The total remuneration of the Supervisory Board comes to €1.1 million (2018: €0.9 million), of which €0.2 million is variable.

Disclosure of remuneration paid to the members of the Supervisory Board in the Notes to the Consolidated Financial Statements has not been itemised (reason given in the Declaration of Conformity).

Takeover-relevant Information – Reporting pursuant to Section 315a German Commercial Code (HGB)

Composition of subscribed capital

The subscribed capital of BayWa AG amounted to €90,314,398.72 as at the reporting date and is divided up into 35,279,062 registered shares with an arithmetical portion of €2.56 each in the share capital. Of the shares issued, 33,894,897 are registered shares with restricted transferability and 140,914 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2020 onwards); 1,243,251 shares are registered shares not subject to restricted transferability. With regard to the rights and obligations granted by the shares (e.g. the right to a portion of the unappropriated retained earnings or to participate in the Annual General Meeting of Shareholders), reference is made to the provisions laid down under the German Stock Corporation Act (AktG). There are no special rights or preferences.

Restrictions on voting rights and the transfer of shares

Pursuant to Section 68 para. 2 of the German Stock Corporation Act (AktG), in conjunction with Article 6 of BayWa AG's Articles of Association, the purchase of shares with restricted transferability by individuals and legal entities under civil and public law requires the approval of the Board of Management of BayWa AG. BayWa holds a small portfolio of registered shares (19,500 units), which, pursuant to Section 71b of the German Stock Corporation Act (AktG), do not carry voting rights as long as they are in BayWa's possession. There are no other restrictions that relate to the voting rights or the transfer of shares.

Affiliated companies with over 10% of voting rights

On the reporting date, the following shareholders held stakes in the capital that exceeded 10% of the voting rights:
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany
- Raiffeisen Agrar Invest AG, Vienna, Austria

Legal requirements and provisions of the Articles of Association on the appointment or dismissal of members of the Board of Management and on amendments to the Articles of Association

Supplemental to Sections 84 et seq. of the German Stock Corporation Act (AktG), Article 9 of the Articles of Association of BayWa AG on the appointment or dismissal of members of the Board of Management also requires members of the Board of Management to be appointed by the Supervisory Board. Members of the Board of Management are appointed for a maximum term of five years, and reappointment is permitted. The Supervisory Board appoints the Chairman of the Board of Management.

Pursuant to Section 179 of the German Stock Corporation Act (AktG) in conjunction with Article 21 of the Articles of Association of BayWa AG, amendments to the Articles of Association are always passed by the Annual General Meeting of Shareholders.

Authorisation of the Board of Management relating in particular to the option of issuing or buying back shares

Subject to the approval by the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 18 May 2020 by up to a nominal amount of €3,422,481.92 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to approval by the Supervisory

Board, the Board of Management is authorised to specify the further content of the share rights and conditions under which the shares are to be issued.

Subject to approval by the Supervisory Board, the Board of Management is also authorised to raise the share capital one or several times on or before 31 May 2021 by up to a nominal amount of €12,500,000 through the issuance of new registered shares with restricted transferability against contributions in kind. The authorisation can be used in partial amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to specify the further content of the share rights and conditions under which the shares are to be issued.

Furthermore, subject to approval by the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 31 May 2023 by a nominal amount of up to €10,000,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in partial amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to specify the further content of the share rights and conditions under which the shares are to be issued.

Furthermore, the Board of Management is authorised to offer held shares to third parties within the framework of the acquisition of or investment in companies or of mergers and to withdraw part or all of the shares without requiring a further resolution to be passed by the Annual General Meeting.

The Board of Management has not been further authorised by the Annual General Meeting to buy back shares. There are no agreements within the meaning of Section 315a para. 1 items 8 and 9 of the German Commercial Code (HGB).

Consolidated Financial Statements of BayWa AG for the Financial Year 2019

Consolidated Balance Sheet

Assets

in € million	Note	31/12/2019	31/12/2018
Non-current assets			
Intangible assets	(C.1.)	403.7	338.1
Property, plant and equipment	(C.2.)	2,066.3	1,399.9
Participating interests recognised at equity	(C.3.)	208.0	214.6
Other financial assets	(C.3.)	218.3	204.5
Investment property	(C.4.)	46.7	38.2
Income tax assets	(C.5.)	0.0	0.0
Other receivables and other assets	(C.6.)	35.9	29.0
Deferred tax assets	(C.7.)	297.7	252.6
		3,276.6	**2,476.9**
Current assets			
Securities	(C.3.)	1.3	1.9
Inventories	(C.8.)	3,286.4	2,909.5
Biological assets	(C.9.)	13.6	16.5
Income tax assets	(C.5.)	59.8	54.2
Financial assets	(C.10.)	150.3	221.6
Other receivables and other assets	(C.6.)	1,844.8	1,706.1
Cash and cash equivalents	(C.11.)	229.7	120.6
		5,585.9	**5,030.4**
Non-current assets held for sale/disposal groups	(C.12.)	**4.7**	**4.2**
Total assets		**8,867.2**	**7,511.5**

Shareholders' equity and liabilities

in € million	Note	31/12/2019	31/12/2018
Equity	(C.13.)		
Subscribed capital		90.3	89.9
Capital reserve		118.2	114.8
Hybrid capital		296.3	296.3
Revenue reserves		471.9	536.4
Other reserves		47.1	49.4
Equity net of minority interest		**1,023.8**	**1,086.8**
Minority interest		334.8	302.3
		1,358.6	**1,389.1**
Non-current liabilities			
Pension provisions	(C.14.)	735.5	657.2
Other non-current provisions	(C.15.)	59.5	52.8
Financial liabilities	(C.16.)	1,301.1	883.1
Financial lease obligations	(C.17.)	706.5	164.5
Trade payables and liabilities from inter-group business relationships	(C.18.)	7.2	6.1
Income tax liabilities	(C.19.)	0.0	0.4
Financial liabilities	(C.20.)	8.3	5.2
Other liabilities	(C.21.)	84.3	85.7
Deferred tax liabilities	(C.22.)	229.1	219.7
		3,131.5	**2,074.7**
Current liabilities			
Pension provisions	(C.14.)	31.0	31.4
Other current provisions	(C.15.)	258.4	188.5
Financial liabilities	(C.16.)	2,313.6	2,232.2
Financial lease obligations	(C.17.)	68.2	11.2
Trade payables and liabilities from inter-group business relationships	(C.18.)	1,048.7	1,016.7
Income tax liabilities	(C.19.)	16.1	12.4
Financial liabilities	(C.20.)	121.3	186.1
Other liabilities	(C.21.)	519.8	369.2
		4,377.1	**4,047.7**
Total shareholders' equity and liabilities		**8,867.2**	**7,511.5**

Consolidated Income Statement

Continued operations

in € million	Note	2019	2018
Revenues	(D.1.)	**17,059.0**	**16,625.7**
Inventory changes		223.2	217.0
Other own work capitalised		13.7	10.8
Other operating income	(D.2.)	225.6	211.3
Cost of materials	(D.3.)	- 15,513.0	- 15,175.7
Gross profit		**2,008.5**	**1,889.1**
Personnel expenses	(D.4.)	- 1,081.9	- 990.6
Depreciation/amortisation		- 214.6	- 142.9
Other operating expenses	(D.5.)	- 629.4	- 599.0
Result of operating activities		**82.6**	**156.6**
Income from participating interests recognised at equity	(D.6.)	11.2	9.0
Other income from shareholdings	(D.6.)	94.6	6.8
Interest income	(D.7.)	12.8	12.0
Interest expenses	(D.7.)	- 122.0	- 91.8
Financial result		**- 3.4**	**- 64.0**
Earnings before tax (EBT)		**79.2**	**92.6**
Income tax	(D.8.)	- 18.1	- 37.7
Consolidated net result for the year		**61.1**	**54.9**
thereof: profit share of minority interest	(D.9.)	24.4	22.6
thereof: due to shareholders of the parent company		36.7	32.3
EBIT		**188.4**	**172.4**
EBITDA		**403.0**	**315.3**
Basic earnings per share (in €) [1]	(D.10.)	**0.68**	**0.56**
Diluted earnings per share (in €) [1]	(D.10.)	**0.68**	**0.56**

1 **Correction of previous year's figure pursuant to IAS 8.49 a) – see Note D.10.**

Consolidated Statement of Comprehensive Income – Transition

in € million	2019	2018
Consolidated net result for the year	**61.1**	**54.9**
Amount taken from other income in the previous year due to IFRS 9 transition (reclassification measurement effects from OCI to revenue reserves – without future recycling)	n/a	- 0.8
Reclassification of measurement effects recognised in OCI to revenue reserves (without recycling) during the reporting period	–	–
Net gain/loss recognised in the reporting period from financial assets attributed to the fair value through other comprehensive income category (OCI option – without recycling) RBI	0.2	- 23.3
Actuarial gains/losses from pension obligations and provisions for severance pay recognised in the reporting period	- 59.2	3.6
Sum of items not subsequently reclassified in the income statement	**- 58.9**	**- 20.5**
Other income from participating interests recognised at equity	–	–
Reclassifications to the income statement in the financial year due to the disposal of participating interests recognised at equity	–	–
Net gain/loss from hedging instruments with a clear hedging relationship recognised in the reporting period	- 2.2	- 6.1
Reclassifications of net gain/loss from hedging instruments with a clear hedging relationship in the income statement in the reporting period	6.5	4.1
Differences from currency translation in the reporting period	8.1	- 2.8
Reclassifications of differences from currency translation in the income statement in the reporting period	0.3	- 0.5
Cash flow hedges	0.6	- 1.9
Sum of items subsequently reclassified in the income statement	**13.3**	**- 7.1**
Gains and losses recognised directly in equity	**- 45.6**	**- 27.6**
thereof: due to minority interest	0.8	- 13.8
thereof: due to shareholders of the parent company	- 46.4	- 13.8
Consolidated total result for the year	**15.5**	**27.3**
thereof: due to minority interest	25.2	8.8
thereof: due to shareholders of the parent company	- 9.7	18.5

Consolidated Cash Flow Statement

Note (E.1.)

in € million	2019	2018
Consolidated net result for the year	**61.1**	**54.9**
Income tax expenses	18.1	37.7
Financial result	3.4	64.0
Write-downs/write-ups of non-current assets		
Intangible assets	39.5	32.9
Property, plant and equipment	173.7	101.5
Other financial assets	1.1	1.8
Investment property	1.4	0.9
Other non-cash related expenses/income		
Expenses relating to share-based payment through profit and loss	1.5	1.5
Other	- 10.0	- 5.6
Increase/decrease in non-current provisions	- 12.8	- 27.5
Cash effective expenses/income from special items		
Gain/loss from the disposal of financial assets	0.1	- 2.4
Income tax paid	- 28.6	- 19.7
Interest paid	- 24.9	- 16.4
Other financial result	–	15.1
	223.4	**238.7**
Increase/decrease in current and medium-term provisions	68.1	- 8.0
Gain/loss from assets disposals	- 23.0	- 32.6
Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	- 578.9	- 828.1
Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	98.5	177.8
Cash flow from operating activities	**- 212.0**	**- 452.2**
Outgoing payments for company acquisitions (Note B.1.)	- 53.4	- 144.8
Incoming payments from the divestiture of companies	73.2	8.5
Incoming payments from the disposal of intangible assets, property, plant and equipment and investment property	152.5	90.0
Outgoing payments for investments in intangible assets, property, plant and equipment and investment property	- 292.1	- 203.9
Incoming payments from the disposal of other financial assets	4.8	14.3
Outgoing payments for investment in other financial assets	- 25.0	- 8.5
Interest paid	- 9.8	- 3.0
Dividends received and other income assumed	0.4	4.4
thereof: dividends from participating interests in joint ventures and associated companies recognised at equity	–	4.4
thereof: other income from holdings	0.4	–
Cash flow from investment activities	**- 149.4**	**- 243.0**

in € million	2019	2018
Incoming payments from equity contributions	4.9	7.9
Dividend payments	- 61.6	- 58.2
Hybrid capital contributions	–	–
Incoming payments from borrowing of (financing) loans	738.7	829.0
Incoming payments from lease receivables	4.0	–
Outgoing payments from redemption of (financing) loans	- 58.7	- 27.0
Outgoing payments for lease liabilities	- 98.4	–
Interest paid	- 59.3	- 40.9
Cash flow from financing activities	**469.6**	**710.8**
Payment-related changes in cash and cash equivalents	108.2	15.5
Cash and cash equivalents at the start of the period	120.6	105.6
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	0.9	- 0.5
Cash and cash equivalents at the end of the period	**229.7**	**120.6**
Outgoing payments for company acquisitions included in the cash flow from investing activities are as follows:		
Purchase price of company acquisitions	- 70.4	- 156.6
Purchase prices paid in the financial year (including contingent purchase price components from company acquisitions in previous years)	- 56.1	- 155.0
Cash and cash equivalents assumed from company activities	2.7	10.2
Net cash flow from the acquisition of companies	- 53.4	- 144.8

Please see Note B.1. of the Consolidated Financial Statements for details on the assets and liabilities of the subsidiaries and/or operating units over which control is obtained or lost, summarised by each major category. As one of the primary business purposes in the Renewable Energies business unit is the disposal of project companies once a project has been completed, incoming payments from the disposal of project companies from the group of consolidated companies are allocated to cash flow from operating activities and not cash flow from investing activities.

Consolidated Statement of Changes in Equity

Note (E.1.)

in € million	Subscribed capital	Capital reserve
As at 01/01/2018	**89.6**	**111.5**
Differences resulting from changes in the group of consolidated companies	–	–
Capital increase against cash contribution/share-based payments	0.3	3.3
Change in financial assets measured at fair value through other comprehensive income (FVTOCI option), derivative financial instruments and other income from participating interests included under the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Cash flow hedges	–	–
Hybrid capital dividends	–	–
Transfer to/withdrawal from revenue reserve	–	–
Consolidated net result for the year	–	–
As at 31/12/2018	**89.9**	**114.8**
Effects from the first-time application of IFRS 16	0.0	0.0
As at 01/01/2019	**89.9**	**114.8**
Differences resulting from changes in the group of consolidated companies	–	–
Capital increase against cash contribution/share-based payments	0.4	3.4
Change in financial assets measured at fair value through other comprehensive income (FVTOCI option), derivative financial instruments and other income from participating interests included under the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Cash flow hedges	–	–
Hybrid capital dividends	–	–
Transfer to/withdrawal from revenue reserve	–	–
Consolidated net result for the year	–	–
As at 31/12/2019	**90.3**	**118.2**

Hybrid capital	Valuation reserve	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
296.3	**29.4**	**525.8**	**53.0**	**1,105.6**	**327.4**	**1,432.9**
–	0.0	- 3.5	3.2	- 0.3	- 24.2	- 24.5
–	–	5.4	–	9.1	3.5	12.6
–	- 13.2	–	- 0.7	- 13.9	- 13.2	- 27.1
–	–	3.3	–	3.3	0.3	3.6
–	–	–	- 32.5	- 32.5	- 12.9	- 45.5
–	–	–	- 2.1	- 2.1	- 1.1	- 3.2
–	- 1.9	–	–	- 1.9	–	- 1.9
–	–	–	- 12.8	- 12.8	–	- 12.8
–	–	- 9.1	9.1	0.0	0.0	0.0
–	–	–	32.3	32.3	22.6	54.9
296.3	**14.4**	**522.0**	**49.4**	**1,086.8**	**302.3**	**1,389.1**
–	–	- 0.0	–	- 0.0	0.0	- 0.0
296.3	**14.4**	**522.0**	**49.4**	**1,086.8**	**302.3**	**1,389.1**
–	0.0	- 0.4	- 12.5	- 12.9	23.7	10.8
–	–	- 0.0	–	3.7	1.0	4.8
–	3.6	–	0.0	3.6	1.0	4.5
–	–	- 57.4	–	- 57.4	- 1.8	- 59.2
–	–	–	- 31.5	- 31.5	- 17.3	- 48.8
–	–	–	6.8	6.8	1.6	8.4
–	0.6	–	–	0.6	–	0.6
–	–	–	- 12.8	- 12.8	–	- 12.8
–	–	- 10.9	10.9	0.0	0.0	0.0
–	–	–	36.7	36.7	24.4	61.1
296.3	**18.6**	**453.3**	**47.1**	**1,023.8**	**334.8**	**1,358.6**

Notes to the Consolidated Financial Statements [1]

(A.) Background to the BayWa Consolidated Financial Statements

(A.1.) General information, accounting and valuation methods

BayWa Aktiengesellschaft (for short: BayWa AG) is the parent company of the BayWa Group and is a publicly listed stock corporation under German law. Its principal place of business is at Arabellastrasse 4, 81925 Munich, Germany. The company is entered in the commercial register of the district court of Munich, Germany, under registration number HRB 4921. The BayWa Group's business activities – divided into the three operating segments Energy, Agriculture and Building Materials, as well as the Innovation & Digitalisation Segment focused on development – encompass wholesale, retail and logistics, as well as extensive supporting services and consultancy.

There have been no material changes in the accounting policies and valuation methods applied to the consolidated financial statements as against 31 December 2018.

The consolidated financial statements as at 31 December 2019 were drawn up in compliance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. The standards of the International Accounting Standards Board (IASB), London, UK, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date were fully taken into account. The consolidated financial statements therefore give a true and fair view of the assets, financial position and earnings position of the BayWa Group and were prepared under the assumption that the company will continue as a going concern.

Moreover, the consolidated financial statements comply with the supplementary provisions set out under Section 315e para. 1 of the German Commercial Code (HGB).

The financial year of the BayWa Group covers the period from 1 January to 31 December. The financial statements of BayWa AG and its Group companies are generally prepared in accordance with the balance sheet date of the consolidated financial statements. The financial statements of Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany, BRB Holding GmbH, Munich, Germany, LWM Austria GmbH, Hollabrunn, Austria, AUSTRIA JUICE GmbH, Allhartsberg, Austria, Baltanás Cereales y Abonos, S.L., Baltanás, Spain, Transhispania Agraria, S.L., Torquemada, Spain, Allen Blair Properties Limited, Wellington, New Zealand, Mystery Creek Asparagus Limited, Hamilton, New Zealand, and PURE Applikationen GmbH & Co. KG, Regensburg, Germany, constitute an exception, as these companies are accounted for using the equity method. All of the above companies have different reporting dates, which are 31 January, 28 February, 31 March, 30 June, 31 July, or 30 September, depending on the companies' respective seasonal business development. The interim financial statements of all companies as at 30 November or 31 December form the basis for consolidation.

The accounting implemented within the Group of BayWa AG is carried out in accordance with the accounting and valuation principles uniformly applied by the whole Group; they are described under Notes C. and D. in the notes to the balance sheet and the income statement. Individual items have been disclosed separately in the balance sheet and in the income statement to enhance transparency. They are broken down and explained in the Notes to the Consolidated Financial Statements. The consolidated financial statements have been prepared in euros. Unless otherwise indicated, amounts are shown in millions of euros (€ million; rounded off to one decimal place).

1 **Amounts are stated in millions of euros and rounded to one decimal place, unless otherwise stated. This may result in minor discrepancies in sum totals and when calculating percentages.**

(A.2.) Estimates and assumptions by management

The preparation of the consolidated financial statements necessitates that, to a certain extent, assumptions are made and estimates used which have an impact on the valuation of assets, liabilities capitalised, the income and expenses and the contingent liabilities. Estimates are necessary, particularly in respect of the measurement of property, plant and equipment and intangible assets, as well as inventories, in connection with purchase price allocation, the recognition and measurement of deferred tax assets, the recognition and measurement of pension provisions and other reserves, as well as the carrying out of impairment tests in accordance with IAS 36.

In the case of pension provisions, the discount factor, along with wage and salary and pension trends, are important parameters for estimates. An increase or decrease in the discount factor affects the net present value of the obligations arising from pension plans. Likewise, changes to anticipated wage, salary and pension trends and expected employee fluctuation also impact the defined benefit obligation (DBO).

In terms of the recognition and measurement of other provisions, assumptions are to be made to a significant extent on the probability of occurrence, maturity and level of risk. The assessment as to whether a present obligation exists is usually based on evaluations by internal and external appraisers. The amount of the provisions is based on anticipated expenses that are calculated on the basis of a case-by-case assessment of the circumstances drawing on empirical figures, the results of similar estimates and ranges of potential utilisations. They can also be calculated by appraisers. Due to the uncertainty associated with such assessments, actual expenses can deviate from estimated expenses.

Impairment tests on goodwill are based on future-oriented assumptions. From today’s standpoint, justifiable changes to these assumptions would not result in the book values of the cash-generating unit (CGU) exceeding their recoverable amount, thereby triggering impairment. The underlying assumptions are influenced primarily by the market situation of the CGU. Please refer to Note C.1. for information on the extent to which justifiable changes to the underlying assumptions for material goodwill could result in the book values of the respective CGU exceeding the recoverable amount.

Deferred tax assets on loss carryforwards are recognised, provided that future tax advantages are likely to be realised within the next five years (maximum). The actual taxable profits in future periods, and thus the actual usability of deferred tax assets, may differ from the estimate at the time when the deferred tax is capitalised.

In respect of property, plant and equipment and lease accounting, assumptions were made with regard to the determination of useful economic lives. In addition, assumptions were also made in relation to leases concerning the expected exercising of extension and termination options. Deviations from the actual economic life are, therefore, possible but are estimated to be fairly low. Assumptions made in relation to the definition of useful economic lives are reviewed at regular intervals and, if necessary, modified.

Estimates of the future revenues, growth and the inflation-adjusted margins, as well as the location and variety are required for determining the fair value of the biological assets.

Estimates have been made in respect of inventories, especially in the context of write-downs on the net realisable value. Estimates of the net realisable value are based on the substantive information available at the time when the likely recoverable amounts of inventories were estimated. These estimates take account of changes in prices and costs, which are directly associated with events after the reporting period, in as much as these events serve to elucidate the conditions already prevailing at the end of the reporting period.

The assessment of the recoverability of receivables is also subject to assumptions which are based in particular on empirical values on recoverability.

Finally, operating expenses related to “investment property” are also subject to estimates based on empirical values.

All assumptions and estimates are based on the conditions prevailing and judgements made on the reporting date. In addition, particular consideration is given to economic developments and the business environment of the BayWa Group. If, in future business periods, framework conditions should develop otherwise, there may be differences between actual and estimated amounts. In such cases, the assumptions and, if necessary, the book value of the assets and liabilities affected will be adjusted on subsequent reporting dates. At the time when the consolidated financial statements were prepared, there were no indications to suggest a material change in the underlying assumptions and estimates.

(A.3.) Impact of new accounting standards

Accounting standards, interpretations and amendments applicable for the first time in the financial year 2019

In the financial year 2019, the following standards and interpretations revised or issued by the International Accounting Standards Board (IASB) were applicable for the first time for the BayWa Group:

Standard	Applicable from	Likely changes	Impact on financial reporting
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	01/01/2019	These amendments clarify that an entity applies IFRS 9, including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	No material impact
IFRIC 23 Uncertainty over Income Tax Treatments	01/01/2019	This interpretation adds to the requirements under IAS 12 concerning the recognition of actual taxes and deferred taxes regarding uncertainty over the income-tax treatment of matters and transactions by tax and revenue authorities or financial courts.	No material impact
Amendments to IFRS 9 Financial Instruments Prepayment Features with Negative Compensation	01/01/2019	These amendments aim to allow IFRS adopters that hold debt instruments with prepayment features in which a party receives or pays appropriate compensation in the event of termination to measure said instruments at amortised cost or at fair value through other comprehensive income. Prior to this amendment, such instruments were to be measured at fair value through profit or loss.	No material impact
IFRS 16 Leases	01/01/2019	IFRS 16 supersedes IAS 17 and its associated interpretations. For lessees, IFRS 16 removes the distinction between financial leases and operating leases. Instead, leases are recognised according to the right of use concept. Here, assets from rights of use concerning leased objects are to be recognised in the balance sheet, as are liabilities for payment obligations that have been entered into. This does not apply to short-term leases and leasing of low-value assets. Recognition on the part of the lessor remains largely unchanged. As before, the lease is classified according to the criteria defined in IAS 17. IFRS 16 also includes a number of other new requirements, including the requirement on lease definition, on sale-and-lease-back transactions and on the recognition of sub-leases.	The impact of IFRS 16 is presented below.
Amendments to IAS 19 Employee Benefits	01/01/2019	The amendments to IAS 19 mean that, in future, any amendment, curtailment or settlement to a defined benefit plan results in the remeasurement of the current service cost and the net interest for the remaining period using revised actuarial assumptions. The effect of the asset ceiling is not to be taken into account in the calculation of profit or loss from settlement and is recorded separately in other comprehensive income.	No material impact
Various improvements to IFRS (2015–2017)	01/01/2019	The amendments from the annual improvement cycle 2015–2017 concern minor changes and adjustments to the IAS 12, IAS 23, IFRS 3 and IFRS 11 standards.	No material impact

First-time application of IFRS 16 Leases as at 1 January 2019

IFRS 16 Leases was published by the International Accounting Standards Board (IASB) on 13 January 2016 and is mandatory for financial years beginning on or after 1 January 2019. The standard was endorsed by the European Union in November 2017.

IFRS 16 was applied in the BayWa Group for the first time as at 1 January 2019 using the modified retrospective method. No changes were made to the previous year's figures, which continue to be presented pursuant to IAS 17 in this report. As part of the transition, the cumulative effects of the initial application of IFRS 16 as at 1 January 2019 were recognised as a correction to the revenue reserves reported in the opening balance sheet.

In addition, the option was exercised to not re-assess whether a contract previously classified as a finance lease is also a lease as defined in IFRS 16 or not. As a result, the definition of a lease as in IAS 17 and IFRIC 4 continues to apply for every lease entered into or amended prior to 1 January 2019. In its opening balance sheet, the BayWa Group recognises leases at the book values of the rights of use and liabilities resulting from measurement directly prior to initial application.

Upon the initial application of IFRS 16, the opening balance sheet as at 1 January 2019 was adjusted as follows:

in € million	31/12/2018	Adjustment through initial application of IFRS 16	**01/01/2019**
Assets			
Property, plant and equipment	1,399.9	567.6	1,967.5
Deferred tax assets	252.6	0.0	252.6
Inventories [1]	2,909.5	36.9	2,946.4
Other receivables and other assets	1,706.1	6.4	1,712.5
	6,268.1	**610.9**	**6,879.0**
Shareholders' equity and liabilities			
Revenue reserves	536.4	- 0.0	536.4
Interest attributable to other shareholders	302.3	0.0	302.3
Non-current lease obligations	164.5	546.8	711.3
Deferred tax liabilities	219.7	0.1	219.8
Other current provisions	188.5	3.2	191.7
Current lease obligations	11.2	27.1	38.3
Other liabilities [1]	369.2	33.8	403.0
	1,791.8	**610.9**	**2,402.7**

1 The leases recognised under inventories and other liabilities are from project business in the Renewable Energies business unit and mainly relate to leased land and access for energy parks currently under construction.

Right-of-use assets to leased items of property, plant and equipment (€567.6 million) and inventories (€36.9 million), as well as corresponding lease liabilities of €607.7 million, were recognised as at 1 January 2019 as part of the transition to IFRS 16. The BayWa Group has exercised the practical expedients and, as part of the initial application, adjusted leases for any provisions for impending losses from onerous contracts (IFRS 16.C10b). No onerous contracts existed as at 1 January 2019.

In terms of the statement of other comprehensive income, depreciation and amortisation of rights of use were reported in operating earnings and interest expenses attributable to the lease liabilities in the financial result as a result of the initial application of IFRS 16. This marks a change from the previous method, where expenses for operating leases were recognised in operating earnings. In the cash flow statement, the share of lease payments attributable to payment of principal and interest expense was recognised as part of cash flow from financing activities instead of the lease payments recognised in operating cash flow, as was the case before. This generally leads to an improvement in operating cash flow.

The effects of the initial application of IFRS 16 are apparent in equity, which declined by 1.4 percentage points from 18.5% as at 31 December 2018 to 17.1% as at 1 January 2019.

Furthermore, leases ending within the first 12 months of the point of initial application are recognised in profit or loss on the income statement, as in the past, and not according to the terms of IFRS 16. Initial direct costs are not taken into consideration in calculating the right of use at the point of initial application. Extension options are deemed to have been exercised unless there are compelling reasons why these options are not taken. Termination options are always deemed to have not been exercised unless there are compelling reasons for exercising the option.

The following reconciliation to lease liabilities on the opening balance sheet as at 1 January 2019 resulted from operating lease obligations as at 31 December 2018:

in € million	
Operating lease obligations as at 31/12/2018	475.9
Current leases	- 12.7
Low-value leases	- 2.7
Extension/termination options	232.9
Variable lease payments	- 0.1
Other	104.1
Lease obligations as at 01/01/2019 (not discounted)	**797.4**
Less discounting	- 189.7
Lease obligations as at 01/01/2019 (discounted)	**607.7**
Financial lease obligations IAS 17	175.7
Total lease liabilities as at 01/01/2019	**783.5**

Lease liabilities are discounted at incremental borrowing rates at matching maturities and currencies as at 1 January 2019. The weighted average incremental borrowing rate is approximately 2.2%.

For further details, please refer to the statements in Note C.26. Leases.

Standards which have been published but not yet adopted by the EU

The following standards and interpretations revised or issued by the International Accounting Standards Board (IASB) have not yet been adopted by the EU and are only applicable to the BayWa Group from 31 December 2019:

Standard	Applicable from	Likely changes	Impact on financial reporting
IFRS 9/IAS 39/IFRS 7 Long-term Interests IBOR Reform	01/01/2020	These amendments relate to reducing the potential effects of reforms to interbank rates (IBORs) such as the LIBOR on companies' financial reporting. They are geared towards ensuring that hedge accounting remains unchanged in spite of the replacement of current benchmark rates. Companies must also declare the extent to which their hedge accounting is affected by the reform.	No material impact
Amendments to the Conceptual Framework	01/01/2020	The revised Conceptual Framework includes new definitions of assets and liabilities as well as revised guidelines regarding measurement and derecognition, recognition and disclosure. References in existing standards to the Conceptual Framework will also be updated. The revised Conceptual Framework is not part of the endorsement process.	No material impact
Amendments to IAS 1 and IAS 8	01/01/2020	Materiality is an important concept in preparing financial statements under IFRS. The amendments clarify the definition of "material" and also how materiality should be applied. In addition, the amendments also ensure that the definition of "material" is consistent throughout all standards.	No material impact
Amendments to IFRS 3 Definition of a Business	01/01/2020	The amendments to IFRS specify the definition of a business and help companies to judge whether a transaction constitutes a business or a group of assets.	No material impact

Applying IFRS 9 Financial Instruments with IFRS 4 dated 12 September 2016, which was adopted as part of European law on 3 November 2017 with first-time application from 1 January 2021 as well as IFRS 17 Insurance Contracts, which was published by the IASB on 18 May 2017 are not relevant to the BayWa Group.

(B.) Information on Consolidation

(B.1.) Group of consolidated companies – fully consolidated companies pursuant to IFRS 10

Under the principles of full consolidation, all domestic and foreign companies on which BayWa can exercise direct or indirect control within the meaning of IFRS 10 and where the subsidiaries are not of secondary importance have been included in the consolidated financial statements of BayWa AG, alongside BayWa AG itself. Control exists when BayWa AG has power over significant activities, has exposure, or rights, to variable returns and is able to use its power to affect the amount of the returns. Control is regularly established through an indirect or direct majority of voting rights.

All affiliated companies included in the BayWa AG consolidated financial statements as at 31 December 2019 through full consolidation are listed under Group holdings, which is attached to the Notes to the Consolidated Financial Statements as an appendix.

There were the following changes to the group of consolidated companies in the financial year 2019.

Affiliated companies so far not included in the consolidated financial statements for reasons of materiality

	Share in capital in %	Previous year's share in capital in %	Comment
Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates	49.0	49.0	Initial consolidation on 01/01/2019
BayWa r.e. Projects España S.L.U., Barcelona, Spain	100.0	100.0	Initial consolidation on 01/01/2019
BayWa r.e. Solar Systems S.L.U., Barcelona, Spain	100.0	100.0	Initial consolidation on 01/01/2019
BayWa r.e. Wind 20+ GmbH, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2019
Botsay Energie SARL, Paris, France	100.0	100.0	Initial consolidation on 01/01/2019
Jung HoldCo Pty Ltd, Richmond, Australia	100.0	100.0	Initial consolidation on 01/01/2019
Jung Renewable Energy Facility Pty Lty, Richmond, Australia	100.0	100.0	Initial consolidation on 01/01/2019
Ketziner Beteiligungsgesellschaft mbH, Niederer Fläming, Germany	100.0	100.0	Initial consolidation on 01/01/2019
Kita-Ibaragi City PV Plant G.K., Tokyo, Japan	100.0	100.0	Initial consolidation on 01/01/2019
Kobe Yamada PV Plant G.K., Tokyo, Japan	100.0	100.0	Initial consolidation on 01/01/2019
Matahari 1 Holdings Pte. Ltd., Singapore, Republic of Singapore	100.0	100.0	Initial consolidation on 01/01/2019
Nuevos Parques Eólicos La Muela A.I.E., Zaragoza, Spain	100.0	100.0	Initial consolidation on 01/01/2019
Plesidy Energies SARL, Paris, France	100.0	100.0	Initial consolidation on 01/01/2019
RE Gebeng Sdn. Bhd., Kuala Lumpur, Malaysia	100.0	100.0	Initial consolidation on 01/01/2019
Solare Italia S.r.l., Milan, Italy	100.0	100.0	Initial consolidation on 01/01/2019
Tout Vent Energies SARL, Paris, France	100.0	100.0	Initial consolidation on 01/01/2019
Val de Moine Energies SARL, Paris, France	100.0	100.0	Initial consolidation on 01/01/2019
Varennes Solaire 2 SAS, Paris, France	100.0	100.0	Initial consolidation on 01/01/2019
Windpark Bedesbach GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2019
Windpark Bruchwald GmbH & Co. KG, Lebach, Germany	100.0	100.0	Initial consolidation on 01/01/2019
Windpark Immenberg GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2019
Windpark Immenberg 2 GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2019
Zonnedak F1 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2019
Zonnedak O1 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2019
Zonnepark Albrandswaard B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2019
Zonnepark Venekoten B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2019

Acquired companies included in the consolidated financial statements for the first time owing to attainment of control [1]

	Share in capital in %	Comment
A.A.T. – Agrarservice, Transport und Handel – GmbH, Wittenburg, Germany	100.0	Initial consolidation on 01/07/2019
Blueberry Central SAS, Paris, France [2]	100.0	Initial consolidation on 22/10/2019
Blueberry SAS, Paris, France [2]	100.0	Initial consolidation on 22/10/2019
BayWa r.e. Solar Systems Inc., Edmonton, Canada	100.0	Initial consolidation on 26/07/2019
BayWa r.e. UK (Developments) Limited, London, UK	100.0	Initial consolidation on 20/05/2019
BayWa r.e. UK (Renewables Services) Limited, London, UK	100.0	Initial consolidation on 20/05/2019
brandpower P1 GmbH, Salzburg, Austria [2]	100.0	Initial consolidation on 29/04/2019
brandpower S1 GmbH, Salzburg, Austria [2]	100.0	Initial consolidation on 29/04/2019
brandpower S2 GmbH, Salzburg, Austria [2]	100.0	Initial consolidation on 29/04/2019
Citygreen Gartengestaltungs GmbH, Vienna, Austria	100.0	Initial consolidation on 01/04/2019
Crookedstane Windfarm Limited, Greenock, UK	100.0	Initial consolidation on 20/05/2019
Druim Leathann Windfarm Limited, Greenock, UK	100.0	Initial consolidation on 20/05/2019
Gilston Hill Windfarm Limited, Greenock, UK	100.0	Initial consolidation on 20/05/2019
Inverclyde Renewables LLP, Greenock, UK	100.0	Initial consolidation on 20/05/2019
Inverclyde Windfarm Ltd., Greenock, UK	100.0	Initial consolidation on 20/05/2019
Maestro Wind, LLC, Wilmington, USA	100.0	Initial consolidation on 13/09/2019
Nlei Ltd, Greenock, UK	100.0	Initial consolidation on 20/05/2019
PowerHub Inc., Toronto, Canada	100.0	Initial consolidation on 08/08/2019
Royal Ingredients Group B.V., Alkmaar, Netherlands	100.0	Initial consolidation on 08/01/2019
Royal Ingredients Group Holding USA Inc., Chicago, USA	100.0	Initial consolidation on 08/01/2019
Royal Ingredients Group India Private Limited, Navi Mumbai, India	99.9	Initial consolidation on 08/01/2019
Royal Ingredients Group International B.V., Alkmaar, Netherlands	60.0	Initial consolidation on 08/01/2019
Royal Ingredients Group USA Inc., Chicago, USA	100.0	Initial consolidation on 08/01/2019
Royal Ingredients Nigeria Ltd, Lagos, Nigeria	80.0	Initial consolidation on 08/01/2019
Whitelaw Brae Windfarm Ltd, Greenock, UK	100.0	Initial consolidation on 20/05/2019
Windpark Beteiligungsgesellschaft mbH & Co. Windpark Krummensee KG, Düsseldorf, Germany [2]	54.8	Initial consolidation on 27/05/2019
Zonnepark PV1 B.V., Heerenveen, Netherlands [2]	100.0	Initial consolidation on 02/01/2019
Zonnepark PV5 B.V., Heerenveen, Netherlands [2]	100.0	Initial consolidation on 25/03/2019
Zonnepark PV7 B.V., Heerenveen, Netherlands [2]	100.0	Initial consolidation on 25/03/2019

1 No shares were held in these companies in the previous year.

2 These companies are acquired project companies for which no purchase price allocation was conducted.

Established companies included in the consolidated financial statements [1]

	Share in capital in %	Comment
Amadeus Wind Holdings, LLC Wilmington, USA	100.0	Initial consolidation on 25/11/2019
Wimmera Plains Energy Facility Holdco Pty Ltd, Richmond, Australia	100.0	Initial consolidation on 12/06/2019
Wimmera Plains Energy Facility Pty Ltd, Richmond, Australia	100.0	Initial consolidation on 12/06/2019
Windpark Westerengel-Kirchengel GmbH & Co. KG, Gräfelfing, Germany	100.0	Initial consolidation on 28/02/2019

1 No shares were held in these companies in the previous year.

Affiliated companies no longer included in the consolidated financial statements for reasons of materiality

	Share in capital in %	Previous year's share in capital in %	Comment
BayWa r.e. Windpark Gravina GmbH, Gräfelfing, Germany	100.0	100.0	In liquidation
Biomethananlage Welbeck GmbH i. L., Gräfelfing, Germany	100.0	100.0	In liquidation
Frutesa Chile Limitada, Santiago de Chile, Chile	–	100.0	
r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG i. L., Regensburg, Germany	100.0	100.0	In liquidation
Windpark Melfi GmbH, Gräfelfing, Germany	100.0	100.0	In liquidation

Companies no longer included in the consolidated financial statements owing to mergers [1]

	Previous year's share in capital in %	Comment
AWS Entsorgung GmbH Abfall und Wertstoff Service, Luckau, Germany	100.0	Merged with Schradenbiogas GmbH & Co. KG, Gröden, Germany, as at 02/09/2019
BGA Bio Getreide Austria GmbH, Vienna, Austria	100.0	Merged with RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria, as at 01/01/2019
OneShore Energy GmbH, Berlin, Germany	100.0	Merged with BayWa r.e. Solar Projects GmbH, Munich, Germany, as at 01/01/2019
Solarpark Vine Farm GmbH, Gräfelfing, Germany	100.0	Merged with BayWa r.e. Solar Projects GmbH, Munich, Germany, as at 01/01/2019
Status Produce Limited, Auckland, New Zealand	100.0	Merged with T&G Global Limited, Auckland, New Zealand, as at 01/09/2019
Turners and Growers Horticulture Limited, Auckland, New Zealand	100.0	Merged with T&G Global Limited, Auckland, New Zealand, as at 01/05/2019

1 No shares were held in these companies as at the end of the financial year 2019 on account of their merger.

Companies no longer included in the consolidated financial statements owing to loss of control

	Share in capital in %	Previous year's share in capital in %	Comment
BayWa Fruit B.V., Maasdijk, Netherlands	–	100.0	Liquidated on 11/11/2019
BayWa r.e. Windpark San Lupo GmbH, Gräfelfing, Germany	–	100.0	Sold on 18/12/2019
BMH Biomethan GmbH, Munich, Germany	–	100.0	Sold on 20/02/2019
Breathe Energia in Movimento S.r.l., Rovereto, Italy	2.0	50.0	Sold on 08/03/2019
Energia Rinnovabile Pugliese S.r.l., Milan, Italy	–	100.0	Liquidated on 27/09/2019
Eolica San Lupo S.r.l., Trento, Italy	–	100.0	Sold on 18/12/2019
Les Landes Energies SARL, Paris, France	–	100.0	Sold on 30/09/2019
Lyngsåsa Kraft AB, Malmö, Sweden	–	100.0	Sold on 20/08/2019
r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg, Germany	–	100.0	Sold on 12/09/2019
SPM Solarpark Möhlau GmbH & Co. KG, Gräfelfing, Germany	–	100.0	Sold on 13/12/2019
TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany	–	100.0	Sold on 31/12/2019
Timboon West HoldCo Pty Ltd, Richmond, Australia	–	100.0	Sold on 01/04/2019
Timboon West Wind Farm Pty Ltd, Richmond, Australia	–	100.0	Sold on 01/04/2019
Tralorg Wind Farm Limited, London, UK	–	100.0	Sold on 28/11/2019
Windpark Fürstkogel GmbH, Kilb, Austria	–	100.0	Sold on 20/12/2019
Windpark Straelen GmbH & Co. KG, Gräfelfing, Germany	–	100.0	Sold on 18/12/2019
Yawong HoldCo Pty Ltd, Richmond, Australia	–	100.0	Sold on 01/04/2019
Yawong Wind Farm Pty Ltd, Richmond, Australia	–	100.0	Sold on 01/04/2019
Zonnepark Drenthe B.V., Heerenveen, Netherlands	–	100.0	Sold on 23/12/2019

Control in the companies presented below exists through contractual agreements or other agreements, despite the lack of an indirect or direct majority of voting rights in accordance with the capital shares. As a result, these companies are also included in the BayWa AG consolidated financial statements according to the principles of full consolidation.

	Share in capital in %	Previous year's share in capital in %	Comment
Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates	49.0	49.0	Share of voting rights
Delica North America, Inc., Torrance, USA	50.0	50.0	With 60% majority of voting rights and rights to the returns
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria	50.0	50.0	Share of voting rights
SBU Power Sdn. Bhd., Petaling Jaya, Malaysia	25.0	25.0	100% of voting rights
T&G Vizzarri Farms Pty Ltd, Tullamarine, Australia	50.0	50.0	Operational management as well as majority representation in management body
Worldwide Fruit Limited, Spalding, UK	50.0	50.0	Operational management and control through executive board

Additions due to acquisitions in the financial year 2019

Addition: Royal Ingredients Group International B.V., Alkmaar, Netherlands

BayWa AG took over 60% of the shares in Royal Ingredients Group International B.V., Alkmaar, Netherlands, through BayWa Agri Supply & Trade B.V., Rotterdam, Netherlands, by way of a share deal. Through the acquisition of the Dutch speciality trader, the BayWa Agri Supply & Trade (BAST) business unit has expanded its international trade activities with the addition of ingredients in the foodstuff industry.
BayWa Agri Supply & Trade B.V. has had a controlling influence since 8 January 2019. The initial consolidation of the company therefore also took place on this date within the scope of full consolidation. The purchase price amounted to €11.3 million. According to the purchase price allocation, the transaction resulted in goodwill of €3.4 million. The transaction costs incurred in connection with the acquisition amount to €1.0 million.

Addition: BayWa r.e. UK (Developments) Limited, London, UK

BayWa AG took over 100% of the shares in Forsa Energy (UK) Limited, London, UK, through BayWa r.e. renewable energy GmbH, Munich, Germany, by way of a share deal. Forsa Energy (UK) Limited, London, UK, now trades under the name BayWa r.e. UK (Developments) Limited, London, UK. This is the parent company of a group of nine companies. The acquisition is part of the expansion of the wind business in the Renewable Energies business unit in the UK. BayWa r.e. renewable energy GmbH, Munich, Germany, has had a controlling influence since 20 May 2019. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. The cost, including a conditional purchase price component, amounts to €41.3 million. According to the purchase price allocation – which is only preliminary due to the complexity of the transaction – the transaction resulted in goodwill of €9.1 million. Transaction costs of €0.5 million were incurred in relation to the acquisition.

Addition: PowerHub Inc., Toronto, Canada

BayWa AG took over 100% of the shares in PowerHub Inc., Toronto, Canada, through BayWa r.e. renewable energy GmbH, Munich, Germany, by way of a share deal. The takeover expands the range of BayWa r.e. services in the use of digital technology in renewable energy plant management and strengthens service business worldwide. BayWa r.e. renewable energy GmbH, Munich, Germany, has had a controlling influence since 8 August 2019. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. The cost, including a conditional purchase price component, amounts to €4.9 million. According to the purchase price allocation, the transaction resulted in goodwill of €8.9 million. Transaction costs of €0.1 million were incurred in relation to the acquisition.

Other additions of secondary importance

In addition, the following additions were made to the group of consolidated companies, which taken both individually and as a whole, do not have a material effect on the assessment of the assets, financial position and earnings position of the BayWa Group.

- BayWa r.e. Solar Systems Inc., Edmonton, Canada
  BayWa AG acquired 100% of shares in Canadian solar provider and service provider National Solar Distributors Inc., Edmonton, Canada, through BayWa r.e. renewable energy GmbH, Munich, Germany, as part of its expansion in the North American market, effective as at 26 July 2019. Following the acquisition, the company was renamed BayWa r.e. Solar Systems Inc., Edmonton, Canada, and has been fully consolidated in the consolidated financial statements since 1 August 2019.
- Citygreen Gartengestaltungs GmbH, Vienna, Austria
  BayWa AG acquired 100% of shares in Citygreen Gartengestaltungs GmbH, Vienna, Austria, through RWA Invest GmbH, Vienna, Austria, a wholly-owned subsidiary of RWA AG, effective as at 1 April 2019. The acquisition of this company, which has three locations in Austria operating in the exterior and interior greening and greening service sector, is part of BayWa AG's efforts to further diversify its existing service portfolio.

In summary, all additions to assets (excluding goodwill) and liabilities from company acquisitions measured at fair value break down as follows according to major category for the financial year 2019:

in € million	Royal Ingredients Group International B.V.	BayWa r.e. UK (Developments) Limited [1]	PowerHub Inc.	Other additions	**Total additions in 2019**
Assets					
Intangible assets	8.3	–	2.6	2.6	13.5
Property, plant and equipment	0.1	–	0.2	2.2	2.5
Financial assets	0.0	0.2	–	–	0.2
Inventories	22.1	46.2	–	11.4	79.7
Financial assets	–	–	–	1.5	1.5
Receivables and other assets	25.6	15.4	0.7	3.9	45.6
thereof: receivables (gross)	16.8	15.4	0.7	3.9	45.6
thereof: receivables considered recoverable	16.4	15.4	0.7	3.9	45.6
Deferred tax assets	–	–	1.5	0.6	2.1
Cash and cash equivalents	0.6	–	–	2.1	2.7
Shareholders' equity and liabilities					
Non-current liabilities	–	–	5.1	3.2	8.3
Current financial liabilities	13.3	–	1.2	0.2	14.7
Current trade payables and liabilities from inter-group business relationships	17.2	22.4	1.2	6.8	47.6
Current income tax liabilities	1.7	–	–	0.1	1.8
Other current liabilities	9.2	–	0.7	0.8	10.6
Deferred tax liabilities	2.0	7.1	0.7	1.4	11.2
Acquired net assets at the point of initial consolidation	**13.2**	**32.3**	**- 3.9**	**n/a**	**41.6**
Share attributable to shareholders of the parent company	7.9	32.3	- 3.9	n/a	36.3
Share attributable to minority shareholders	5.3	–	–	n/a	5.3

1 This purchase price allocation is only preliminary as at 31 December 2019.

The goodwill reconciliation at the time of initial consolidation is as follows:

in € million	Royal Ingredients Group International B.V.	BayWa r.e. UK (Developments) Limited	PowerHub Inc.	Other additions	**Total additions in 2019**
Contribution transferred in return for the acquisition of the shares	11.3	41.3	4.9	n/a	57.7
Non-controlling interests in the acquired companies	5.3	–	–	n/a	5.3
Acquired net assets at the point of initial consolidation	7.9	32.3	- 3.9	n/a	36.3
Goodwill	**3.4**	**9.1**	**8.9**	n/a	**21.4**

Capitalised goodwill includes non-separable intangible assets such as employee expertise and expected synergy effects. No material goodwill resulted from the other additions.

Revenue and earnings contribution of the companies consolidated for the first time in the reporting period

in € million	Royal Ingredients Group International B.V.	BayWa r.e. UK (Developments) Limited	PowerHub Inc.	Other additions	**Total additions in 2019**
Revenue from the point of initial consolidation	141.5	0.1	0.5	n/a	142.0
Profit/loss from the point of initial consolidation	2.9	- 0.4	- 0.7	n/a	1.8
Pro forma revenue for the period from 01/01 to 31/12/2019	141.5	0.1	1.1	n/a	142.7
Pro forma profit/loss for the period from 01/01 to 31/12/2019	2.9	- 2.4	- 1.0	n/a	- 0.5

The acquisitions reported under other additions would only have generated immaterial revenue and earnings contributions even if they had been consolidated on 1 January 2019.

Additional information on company acquisitions in the previous year

GroenLeven Group

The purchase price allocation of the GroenLeven Group, acquired in April 2018, was preliminary in the consolidated financial statements for 2018 due to the size of the transaction and the complexity of the acquired group of companies. This was adjusted in line with the final outcome of the valuation process within the one-year reporting period. The effects of the adjusted purchase price allocation and on the consolidated balance sheet are as follows:

in € million	Preliminary fair values at initial consolidation	Adjustments	**Fair values at initial consolidation**
Assets			
Intangible assets	22.9	- 4.9	18.0
Property, plant and equipment	0.3	0.1	0.4
Inventories	126.4	- 23.6	102.8
Receivables and other assets	12.2	- 0.2	12.0
Deferred tax assets	0.0	0.0	0.0
Cash and cash equivalents	9.5	0.3	9.8
	171.3	**- 28.3**	**143.0**
Shareholders' equity and liabilities			
Other non-current provisions	1.3	- 0.3	1.0
Non-current financial liabilities	45.0	0.0	45.0
Other non-current liabilities	0.3	0.0	0.3
Other current provisions	0.1	0.0	0.1
Current financial liabilities	1.3	0.0	1.3
Current trade payables and liabilities from inter-group business relationships	4.3	0.0	4.3
Current income tax liabilities	2.3	0.0	2.3
Other current liabilities	17.5	0.4	17.9
Deferred tax liabilities	24.3	- 4.8	19.5
	96.4	**- 4.7**	**91.7**
Acquired net assets at the point of initial consolidation	**74.9**	**- 23.6**	**51.3**
Share attributable to shareholders of the parent company	52.4		35.9
Share attributable to minority shareholders	22.5		15.4

The goodwill reconciliation at the time of initial consolidation is as follows, grouped into preliminary and purchase price allocations:

in € million	Preliminary fair values at initial consolidation	Adjustments	**Fair values at initial consolidation**
Contribution transferred in return for the acquisition of the shares	153.8	- 1.6	152.2
Acquired net assets at the point of initial consolidation	74.9	- 23.6	51.3
Goodwill	**78.9**	**22.0**	**100.9**
Share attributable to shareholders of the parent company	55.7		70.6
Share attributable to minority shareholders	23.2		30.3

The goodwill recognised in the annual financial statements as at 31 December 2018 as a preliminary figure was adjusted from € 55.7 million to €100.9 million. The share of goodwill attributable to non-controlling interests was recognised according to the number of shares held by minority shareholders.

Disposals due to consolidation in the financial year 2019

BMH Biomethan GmbH, Munich, Germany
On 20 February 2019, BayWa r.e. GmbH, Munich, Germany, sold 100% of shares in BMH Biomethan GmbH, Munich, Germany. The effect of this transaction on the consolidated financial statements is as follows:

Assets and liabilities derecognised owing to control relinquished

in € million	
Assets	
Property, plant and equipment and intangible assets	0.0
Financial assets	0.0
Other non-current assets	0.0
Inventories	4.5
Receivables and other assets	19.2
Cash and cash equivalents	3.6
	27.3
Shareholders' equity and liabilities	
Non-current provisions	0.0
Non-current financial liabilities	0.0
Non-current trade payables and other non-current liabilities	0.0
Current provisions	8.0
Current financial liabilities	0.0
Current trade payables and other current liabilities	23.4
	31.3
Net assets on the disposal date	**- 4.0**

Net profit or loss from the disposal of BMH Biomethan GmbH, Munich, Germany

in € million	
Consideration received in the form of cash and cash equivalents for the sold shares	3.2
Less net assets relinquished at the time of sale	4.0
Disposal result	**7.2**

Profit and loss from disposals is included in the income statement under the result from participating interests.

Outgoing net cash and cash equivalents from the disposal of BMH Biomethan GmbH, Munich, Germany

in € million	
Purchase price settled through cash and cash equivalents	3.2
Less cash and cash equivalents paid out in connection with the disposal	- 3.6
	- 0.4

TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany
Effective as of 31 December 2019, BayWa AG acquired 100% of shares in TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany. The effect of this transaction on the consolidated financial statements is as follows:

Assets and liabilities derecognised owing to control relinquished

in € million	
Assets	
Property, plant and equipment and intangible assets	12.9
Financial assets	0.3
Other non-current assets	1.0
Inventories	7.4
Receivables and other assets	26.0
Cash and cash equivalents	2.5
	50.1
Shareholders' equity and liabilities	
Non-current provisions	0.5
Non-current financial liabilities	3.8
Non-current trade payables and other non-current liabilities	0.3
Current provisions	0.5
Current financial liabilities	0.5
Current trade payables and other current liabilities	39.8
	45.4
Net assets on the disposal date	**4.7**

Net profit or loss from the disposal of TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany

in € million	
Consideration received in the form of cash and cash equivalents for the sold shares	70.2
Less net assets relinquished at the time of sale	- 4.7
Disposal result	**65.5**

Net profit or loss from disposal is included in the income statement under other income from participating interests.

Incoming net cash and cash equivalents from the disposal of TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany

in € million	
Purchase price settled through cash and cash equivalents	70.2
Less cash and cash equivalents paid out in connection with the disposal	- 2.5
	67.7

Other disposals due to consolidation in the financial year 2019

The following companies were sold in the fields of renewable energies in the financial year 2019:

Sold company	Parent company	Sold share in capital in %	Date of disposal
BayWa r.e. Windpark San Lupo GmbH, Gräfelfing, Germany	BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany	100.0	18/12/2019
Breathe Energia in Movimento S.r.l., Rovereto, Italy	Windpark Melfi GmbH, Gräfelfing, Germany	50.0	08/03/2019
Eolica San Lupo S.r.l., Trento, Italy	BayWa r.e. Windpark San Lupo GmbH, Gräfelfing, Germany	100.0	18/12/2019
Heuberg S.L.U., Barcelona, Spain [1]	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	18/12/2019
Les Landes Energies SARL, Paris, France	BayWa r.e. France SAS, Paris, France	100.0	30/09/2019
Lyngsåsa Kraft AB, Malmö, Sweden	BayWa r.e. Nordic AB, Malmö, Sweden	100.0	20/08/2019
r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg, Germany	BayWa r.e. Bioenergy GmbH, Regensburg, Germany	100.0	12/09/2019
Solarpark Cetus GmbH & Co. KG, Gräfelfing, Germany [1]	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	13/12/2019
SPM Solarpark Möhlau GmbH & Co. KG, Gräfelfing, Germany	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	13/12/2019
SPV Solarpark 101. GmbH & Co. KG, Gräfelfing, Germany [1]	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	13/12/2019
Sunshine South GmbH & Co. KG, Gräfelfing, Germany [1]	Solarpark Cetus GmbH & Co. KG, Gräfelfing, Germany	100.0	13/12/2019
Timboon West HoldCo Pty Ltd, Richmond, Australia	BayWa r.e. Wind Pte. Ltd., Singapore, Republic of Singapore	100.0	01/04/2019
Timboon West Wind Farm Pty Ltd, Richmond, Australia	Timboon West HoldCo Pty Ltd, Richmond, Australia	100.0	01/04/2019
Tralorg Wind Farm Limited, London, UK	BayWa r.e. UK Limited, London, UK	100.0	28/11/2019
Yawong HoldCo Pty Ltd, Richmond, Australia	BayWa r.e. Wind Pte. Ltd., Singapore, Republic of Singapore	100.0	01/04/2019
Yawong Wind Farm Pty Ltd, Richmond, Australia	Yawong HoldCo Pty Ltd, Richmond, Australia	100.0	01/04/2019
Windpark Fürstkogel GmbH, Kilb, Austria	ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	100.0	20/12/2019
Zonnepark Drenthe B.V., Heerenveen, Netherlands	Zonneparken Nederland B.V., Heerenveen, Netherlands	100.0	23/12/2019

1 These companies were added to the group of consolidated companies in the financial year 2019 and were also sold in the financial year 2019. As a result, they are not listed in the changes to the group of consolidated companies presented in Note B.1.

The effect of the loss of control resulting from these sales on the consolidated financial statements is as follows:

Assets and liabilities derecognised owing to control relinquished

in € million	
Assets	
Property, plant and equipment and intangible assets	0.3
Financial assets	0.7
Other non-current assets	0.5
Inventories	319.0
Receivables and other assets	30.4
Cash and cash equivalents	16.0
	366.8
Shareholders' equity and liabilities	
Non-current provisions	1.5
Non-current financial liabilities	204.7
Non-current trade payables and other non-current liabilities	6.3
Current provisions	5.6
Current financial liabilities	76.2
Current trade payables and other current liabilities	60.4
	354.8
Net assets on the disposal date	**12.0**

Net profit or loss from the disposal of the aforementioned companies in the fields of renewable energies

in € million	
Consideration received in the form of cash and cash equivalents for the sold shares	89.1
Less net assets relinquished at the time of sale	- 12.0
Disposal result	**77.1**

In the case of project companies in the Renewable Energies business unit, disposals are disclosed in the income statement under revenues and changes in inventories, while tax components are disclosed under tax expenses, as the disposal of these companies following the completion of the corresponding asset is the primary component of operating activities.

Incoming net cash and cash equivalents from the sale of the aforementioned companies in the fields of renewable energies

in € million	
Purchase price settled through cash and cash equivalents	89.1
Less cash and cash equivalents paid out in connection with the disposal	- 16.0
	73.1

Material non-controlling interests

Companies in which BayWa AG either directly or indirectly holds less than 100% of the capital and voting rights are also included in BayWa AG's consolidated financial statements.

The summary of financial information for Group companies in which non-controlling interests are held is as follows:

in € million	T&G Global Limited, Auckland, New Zealand		RWA AG, Vienna, Austria	
	31/12/2019	31/12/2018	**31/12/2019**	31/12/2018
Share in the capital and voting rights held by the non-controlling shares (in %)	26.01	26.01	50.0	50.00
Share in the annual result attributable to non-controlling interests	- 0.5	- 0.6	9.2	3.9
Aggregated non-controlling interests	26.9	27.0	166.7	160.8
Dividends distributed to non-controlling interests	–	2.3	3.3	2.1
Financial information (prior to consolidation)				
Current assets	56.4	5.4	421.1	442.0
Non-current assets	197.1	189.4	260.4	244.2
Current liabilities	56.0	0.1	291.7	306.3
Non-current liabilities	94.3	91.0	56.4	58.3
Revenues	0.0	- 0.0	1,051.7	1,047.5
Net result for the year	- 2.1	- 2.3	18.4	7.9
Other earnings	1.5	- 0.3	0.0	23.1
Total earnings	**- 0.5**	**- 2.6**	**18.4**	**31.0**

in € million	"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria		BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	
	31/12/2019	31/12/2018	**31/12/2019**	31/12/2018
Share in the capital and voting rights held by the non-controlling shares (in %)	48.94	48.94	49.00	49.00
Share in the annual result attributable to non-controlling interests	2.9	3.3	0.7	0.7
Aggregated non-controlling interests	35.5	35.1	6.1	6.3
Dividends distributed to non-controlling interests	2.0	2.2	1.5	1.5
Financial information (prior to consolidation)				
Current assets	110.1	114.1	16.5	15.6
Non-current assets	115.2	86.8	25.6	18.7
Current liabilities	107.7	108.2	12.3	10.0
Non-current liabilities	45.0	20.9	17.4	11.5
Revenues	534.1	524.1	77.3	77.0
Net result for the year	6.0	6.8	1.4	1.5
Other earnings	- 1.0	- 0.2	0.0	0.1
Total earnings	**4.9**	**6.6**	**1.4**	**1.6**

in € million	TFC Holland B.V., Maasdijk, Netherlands		BayWa r.e. Solar B.V., Heerenveen, Netherlands	
	31/12/2019	31/12/2018	**31/12/2019**	31/12/2018
Share in the capital and voting rights held by the non-controlling shares (in %)	26.58	26.58	30.00	30.00
Share in the annual result attributable to non-controlling interests	1.4	1.7	- 4.8	- 0.9
Aggregated non-controlling interests	3.4	3.6	21.6	1.7
Dividends distributed to non-controlling interests	1.6	1.4	0.0	–
Financial information (prior to consolidation)				
Current assets	18.8	19.0	41.4	29.5
Non-current assets	11.9	5.3	195.5	144.6
Current liabilities	12.9	10.8	30.0	213.6
Non-current liabilities	5.1	–	134.9	- 45.4
Revenues	75.5	77.1	–	–
Net result for the year	5.1	6.3	- 16.1	- 2.8
Other earnings	–	–	–	–
Total earnings	**5.1**	**6.3**	- **16.1**	- 2.8

Royal Ingredients Group International B.V., Alkmaar, Netherlands, in which a material non-controlling interest is held, was also acquired in the financial year 2019:

in € million	Royal Ingredients Group International B.V., Alkmaar, Netherlands 31/12/2019	31/12/2018
Share in the capital and voting rights held by the non-controlling shares (in %)	40.00	–
Share in the annual result attributable to non-controlling interests	- 0.1	–
Aggregated non-controlling interests	2.1	–
Dividends distributed to non-controlling interests	0.6	–
Financial information (prior to consolidation)		
Current assets	0.2	–
Non-current assets	14.1	–
Current liabilities	5.9	–
Non-current liabilities	5.9	–
Revenues	0.0	–
Net result for the year	- 0.4	–
Other earnings	–	–
Total earnings	**- 0.4**	**–**

Companies of secondary importance

Owing to their generally secondary importance, 104 (2018: 96) domestic and 186 (2018: 136) foreign affiliated companies are not included in the group of consolidated companies. These companies are recognised in the consolidated balance sheet in accordance with the requirements of IFRS 9. The aggregated annual results and aggregated equity (unconsolidated HB I values based on the individual financial statements) of these companies in the financial year 2019 are set out below:

Unconsolidated affiliated companies	in € million	Share in % in relation to the sum total of all fully consolidated companies in %
Net result for the year	- 1.4	0.8
Equity	28.4	0.8

(B.2.) Joint ventures pursuant to IFRS 11 in conjunction with IAS 28

A total of 10 (2018: 11) joint ventures over which the BayWa Group exerts joint control together with one or more external third parties on the basis of a contractual agreement are recognised under the equity method. These are listed under Group holdings attached to the Notes to the Consolidated Financial Statements as an appendix. The shares of these companies have been recognised at cost, taking account of changes in the net assets of the affiliated companies since the purchase of the shares.

There were the following changes in relation to joint ventures in the financial year 2019.

	Share in capital in %	Previous year's share in capital in %	Comment
Energy Segment			
Süddeutsche Geothermie-Projekte Verwaltungsgesellschaft mbH i. L., Gräfelfing, Germany	50.0	50.0	In liquidation

Summary of financial information about the material joint ventures included under the equity method:

in € million	Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany		VIELA Export GmbH, Vierow, Germany	
	31/12/2019	31/12/2018	**31/12/2019**	31/12/2018
Shareholding (in %)	50.00	50.00	50.00	50.00
Voting rights (in %)	50.00	50.00	50.00	50.00
Dividends received from joint ventures	–	–	–	–
Current assets	1.6	1.2	1.9	1.5
Non-current assets	13.0	12.8	12.0	12.9
Current liabilities	0.4	0.4	1.3	1.3
Non-current liabilities	7.1	6.7	3.8	4.9
Cash and cash equivalents	1.2	0.6	1.2	0.6
Current financial liabilities	–	–	–	–
Non-current financial liabilities	5.8	5.4	3.1	3.4
Revenues	2.3	2.3	4.7	4.4
Amortisation	- 0.4	- 0.3	- 0.8	- 0.8
Interest expenses	- 0.2	- 0.1	- 0.1	- 0.2
Interest income	0.0	0.0	0	0
Income tax expense	- 0.1	- 0.1	- 0.3	- 0.2
Net result for the year from continued operations	0.2	0.2	0.7	0.5
Other earnings	0.0	0.0	–	–
Total earnings	**0.2**	**0.2**	**0.7**	**0.5**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Joint venture's net assets	7.1	6.9	8.8	8.1
Shareholding and voting rights (in %)	50.00	50.00	50.00	50.00
Goodwill	3.0	3.0	7.8	7.8
Other adjustments	- 0.1	- 0.1	–	–
Book value	6.4	6.3	12.2	11.8

Hafen Vierow - Gesellschaft mit beschränkter Haftung is responsible for managing and operating the port of Vierow and the construction of transhipment facilities as well as the handling and warehousing of goods of all kinds. VIELA Export GmbH imports and exports agricultural goods and products.

in € million	BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa	
	31/12/2019	31/12/2018
Shareholding (in %)	50.00	50.00
Voting rights (in %)	50.00	50.00
Dividends received from joint ventures	–	–
Current assets	45.5	57.8
Non-current assets	21.9	14.2
Current liabilities	28.9	35.0
Non-current liabilities	4.3	0.7
Cash and cash equivalents	14.4	8.3
Current financial liabilities	–	–
Non-current financial liabilities	–	–
Revenues	75.9	82.1
Amortisation	- 1.5	- 0.3
Interest expenses	- 1.9	- 1.4
Interest income	0.0	0.0
Income tax expense	- 0.3	- 1.3
Net result for the year from continued operations	- 3.3	- 1.8
Other earnings	0.0	0.0
Total earnings	**- 3.3**	**- 1.8**
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–
Transition		
Joint venture's net assets	34.3	36.3
Shareholding and voting rights (in %)	50.00	50.00
Goodwill	–	–
Other adjustments	–	–
Book value	17.1	18.2

BHBW Holdings (Pty) Ltd is responsible for trading and selling agricultural equipment and forklift trucks. The above financial information relates to values used as a basis for the IFRS financial statements of the respective joint ventures.

Summary of financial information about the joint ventures included under the equity method which are, in and of themselves, not material:

in € million	**31/12/2019**	31/12/2018
Book value as at the balance sheet date	5.4	6.1
BayWa Group's share in the net result for the year from continued operations	- 0.6	- 0.6
BayWa Group's share in earnings from discontinued operations after tax	–	–
BayWa Group's share in other earnings	0.1	- 0.1
BayWa Group's share in total earnings	- 0.5	- 0.7
Losses not realised for the reporting period	0.0	–
Aggregated losses not realised	0.0	–

(B.3.) Associates pursuant to IAS 28

A total 16 (prior year: 17) associates over which the BayWa Group either has a proportion of voting rights of at least 20% and a maximum of 50%, or over whose business management or supervisory functions the BayWa Group exerts a significant influence, and which are not jointly held companies or companies of secondary importance, are recognised under the equity method. These are listed under Group holdings attached to the Notes to the Consolidated Financial Statements as an appendix. The shares of these companies have been recognised at cost, taking account of changes in the net assets of the affiliated companies since the purchase of the shares.

There were the following changes in relation to associates in the financial year 2019:

	Share in capital in %	Previous year's share in capital in %	Comment
Energy Segment			
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich, Germany	33.3	33.3	In liquidation
EAV Energietechnische Anlagen Verwaltungs GmbH, Staßfurt, Germany	49.0	49.0	In liquidation
AHG- Autohandelsgesellschaft mbH, Horb am Neckar, Germany	–	49.0	Sold on 30/09/2019
Zimmermann PV-Tracker GmbH, Eberhardzell, Germany	33.3	33.3	Included for reasons of materiality
Building Materials Segment			
PURE Applikationen GmbH & Co. KG, Regensburg, Germany	33.4	25.0	Increase in shareholding without payment

Summary of financial information about the material companies included under the equity method:

in € million	BRB Holding GmbH, Munich, Germany		AUSTRIA JUICE GmbH, Allhartsberg, Austria	
	31/12/2019	31/12/2018	**30/11/2019**	30/11/2018
Shareholding (in %)	45.26	45.26	49.99	49.99
Voting rights (in %)	45.26	45.26	49.99	49.99
Dividends received from associates	2.3	2.1	0.0	0.6
Current assets	0.1	1.2	217.3	207.3
Non-current assets	234.8	234.8	89.7	86.6
Current liabilities	0.0	1.2	246.2	244.1
Non-current liabilities	–	–	5.1	4.5
Revenues	–	–	223.1	238.3
Net result for the year from continued operations	5.0	4.7	10.0	9.7
Other earnings	–	–	0.3	- 1.7
Total earnings	**5.0**	**4.7**	**10.3**	**8.0**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Associate's net assets	234.9	234.9	55.6	45.3
Shareholding and voting rights (in %)	45.26	45.26	49.99	49.99
Goodwill	–	–	22.4	22.4
Other adjustments	- 17.3	- 17.3	–	–
Book value	89.0	89.0	51.7	46.6

BRB Holding GmbH holds equity holdings in companies in the cooperative group and conducts all other business serving to further these activities. AUSTRIA JUICE GmbH produces fruit juice concentrates, beverage compounds and aromas as well as fruit wines and fresh juices for the food and beverage processing industry.

Due to the company's business activities, the financial year of AUSTRIA JUICE GmbH ends on 28 February. For this reason, the reporting periods, which are used as the basis for the inclusion of the financial statements of AUSTRIA JUICE GmbH in the consolidated financial statements of BayWa AG, end on 30 November, and therefore deviates from the parent company's reporting date. Differing reporting periods have no impact on the net assets, financial position and result of operations of the BayWa Group.

in € million	Grandview Brokerage LLC, Seattle, USA	
	31/12/2019	31/12/2018
Shareholding (in %)	39.39	39.39
Voting rights (in %)	39.39	39.39
Dividends received from associates	0.4	0.2
Current assets	72.7	74.6
Non-current assets	12.8	9.2
Current liabilities	68.3	66.9
Non-current liabilities	8.8	7.9
Revenues	557.6	504.6
Net result for the year from continued operations	1.9	2.5
Other earnings	–	–
Total earnings	**1.9**	**2.5**
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–
Transition		
Associate's net assets	8.5	8.9
Shareholding and voting rights (in %)	39.39	39.39
Goodwill	15.3	15.3
Other adjustments	0.5	- 0.2
Book value	19.2	18.6

Grandview Brokerage LLC is an investment company. The above financial information relates to values used as a basis for the IFRS financial statements of the associated company.

Summary of financial information about the associates included under the equity method which are, in and of themselves, not material:

in € million	**31/12/2019**	31/12/2018
Book value as at the balance sheet date	7.0	8.9
BayWa Group's share in the net result for the year from continued operations	1.4	1.0
BayWa Group's share in earnings from discontinued operations after tax	–	–
BayWa Group's share in other earnings	0.0	–
BayWa Group's share in total earnings	1.4	1.0
Losses not realised for the reporting period	- 0.2	–
Unrecognised losses (accumulated)	- 0.2	–

A total of 39 (2018: 39) associates of generally secondary importance for the consolidated financial statements have been accounted for at fair value in accordance with IFRS 9 and not using the equity method. In this context, cost provides the best estimate of fair value, unless the affiliated company in question is listed on a securities market and provided the earnings position of the company has not changed significantly compared to the plan. Generally speaking, there are no material differences between the cost and the fair value of these companies due to their stable business models and business activities that can be considered negligible compared to the Group as a whole. The aggregated assets, liabilities, revenues and annual results (each based on the individual financial statements) of these companies in the financial year 2019 are set out below:

Associates and joint ventures not included under the equity method	in € million
Assets	181.3
Liabilities	142.2
Revenues	312.9
Net result for the year	2.3

(B.4.) Summary of the changes to the group of consolidated companies of BayWa

Compared with the previous year, the group of consolidated companies, including the parent company, has changed as follows:

	Germany	Abroad	Total
Included on 31/12/2019	**102**	**267**	**369**
thereof: fully consolidated	94	249	343
thereof: recognised at equity	8	18	26
Included on 31/12/2018	**109**	**233**	**342**
thereof: fully consolidated	98	216	314
thereof: recognised at equity	11	17	28

All Group holdings are listed separately (appendix to the Notes to the Consolidated Financial Statements).

(B.5.) Principles of consolidation

Capital consolidation at the time of initial consolidation is carried out through offsetting the cost against the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the time of acquisition (purchase method). If the cost exceeds the fair value of the identifiable assets, liabilities and contingent liabilities purchased, the difference is disclosed as goodwill under intangible assets as part of non-current assets. Goodwill is subject to an annual impairment test (Impairment Only Approach). If the book value of goodwill is higher than the recoverable amounts, impairment must be carried out; otherwise goodwill remains unchanged. If the cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities, the differences are recognised immediately through profit or loss.

All receivables and liabilities, as well as provisions within the group of consolidated companies, are offset. Interim results, if material, are eliminated. Interim results realised from associates are eliminated against the corresponding investments recognised at equity. If the respective investment does not exist to a sufficient extent for elimination, other assets related to the affected company are eliminated. If these do not exist or do not exist to a sufficient extent, the interim result is eliminated by recognising it in revenue reserves on the liabilities side to ensure that the result of operations reflects actual developments. It is not recognised as “deferred income” under other liabilities, as the eliminated interim result does not represent a liability and recognition as other liabilities would incorrectly depict the actual asset position. Intra-group revenues, expenses and earnings are netted.

(B.6.) Currency translation

The translation of the financial statements prepared in a foreign currency into euros is carried out by applying the concept of functional currency as defined under IAS 21. The companies of the BayWa Group operate independently. They are therefore considered “foreign operations”. Functional currency is the respective national currency or, in exceptional cases, the currency in which most of the respective company’s transaction are settled in. Assets and liabilities are converted at the exchange rate on the reporting date. This does not apply to investments, which are measured at historical exchange rates. Equity is carried at historical rates with the exception of income and expenses included directly in equity. The translation of the income statement is carried out using the average rate for the year. Differences resulting from currency translation are treated without effect on income, until such time as the subsidiary is disposed of and set off against other reserves in equity. The differences resulting from currency translation decreased by €8.4 million in the reporting year (2018: increased by €3.2 million).

The exchange rates for the currencies relevant to the BayWa Group are summarised in the table below:

		Balance sheet		Income statement	
		Middle rate on		Average rate	
	€1	**31/12/2019**	31/12/2018	**2019**	2018
Australia	AUD	1.600	1.622	1.609	1.579
Canada	CAD	1.460	1.561	1.488	1.530
China	CNY	7.821	7.875	7.734	7.807
Croatia	HRK	7.440	7.413	7.420	7.420
Czech Republic	CZK	25.408	25.724	25.663	25.665
Denmark	DKK	7.472	7.467	7.466	7.453
Hungary	HUF	330.530	320.980	325.276	318.991
Hong Kong	HKD	8.747	8.968	8.782	9.234
Japan	JPY	121.940	125.850	122.193	130.336
New Zealand	NZD	1.665	1.706	1.696	1.707
Peru	PEN	3.765	3.856	3.773	3.877
Poland	PLN	4.257	4.301	4.299	4.260
Republic of Fiji	FJD	2.404	2.461	2.422	2.462
Romania	RON	4.783	4.664	4.743	4.656
Russia	RUB	69.956	79.715	72.710	73.650
Serbia	RSD	117.593	118.195	117.874	118.280
Sweden	SEK	10.447	10.255	10.555	10.254
Switzerland	CHF	1.085	1.127	1.112	1.153
Thailand	THB	33.415	37.052	34.740	38.122
Ukraine	UAH	26.680	31.775	28.890	32.237
UK	GBP	0.851	0.895	0.877	0.886
USA	USD	1.123	1.145	1.121	1.180

(C.) Notes to the Balance Sheet

(C.1.) Intangible assets

Intangible assets purchased against payment are capitalised at cost and, with the exception of goodwill, amortised on a straight-line basis over their useful economic lives (generally three to five years). Intangible assets which have been created in-house (self-created) have been capitalised in accordance with IAS 38 if it is likely that the future economic benefit will accrue from the use of the assets and if the cost of the assets can be reliably determined. These assets have been recognised at cost, with an appropriate portion of the overheads relating to their development, and amortised on a straight-line basis. The calculation of impairment losses has been carried out in consideration of IAS 36. The calculation of the recoverable amount is based on the value in use.

The goodwill disclosed under intangible assets relates to the following company acquisitions:

in € million	**2019**	2018
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H.	0.8	0.8
A.A.T. – Agrarservice, Transport und Handel – GmbH	0.5	–
AWS Entsorgung GmbH Abfall und Wertstoff Service	–	0.5
Bad und Heizung Krampfl GmbH	0.7	0.7
BayWa Agrarhandel Group	7.9	7.9
BayWa r.e. Bioenergy GmbH	1.4	1.4
BayWa r.e. Solar Energy Systems GmbH	14.0	14.0
BayWa r.e. Solar Projects LLC	0.8	0.7
BayWa r.e. Solar Systems LLC	16.0	15.7
BayWa r.e. Solar Systems S.r.l.	5.0	5.0
Becon PM & Consulting Ltd.	1.1	1.0
Cefetra Group	12.2	12.2
Citygreen Gartengestaltungs GmbH	0.9	–
CLAAS Württemberg GmbH	1.2	1.2
ECOWIND Handels- & Wartungs-GmbH	1.3	1.3
Energy System Services S.r.l	0.9	0.9
EUROGREEN Group	2.1	2.1
Evergrain Germany GmbH & Co. KG	2.8	2.8
FarmFacts Group	1.5	1.5
GroenLeven Group	100.9	55.7
Peter Frey GmbH	1.0	1.0
PowerHub Inc.	9.0	–
Premium Crops Limited (goodwill from asset deal)	6.7	6.4
Royal Ingredients Group	3.4	–
Schradenbiogas GmbH & Co. KG	2.4	1.9
Solarmarkt GmbH	3.5	3.4
Stark GmbH & Co. KG (goodwill from asset deal)	0.5	0.5
Sybac Service GmbH (merger with BayWa r.e. Operation Services GmbH in the financial year 2018)	0.6	0.6
T&G Global Group	7.1	7.0
TFC Holland B.V.	15.7	15.7
Thegra Tracomex Group	8.7	8.7
VISTA Geowissenschaftliche Fernerkundung GmbH	0.9	0.9
WAV Wärme Austria VertriebsgmbH	4.2	4.2
BayWa r.e. UK (Developments) Group	9.5	–
Other	1.9	2.2
	246.9	**177.8**

Other changes in the reporting year mainly concerned goodwill from the initial inclusion of acquisitions A.A.T. – Agrarservice, Transport und Handel – GmbH, Citygreen Gartengestaltungs GmbH, PowerHub Inc., Royal Ingredients Group and the BayWa r.e. UK (Developments) Group in the group of consolidated companies and the final purchase price allocation of the GroenLeven Group (see section containing additional information on company acquisitions in the previous year, Note B.1). The goodwill resulting from the acquisition of Premium Crops Limited, BayWa r.e. Wind, LLC, Solarmarkt GmbH, the T&G Global Group, Wessex Grain Ltd. (contained in other), BayWa r.e. Solar Systems LLC, the BayWa r.e. UK (Developments) Group, PowerHub Inc. and BayWa r.e. Solar Projects LLC is exposed to fluctuating exchange rates, which caused changes compared to the previous year.

The goodwill relating to AWS Entsorgung GmbH Abfall und Wertstoff Service, which was listed separately in the previous year's table, was reclassified to Schradenbiogas GmbH & Co. KG as part of the merger.

Of the reported goodwill, an amount of €8.2 million (2018: €2.5 million) is tax deductible in subsequent years.

Goodwill is subject to an impairment test once a year. In the context of the impairment test, the residual book values of the goodwill allocated to the individual cash-generating unit are compared with fair value in use. Cash-generating units are essentially defined as legally independent organisation units directly assignable to the reporting segments within the BayWa Group (see Note B.1.). In the event of a merger of legally independent organisation units, the respective operating unit or the respective geographically defined segment of the incorporating organisation unit is viewed as the cash-generating unit. In some cases, groups of legally independent organisation units that were acquired at the same time and form a single unit are recognised as a cash-generating unit.

The calculation of the value in use is based on the net present value of future cash flows anticipated from the ongoing use of the cash-generating unit. In this process, the forecast of the cash flows is derived from the current planning prepared on a regular basis by Management on a three-year horizon, as well as other assumptions which are based on the knowledge available at the time, market forecasts and empirical experience.

The cash flows were based on business unit-specific discount factors between 3.1% and 7.5%. The growth rates are the expected average for the sector. For the purpose of extrapolating the forecast based on the third budget year, a currently expected business unit-specific growth rate of between 1.5% and 3.0% has been assumed for the periods thereafter.

Based on market data, the impairment test for cash-generating unit BayWa Agrarhandel Group used a discount factor of 4.9% as well as a constant growth rate, derived from the industry average and historical values, of 2.0%. A 0.5 percentage point increase in the discount factor would likely result in the book value exceeding the fair value in use of the cash-generating unit by approximately €8.1 million. A 0.5 percentage point decrease in the discount factor, or a decrease in cash flow by 10 percentage points, would, in turn, likely result in the book value exceeding the fair value in use of the cash-generating unit by approximately €3.4 million and €3.9 million respectively.

Based on market data, the impairment test for cash-generating unit BayWa r.e. Solar Systems S.r.l. used a discount factor of 6.1% as well as a constant growth rate, derived from the industry average and historical values, of 2.0%. A 0.5 percentage point increase in the discount factor would likely result in the book value exceeding the fair value in use of the cash-generating unit by approximately €1.3 million. A 0.5 percentage point decrease in the discount factor, or a decrease in cash flow by 10 percentage points, would, in turn, likely result in the book value exceeding the fair value in use of the cash-generating unit by approximately €0.6 million and €1.0 million respectively.

Based on market data, the impairment test for cash-generating unit BayWa r.e. Solar Systems LLC used a discount factor of 4.5% as well as a constant growth rate, derived from the industry average and historical values, of 2.0%. A 0.5 percentage point increase in the discount factor would likely result in the book value exceeding the fair value in use of the cash-generating unit by approximately €4.7 million. A 0.5 percentage point decrease in the growth rate, or a decrease in cash flow by 10 percentage points, would not result in the book value exceeding the fair value in use of the cash-generating unit.

The following is a breakdown of the additions to intangible assets:

in € million	2019	2018
Additions from developments within the company	6.3	6.8
Additions from separate acquisition	22.7	36.8
Additions from business combinations	75.3	101.3
	104.4	**144.9**

In the financial year 2019, research and development expenses of €0.8 million (2018: €2.9 million) were recognised under other operating expenses. Material research and development activities at the BayWa Group are performed by EUROGREEN GmbH, Betzdorf, Germany, RI-Solution GmbH, Munich, Germany, and Solarmarkt GmbH, Switzerland.

(C.2.) Property, plant and equipment

All property, plant and equipment are used for operations. This item is measured at cost, minus depreciation. If necessary, an impairment loss is recognised. The cost is made up of the purchase price, incidental purchase (transaction) costs and subsequent purchase costs, less any price reductions received. If there is an obligation to decommission an asset which is part of non-current assets at the end of its useful life, or to dismantle or rebuild a site, the estimated costs of these activities will raise the cost of purchasing the asset. Property, plant and equipment are depreciated on a straight-line basis over the course of their useful life. The units of production method was also used in exceptional cases where this provided a true representation of the pattern in which the future economic benefits are expected to be consumed. Depreciation is based on the following periods of useful life applied uniformly throughout the Group:

	in years
Company premises and office buildings	25–33
Residential buildings	50
Land improvements	10–20
Technical facilities and machinery	4–30
Other facilities, fixtures and office equipment	3–15

The calculation of impairment losses has been carried out in consideration of IAS 36. Impairment requirements are calculated by comparing the book values of land and buildings and technical facilities with their recoverable amount. The calculation of the recoverable amount is based on the value in use. No material impairments were required in the financial year 2019.

Borrowing costs in connection with the purchase of property, plant and equipment, which under IAS 23 should be capitalised, are not recognised in BayWa's consolidated financial statements owing to the lack of qualifying assets. A total of €32.8 million of the property, plant and equipment recognised on the reporting date served as collateral for liabilities (2018: €32.6 million).

(C.3.) Participating interests recognised at equity, other financial assets and securities

Joint ventures and associated companies included in the consolidated financial statements are recognised using the equity method in proportion to their equity plus any goodwill generated from the acquisition process.

Other financial assets of BayWa Group comprise interests in non-consolidated affiliated companies, interest in other holdings, credit balances with cooperatives, loans and securities. In accordance with the measurement categories of IFRS 9, these financial assets are recognised at fair value through other comprehensive income with and without recycling or at fair value through profit or loss.

Securities, credit balances with cooperatives, interests in non-consolidated affiliated companies and participations in other companies were attributed to the “fair value through profit or loss” category at the end of the reporting period. The fair value generally corresponds to the market or stock market value (level 1 and level 2 of the fair value hierarchy). In the case of interests in non-consolidated affiliated companies and participations in other companies, cost provides the best estimate of fair value, unless the company in question is listed on a securities market or the earnings position of the company has not changed significantly compared to the plan. The option to measure equity instruments at fair value through other comprehensive income as defined in IFRS 9 was only utilised in relation to shares in Raiffeisen Bank

International AG, Vienna, Austria, and other shares in an affiliated company in Austria as well as shares in other companies belonging to Turners and Growers Horticulture Limited, Auckland, New Zealand. The utilisation of this option ensures consistency of measurement.

The fair value of the shares in Raiffeisen Bank International AG amounted to €86.1 million as at 31 December 2019. Dividends of €3.6 million were generated from these shares in 2019.

At Turners and Growers Horticulture Limited, the fair value of the shares in other companies measured through other comprehensive income was €0.1 million as at 31 December 2019. No dividends resulted from these shares in 2019.

Loans to affiliated companies and other holdings as well as other loans are attributed to the "amortised cost" category. These are measured at amortised cost using the effective interest method. Due to reasons of materiality, no risk provisions were formed for expected credit losses.

(C.4.) Investment property

The "Investment property" item comprises 76 (2018: 77) pieces of land and buildings under lease and/or not essential to the operations of the Group. Allocation is made if the property is leased by third parties, if it is land or greenfield sites not built on and not expressly intended for development or use, and in the case of properties used for a number of purposes, if use by the Group is of minor significance. Properties in this category are mainly warehouses, market buildings, garden centres, farm buildings (barns, etc.), silos, farmland and other undeveloped land as well as, to a minor extent, office and residential buildings.

In accordance with the option under IAS 40, these properties are recognised exclusively at amortised cost and not at fair value and depreciated over their periods of useful life as indicated under Note C.2. The book value on the reporting date came to €46.7 million (2018: €38.2 million). In the financial year, depreciation of buildings came to €1.4 million (2018: €0.9 million). The expense in the same amount has been included under depreciation and amortisation in the income statement. No material impairment losses were recognised in the reporting year. In the reporting year, buildings with a book value of €7.2 million (2018: €1.0 million) were reclassified from investment property to property, plant and equipment and non-current assets held for sale. In addition, land with a book value of €2.5 million (2018: €1.1 million) were reclassified from investment property to property, plant and equipment and non-current assets held for sale.

The fair value of these properties was set at €108.9 million (2018: €100.6 million). Fair value is not usually calculated by an expert. Fair value at the end of the reporting period is generally determined on the basis of discounted cash flow calculations (level 3 of the fair value hierarchy). The value of the land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking actual annual rental income generated, less standard management expenses and the residual useful life of the building. A comparison of fair value against the book value of the individual properties showed that there were no impairment requirements in the reporting year.

Rental income came to €5.7 million (2018: €5.4 million), operating expenses (excluding depreciation) for the properties for which rental income was realised came to €0.6 million (2018: €0.5 million). In regard to properties for which no rental income was generated, operating expenses amounted to €0.1 million (2018: €0.2 million).

Development of consolidated non-current assets for 2019

Notes (C.1. – C.4.)

in € million	Cost							
	01/01/2019	Currency translation differences	Additions due to consolidation	Additions	Disposals	Disposals due to consolidation	Reclassifi-cations	**31/12/2019**
Intangible assets								
Industry property rights, similar rights and assets	368.5	1.2	8.7	24.2	- 5.9	- 2.3	1.7	396.0
Goodwill	198.9	1.4	66.7	1.0	- 0.1	0.0	- 0.1	267.9
Prepayments on account	4.4	0.1	0.0	3.8	- 0.4	0.0	- 1.2	7.0
	571.8	**2.7**	**75.3**	**29.0**	**- 6.4**	**- 2.3**	**0.4**	**670.9**
Property, plant and equipment								
Land, similar rights and buildings, including buildings on leasehold land[1]	1,991.9	5.2	28.3	86.8	- 15.4	- 8.4	- 18.0	2,070.5
thereof: rights of use from leases	782.0	1.4	0.9	60.3	- 1.9	- 4.7	- 0.2	837.9
Technical facilities and machinery[1]	929.4	3.2	11.2	64.1	- 26.2	- 47.0	78.1	1,012.7
thereof: rights of use from leases	3.2	0.1	0.5	3.1	- 0.3	0.0	- 0.4	6.2
Other facilities, fixtures and office equipment[1]	389.3	1.0	0.9	75.4	- 30.2	- 4.8	3.9	435.4
thereof: rights of use from leases	51.1	0.3	0.0	26.1	- 3.3	0.0	- 0.1	74.0
Prepayments and assets under construction	93.7	0.5	0.0	65.7	- 46.7	- 0.1	- 31.9	81.3
Non-current biological assets	22.2	0.5	0.0	0.5	- 3.1	0.0	2.6	22.7
	3,426.4	**10.4**	**40.3**	**292.5**	**- 121.5**	**- 60.2**	**34.7**	**3,622.6**
Participating interests recognised at equity	**214.6**	**1.4**	**0.0**	**9.4**	**- 7.0**	**- 10.2**	**- 0.2**	**208.0**
Other financial assets								
Shareholdings in affiliated companies	36.2	0.0	- 0.7	4.3	- 1.7	2.6	- 0.1	40.7
Loans to affiliated companies	3.8	0.0	- 0.6	0.2	- 0.4	0.0	0.0	3.1
Participations in other companies	41.1	0.0	0.0	4.0	- 1.3	- 0.3	0.1	43.6
Loans to companies in which a participating interest is held	32.4	0.0	0.0	0.0	- 1.0	0.0	0.0	31.4
Non-current marketable securities	138.8	0.0	0.0	0.3	0.0	0.0	0.0	139.0
Other loans	3.9	0.2	0.1	10.6	- 3.2	- 0.3	0.0	11.3
	256.2	**0.2**	**- 1.1**	**19.5**	**- 7.5**	**1.9**	**0.0**	**269.2**
Investment property								
Land	34.4	0.0	0.0	0.0	- 1.3	0.0	1.7	34.8
Buildings	54.9	0.0	0.0	2.7	- 6.6	0.0	7.7	58.7
	89.4	**0.0**	**0.0**	**2.7**	**- 7.9**	**0.0**	**9.4**	**93.6**
Consolidated non-current assets	**4,558.4**	**14.6**	**114.6**	**352.2**	**- 150.4**	**- 70.8**	**44.3**	**4,864.2**

1 Figures on the opening balance sheet were adjusted due to the initial application of IFRS 16.

Depreciation/amortisation									Book values	
01/01/2019	Currency translation differences	Additions due to consolidation	Current year	Disposals	Disposals due to consolidation	Write-ups	Reclassifi-cations	**31/12/2019**	**31/12/2019**	31/12/2018
- 212.0	- 0.6	0.0	- 39.5	4.8	2.2	0.0	- 0.1	- 245.2	150.8	156.5
- 21.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	- 21.0	246.9	177.8
- 0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	- 1.0	6.0	3.8
- 233.7	**- 0.6**	**0.0**	**- 39.5**	**4.8**	**2.2**	**0.0**	**0.0**	**- 267.2**	**403.7**	**338.1**
- 637.7	- 1.0	- 5.7	- 74.3	19.1	1.7	0.0	4.6	- 693.3	1,377.1	827.2
- 54.1	- 0.1	0.0	- 49.0	0.2	0.0	0.0	0.0	- 102.9	734.9	–
- 584.5	- 1.5	- 0.4	- 45.6	22.5	19.0	0.0	- 10.8	- 601.4	411.3	342.9
- 0.3	0.0	0.0	- 1.0	0.0	0.0	0.0	0.1	- 1.2	5.0	–
- 235.0	- 0.4	- 0.3	- 52.8	25.7	2.9	0.0	0.0	- 259.9	175.5	115.7
- 6.2	- 0.1	- 0.1	- 19.6	2.4	0.2	0.0	0.1	- 23.3	50.8	–
4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.3	85.6	98.0
- 6.0	- 0.1	0.0	- 0.9	1.5	0.0	0.0	- 0.3	- 5.9	16.8	16.1
- 1,458.9	**- 3.1**	**- 6.5**	**- 173.7**	**68.8**	**23.7**	**0.0**	**- 6.5**	**- 1,556.2**	**2,066.3**	**1,399.9**
0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**208.0**	**214.6**
- 18.9	0.0	0.0	0.0	0.4	0.9	0.0	0.0	- 17.6	23.1	17.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	3.8
- 2.8	0.0	0.0	- 1.2	0.0	0.0	0.0	0.0	- 4.0	39.6	38.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.4	32.4
- 30.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	- 29.2	109.8	108.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.3	3.9
- 51.8	**0.0**	**0.0**	**- 1.2**	**0.4**	**0.9**	**0.8**	**0.0**	**- 50.9**	**218.3**	**204.5**
- 4.0	0.0	0.0	0.0	0.2	0.0	0.0	0.8	- 3.1	31.8	30.4
- 47.2	0.0	0.0	- 1.4	5.3	0.0	0.0	- 0.5	- 43.8	14.9	7.8
- 51.2	**0.0**	**0.0**	**- 1.4**	**5.5**	**0.0**	**0.0**	**0.3**	**- 46.9**	**46.7**	**38.2**
- 1,795.6	**- 3.8**	**- 6.5**	**- 215.8**	**79.5**	**26.7**	**0.8**	**- 6.2**	**- 1,921.2**	**2,943.0**	**2,195.3**

Development of consolidated non-current assets for 2018

Notes (C.1. – C.4.)

in € million	Cost							
	01/01/2018	Currency translation differences	Additions due to consolidation	Additions	Disposals	Disposals due to consolidation	Reclassifi-cations	31/12/2018
Intangible assets								
Industry property rights, similar rights and assets	288.2	0.1	36.5	41.6	- 2.8	- 2.6	7.6	368.5
Goodwill	136.2	1.0	64.9	0.2	–	- 3.6	0.1	198.9
Prepayments on account	11.8	–	–	1.8	- 1.4	–	- 7.8	4.4
	436.1	**1.1**	**101.4**	**43.5**	**- 4.2**	**- 6.2**	**- 0.1**	**571.8**
Property, plant and equipment								
Land, similar rights and buildings, including buildings on leasehold land	1,472.5	- 3.9	1.6	30.3	- 46.7	–	10.9	1,464.9
Technical facilities and machinery	977.3	- 2.1	- 0.8	23.3	- 75.7	- 0.2	5.7	927.5
Other facilities, fixtures and office equipment	325.0	- 0.2	1.9	43.8	- 23.7	- 0.5	4.2	350.6
Prepayments and assets under construction	66.1	- 0.2	1.6	59.3	- 9.3	–	- 23.7	93.7
Non-current biological assets	21.6	- 0.2	–	1.8	- 1.6	–	0.6	22.2
	2,862.5	**- 6.5**	**4.3**	**158.5**	**- 157.0**	**- 0.7**	**- 2.2**	**2,858.8**
Participating interests recognised at equity	**214.6**	**- 2.0**	**–**	**11.3**	**- 7.1**	**- 2.3**	**0.1**	**214.6**
Other financial assets								
Shareholdings in affiliated companies	28.4	–	- 0.2	5.6	- 0.1	3.7	- 1.2	36.2
Loans to affiliated companies	0.3	–	–	3.5	–	–	–	3.8
Participations in other companies	31.9	–	0.2	11.6	- 1.3	–	- 1.2	41.1
Loans to companies in which a participating interest is held	42.6	–	–	0.1	- 10.4	–	–	32.4
Non-current marketable securities	56.7	–	–	0.4	- 0.1	–	81.7	138.8
Other loans [1]	3.7	–	–	0.3	- 1.2	–	1.0	3.9
	163.6	**–**	**0.0**	**21.6**	**- 13.0**	**3.7**	**80.3**	**256.2**
Investment property								
Land	34.5	–	–	–	- 0.1	–	- 0.1	34.4
Buildings	67.0	–	–	–	- 0.3	–	- 11.7	54.9
	101.5	**–**	**–**	**–**	**- 0.3**	**–**	**- 11.8**	**89.4**
Consolidated non-current assets	**3,778.2**	**- 7.4**	**105.9**	**235.0**	**- 181.7**	**- 5.5**	**66.3**	**3,990.8**

1 Other loans amounting to €2.2 million were reclassified from non-current assets to current assets as at 1 January 2018. As a result, the opening values for the financial year 2018 deviate from the values reported as at 31 December 2017 by the corresponding amount.

Depreciation/amortisation									Book values	
01/01/2018	Currency translation differences	Additions due to consolidation	Current year	Disposals	Disposals due to consolidation	Write-ups	Reclassifi-cations	31/12/2018	31/12/2018	31/12/2017
- 177.7	- 3.0	- 0.1	- 32.9	1.8	2.6	–	- 2.7	- 212.0	156.5	110.5
- 23.2	–	–	–	–	2.2	–	0.0	- 21.1	177.8	113.0
- 4.5	–	–	–	–	–	0.2	3.7	- 0.6	3.8	7.2
- 205.4	**- 3.0**	**- 0.1**	**- 32.9**	**1.8**	**4.8**	**0.2**	**0.9**	**- 233.7**	**338.1**	**230.7**
- 617.9	1.4	- 0.5	- 35.1	22.6	–	0.1	- 8.3	- 637.7	827.2	854.6
- 605.3	1.5	- 1.0	- 42.1	52.3	0.2	7.0	2.8	- 584.5	342.9	372.0
- 224.3	0.1	- 0.9	- 31.3	21.0	0.4	–	- 0.1	- 235.0	115.7	100.7
- 0.4	–	–	–	–	–	–	4.7	4.3	98.0	65.7
- 5.7	0.1	–	- 1.0	0.7	–	–	- 0.1	- 6.0	16.1	15.8
- 1,453.6	**3.2**	**- 2.4**	**- 109.5**	**96.7**	**0.7**	**7.1**	**- 1.1**	**- 1,458.9**	**1,399.9**	**1,408.9**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**214.6**	**214.6**
- 13.8	–	–	- 1.2	–	- 3.7	–	- 0.2	- 18.9	17.3	14.6
–	–	–	- 0.3	–	0.3	–	–	–	3.8	0.2
- 3.1	–	–	–	- 0.1	–	–	0.4	- 2.8	38.3	163.5
	–	–	–	–	–	–		–	32.4	42.6
83.8	–	–	–	- 0.1	–	–	- 113.7	- 30.0	108.8	5.8
	–	–	–	–	–	–	–	–	3.9	5.8
66.9	**–**	**–**	**- 1.6**	**- 0.2**	**- 3.3**	**0.1**	**- 113.5**	**- 51.8**	**204.5**	**232.6**
- 3.3	–	–	–	–	–	–	- 0.8	- 4.0	30.4	31.3
- 57.3	–	–	- 0.9	0.3	–	–	10.8	- 47.2	7.8	9.7
- 60.6	**–**	**–**	**- 0.9**	**0.3**	**–**	**–**	**10.0**	**- 51.2**	**38.2**	**40.9**
- 1,652.6	**0.1**	**- 2.5**	**- 144.9**	**98.6**	**2.1**	**7.4**	**- 103.7**	**- 1,795.6**	**2,195.3**	**2,127.7**

(C.5.) Income tax assets

The table below shows a breakdown of income tax assets:

in € million	2019	2018
Non-current income tax assets (with a residual term of more than one year)	0.0	0.0
Current income tax assets (with a residual term of up to one year)	59.8	54.2
	59.8	**54.2**

(C.6.) Other receivables and other assets

If they constitute financial instruments and therefore fall under the scope of IFRS 9, receivables and other assets are to be allocated to the “amortised cost” category and recognised accordingly. Receivables are recognised at their nominal amount as a general rule. Receivables which are non- or low-interest-bearing with terms of more than one year have been discounted. The following table also includes “Other non-financial assets” and finance lease receivables. Receivables from income taxes, which are recognised pursuant to IAS 12 and listed in Note C.5., are not included.

The table below shows a breakdown of “Other receivables and other assets”:

in € million	2019	2018
Non-current receivables (with a residual term of more than one year)		
Trade receivables	5.0	8.6
Receivables from other taxes	0.9	0.0
Other assets including deferred items	30.0	20.4
	35.9	**29.0**
Current receivables (with a residual term of up to one year)		
Trade receivables	1,199.4	1,086.0
Receivables from affiliated companies	36.5	19.8
Receivables from companies in which a participating interest is held	46.9	47.5
Receivables from other taxes	89.4	73.1
Other assets including deferred items	472.5	479.7
	1,844.8	**1,706.0**

The current values of items recognised at amortised cost do not diverge materially from the book values disclosed due to their current nature.

Receivables due from affiliated companies and shareholdings relate to both trade receivables and current financings.

Other assets comprise first and foremost supplier credits not yet settled and other receivables items as well as collateral that is required to be posted within the scope of the trading activities. Payments on account of inventories of €84.9 million (2018: €81.0 million) and contract assets of €106.0 million (2018: €23.2 million) are also included in this item.

Under IFRS 9, risk provisions for expected credit losses are to be formed for risks based in particular on the credit rating of the respective contractual party in the case of all financial instruments classified as debt instruments that are not measured at fair value through profit or loss. This expected credit loss model replaces the impairment model under IAS 39, which may no longer be used for financial instruments.

Under the general model, risk provisions for expected credit losses resulting from a default event within the next 12 months are to be recognised at addition for all financial instruments classified as debt instruments (stage 1). If the risk of default increases significantly over time (such as payments being over 30 days past due), the expected credit loss period is to be extended to cover the remaining term of the financial instrument so that the risk provisions reflect expectations regarding defaults on payment for the remaining term (stage 2). If there is objective evidence of impairment, such as insolvency on the part of the debtor, a corresponding impairment is to be recognised (stage 3).

Besides the general model to calculate risk provisions, IFRS 9 also provides a simplified method for trade receivables and contract assets. Under this method, risk provisions for expected credit losses are to be determined at addition for the remaining term (stage 2). The impairment to be recognised in stage 3 in the case of objective evidence of said impairment also applies to the same extent under the simplified method. Either the simplified approach or the general model can be chosen in the case of lease receivables.

As in the previous year, extensive analysis showed that risk provisions for stage 1 and stage 2 expected credit losses at the BayWa Group were of minor importance in relation to almost all financial assets at the point of initial application of IFRS 9. As a result, no risk provisions for stage 1 or stage 2 expected losses were formed for reasons of materiality in the case of non-current trade receivables as well as financial assets included in other non-current assets, which fall under the scope of the general model. In addition, risk provisions also play a minor role, both individually and taken as a whole, in the simplified approach applied to current receivables from affiliated companies and Group companies and financial assets included in other current assets – as in the case of contract assets and lease receivables – meaning that no separate stage 2 provisions were recognised here either. Stage 3 risk provisions have been and continue to be formed if there is any objective evidence of impairment in relation to the aforementioned items.

The following table shows the gross book values of other receivables and other assets for each stage of risk provisions for expected credit losses:

					Thereof: not stage 3 impaired at reporting date and overdue in subsequent periods			
in € million	Total gross value 2019	Gross book value stage 3 impaired	Neither overdue nor impaired	Overdue receivables	Fewer than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
Receivables and other assets	1,915.8	102.7	1,392.6	420.6	369.9	10.1	10.9	29.8

The overdue assets shown in the table concern current trade receivables. Risk provisions for stage 2 expected credit losses were formed on these gross receivables values. The gross book values of the stage 3 adjusted receivables include, trade receivables, receivables from affiliated companies and other financial receivables.

The following table shows the credit risks included in the receivables and other assets in the previous year:

					Thereof: not stage 3 impaired at reporting date and overdue in subsequent periods			
in € million	Total gross value 2018	Gross book value stage 3 impaired	Neither overdue nor impaired	Overdue receivables	Fewer than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
Receivables and other assets	1,763.9	26.3	1,390.3	347.4	265.1	31.6	10.1	40.6

Separate risk provisions for stage 2 expected credit losses are calculated and recognised for current trade receivables within the scope of an impairment matrix split into the periods by which the receivables are overdue pursuant to the simplified approach under IFRS 9. The primary influencing factors with regard to the value of the risk provisions are the parameters probability of default on the basis of historical defaults, complemented by an assessment of future development of the probability of default on the part of the management, and the underlying receivable amount.

Risk provisions for stage 2 expected credit losses developed as follows in the financial year 2019 and in the previous year:

in € million	**2019**	2018
As at 01/01	**5.7**	**5.6**
Allocation	2.2	0.9
Release	- 1.8	- 0.7
Write-offs	0.0	- 0.1
Reclassifications	- 0.1	–
Adjustments due to changes in the group of consolidated companies	0.1	0.0
Currency translation differences	0.0	0.0
As at 31/12	**6.2**	**5.7**

The following tables show risk provisions for stage 2 expected credit losses split into periods by which the item is overdue as well as the underlying probabilities of default in the financial year 2019:

			Stage 2 risk provisions for expected credit losses			
in € million	Not overdue	Overdue	Fewer than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
01/01/2019	0.8	4.9	0.7	0.4	0.4	3.4
31/12/2019	0.7	5.5	0.6	0.5	0.5	3.9

			Probabilities of default			
in %	Not overdue	Overdue	Fewer than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
01/01/2019	0–1.1	–	0–25.5	0–25.0	0–60.2	0–83.6
31/12/2019	0–1.0	–	0–12.2	0–16.9	0–53.0	0–71.9

The following table shows the corresponding values for the previous year:

			Stage 2 risk provisions for expected credit losses			
in € million	Not overdue	Overdue	Fewer than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
01/01/2018	0.8	4.8	0.1	0.4	0.3	4.0
31/12/2018	0.8	4.9	0.7	0.4	0.4	3.4

			Probabilities of default			
in %	Not overdue	Overdue	Fewer than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
01/01/2018	0–1.1	–	0–47.0	0–23.5	0–25.1	0–69.9
31/12/2018	0–1.1	–	0–25.5	0–25.0	0–60.2	0–83.6

In addition, IFRS 9 requires at least two scenarios to be observed when calculating risk provisions for stage 2 expected losses, including the possibility of default and of non-default. We meet this requirement by adjusting the probabilities of default based on historical default rates by a particular percentage. We have set this rate at 60%.

Risk provisions for stage 3 expected credit losses on other receivables and other assets developed as follows in the financial year 2019 and in the previous year:

in € million	2019	2018
As at 01/01	**23.2**	**21.4**
Allocation	9.3	7.8
Release	- 3.5	- 4.2
Write-offs	- 0.9	- 1.9
Adjustments due to changes in the group of consolidated companies	0.5	0.1
Reclassifications	0.2	–
Currency translation differences	0.0	0.0
As at 31/12	**28.9**	**23.2**

The BayWa Group's customer structure is strongly diversified, both regionally and in terms of the specific segments. As part of risk management, minimum requirements for creditworthiness and, beyond this, individual credit limits in respect of individual customers have been established for all customers of the BayWa Group. The receivables portfolio of the BayWa Group is largely made up of numerous small receivables. Credit limits of more than €1 million are only accorded to a small number of customers with particularly good credit standing. The continual analysis of the receivables portfolio and special monitoring of customers with high credit limits enable the early identification and evaluation of concentration risks (risk clusters). As at 31 December 2019, the credit risk positions of 65 debtors (2018: 18) were more than €1 million respectively. The Group does not anticipate any material default risk in respect of these customers.

In order to enhance its financing structure, the Group has secured trade receivables by way of asset-backed securitisation (ABS measure). The total volume from the ABS measure amounted to €140.0 million. Utilisation will be adjusted in line with the variable and seasonal circumstances. The trade receivables secured as at the balance sheet date by way of an ABS measurement totalled €126.6 million (2018: 154.9 million).

(C.7.) Actual and deferred tax assets

Income tax expenses constitute the sum total of current tax expenses and deferred taxes. Current tax expenses are calculated on the basis of taxable income in the year. Taxable income differs from the consolidated result before tax due to expenses and income which are either taxable or tax deductible in subsequent years or never. The Group's liability in respect of current taxes is calculated on the basis of the prevailing tax rates or those that will be valid in the near future from the standpoint of the reporting date. Deferred taxes are recognised for the differences between the book values of the assets and liabilities in the consolidated financial statements and the corresponding tax valuations in the context of calculating taxable income. Deferred tax liabilities are generally reported for all taxable temporary differences; deferred tax assets are only recognised if it is probable that there are taxable gains which can be used for deductible temporary differences. Deferred tax assets on loss carryforwards are recognised provided that future tax advantages are likely to be realised within the next five years (maximum). Such deferred tax assets and deferred tax liabilities are not reported if they arise from temporary differences in goodwill (separate consideration of tax-related goodwill) or from the initial recognition (excepting business combinations) of other assets and liabilities resulting from transactions which have no effect on taxable income or the net result for the year. Deferred tax liabilities are formed for taxable temporary differences arising from shares held in subsidiaries or in associates as well as interests in joint ventures, except where the timing of the reversal can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arise through temporary differences in the context of investments and loans which are only recorded to the extent that it is probable that there will be sufficient taxable income available from which assets from temporary differences can be used and where the assumption can be made that they will reverse in the foreseeable future.

The book value of deferred tax assets is assessed every year at the end of the reporting period and lowered if it is unlikely that there will be sufficient taxable income for fully or partially realising the claim.

Deferred tax assets and liabilities are calculated on the basis of expected tax rates (and tax laws) which are likely to be valid at the time when liabilities are settled or assets realised. The measurement of deferred tax assets and liabilities reflects the fiscal consequences which would arise from the way in which, at the end of the reporting period, the Group expects the liabilities to be settled and the assets realised.

Deferred tax assets and liabilities are netted if there is an enforceable right for offsetting current tax assets against current tax liabilities and if they are subject to income tax levied by the same tax authority, and the Group has the intention of settling its current tax assets and current tax liabilities on a net basis. Current and deferred taxes are reported as expenses or income through profit or loss unless they are incurred in connection with items not reported in the income statement (either in other comprehensive income or directly in equity). In this case, the tax is also to be reported outside the income statement. Moreover, there is no recognition through profit or loss if tax effects arise from the initial recognition of a business combination. In the case of a business combination, the tax effect is to be included when the business combination is accounted for.

(C.8.) Inventories

Raw materials, consumables and supplies, unfinished and finished goods as well as services and merchandise are disclosed under inventories.

Raw materials, consumables and supplies as well as merchandise are generally valued at cost, taking account of lower net realisable values. In most cases, the average-cost method is applied. In some cases, the first in, first out (FIFO) method was applied. Unfinished and finished goods are recognised at their cost of production. They include all costs directly allocable to the production process as well as an appropriate portion of production-related overheads. Financing costs which can be directly assigned to the purchase, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Agricultural products, harvested from biological assets, is recognised at fair value at the time of harvest less the expected selling costs (see Note C.9. for details on the fair value measurement of biological assets). Inventory risks arising from the storage period or diminished marketability trigger impairment. Lower values on the reporting date due to lower realisable value are accounted for. One exception to this rule applies to the inventories of the Group companies, which are held exclusively for trading and are therefore measured at fair value less selling costs.

Inventories break down as follows:

in € million	**2019**	2018
Raw materials, consumables and supplies	37.3	33.2
Unfinished goods/services	1,162.0	844.9
Finished goods/services and merchandise	2,087.1	2,031.4
	3,286.4	**2,909.5**

In the case of lower net realisable value, write-downs are generally carried out in the form of specific value adjustments. Only in exceptional cases was a flat rate calculation applied. Impairments on inventories in the reporting year increased year on year, from €92.5 million in 2018 to €172.9 million in the reporting year.

The book value of the inventories reported at fair value less selling costs amounted to €531.1 million at the end of the reporting period (2018: €524.1 million). The fair value of inventories is derived from prices quoted for comparable inventories in active markets at the end of the reporting period. A total of €9.7 million of the inventories recognised on the reporting date served as collateral for liabilities (2018: €25.8 million).

In the reporting year, a total of €1.4 million of borrowing costs (2018: €0.0 million) were capitalised as part of the cost of unfinished goods. The calculation of inventories is carried out through a (brought forward) end-of-period inventory or through continuous inventory.

Performance obligations resulting from contracts with BayWa customers performed over a period of time are particularly attributable to the Agricultural Equipment business unit (newly constructed animal equipment), the Building Materials business unit (e.g. turnkey house construction) as well as in the Renewable Energies business unit (e.g. construction of wind and solar parks). Pursuant to IFRS 15, revenue recognition over time in accordance with the percentage of completion is mandatory for these kinds of projects and similar projects, with percentage of completion defined according to costs incurred (cost-to-cost method). Percentage of completion is calculated on the basis of contract costs incurred for performed work compared to expected total contract costs. Changes to contractual work, benefits and performance bonuses are included to the extent that the amount can be reasonably estimated and their receipt is considered likely.

If the outcome of a contracts with customers and the performance obligations agreed in such contracts cannot be reliably estimated, revenue is only recognised to the extent of the contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss shall immediately be recognised as an expense. The remaining performance obligations under contracts to be fulfilled over time amounted to €162.0 million as at 31 December 2019. Generally speaking, revenue is expected to be realised from these remaining performance obligations in the financial year 2020, which is why the practical expedient pursuant to IFRS 15.121 has been exercised.

Incurred costs and realised profit shares, less losses incurred for current construction contracts, amounted to €203.1 million as at the reporting date (2018: €256.7 million). The BayWa Group's sales revenues include revenue from construction contracts recognised over time of €280.7 million (2018: €209.8 million).

The BayWa Group recognises amounts received before construction work is performed in the consolidated balance sheet as contract liabilities. All invoiced amounts that have not yet been paid by customers are presented in the balance sheet as part of trade receivables, other receivables or contract assets. For the most part, the opening values of contract assets and contract liabilities are released in full over the course of the current financial year due to the terms of the contract. One exception to this rule is a project in the field of renewable energies which has been ongoing for several years. The contract assets in the amount of €9.8 million existing at the start of the financial year therefore continued to exist at the end of the financial year.

Contract liabilities resulting from payments received on performance obligations from contracts with customers amounted to €123.8 million in the current financial year (2018: €81.6 million). Of this amount, €61.8 million was attributable to ongoing construction contracts.

The "Other receivables and other assets" item includes receivables from ongoing construction contracts with customers of €113.8 million (2018: €97.3 million) and a contract asset of €106.0 million (2018: €23.2 million). The increase in contract assets was primarily the result of the increase in project business volume in the fields of renewable energies. Generally speaking, the impairment model defined in accordance with IFRS 9 is also applicable to contract assets formed pursuant to IFRS 15. No such assets have been recognised, also for reasons of materiality.

Warranties, refund obligations that could arise from the sale of goods with a right of return, contract initiation costs and financing components that are potentially included as part of the consideration, only play a minor role at the BayWa Group both in terms of the number of cases and the total volume of such elements and can therefore be considered immaterial.

No provisions for impending losses from onerous contracts had to be recognised, either in the financial year or in the previous year.

(C.9.) Biological assets

The unharvested fruits of bearer plants of T&G Global Limited and its subsidiaries in New Zealand are recognised in biological assets. Biological assets are also measured at fair value depending on their location and the condition of the respective plants, less estimated selling costs. Gains or losses from the change in the fair value of biological assets are recognised in the income statement. Selling costs include all costs required to sell the assets.

The fair values of biological assets developed as follows:

in € million **2019**	Apples	Tomatoes	Citrus fruits	Grapes	Other fruits	**Total**
Biological assets						
Biological assets on 01/01	13.9	1.4	1.1	0.0	0.1	16.5
Capitalised costs	16.8	1.0	3.3	4.3	0.5	26.0
Change in fair value less selling costs	1.9	2.1	–	–	- 0.1	3.9
Disposals due to harvest	- 21.9	- 3.3	- 3.2	- 4.0	- 0.7	- 33.0
Currency translation differences	0.1	0.0	0.0	0.0	0.1	0.2
Biological assets on 31/12	**10.8**	**1.2**	**1.2**	**0.3**	**- 0.1**	**13.6**

in € million 2018	Apples	Tomatoes	Citrus fruits	Grapes	Other fruits	**Total**
Biological assets						
Biological assets on 01/01	11.8	1.5	1.3	0.0	1.5	16.1
Capitalised costs	18.0	1.1	4.7	1.1	2.5	27.4
Change in fair value less selling costs	3.6	2.4	0.3	–	- 0.2	6.1
Disposals due to harvest	- 19.3	- 3.6	- 5.2	- 1.1	- 3.5	- 32.7
Currency translation differences	- 0.2	0.0	0.0	0.0	- 0.2	- 0.4
Biological assets on 31/12	**13.9**	**1.4**	**1.1**	**0.0**	**0.1**	**16.5**

The fair values of the biological assets of the BayWa Group, which comprise the main categories of apples, tomatoes, citrus fruits, grapes and other fruits, are calculated annually on the basis of discounted cash flows.

Costs are based on current average costs and are in line with standard industry costs. The underlying costs vary depending on the location, the nature of cultivation and variety of the bearer plants. A suitable discount rate is determined to allow the fair value of future cash flows to be calculated. The market value of the biological assets before or during the harvest period is based on estimated harvest volumes and market prices, less harvesting and cultivation costs. Changes in the assumptions and estimates used to determine the market value may have a significant impact on the carrying value of the biological assets and the reported result of the valuation.

The following key assumptions and considerations were taken into account when determining the fair value of the Group's biological assets:
- Predictions for the following year are based on inflation-adjusted forecast cash flows, include estimates of the future revenues and take into account the location and variety of the biological assets.
- Forecast cash flows from sales in different currencies are not hedged and are translated at average exchange rates on the basis of data provided by financial institutions and in consideration of forecast sales in the Group's functional currency.
- Risk-adjusted discount rates take into account risks associated with the harvest, such as natural disasters, diseases in plants, or other factors that could negatively affect quality, yields, or prices.
- All material changes in the current year and the following year from harvest management.

The finance team keeps a close eye on the main categories of biological assets throughout the year and is also responsible for measuring biological assets for the purposes of external financial reporting. In addition, the measurement process is also evaluated twice a year by the Chief Financial Officer of the New Zealand subsidiary, his or her controller, the chief financial officers of the business divisions and the finance team with regard to financial reporting requirements.

The measurement methods applied at the Group are to be allocated to level 3 of the fair value hierarchy and are therefore not based on observable market data. There were no transfers between the individual levels of the fair value hierarchy as at 31 December 2019. The following level 3 input factors were defined and applied for the purposes of measurement:
- Harvest yields, presented as tray carton equivalents per hectare and tonnes per hectare, are defined on the basis of previous production volumes in the respective location of the crops and estimated harvest volumes in consideration of the age and condition of the plant.
- Prices ex works are calculated on the basis of future income from the sale of biological assets in consideration of past development, the current market price and known market conditions at the end of the reporting period.

- Discounting rates are defined in consideration of past development and loss events as well as the assessment of the fair value and known current risks that are to be assessed.

The fair value of biological assets and the level 3 input factors are analysed at the end of the reporting period. In this analysis, input factors are reviewed and verified in view of current market conditions. The calculated fair value of biological assets are reviewed as to whether they suitably reflect the anticipated yields for each type of fruit. The cash outflow assumed in the fair value calculation includes notional cash flows for land and fruit plantations attributable to the Group. They are based on market rates for plantations of a similar size.

The following unobservable input factors were used to measure the Group's biological assets:

	Unobservable input factors	Variance of unobservable input factors	
		2019	2018
Apples	tce [1] per hectare per year	1,400 tce[1] to 6,500 tce [1]	1,400 tce[1] to 6,500 tce [1]
	Weighted average tce [1] per hectare per year	3,366 tce [1]	3,652 tce [1]
	Export prices per tce [1]	€5.89 to €41.26	€5.86 to €38.10
	Weighted average export prices pro tce [1]	€20.74	€17.13
	Risk-adjusted discount rate	25%	25%
Tomatoes	Tonnage per hectare per year	171 to 628 tonnes	180 to 605 tonnes
	Weighted average tonnage per hectare per year	431 tonnes	420 tonnes
	Price per kilogram ex works per season	€0.88 to €11.07	€0.84 to €10.72
	Weighted average price per kilogram ex works per season	€2.12	€2.40
	Risk-adjusted discount rate	25.0%	25.0%
Citrus fruits	Tonnage per hectare per year	29 tonnes	29 tonnes
	Weighted average tonnage per hectare per year	29 tonnes	29 tonnes
	Price per tonne ex works per season	€560.01 to €1,573.92	€556.86 to €1,565.06
	Weighted average price per tonne ex works per season	€1,112.95	€1,213.36
	Risk-adjusted discount rate	14%	14%
Blueberries	Tonnage per hectare per year	6.5 tonnes	6.5 tonnes
	Weighted average tonnage per hectare per year	6.5 tonnes	6.5 tonnes
	Price per kilogram ex works per season	€5.01 to €9.97	€4.98 to €16.41
	Weighted average price per kilogram ex works per season	€9.73	€11.26
	Risk-adjusted discount rate	18%	18%

1 tce – tray carton equivalent (equates to approximately 18 kg)

A rise in the harvest volume or a price increase will result in an increase in the fair value of the biological assets. A rise in the discount rate, on the other hand, will result in a decrease in the fair value of the biological assets.

Financial risks may arise from the Group's agricultural activities as a result of unfavourable climatic conditions or natural disasters. Furthermore, the Group may be exposed to financial risks as a result of unfavourable changes in market prices or harvest volumes or unfavourable change in exchange rates.

Price risks are minimised by the constant monitoring of commodity prices and the influences of these. The Group also implements appropriate measures to ensure that climatic conditions, natural disasters, diseases in plants, or other factors do not negatively impact harvest quality and yields. Derivative financial instruments, such as commodity futures, are used to reduce foreign currency risks.

The following table shows the owned and leased land available for the cultivation of the various types of biological assets:

In hectares	**2019**	2018
Biological assets		
Apples	779	710
Tomatoes	28	28
Citrus fruits (lemons, mandarins, oranges)	101	133
Grapes	130	74
Blueberries	11	11
Kiwi fruits	–	46
Other biological assets	–	1

The following table shows the production volume of the various types of biological assets on own and leased land available for cultivation:

	2019	2018	Production units
Biological assets			
Apples	1,622,308	1,610,435	tce [1]
Tomatoes	12,248,314	11,889,015	kg
Citrus fruits (lemons, mandarins, oranges)	2,644,000	3,975,307	kg
Grapes	270,414	99,000	kg
Blueberries	73,182	50,839	kg
Kiwi fruits	–	682,168	Class 1 crates
Other biological assets	–	20,833	kg

1 tce – tray carton equivalent (equates to approximately 18 kg)

(C.10.) Financial assets

The BayWa Group's financial assets comprise currency hedges as well as commodity futures classified as financial instruments pursuant to IFRS 9. These financial assets are measured at fair value though profit or loss. In the case of FX hedges, the fair value is calculated on the basis of the respective stock market or market values (level 1 of the fair value hierarchy) at the end of the reporting period or derived from observable market data (level 2 of the fair value hierarchy). Commodity futures are measured at fair value either directly at prices quoted in an active market at the end of the reporting period (level 1 of the fair value hierarchy) or values are calculated from prices quoted for the respective goods taking into account the term at the end of the reporting period (level 2 of the fair value hierarchy).

The classification of the fair values of financial assets in the fair value hierarchy breaks down as follows:

in € million	Fair values			
31/12/2019	Level 1	Level 2	Level 3	Total
Financial assets				
Commodity futures	6.7	111.8	–	118.5
FX hedges	30.9	0.9	–	31.8
Interest rate hedges	–	–	–	–
	37.6	**112.7**	**–**	**150.3**

in € million 31/12/2018	Fair values Level 1	Level 2	Level 3	Total
Financial assets				
Commodity futures	9.4	172.4	–	181.8
FX hedges	31.7	8.1	–	39.8
Interest rate hedges	–	–	–	0.0
	41.1	**180.5**	**–**	**221.6**

(C.11.) Cash and cash equivalents

Cash and cash equivalents worth €229.7 million (2018: €120.6 million) comprise cash in hand, cheques and deposits in banks with initial terms of no more than three months.

(C.12.) Non-current assets held for sale/disposal groups

Assets of the BayWa Group are classified as non-current assets held for sale if there is a Board of Management resolution on the sale and the sale is highly probable within the following year (2020).

At the end of the reporting period, there were 6 properties (2018: 7) intended for sale and disclosed under the non-current assets held for sale item. These relate undeveloped land on which warehouses, halls, silos, workshops, offices, one residential property and one building materials centre have been constructed.

The standard under IFRS 5 regulating measurement specifies that depreciation of the respective assets must be suspended and impairment losses must only be recognised owing to lower fair values less costs to sell.

There were assets with book values assigned to non-current assets held for sale/disposal groups totalling €4.7 million at the end of the reporting period (2018: €4.2 million). Fair value less estimated costs to sell came to a total of €5.8 million (2018: €7.2 million).

Fair value is measured on the basis of ongoing purchase price negotiations taking into account possible costs to sell. In those cases in which no disposal prices could be derived from ongoing purchase price negotiations, the fair value of real estate is measured on the basis of discounted cash flow calculations (level 3 of the fair value hierarchy). The value of the land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking actual annual rental income generated, less standard management expenses and the residual useful life of the building.

Non-current assets held for sale/disposal groups break down as follows:

in € million **2019**	Energy Segment	Agriculture Segment	Building Materials Segment	Innovation & Digitalisation Segment	Other Activities	Total
Non-current assets						
Property, plant and equipment	–	0.2	–	–	4.4	4.7
Non-current assets held for sale/ disposal groups	**–**	**0.2**	**–**	**–**	**4.4**	**4.7**

in € million 2018	Energy Segment	Agriculture Segment	Building Materials Segment	Innovation & Digitalisation Segment	Other Activities	Total
Non-current assets						
Property, plant and equipment	–	0.1	0.1	–	4.1	4.2
Non-current assets held for sale/ disposal groups	**–**	**0.1**	**0.1**	**–**	**4.1**	**4.2**

The gains or losses from disposal realised in the current financial year in connection with non-current assets held for sale/disposal groups were reported in the income statement under other operating income (Note D.2.) and other operating expenses (Note D.5.).

(C.13.) Equity

The consolidated statement of changes in equity shows the development of equity in detail.

Subscribed capital

On 31 December 2019, BayWa AG's subscribed capital of €90.3 million (2018: €89.9 million) was divided into 35,279,062 ordinary registered shares with an arithmetical portion in the share capital of €2.56 per share. Of the shares issued, 33,894,897 are registered shares with restricted transferability and 140,914 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2020 onwards); 1,243,251 shares are registered shares not subject to restricted transferability.

In respect of subscribed capital disclosed and pursuant to IAS 32, the share capital was reduced by the mathematical value of the shares bought back (19,500 units, the equivalent of €0.1 million) in previous years; the capital reserve also decreased by €0.1 million for the same reason. No shares were bought back in the financial year 2019.

The number of shares in circulation, excluding repurchased treasury shares, developed as follows during the reporting year:

	Registered shares without restricted transferability	Registered shares with restricted transferability
As at 01/01/2019	1,243,251	33,875,397
Issuing of employee shares		140,914
As at 31/12/2019	**1,243,251**	**34,016,311**

Subject to approval by the Supervisory Board, the Board of Management of BayWa AG is authorised to raise the share capital one or several times on or before 31 May 2023 by up to a nominal amount of €10,000,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in partial amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital 2018).

Subject to the approval of the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 31 May 2021 by a nominal amount of up to €12,500,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in partial amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital 2016).

Subject to the approval by the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 18 May 2020 by up to a total nominal amount of €5,000,000 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued. Of this amount, €1,577,518.08 has been utilised as at 31 December 2019 through the issuing of employee shares. The remaining amount stands at €3,422,481.92 (remaining authorised capital 2015).

Capital reserve

The capital reserve of €118.2 million (2018: €114.8 million) is derived mainly from the premiums in an amount of €88.4 million (2018: €85.1 million) from the capital increases executed to date by BayWa AG. Furthermore, premiums were generated on the nominal values of the BayWa shares issued in connection with the acquisition of RWA AG and WLZ AG and the participations exchanged below their rating at the historical stock market prices. These have also been disclosed under capital reserve.

As in 2018, employees of BayWa AG and associates in Germany and Austria had the opportunity to acquire BayWa shares at favourable conditions within the scope of a voluntary Employee Share Scheme in 2019. In this context, 140,914 recent registered shares with restricted transferability (from 1 January 2020 dividend-bearing employee shares) (2018: 125,342 registered shares with restricted transferability, from 1 January 2019 dividend-bearing employee shares) were issued in the financial year 2019. The exercise price of employee shares came to €15.87 (2018: €17.49) and was thus 60% of the stock market price of registered BayWa shares with restricted transferability, which, on the preceding day, had stood at €26.45 (2018: €29.15); BayWa's Board of Management had passed the resolution on the capital increase required for this measure. As in 2018, the contribution of each participating employee amounted to at least €135.00 and no more than €540.00. The advantage granted of €1.5 million (2018: €1.5 million), which was the difference between the actual buying price and the stock market price, was posted to capital reserve in accordance with IFRS 2 and reported as an expense under personnel expenses. The vesting period for these shares will end on 31 December 2021. The shares issued to Austrian employees are also subject to a tax retention period, which will end on 31 December 2024.

Hybrid capital

BayWa AG issued a hybrid bond on 4 October 2017 with a total nominal amount of €300.0 million. Taking into account a discount of 0.551%, the issue price amounted to 99.449% of the total nominal amount. Net income from the issue amounted to €295.2 million. The remaining difference is attributable to bank fees and transaction costs incurred as part of the issue, including the deferred tax assets formed as a result.

The hybrid capital is an equity instrument as defined under IAS 32 and has no fixed term. It can only be terminated by BayWa by way of ordinary termination or also by way of extraordinary termination is certain circumstances arise. The capital is then repaid. In terms of interest in the period between the issue and repayment, there are two distinct phases: In the phase up to the first possible repayment date in 2022, the interest rate is at a fixed rate of 4.250%. In the second phase up to the repayment of the bond, the rate of interest is variable with the margin determined in advance. The discount, bank fees and transaction costs, as well as deferred tax assets on these costs, were deducted directly from equity in accordance with IAS 32.37 et seq.

In the financial year 2019, dividend-like payments of €12.8 million were made and are reported as part of the appropriation of earnings.

Revenue reserves

The revenue reserves of the Group stood at €471.9 million at the end of the reporting period (2018: €536.4 million). Of this amount, €5.2 million (2018: €5.2 million) was attributable to the statutory reserve, €18.6 million (2018: €14.4 million) to the assessment reserve, minus €280.7 million (2018: minus €223.3 million) to the reserves for actuarial gains and losses for provisions for pensions and severance pay and €728.8 million (2018: €740.1 million) to other reserves. Transfers to and withdrawals from the revenue reserves were recorded both at the parent company BayWa AG and at the consolidated subsidiaries.

Other reserves

Other reserves comprise consolidated profit available for distribution of €46.8 million (2018: 55.9 million) as well as currency translation differences of €0.3 million (2018: minus €6.5 million) recognised through other comprehensive income.

Shares attributable to other shareholders

Shares in equity attributable to other shareholders primarily pertains to the cooperatives invested in the Austrian subsidiaries as well as the minority shareholders in T&G Global Limited and their respective subsidiaries. Details on the shares held by the non-controlling interests can be found in Note B.1. of the Consolidated Financial Statements.

(C.14.) Pension provisions

In Germany, there is a defined benefit statutory basic care scheme for employees which undertakes pension payments depending on the contributions made. In addition, pension provisions are set up as part of the company pension scheme to cover obligations arising from accrued pension rights and from ongoing payments to employees in active service and former employees of the BayWa Group and their dependants. According to the legal, economic and fiscal circumstances of the respective countries, there are different systems of provisioning for retirement which are generally based on the length of service and the remuneration of the employees.

The BayWa Group's current pension commitments are based exclusively on defined benefit plans. They are based both on company agreements and commitments made on a case-by-case basis. For the most part, these are final pay plans. The obligation of the company consists in fulfilling the committed benefits to active and former employees ("defined benefit plans"). The benefit commitments undertaken by the Group are financed by allocations to provisions.

Due to pension plans no longer being available to new participants, the risks for BayWa related to defined benefit plans – such as longevity or salary increases – have been significantly reduced. Prior commitments relate to 11,976 claimants. Of this number, 2,318 are active employees, 2,096 former employees with vested benefits and 7,389 are pensioners and surviving dependants. More details on the arrangement of the key defined benefit plans are provided below.

BayWa grants retirement benefits on the basis of the benefit commitments of benefit plans taken out; the amount paid out depends on the employees' wages or salary. These constitute traditional defined benefit obligations in the form of fixed-sum systems, benchmark systems or final salary based commitments granted in the form of old-age, invalidity, widow/widower or orphan's pensions. The Group bears the actuarial risks for these prior commitments; these risks include longevity and interest rate risks.

The Group's Austrian companies also grant benefit plans; the amount paid out also depends on the employees' wages or salary. These benefit plans are also granted in the form of old-age, invalidity, widow/widower or orphan's pensions. The Group also bears the actuarial risks for these commitments; these risks include longevity and interest rate risks.

In addition, the Austrian Group companies have statutory obligations to issue severance payments after the termination of an employment contract. These obligations are defined benefit plans and, as such, also fall within the scope of IAS 19. The Group also bears interest rate risks in these cases.

The provisions for pensions and severance pay have been formed according to the projected unit credit method in accordance with IAS 19. Pursuant to this method, not only the pension and pension rights at the end of the reporting period, but also future increases in pensions and salaries are accounted for applying a cautious assessment of the relevant variables. This calculation is derived from actuarial appraisals and based on a biometric calculation.

The amount of the pension obligations (defined benefit obligation) has been calculated using actuarial methods where estimates are indispensable. Along with assumptions of life expectancy, the following premises, which have been established for the companies in Germany and Austria, play a role. In the case of Group companies which are not located in Germany and Austria, benefit commitments only exist in exceptional cases.

in %	**31/12/2019**	31/12/2018
Discount factor	1.10	1.90
Salary trend	1.00 – 3.00	1.00 – 3.00
Pension trend	1.00 – 2.50	1.00 – 2.50

The amount of severance pay obligations (defined benefit obligation) has also been calculated using actuarial methods based on estimates. The following assumptions were applied as a standard for all Austrian Group companies. The non-Austrian Group companies do not have any severance pay obligations.

in %	31/12/2019	31/12/2018
Discount factor	0.30 – 1.10	1.30
Salary trend	2.00 – 3.50	2.50 – 3.50

The salary trend reflects anticipated increases in salaries which, depending on inflation and the length of service to the company, among other factors, are estimated on an annual basis.

For the German companies, assumptions on life expectancy were based on the mortality tables of Prof. Dr. Klaus Heubeck (actuarial tables 2018 G). “AVO 2018-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler” (computational framework for postemployment benefit insurance) in the version intended for employees is used for the Austrian companies.

Increases and decreases in the present value of defined benefit obligations can give rise to actuarial gains or losses, the cause of which can also be divergences between actual and estimated parameters of calculation. The resulting actuarial gains and losses are recognised in equity.

Actuarial losses of €89.3 million (2018: actuarial gains of €1.9 million) were recorded directly in equity in the reporting year. As at the end of the reporting period, actuarial losses recognised directly in equity before deferred taxes amounted to €387.9 million (2018: €298.6 million).

Total expenses from the BayWa Group’s benefit commitments amounted to €18.6 million (2018: €17.8 million) and comprise the following:

in € million	2019	2018
Current service cost	- 6.6	- 5.9
+ share of interest	- 12.0	- 11.9
= sum total recognised through profit or loss	**- 18.6**	**- 17.8**

Total expenses from the Austrian Group companies’ severance pay obligations amounted to €2.2 million (2018: €1.6 million) and comprised the following:

in € million	2019	2018
Current service cost	- 1.7	- 1.1
+ share of interest	- 0.5	- 0.5
= sum total recognised through profit or loss	**- 2.2**	**- 1.6**

The expenses arising from the accrued interest on rights acquired in the past are disclosed under the financial result. Rights accrued in the respective financial year are included under personnel expenses.

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of pension obligations reported at Group level have changed as follows:

in € million		2019	2018
DBO as at 01/01		651.2	665.4
+	changes in the group of consolidated companies	–	–
+	sum total through profit or loss	18.6	17.8
+/–	changes in actuarial gains (–)/losses (+)	85.7	- 1.3
–	pension payments during the reporting period	- 30.0	- 29.7
+/–	assumption of obligations	–	- 1.0
=	**DBO 31/12**	**725.5**	**651.2**

The actuarial losses calculated for the reporting year comprise actuarial losses from adjustments based on empirical experience of €5.8 million (2018: actuarial gains of €3.6 million), actuarial losses from the change in financial assumptions of €80.0 million (2018: actuarial gains of €3.7 million) and actuarial gains from the change in demographic assumptions of €0.1 million (2018: actuarial losses of €6.0 million).

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of provisions for severance pay reported at Group level have changed as follows:

in € million		2019	2018
DBO as at 01/01		37.4	37.4
+	changes in the group of consolidated companies	0.2	0.1
+	sum total through profit or loss	2.2	1.6
+/–	changes in actuarial gains (–)/losses (+)	3.6	- 0.6
–	severance pay in the reporting period	- 2.5	- 2.5
+/–	assumption of obligations	–	1.4
=	**DBO 31/12**	**40.9**	**37.4**

The actuarial losses calculated for the reporting year comprise actuarial losses from adjustments based on empirical experience of €0.3 million (2018: actuarial gains of €0.1 million), actuarial losses from the change in demographic assumptions of €0.0 million (2018: actuarial gains of €0.1 million) and actuarial losses from the change in financial assumptions of €3.3 million (2018: actuarial gains of €0.4 million).

Defined pension obligations developed as follows:

in € million	
2015	655.3
2016	690.0
2017	665.4
2018	651.2
2019	**725.5**

The actuarial gains (–)/losses (+) from adjustments with regard to pension obligations based on empirical experience are as follows:

in € million	
2015	0.7
2016	3.4
2017	1.7
2018	- 3.6
2019	**5.8**

Severance pay obligations developed as follows:

in € million	
2015	32.7
2016	34.2
2017	37.4
2018	37.4
2019	**40.9**

The actuarial gains (–)/losses (+) from adjustments with regard to severance pay obligations based on empirical experience are as follows:

in € million	
2015	0.1
2016	0.2
2017	- 0.1
2018	- 0.1
2019	**- 0.3**

In the financial year 2020, we expect that a probable amount of €14.3 million will be recognised through profit or loss for defined benefit plans and €1.6 million for severance pay obligations.

Sensitivity analyses

The material measurement parameters for pension obligation and severance pay provisions are the discount factor as well as the salary trend, and for pension obligations also include the pension trend and the remaining life expectancy, all of which may be subject to a certain degree of fluctuation over time. The following sensitivity analyses for pension and severance pay obligations show the effects on the obligations resulting from changes to material actuarial assumptions. In each case, one material factor was changed with the others remaining constant. In reality, however, it is rather unlikely that these factors would not correlate.

Sensitivity analysis for the DBO from pension obligations

	Change in parameter in % or years	If the parameter increases, the DBO changes by	If the parameter decreases, the DBO changes by	Relationship between measurement parameter and DBO
Discount rate	± 0.75%	- 10.33%	14.98%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	1.02%	- 0.65%	The higher the salary increase, the higher the DBO
Pension increase	± 0.50%	6.43%	- 5.54%	The higher the pension increase, the higher the DBO
Remaining life expectancy according to mortality tables	± 1 year	4.60%	- 4.19%	The higher the life expectancy, the higher the DBO

Sensitivity analysis for the DBO from severance pay obligations

	Change inparameter in % or years	If the parameter increases, the DBO changes by	If the parameter decreases, the DBO changes by	Relationship between measurement parameter and DBO
Discount rate	± 0.75%	- 6.14%	6.87%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	4.34%	- 4.07%	The higher the salary increase, the higher the DBO

The weighted duration of pension obligations is 17 years (2018: 16 years). The weighted duration of severance pay obligations is 9 years (2018: 9 years).

The expected undiscounted payments from pension and severance pay obligations in subsequent years are as follows:

in € million	Total	2020	2021 – 2024	2025 – 2029	> 2029
Pension obligations	950.5	30.6	122.0	148.4	649.5
Severance pay obligations	44.7	1.8	12.0	12.4	18.5

(C.15.) Other provisions

Other provisions are formed when there is a present legal or factual obligation towards a third party resulting from an event in the past which is likely to be called upon and when the amount of the provision can be reliably estimated. Provisions are recognised in the amount of the anticipated utilisation. Provisions which were not drawn upon in the following year are recognised at the discounted settlement amount at the end of the reporting period. Discounting is based on market rates.

Other provisions are mainly attributable to:

in € million	31/12/2019	31/12/2018
Non-current provisions (with a majority of more than one year)		
Obligations from personnel and employee benefits	34.3	29.8
Other provisions	25.3	23.0
	59.5	**52.8**
Current provisions (with a maturity of up to one year)		
Obligations from personnel and employee benefits	96.8	85.9
Other provisions	161.7	102.6
	258.4	**188.5**

Provisions for obligations arising from personnel and employee benefits consist mainly of provisions for anniversary expenses, vacation backlogs and flexitime credits, severance pay as well as for age-related part-time service. Other provisions mainly comprise provisions for obligations from dismantling operations, for outstanding invoices and guarantee obligations as well as for impending losses from uncompleted transactions. In addition, there are a number of discernible risks and uncertain obligations. They mainly relate to costs for inherited contamination, follow-up costs and litigation risks.

The provisions developed as follows:

in € million **2019**	As at **01/01/2019**	Allocation	Reclassifi- cation	Compound interest/ discounting	Consumption	Release	Currency translation differences	As at **31/12/2019**
Non-current provisions								
Obligations from personnel and employee benefits	29.8	7.9	- 0.4	0.5	- 3.5	0.0	0.0	34.3
Other provisions	23.0	9.7	- 3.6	0.6	- 1.7	- 2.8	0.1	25.3
	52.8	**17.6**	**- 4.1**	**1.1**	**- 5.2**	**- 2.8**	**0.1**	**59.5**
Current provisions								
Obligations from personnel and employee benefits	85.9	73.5	0.5	- 0.1	- 56.3	- 6.9	0.2	96.8
Other provisions [1]	105.7	119.4	3.6	0.6	- 48.4	- 21.1	1.8	161.7
	191.7	**192.9**	**4.1**	**0.5**	**- 104.7**	**- 28.0**	**2.0**	**258.4**

1 Figures on the opening balance sheet were adjusted due to the initial application of IFRS 16.

in € million 2018	As at 01/01/2018	Allocation	Reclassifi- cation	Compound interest/ discounting	Consumption	Release	Currency translation differences	As at 31/12/2018
Non-current provisions								
Obligations from personnel and employee benefits	30.0	4.7	- 0.3	0.5	- 4.9	- 0.2	–	29.8
Other provisions	21.0	3.2	2.2	0.4	- 1.8	- 2.0	0.1	23.0
	50.9	**7.9**	**1.9**	**0.8**	**- 6.7**	**- 2.2**	**0.1**	**52.8**
Current provisions								
Obligations from personnel and employee benefits	81.5	68.7	0.4	–	- 57.3	- 7.3	- 0.1	85.9
Other provisions	116.4	95.3	- 2.5	–	- 89.4	- 17.1	- 0.1	102.6
	197.9	**164.0**	**- 2.1**	**–**	**- 146.8**	**- 24.4**	**- 0.2**	**188.5**

(C.16.) Financial liabilities

Financial liabilities include all interest-bearing obligations of the BayWa Group effective on the reporting date. These liabilities break down as follows:

in € million **2019**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Financial liabilities				
Due to banks	1,455.2	510.6	292.7	2,258.4
Commercial paper	857.0	497.9	–	1,354.9
Dormant equity holding	1.4	–	–	1.4
	2,313.6	**1,008.5**	**292.7**	**3,614.7**

in € million 2018	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Financial liabilities				
Due to banks	1,604.9	595.8	287.3	2,488.0
Commercial paper	626.0	–	–	626.0
Dormant equity holding	1.4	–	–	1.4
	2,232.2	**595.8**	**287.3**	**3,115.3**

The BayWa Group finances itself through credit lines and short-term loans for which no collateral is furnished. In individual cases, long-term bank loans are used. In the financial year 2019, BayWa AG issued a green bond with a nominal amount of €500.0 million and a promissory note of €75.0 million. BayWa AG placed other bonded loans in 2014, 2015 and 2018. The bonded loans serve to diversify the Group’s financing and are reported under liabilities due to banks.

2019	Nominal loan amount in € million	Maturity	Interest
Bonded loan 12-month variable	75.0	18/06/2020	0.40%

2018	Nominal loan amount in € million	Maturity	Interest
Bonded loan 3-year variable	5.5	19/07/2021	6-month Euribor plus 0.70%
Bonded loan 5-year fixed	12.5	19/07/2023	1.119%
Bonded loan 5-year variable	22.5	19/07/2023	6-month Euribor plus 0.85%
Bonded loan 7-year fixed	3.0	21/07/2025	1.536%
Bonded loan 7-year variable	14.5	21/07/2025	6-month Euribor plus 1.00%
Bonded loan 5-year fixed	45.0	12/12/2023	1.18%
Bonded loan 7-year fixed	19.0	12/12/2025	1.61%
Bonded loan 7-year variable	3.0	12/12/2025	6-month Euribor plus 0.95%
Bonded loan 10-year fixed	3.0	12/12/2028	2.10%

2015	Nominal loan amount in € million	Maturity	Interest
Bonded loan 5-year fixed	26.0	09/11/2020	1.03%
Bonded loan 5-year variable	20.0	09/11/2020	6-month Euribor plus 0.75%
Bonded loan 6-year fixed	28.0	09/11/2021	1.52%
Bonded loan 6-year variable	21.5	09/11/2021	6-month Euribor plus 1.10%
Bonded loan 7-year fixed	33.5	09/11/2022	1.71%
Bonded loan 7-year variable	24.5	09/11/2022	6-month Euribor plus 1.15%
Bonded loan 10-year fixed	46.5	09/11/2025	2.32%

2014	Nominal loan amount in € million	Maturity	Interest
Bonded loan 7-year fixed	79.5	06/10/2021	1.87%
Bonded loan 7-year variable	52.0	06/10/2021	6-month Euribor plus 1.10%
Bonded loan 10-year fixed	80.0	06/10/2024	2.63%
Bonded loan 10-year variable	18.0	06/10/2024	6-month Euribor plus 1.45%

The bonded loans were reported at the fair value corresponding to the nominal value at the time when they were recognised, less transaction costs. The bonded loans are measured at amortised cost.

Of the current liabilities due to banks, loans of €1,254.7 million (2018: €1,163.9 million) are due at any time. The difference of €200.6 million (2018: €441.0 million) relates to the short-term portion of non-current liabilities due to banks. The average effective interest rate on short-term variable loans was 1.39% (2018: 1.39%).

Of the Commercial Paper Programme concluded by BayWa with a total volume of €1,000.0 million (2018: €700.0 million), €849.0 million (2018: €626.0 million) related to commercial papers with an average term of 59 days (2018: 58 days) and an average weighted effective interest rate of 0.27% (2018: 0.27%).

Of the liabilities due to banks, €32.2 million at Group level (2018: €32.2 million) have been secured by a charge over property.

The fair value of the financial liabilities does not diverge materially from the book values disclosed and is reported in Note C.25.

The dormant equity holdings of three Austrian warehouses (“Lagerhäuser”) in RWA AG each have no fixed term and can be terminated by the warehouses at any time. Interest is charged on the dormant equity holdings; the interest rate is fixed contractually. Owing to the short-term nature of these holdings due to termination being possible at any time, the fair value is the book value.

(C.17.) Lease obligations

The liabilities-side net present values of future lease payments are carried under lease obligations.

in € million **2019**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Lease obligations	68.2	190.3	516.2	774.8

in € million 2018	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Lease obligations	11.2	39.4	125.1	175.7

(C.18.) Trade payables and liabilities from inter-group business relationships

Non-current liabilities are disclosed in the balance sheet at amortised cost. Differences between the historical cost and the repayment amount are taken account of using the effective interest method. Current liabilities are recognised in their repayment or settlement amount.

Liabilities due to affiliated companies and companies in which a participating interest is held comprise not only trade payables but also liabilities arising from financing.

in € million **2019**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Trade payables	993.2	6.7	0.2	1,000.1
Liabilities due to affiliated companies	9.1	0.0	0.3	9.4
Liabilities to companies in which a participating interest is held	46.4	–	–	46.4
Payments received on orders	–	–	–	–
	1,048.7	**6.7**	**0.5**	**1,055.9**

in € million 2018	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Trade payables	881.9	5.8	0.2	887.9
Liabilities due to affiliated companies	3.6	0.0	0.0	3.6
Liabilities to companies in which a participating interest is held	51.7	0.0	0.0	51.7
Payments received on orders	79.6	0.0	0.0	79.6
	1,016.7	**5.8**	**0.2**	**1,022.7**

(C.19.) Income tax liabilities

Income tax liabilities according to residual terms break down as follows:

in € million **2019**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Income tax liabilities	16.1	–	–	16.1
	16.1	–	–	**16.1**

in € million 2018	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Income tax liabilities	12.4	0.3	0.1	12.8
	12.4	**0.3**	**0.1**	**12.8**

(C.20.) Financial liabilities

The BayWa Group's financial liabilities comprise currency and interest rate hedges as well as commodity futures classified as financial instruments pursuant to IFRS 9 and measured at fair value through profit or loss. Foreign exchange and interest rate hedges are measured at their respective stock market or market values (level 1 of the fair value hierarchy) at the end of the reporting period or derived from observable market data (level 2 of the fair value hierarchy). Commodity futures are measured at fair value either directly at prices quoted in an active market at the end of the reporting period (level 1 of the fair value hierarchy) or at prices quoted for the respective goods taking into account the term at the end of the reporting period (level 2 of the fair value hierarchy).

The classification of the fair values of financial liabilities in the fair value hierarchy breaks down as follows:

in € million	Fair values			
31/12/2019	Level 1	Level 2	Level 3	Total
Financial liabilities				
Commodity futures	5.7	96.4	–	102.1
FX hedges	22.5	–	–	22.5
Interest rate hedges	–	4.9	–	4.9
	28.3	**101.3**	**–**	**129.6**

in € million	Fair values			
31/12/2018	Level 1	Level 2	Level 3	Total
Financial liabilities				
Commodity futures	11.2	144.0	–	155.2
FX hedges	27.2	4.2	–	31.5
Interest rate hedges	–	4.7	–	4.7
	38.5	**152.9**	**–**	**191.3**

A total of €121.3 million of the disclosed financial liabilities had a residual term of a maximum of one year (2018: €186.1 million). The residual term for financial liabilities of €4.7 million was between one and a maximum of five years (2018: €4.8 million), whereas financial liabilities of €3.5 million had residual terms of over five years (2018: €0.0 million).

(C.21.) Other liabilities

The table below shows a breakdown of other liabilities:

in € million **2019**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Social security	6.1	0.2	–	6.3
Allowances received	0.8	0.9	1.8	3.5
Liabilities from other taxes	124.2	15.7	48.7	188.6
Other liabilities including accruals	388.6	16.2	0.8	405.7
	519.8	**33.0**	**51.3**	**604.1**

in € million 2018	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Social security	5.5	0.4	–	5.9
Allowances received	0.1	0.8	2.3	3.2
Liabilities from other taxes	78.8	–	–	78.8
Other liabilities including accruals	284.7	28.9	53.2	366.8
	369.2	**30.1**	**55.5**	**454.8**

The fair values of the items disclosed do not diverge materially from the book values disclosed.

In the case of public subventions, these are amounts granted by public-sector authorities in connection with new investments. These subventions are released over the probable useful life of the respective asset with the concurrent effect on income. An amount of €0.5 million (2018: €0.4 million) was released in the financial year and recognised under other operating income.

(C.22.) Deferred tax liabilities

Tax liabilities are deferred in accordance with the temporary concept defined under IAS 12 using the valid or official and known tax rates as at the reporting date. Further explanations on deferred tax can be found under Note D.8. “Income Taxes”.

(C.23.) Contingent liabilities

in € million	**2019**	2018
Bills and notes payable	–	0.2
thereof: to affiliated companies	–	–
thereof: to associates	–	–
Guarantees	9.3	94.7
thereof: to affiliated companies	–	–
thereof: to associates	9.3	94.7
Warranties	413.0	180.0
thereof: to affiliated companies	322.2	69.2
thereof: to associates	74.6	93.1
Collateral for liabilities of third parties	88.9	11.9
thereof: to affiliated companies	–	–
thereof: to associates	–	–

For practical reasons, BayWa dispenses with the disclosures specified in IAS 37.86 and IAS 37.89.

(C.24.) Other financial obligations

in € million	2019	2018
Other financial obligations		
from buyback obligations	20.6	16.2
from amounts guaranteed for interests in cooperative companies	9.4	9.4

There are contractual obligations (purchase commitments) of €22.7 million for the purchase of property, plant and equipment (real estate, vehicles) (2018: €14.3 million) and of €753.5 million for the purchase of inventories (2018: €890.3 million).

(C.25.) Financial instruments

Accounting policies and valuation methods

Under IAS 32, a financial instrument is an agreement which gives rise simultaneously to a financial asset of one entity and a financial liability or equity instrument of another. Initial recognition is carried out at fair value; for subsequent measurements, the financial instruments are allocated to the measurement categories defined under IFRS 9 and treated accordingly. Financial assets at the BayWa Group particularly include trade receivables, financial investments and positive fair values from currency and currency and interest rate hedges. In addition, the positive fair value of commodity futures classified as financial assets within the meaning of IFRS 9 would only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group. Financial liabilities regularly constitute a right of repayment in funds or another financial asset. At the BayWa Group, these are especially liabilities due to banks and trade payables as well as currency and interest rate hedges with negative fair values. The negative fair value of commodity futures classified as financial liabilities within the meaning of IFRS 9 continue to only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group.

According to IFRS 9, financial assets relate to the following categories:

- Amortised cost (AC): If a company aims to hold a financial asset to collect the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding at a specified date, this financial asset is to be measured at amortised cost. Loans to affiliated companies, loans to Group companies and other loans fall into this category. This category also includes trade receivables, receivables from affiliated and Group Companies and other assets. These mainly have short residual terms at the BayWa Group.
- Fair value through other comprehensive income (FVTOCI): If a company aims to hold or sell a financial asset and at the same time collect the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding at a specified date, this financial asset is to be measured at fair value through other comprehensive income. This category also includes all equity instruments for which the fair value OCI option has been exercised.
- Fair value through profit or loss (FVTPL): A financial asset that is not measured at amortised cost or at fair value through other comprehensive income is to be measured at fair value through profit or loss. Securities and non-consolidated shares in affiliated companies and Group companies fall into this category in particular. Measurement is based on the market or stock market value. Gains and losses from subsequent measurements are recorded through profit or loss. In addition, this category only includes the positive fair values of those commodity futures scheduled for trading. The book value is sometimes the best estimate of the fair value, particularly in the case of shares in affiliated companies and Group companies, and is therefore a reasonable approximation of it.

The BayWa Group continues to have the option to recognise subsequent changes in the fair values of financial investments in equity instruments, which are usually recognised at fair value through profit or loss, in other comprehensive income. The BayWa Group exercises this option in particular in relation to the securities of Raiffeisen Bank International AG.

Financial assets are reported in the balance sheet on the settlement date.

The financial liabilities cover the following classes:

- Financial liabilities measured at amortised cost (FLAC): These financial liabilities measured at residual book value are measured at amortised cost after their initial recognition. They mainly have short residual terms. The book value is thus a reasonable approximation of fair value for current financial liabilities. Gains and losses are recorded directly in the consolidated result.
- Financial liabilities measured at fair value through profit or loss (FLTPL): Derivative financial instruments which are not included in an effective hedging strategy under IFRS 9 and whose market value from subsequent measurements has resulted in a negative attributable fair value are to be disclosed under this category. Market changes are recorded in the consolidated result through profit or loss. Measurement is made at fair value. In addition, this category only includes the negative fair values of those commodity futures scheduled

for trading. The measurement of commodity futures is based on the market or stock market value for comparable transactions at the end of the reporting period.

Derivative financial instruments are used at the BayWa Group in particular to hedge the interest rate and currency risks arising from operating activities. Interest rate caps, interest rate swaps and futures as well as currency futures are the main instruments used. Derivative financial instruments are carried at fair value upon their initial recognition and at the end of each subsequent reporting period. The fair value corresponds to the positive or negative market value.

The BayWa Group conducts its business mainly in the euro zone. However, business transactions in foreign currencies are also concluded via consolidated Group companies. The majority of the business activities of the New Zealand companies consolidated are denominated in New Zealand dollars as well as in US dollars, euros and pound sterling. The business transactions of the agricultural trade companies are predominantly denominated in euros and US dollars as well as in pound sterling, Polish złoty, Hungarian forint, Romanian leu, Russian ruble and Ukrainian hryvnia. The business activities of the consolidated US companies and companies in the UK currency area pertain almost exclusively to their respective currency areas. Similarly, the business activities of the consolidated Hungarian companies are restricted almost without exception to the Hungarian currency area. A small volume of transactions in foreign currencies are also conducted in agricultural trading at the BayWa Group. If foreign currency futures are concluded, they are hedged by the respective forward exchange transactions. For those forward exchange transactions for which there is a clear hedging relationship with an identifiable underlying transaction, the transaction is a hedge within the meaning of IFRS 9. In cases in which a hedge exists and is designated as such, changes in the market value of derivative financial instruments are recognised directly in other results. For those derivative financial instruments for which there is no clear hedging relationship with an identifiable underlying, the transaction is not a hedge within the meaning of IFRS 9. As a result, forward exchange transactions are marked to market separately from the underlying transactions at the end of the reporting period. Market values are ascertained on the basis of market information available at the end of the reporting period. Hedges generally pertain to the following year's foreign currency futures. On 31 December 2019, there were forward exchange transactions denominated in US dollars, pound sterling, Australian dollars, Polish złoty, Canadian dollars, Swedish krona and Japanese yen to hedge currency risks.

In the context of financial management, the Group is active on the money market primarily in borrowing short-term term deposits. Outside of the euro zone, the procuring of funds is carried out in the currency area of the respective operating unit. The BayWa Group is therefore exposed to interest rate risk in particular. The Group counteracts this risk by using derivatives of financial instruments, in the main interest rate swaps, interest rate caps and futures. Volume-related hedging always comprises only a base amount of the borrowed funds. For those derivative financial instruments for which there is a clear hedging relationship with an identifiable underlying transaction, the transaction is a hedge within the meaning of IFRS 9. In cases in which a hedge exists and is designated as such, changes in the market value of derivative financial instruments are recognised directly in other results. For those derivative financial instruments for which there is no clear hedging relationship with an identifiable underlying, the transaction is not a hedge within the meaning of IFRS 9. As a result, interest rate derivatives are marked to market separately from the underlying transactions at the end of the reporting period. Market values are ascertained on the basis of market information available at the end of the reporting period. Interest rate hedges relate to both non-current and current financings.

Book and fair values of financial instruments

The following table shows the book values of the corresponding balance sheet items and their corresponding IFRS 9 categories – "measurement at amortised cost", "measurement at fair value through profit or loss" and "measurement at fair value through other comprehensive income". These book values are shown against the fair values for the purpose of comparison at the end of the table. The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability between market participants in an arm's length transaction at the end of the measurement period. Trade receivables, receivables from inter-Group business relationships and other financial assets generally have short residual terms. Their book values at the end of the reporting period therefore approximate to fair value. Trade payables and liabilities from inter-Group business relationships generally have short residual terms. Their book values approximate to fair value.

in € million **as at 31/12/2019**	Book value **31/12/2019**	Subsequent measurement in accordance with IFRS 9 categories[1] AC	FVTPL	FVTOCI	FVTOCI option	Not a financial instrument	Fair value **31/12/2019**
Non-current financial assets							
Other financial assets	218.3	45.8	86.4	–	86.2	–	218.3
Other receivables and other assets Trade receivables	5.0	5.0	–	–	–	–	5.0
Other non-current receivables and other assets Other assets	30.9	9.6	–	–	–	21.2	30.9
Current financial assets							
Securities	1.3	–	1.3	–	–	–	1.3
Financial assets	144.3	–	144.3	–	–	–	144.3
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	6.0	–	6.0	–	–	–	6.0
Other receivables and other assets Trade receivables and inter-Group business relationships	1,282.8	1,282.8	–	–	–	–	1,282.8
Other non-current receivables and other assets Other assets	562.0	310.0	–	–	–	252.0	562.0
Non-current financial liabilities							
Financial liabilities	1,301.1	1,301.1	–	–	–	–	1,301.1
Trade payables and liabilities from inter-group business relationships	7.2	7.2	–	–	–	–	7.2
Financial liabilities	8.3	–	8.3	–	–	–	8.3
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	0.0	–	–	–	–	–	0.0
Other liabilities	84.3	17.3	–	–	–	67.1	84.3
Current financial liabilities							
Financial liabilities	2,313.6	2,313.6	–	–	–	–	2,313.6
Trade payables and liabilities from inter-group business relationships	1,048.7	1,048.7	–	–	–	–	1,048.7
Financial liabilities	116.3	–	116.3	–	–	–	116.3
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	5.0	–	5.0	–	–	–	5.0
Other liabilities	519.8	269.3	–	–	–	250.4	519.8
IFRS 9 categories							
Financial assets attributed to the AC category	1,653.2						
Financial assets attributed to the FVTPL category	232.0						
Financial assets attributed to the FVTOCI category	–						
Financial assets attributed to the FVTOCI (option) category	86.2						
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	6.0						
Financial liabilities attributed to the AC category	4,957.2						
Financial liabilities attributed to the FVTPL category	124.6						
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	5.0						

1 Measurement categories for financial assets and financial liabilities pursuant to IFRS 9:
AC: at amortised cost
FVTOCI: at fair value through other comprehensive income
FVTPL: at fair value through profit or loss

The following table shows book and fair values of financial instruments for comparative periods:

in € million as at 31/12/2018	Book value 31/12/2018	Subsequent measurement in accordance with IFRS 9 categories[1] AC	FVTPL	FVTOCI	FVTOCI option	Not a financial instrument	Fair value 31/12/2018
Non-current financial assets							
Other financial assets	204.5	40.1	78.7	–	85.7	–	204.5
Other receivables and other assets Trade receivables	8.6	8.6	–	–	–	–	8.6
Other non-current receivables and other assets Other assets	20.4	5.1	–	–	–	15.3	20.4
Current financial assets							
Securities	1.9	–	1.9	–	–	–	1.9
Financial assets	215.6	–	215.6	–	–	–	215.6
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	6.0	–	6.0	–	–	–	6.0
Other receivables and other assets Trade receivables and inter-Group business relationships	1,153.2	1,153.2	–	–	–	–	1,153.2
Other non-current receivables and other assets Other assets	552.8	332.9	–	–	–	220.0	552.8
Non-current financial liabilities							
Financial liabilities	883.1	883.1	–	–	–	–	883.1
Trade payables and liabilities from inter-group business relationships	6.1	6.1	–	–	–	–	6.1
Financial liabilities	5.2	–	5.2	–	–	–	5.2
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	0.0	–	–	–	–	–	0.0
Other liabilities	85.7	14.5	–	–	–	71.2	85.7
Current financial liabilities							
Financial liabilities	2,232.3	2,232.3	–	–	–	–	2,232.3
Trade payables and liabilities from inter-group business relationships	1,016.7	937.1	–	–	–	79.6	1,016.7
Financial liabilities	181.6	–	181.6	–	–	–	181.6
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	4.5	–	4.5	–	–	–	4.5
Other liabilities	369.1	276.5	–	–	–	92.6	369.1
IFRS 9 categories							
Financial assets attributed to the AC category	1,539.8						
Financial assets attributed to the FVTPL category	296.3						
Financial assets attributed to the FVTOCI category	–						
Financial assets attributed to the FVTOCI (option) category	85.7						
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	6.0						
Financial liabilities attributed to the AC category	4,349.5						
Financial liabilities attributed to the FVTPL category	186.8						
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	4.5						

1 **Measurement categories for financial assets and financial liabilities pursuant to IFRS 9:**
AC: at amortised cost
FVTOCI: at fair value through other comprehensive income
FVTPL: at fair value through profit or loss

Hierarchy of financial assets and liabilities measured at fair value

In order to take account of the material factors which form part of the measurement of financial assets and liabilities at fair value, the financial assets and liabilities of the BayWa Group, each of which were measured at fair value, have been divided up into a hierarchy of three levels.

The levels of the fair value hierarchy and their application to the assets and liabilities are described below:

- **Level 1:** Prices are identical to those quoted in active markets for identical assets or liabilities.
- **Level 2:** Input factors which are not synonymous with the prices assumed at Level 1 but which can be observed either directly (i.e. as prices) or indirectly (i.e. derived from prices) for the respective asset or liability.
- **Level 3:** Factors not based on observable market data for the measurement of the asset or a liability (non-observable input factors).

If the measurement parameters fall into different levels of the measurement hierarchy, the measurement is classified at fair value at the lowest level to which an input parameter with a significant effect on the fair value is attributable. No reclassifications were conducted among the various levels both in the financial year 2019 and in the previous year. No financial assets are held that are attributable to level 3.

Derivative financial instruments are used at the BayWa Group to hedge currency and interest rate risks. Commodity futures are also recognised that are scheduled exclusively for trading and are therefore to be classified as financial instruments within the meaning of IFRS 9. These commodity futures are measured at fair value as at the end of the reporting period. The measurement of commodity futures is based on the market or stock market value for identical or comparable transactions at the end of the reporting period. Currency hedges are measured at the closing price of the respective currency at the end of the reporting period. The fair values of commodity futures for those transactions that are traded directly on the stock market are measured at the respective market price. For those transactions not traded directly on the stock market, the fair value is derived from observable market prices. For the main product groups, the fair value is derived from futures so as to include the temporal components of the commodity futures. For those products for which no futures are traded, the fair value is measured at daily prices on the physical markets. The measurement takes into account market liquidity and is discounted from the fair value. For interest rate hedges, the measurement does not take into account relevant basis instruments on the basis of current observable market data and using recognised valuation models, such as the present value method or the Libor market model. CAPs are also measured using valuation models such as the present value method or the option pricing models. Specifically, the fair values of grain futures attributable to level 1 are determined by market prices. The fair values of OTC grain contracts are calculated using the discounted cash flow method in consideration of actively quoted futures prices and market interest rates for discounting on the reporting date.

The tables below show the financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy:

Hierarchical assignment of the financial assets and liabilities measured at fair value in the financial year 2019

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative financial Instruments and commodity futures, including derivatives designated as hedging Instruments for cash flow hedge accounting	37.6	112.7	–	150.3
Shareholdings in affiliated companies	–	23.1	–	23.1
Securities and Investments	25.0	39.5	–	64.5
Financial assets measured at fair value through other comprehensive income				
Securities (OCI option)	86.2	–	–	86.2
Sum total of financial assets	**148.8**	**175.3**	**–**	**324.1**
Financial assets measured at fair value through other comprehensive income				
Derivative financial Instruments and commodity futures, including derivatives designated as hedging Instruments for cash flow hedge accounting	28.3	101.3	–	129.6
Sum total of financial liabilities	**28.3**	**101.3**	**–**	**129.6**

Hierarchical assignment of the financial assets and liabilities measured at fair value in the financial year 2018

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative financial Instruments and commodity futures, including derivatives designated as hedging Instruments for cash flow hedge accounting	41.1	180.5	–	221.6
Shareholdings in affiliated companies	–	17.4	–	17.4
Securities and Investments	25.3	38.2	–	63.5
Financial assets measured at fair value through other comprehensive income				
Securities (OCI option)	85.4	–	–	85.4
Sum total of financial assets	**151.8**	**236.2**	**–**	**388.0**
Financial assets measured at fair value through other comprehensive income				
Derivative financial Instruments and commodity futures, including derivatives designated as hedging Instruments for cash flow hedge accounting	38.5	152.9	–	191.3
Sum total of financial liabilities	**38.5**	**152.9**	**–**	**191.3**

The decrease in level 2 derivative financial instruments and commodity futures was due to the year-on-year decline in commodity futures.

Net gains and losses

The following table shows net gains/losses from financial instruments (FI) and in other result reported in the income statement.

in € million **2019**	Assets[1]				Shareholders' equity and liabilities[1]				
Category	AC	FVTPL	FVTOCI	FVTOCI option	AC	FVTPL	FI	No FI	Total
1. Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11.2**	**11.2**
Income from participating interests	–	2.2	–	–	–	–	2.2	–	2.2
Expenses from participating interests	–	- 1.3	–	–	–	–	- 1.3	–	- 1.3
Result from disposals	–	87.9	–	–	–	–	87.9	–	87.9
Result of participating interests	**–**	**88.7**	**–**	–	**–**	**–**	**88.7**	**–**	**88.7**
Income from other financial assets	0.8	1.3	–	3.6	–	–	5.7	–	5.7
Result from disposals	–	0.2	–	–	–	–	0.2	–	0.2
Result from other financial assets	**0.8**	**1.5**	**–**	**3.6**	**–**	**–**	**5.9**	**–**	**5.9**
Interest income	12.7	–	–		–	–	12.7	0.1	12.8
Interest income from fair value measurement	–	–	–	–	–	–	–	–	–
Sum total of interest income	**12.7**	**–**	**–**	**–**	**–**	**–**	**12.7**	**0.1**	**12.8**
Interest expenses	–	–	–	–	- 79.7	–	- 79.7	- 28.6	- 108.3
Interest portion in personnel provisions	–	–	–		–	–	–	- 13.1	- 13.1
Interest expenses from fair value measurement	–	–	–	–	–	- 0.7	- 0.7	–	- 0.7
Sum total of interest expenses	**–**	**–**	**–**	**–**	**- 79.7**	**- 0.7**	**- 80.4**	**- 41.7**	**- 122.0**
Net interest	**12.8**	**–**	**–**	**–**	**- 79.7**	**- 0.7**	**- 67.6**	**- 41.6**	**- 109.2**
Sum total net gain/loss	**13.6**	**90.2**	**–**	**3.6**	**- 79.7**	**- 0.7**	**27.0**	**- 39.7**	**- 3.4**
Financial result									**- 3.4**
2. Net gain/loss in the operating result									
Income from derivative financial instruments and commodity futures	–	46.8	–	–	–	–	46.8	–	46.8
Income from the receipt of written-off receivables/release of receivables value adjustments	7.1	–	–	–	–	–	7.1	–	7.1
Expenses from derivative financial instruments and commodity futures	–	–	–	–	–	- 50.5	- 50.5	–	- 50.5
Value adjustments/write-downs of receivables	- 18.0	–	–	–	–	–	- 18.0	–	- 18.0
Sum total net gain/loss	**- 10.9**	**46.8**	**–**		**–**	**- 50.5**	**- 14.6**	**–**	**- 14.6**
3. Net gain/loss in equity									
Change in the fair value from the market valuation of securities	–	–	–	0.2	–	–	0.2	–	0.2
Net gain/loss from hedging instruments with a clear hedging relationship	–	–	–	4.3	–	–	4.3	–	4.3
Cash flow hedges	–	–	0.6	–	–	–	0.6	–	0.6
Currency translation	–	–	–	–	–	–	–	8.4	8.4
Sum total net gain/loss	**–**	**–**	**0.6**	**4.5**	**–**	**–**	**5.1**	**8.4**	**13.5**
Total net gain/loss	**2.7**	**137.0**	**0.6**	**8.1**	**- 79.7**	**- 51.2**	**17.6**	**- 31.3**	**- 4.4**

1 Measurement categories for financial assets and financial liabilities pursuant to IFRS 9:
AC: at amortised cost
FVTOCI: at fair value through other comprehensive income
FVTPL: at fair value through profit or loss

The following table shows net gains and losses from financial instruments for comparative periods:

in € million 2018	Assets [1]				Shareholders' equity and liabilities [1]				
Category	AC	FVTPL	FVTOCI	FVTOCI option	AC	FVTPL	FI	No FI	Total
1. Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9.3**	**9.3**
Income from participating interests	–	2.2	–	2.3	–	–	4.5	–	4.5
Expenses from participating interests	–	- 2.0	–	–	–	–	- 2.0	–	- 2.0
Result from disposals	–	- 0.0	–	0.1	–	–	0.1	- 0.3	- 0.2
Result of participating interests	**–**	**0.2**	**–**	**2.4**	**–**	**–**	**2.6**	**- 0.3**	**2.3**
Income from other financial assets	1.0	3.3	–	–	–	–	4.3	–	4.3
Result from disposals	–	- 0.0	–	–	–	–	- 0.0	–	- 0.0
Result from other financial assets	**1.0**	**3.3**	**–**	**–**	**–**	**–**	**4.3**	**–**	**4.3**
Interest income	11.7	–	–		–	–	11.7	–	11.7
Interest income from fair value measurement	–	–	–	–	–	–	–	–	–
Sum total of interest income	**11.7**	**–**	**–**	**–**	**–**	**–**	**11.7**	**–**	**11.7**
Interest expenses	–	–	–	–	- 64.4	–	- 64.4	- 14.3	- 78.6
Interest portion in personnel provisions	–	–	–		–	–	–	- 12.8	- 12.8
Interest expenses from fair value measurement	–	–	–	–	–	–	–	–	–
Sum total of interest expenses	**–**	**–**	**–**	**–**	**- 64.4**	**–**	**- 64.4**	**- 27.1**	**- 91.4**
Net interest	**11.7**	**–**	**–**	**–**	**- 64.4**	**–**	**- 52.7**	**- 27.1**	**- 79.7**
Sum total net gain/loss	**12.7**	**3.5**	**–**	**2.4**	**- 64.4**	**–**	**- 45.8**	**- 18.1**	**- 63.9**
Financial result									**- 63.9**
2. Net gain/loss in the operating result									
Income from derivative financial instruments and commodity futures	–	24.8	–	–	–	–	24.8	–	–
Income from the receipt of written-off receivables/release of receivables value adjustments	1.6	–	–	–	–	–	1.6	–	–
Expenses from derivative financial instruments and commodity futures	–	–	–	–	–	- 17.9	- 17.9	–	–
Value adjustments/write-downs of receivables	- 8.9	–	–	–	–	–	- 8.9	–	–
Sum total net gain/loss	**- 7.3**	**24.8**	**–**		**–**	**- 17.9**	**- 0.4**	**–**	**–**
3. Net gain/loss in equity									
Change in the fair value from the market valuation of securities	–	–	–	- 23.3	–	–	- 23.3	–	–
Reclassifications from other comprehensive income to revenue reserves (IFRS 9 transition / disposal of financial assets measured according to the FVOCI option)	–	–	–	- 0.8	–	–	- 0.8	–	–
Net gain/loss from hedging instruments with a clear hedging relationship	–	–	–	- 2.0	–	–	- 2.0	–	–
Currency translation	–	–	–	–	–	–	–	- 3.2	
Sum total net gain/loss	**–**	**–**	**–**	**- 26.2**	**–**	**–**	**- 26.2**		
Total net gain/loss	**5.4**	**28.4**	**–**	**- 23.8**	**- 64.4**	**- 17.9**	**- 72.3**		

1 **Measurement categories for financial assets and financial liabilities pursuant to IFRS 9:**
AC: at amortised cost
FVTOCI: at fair value through other comprehensive income
FVTPL: at fair value through profit or loss

Income from participating interests also includes dividend payments.

The following table shows an analysis of the maturity dates of undiscounted financial liabilities by IFRS 7 class as well as the discounted net cash flows of derivative financial instruments with negative and positive fair values of the BayWa Group.

in € million **2019**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Financial liabilities measured at cost	3,631.6	1,130.2	195.5	4,957.2
Financial liabilities measured at fair value through profit or loss	116.3	4.7	3.6	124.6
Derivatives designated as hedging instruments for cash flow hedge accounting	5.0	–	–	5.0
	3,752.9	**1,134.9**	**199.1**	**5,086.9**

in € million 2018	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Financial liabilities measured at cost	3,445.9	615.2	288.5	4,349.5
Financial liabilities measured at fair value through profit or loss	181.6	4.8	0.4	186.8
Derivatives designated as hedging instruments for cash flow hedge accounting	4.5	–	–	4.5
	3,632.0	**620.0**	**288.8**	**4,540.8**

The following schedule of maturities shows the distribution of the forecast cash flows of the contractually agreed interest and redemption payments in the IFRS 7 class “Liabilities measured at amortised cost” as at 31 December 2019. The year-on-year increase was primarily the result of the increase in financing requirements in the fields of renewable energies.

in € million	Total	Until 6/2020	7–12/2020	2021–2024	> 2024
Share of interest	126.9	20.1	10.0	92.3	4.5
Share attributable to payment of principal	4,957.2	2,787.6	843.9	1,130.2	195.5
Total	**5,084.1**	**2,807.8**	**853.9**	**1,222.5**	**200.0**

The following schedule of maturities shows the distribution of the forecast cash flows of the contractually agreed interest and redemption payments in the IFRS 7 class “Liabilities measured at amortised cost” as at 31 December 2018.

in € million	Total	Until 6/2019	7–12/2019	2020–2023	> 2023
Share of interest	96.4	7.5	11.6	65.4	11.9
Share attributable to payment of principal	4,349.5	2,551.8	899.9	609.4	288.4
Total	**4,446.0**	**2,559.3**	**911.5**	**674.8**	**300.3**

Derivative financial instruments and hedge accounting

Risks and general disclosures

The following risks are relevant to the BayWa Group in relation to derivative financial instruments and hedge accounting:

- **General refinancing risk/interest risk**
  Interest rate risk positions arise from the Group’s floating-rate financing activities, especially from the issuing of short-term commercial papers, short-term loans as well as variable-interest bonded loans. Short-term debt is used mainly to finance working capital. To reduce the interest rate risk, which is not hedged using a natural hedge, BayWa uses derivative instruments in the form of futures, interest rate caps and swaps.
- **Commodity price risk in the agricultural division**
  The BayWa Group is exposed to commodity price risks due to the operating activities of the BayWa Agri Supply & Trade (BAST) business unit in the grain recording and marketing business. In order to mitigate these risks, the BayWa Group’s risk management system

continuously calculates the various open commodity positions. Using this information, trading areas at the BayWa Group conclude physical commodity futures within the approved limits (maximum long and short position in metric tonnes [MT], maximum value at risk). Commodity futures are only concluded with business partners with excellent credit ratings.

- **Foreign currency risks in the agricultural division**
  The international orientation of the BAST business unit gives rise to foreign currency risks. Internal policies require that all significant foreign currency risks are hedged, with each financial instrument attributable to an underlying transaction. All open currency transactions are managed centrally by the Treasury section of the BAST business unit. The specialists have assessment and valuation tools for the monitoring of adherence to the defined limits and receive a monthly list of their open currency transactions from the the banks.
- **Foreign currency risk in the Renewable Energies business unit**
  In the Renewable Energies business unit, derivative financial instruments are used in the form of currency futures with physical fulfilment to hedge material purchases, onshore costs and revenues in the scope of its solar and wind park projects for which the functional currency differs from the currency of the project companies. Overall, these instruments are of secondary importance to the consolidated financial statements of BayWa AG in the financial year 2019.

Hedge accounting was recognised pursuant to the requirements of IFRS 9 for the first time in the financial year 2019. As a result, the terms of Section 6 of IFRS 9 were applied to hedge accounting for the first time. However, the change from IAS 39 to IFRS 9 reporting of derivative financial instruments did not have any material impact.

The derivative financial instruments used within the scope of cash flow hedge accounting are recognised at fair value. In addition, the fair value of derivatives classified as financial assets and financial liabilities within the meaning of IFRS 9, which are either scheduled for hedging outside hedge accounting or for trading, are recognised.

The following table shows the maturities of the fair values for the derivative financial instruments as well as the commodity futures scheduled for trading as well as designated as derivatives for cash flow hedge accounting at the end of the reporting period. Due to their current nature, all material cash flows associated with hedge instruments are anticipated in the financial year 2020.

	Fair values			
in € million **31/12/2019**	Total	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years
Assets				
Commodity futures	112.5	110.2	2.3	–
Derivatives designated as hedging instruments for cash flow hedge accounting	6.0	5.8	0.1	–
FX hedges	31.8	29.3	2.5	–
	150.3	**145.3**	**5.0**	**–**
Shareholders' equity and liabilities				
Interest rate hedges	4.9	0.6	2.9	1.4
Commodity futures	97.1	93.5	1.5	2.1
Derivatives designated as hedging instruments for cash flow hedge accounting	5.0	5.0	0.0	–
FX hedges	22.5	22.2	0.3	–
	129.6	**121.3**	**4.7**	**3.5**

in € million 31/12/2018	Fair values Total	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years
Assets				
Commodity futures	175.8	175.1	0.8	–
Derivatives designated as hedging instruments for cash flow hedge accounting	6.0	6.0	0.0	–
FX hedges	39.8	39.0	0.8	–
	221.6	**220.1**	**1.6**	**–**
Shareholders' equity and liabilities				
Interest rate hedges	4.7	0.8	3.5	0.4
Commodity futures	150.6	150.2	0.5	–
Derivatives designated as hedging instruments for cash flow hedge accounting	4.5	4.5	0.0	–
FX hedges	31.5	30.6	0.8	–
	191.3	**186.1**	**4.8**	**0.4**

In the reporting year, gains of €46.8 million (2018: €24.8 million) and losses of €50.5 million (2018: €17.9 million) were included in the calculation of the fair value in the income statement.

General refinancing risk/interest risk

In the financial year 2019, the average interest rate for variable-interest financial liabilities stood at 1.388% (2018: 1.185%). A change in this interest rate of plus 1.0% to 2.388% would cause interest expenses to rise by €10.9 million, provided this could not at least be partially covered by revenues. A 1.0% reduction in the interest rate is an unrealistic scenario in the current low-interest environment, which is why the effects of such a change are not presented here.

Commodity price risk in the agricultural division

The following table provides an overview of the grain contracts relating to the BayWa Group's operating activities in the grain recording and marketing business, which are recognised as financial instruments pursuant to IFRS 9.

in metric tonnes	**31/12/2019**	31/12/2018
Long positions		
Grain/corn	8.1	8.3
Oilseed/oilseed meal	4.2	4.1
Other	1.5	1.7
Short positions		
Grain/corn	- 10.2	- 10.2
Oilseed/oilseed meal	- 4.9	- 5.1
Other	- 1.9	- 2.3

The fair values of the grain contracts recognised as financial assets constitute the greatest possible default risk, without including the value of received collateral or other risk-mitigating agreements. Rises and declines in the prices of all relevant commodity prices by a margin of 10% would have affected the annual result as at 31 December 2019 in the manner displayed in the following table. The calculation includes all grain contracts valid as at the reporting date.

in € million **31/12/2019**	Grain/corn	Oilseed/ oilseed meal	Other
Price rise (+ 10%)			
Effect on income	- 39.8	- 20.1	- 13.2
Equity effect	0.4	0.1	–
Price decline (– 10%)			
Effect on income	39.8	20.1	13.2
Equity effect	- 0.4	- 0.1	–

in € million 30/12/2018	Grain/corn	Oilseed/ oilseed meal	Other
Price rise (+ 10%)			
Effect on income	- 28.2	- 32.6	- 7.5
Equity effect	- 9.2	- 1.6	–
Price decline (– 10%)			
Effect on income	28.2	32.6	7.5
Equity effect	9.2	1.6	–

Foreign currency risks in the agricultural division

The open currency transactions of the BAST business unit as at 31 December 2019 break down as follows:

in € million	**31/12/2019**
CAD	- 0.0
GBP	0.5
HUF	0.1
PLN	0.2
USD	- 0.4

A 10% increase or decrease in the respective exchange would not have any material impact. Therefore, the sensitivity analysis is not presented here.

Specific information on cash flow hedge accounting in the agricultural division

The BayWa Group uses derivative financial instruments in the form of grain futures with physical fulfilment to hedge payment flows from future grain purchases and sales made by BayWa within the scope of its grain recording, warehousing and marketing business. These hedges are recognised as all-in-one cash flow hedges; in other words, the expected, highly likely spot purchases and sales are designated as the underlying transactions, and the financial floating-to-fixed swaps are designated as hedges. Derivative financial instruments used within the scope of cash flow hedge accounting are recognised at fair value. The net measurement result of these derivative financial instruments is broken down into an effective portion and ineffective portion. The effective portion is part of the net measurement result which constitutes an effective hedge against cash flow risk and is recognised in a separate equity item (cash flow hedge reserves) without effect on income and in consideration of deferred taxes until the physical fulfilment of the underlying transaction. The ineffective portion, on the other hand, is recognised through profit or loss in the income statement. The general recognition rules for the transactions underpinning the hedged cash flows do not change. After the end of hedge, the amounts recorded in the reserves are transferred to financial assets and financial liabilities if net income relating to the underlying transaction is recognised through profit or loss or the materialisation of the underlying transaction is no longer anticipated.

The fair value of grain contracts is calculated as the present value of the expected cash flows from these contracts. Expected cash flows are calculated using forward price curves for liquid grain futures adjusted by mark-ups for different delivery locations/quality. The fair value of listed grain futures is determined by the respective settlement prices on the market.

The lack of congruence between the basic transaction parameters could be a potential source of hedge ineffectiveness. However, BayWa uses all-in-one hedges where all parameters match; in other words the hedged transaction and the underlying transaction refer to the same delivery location, the same delivery volume and the same delivery date. As a consequence, changes in the fair values of hedged transactions and the underlying transactions must always cancel each other out provided it can be assumed that the transaction is highly likely to be physically settled. This means that no hedge ineffectiveness can arise. Generally speaking, ineffectiveness can arise through credit risks, although these are not taken into account due to reasons of materiality.

If open risk positions arise within the scope of grain trading activities and the resulting physical flow, these risk positions are hedged through physical and financial hedge transactions by the companies that use hedge accounting within the limit system that is in place.

The individual hedges are held until the the maturity of the underlying transaction. New grain contracts are designated at contract inception.

The following table shows the development of cash flow hedge reserves relating to grain trading activities due to remeasurement.

in € million	**31/12/2019**	31/12/2018
As at 01/01	**- 0.5**	**1.4**
Allocation	9.1	8.6
Release	- 4.2	- 7.4
Transfer to financial assets / financial liabilities	- 4.0	- 3.1
As at 31/12	**0.6**	**- 0.5**

Information on underlying transactions in cash flow hedge accounting

The following table summarises information on the changes in value of underlying transactions used as a basis for the recognition on the balance sheet of hedge ineffectiveness and shows the volume of cash flow hedge reserves for current hedge accounting

	Change in value during the period of the underlying transaction to determine ineffectiveness		Volume of the hedging reserve and currency reserve for active cash flow hedges	
in € million	**31/12/2019**	31/12/2018	**31/12/2019**	31/12/2018
Designated components	–	–	0.8	9.5
Non-designated components	n/a	n/a	n/a	n/a

The fair values of the grain contracts recognised as financial assets constitute the greatest possible default risk, without including the value of received collateral or other risk-mitigating agreements.

Information on hedging instruments in cash flow hedge accounting

The following table shows the effects on the financial position resulting from the hedging through cash flow hedges.

in € million **31/12/2019**	Book value	Balance sheet item	Fair value change to determine ineffectiveness	Nominal volume of contracts	Nominal volume of contracts in tonnes
Derivative asset	5.9		0.0	93.6	0.4
Commodity futures					
thereof: purchased	1.0	Other assets	0.0	34.5	0.2
thereof: sold	4.9	Other assets	0.0	59.1	0.2
Derivative liabilities	5.1		0.0	119.7	0.5
Commodity futures					
thereof: purchased	4.9	Other liabilities	0.0	8.0	0.0
thereof: sold	0.2	Other liabilities	0.0	111.7	0.5

in € million 31/12/2018	Book value	Balance sheet item	Fair value change to determine ineffectiveness	Nominal volume of contracts	Nominal volume of contracts in tonnes
Derivative asset	5.8	–	0.0	103.8	0.4
Commodity futures					
thereof: purchased	3.2	Other assets	0.0	21.5	0.1
thereof: sold	2.6	Other assets	0.0	82.3	0.3
Derivative liabilities	7.1	–	0.0	73.0	0.4
Commodity futures					
thereof: purchased	0.4	Other liabilities	0.0	11.9	0.1
thereof: sold	6.7	Other liabilities	0.0	61.1	0.3

Other risks in relation to financial instruments

The BayWa Group's risk management system is presented together with the objectives, principles and processes in the Management Report in the separate "Opportunity and risk management" section. The following risks are particularly significant in relation to financial instruments.

Foreign currency risks

BayWa's business activities are largely located in the euro zone. If foreign currency positions arise from goods and services transactions or projects, they are always hedged without delay, as presented. Other payment obligations or receivables denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing of financial resources denominated in foreign currencies is prohibited.

Credit and counterparty risks and default risks

As part of its entrepreneurial activities, BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group is exposed to a financing risk arising from the upfront financing of agricultural inputs, the repayment of which is made through acquiring and selling the harvest. Moreover, BayWa grants financing to commercial customers, particularly in the construction sector, in the form of payment terms of a considerable scope. Beyond this, there are the customary default risks inherent in trade receivables. Risks are kept to a minimum by way of an extensive debtor monitoring system that spans all business units. To this end, credit limits are defined through a documented process of approval and monitored on an ongoing basis.

In addition to credit risks, counterparty risks are also regularly monitored in agricultural trade; consequently, market value changes to open selling and buying contracts are measured so as to monitor the risk of the non-fulfilment of contract obligations. There is currently no discernible concentration of default risk from business relationships with individual debtors or groups of debtors. The maximum credit risk exposure at the end of the reporting period corresponds to the book value of trade receivables. The expected default risk amounts to €20.1 million (2018: €18.5 million).

Liquidity risks
The liquidity risk is the risk that BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. At the BayWa Group, funds are generated through operations and by borrowing from external financial institutions. In addition, financing instruments, such as multicurrency commercial paper programmes or asset-backed securitisation, are used, as well as bonded loans. Existing credit lines are therefore measured to an extent deemed sufficient to guarantee business performance at all times, even in the event of growing volume. The financing structure therefore accounts for the pronounced seasonality of business activities. Owing to the diversification of the sources of financing, the BayWa Group does not currently have any risk clusters concerning liquidity. The BayWa Group's financing structure, with its mostly matching maturities, ensures that interest-related opportunities are reflected within the Group.

(C.26.) Leases

A lease exists if a contract grants the right to control use of an identified asset up to a certain point in time in exchange for the payment of remuneration.

The change in the definition, compared to IAS 17, primarily relates to control of the leased object. IFRS 16 differentiates between lease and service contracts, depending on whether the lessee has the right to control the use of the identified asset. If the lessee has the right to control such use, and enjoys all economic benefits during the term of the contract, then it is assumed that the lessee controls the asset.

Lessee relationships are recognised at the net present value of the assets, from rights of use arising from the lease at the time they are made available, and lease liabilities, meaning the remaining lease payments at that point in time.

The right of use is initially measured at cost and then amortised on a straight-line basis over the period of contract. It includes the amount resulting from the initial valuation of the lease obligation and all initial direct costs less any incentives paid by the lessor, and all estimated costs that would result from the dismantling, disposal or the return of the leased object to the condition required by the lease.

The lease payments are discounted at the underlying interest rate for the lease. If that interest rate cannot be determined, then the incremental borrowing rate is used. The incremental borrowing rate is determined based on the currency-specific mid-swap adjusted by the creditworthiness-dependent credit spread. The term of the swap depends on the term of the lease. The credit spreads are based on non-subordinated, unsecured bonded loans. At the time of the initial valuation of the lease obligation, fixed lease payments less lease incentive payments, variable payments depending on an index or price, and payments for residual value guarantees are included in the valuation. Further, the exercise price of a purchase option, insofar as it is considered sufficiently certain that it will be exercised, along with penalty payments if it is sufficiently certain that it will be exercised, are taken into account in the valuation.

Extension and termination options are included in many lease contracts throughout the Group. Local management is responsible for managing lease contracts and the associated lease contract terms. Lease contracts are, therefore, negotiated individually and include a broad range of different terms and conditions. Extension options are generally considered to be exercised, unless there are sufficient grounds for them not to be exercised. Termination options are always deemed to have not been exercised, unless there are compelling reasons for exercising the option. Extension and termination options can generally only be exercised by the lessee. If an option can only be exercised by the lessor, the payments in the period covered by the option are not taken into account when determining the net present value of the lease.

In the case of leases with a contractual period of less than 12 months, and those relating to low-value assets with a nominal value not exceeding €5,000, BayWa makes use of simplification options. Short-term and low-value leases are, accordingly, not recognised according to the provisions of IFRS 16. Instead, the resulting lease payments are recognised in the income statement.

The provisions of IFRS 16 are also not applied to rights of use to intangible leased objects. Like operating leases according to IAS 17, internal Group leases will continue to be presented only in the segment report according to IAS 8. Leases with variable lease payments are immaterial at the BayWa Group. Lease and non-lease components are recognised separately.

Leases are not revalued as at the first-time application. Instead, they continue to be recognised according to IAS 17. Newly concluded contracts are recognised and valued according to IFRS 16.

Sub-leases classed as operating leases according to IAS 17 that still existed as at the first-time application are re-evaluated by the respective sub-lessor to determine whether they would still be classed as operating leases according to IFRS 16, or whether they constitute financial leases. The BayWa Group carries out the valuation of the sub-lease as at the first-time application based on the applicable term and conditions of the main lease at that time.

Material leases are concluded for the rights of use to land an buildings, construction land, rights of way and infrastructure, technical facilities, vehicles and forklift trucks.

Additional information regarding BayWa as lessee

in € million	2019
Interest expenses	28.6
Expenses for short-term and low-value leases	15.1
Expenses for short-term leases with terms beyond the reporting date in the financial year 2020	3.6
Expenses for short-term and low-value leases	0.1
Gains from sale-and-lease-back transactions	3.0
Total cash outflows from leases in the financial year 2019	113.6
Income from sub-leases	19.8

Additional information regarding BayWa as lessor

in € million	2019
Receivables from finance leases	
Due within one year	4.6
Due between one and two years	2.1
Due between two and three years	1.6
Due between three and four years	0.7
Due between four and five years	0.2
Due after more than five years	1.4
Sum total of future lease payments	**10.7**
Less unrealised interest income	- 1.8
Net investment of receivables from finance leases	**8.9**
Financial income net investment of receivables from finance leases	0.1
Income from variable lease payments received from finance leases	–
Disposal gains/losses from finance leases	0.0

in € million	2019
Lease payments from operating leases	
Due within one year	18.0
Due between one and two years	16.4
Due between two and three years	12.2
Due between three and four years	10.5
Due between four and five years	7.8
Due after more than five years	15.9
Sum total of future lease payments	**80.9**
Income from lease payments received from operating leases	24.5
Income from variable lease payments received from operating leases	1.3

As a result of strategic considerations by the T&G Global Group, two locations were disposed of in the financial year 2019 and leased back for a period of two or three years. Access to rights of use for land and buildings recognised for the two locations in the current financial year amounted to €2.6 million. Both sale and lease back transactions include clauses for the reassessment of the agreed fixed rent if the Group exercises the existing extension options.

There were no material changes in the book value of net investments in financial leases within the meaning of IFRS 16.93 in the financial year 2019.

Further information regarding leases is included in Notes A.3. Impact of new accounting standards, in the overview including development of consolidated non-current assets for 2019 (C.1. to C.4.) and in Note C.17. Lease obligations.

(D.) Notes to the income statement

The layout of the income statement accords with total cost-type accounting.

(D.1.) Revenues

Revenues and income are generally recognised at the point at which the power over the sold goods or products or rendered services is transferred to the buyer and a transfer of control has taken place. Revenues and earnings are reported minus discounts, rebates and bonuses granted.

Control can be transferred at a point in time or over a certain period of time. For the most part, performance obligations resulting from contracts with BayWa customers are performed at a particular point in time. In such cases, revenue is recognised when control of the goods is passed on to the customer; usually this is the case when the goods or services are provided to the customer. In some cases, revenue is recognised over time; for further information see section Inventories (Note C.8.), and the additional information regarding recognition of revenue over time.

The breakdown by business unit and region can be seen in the segment report (Note E.2.). Owing to the diversified business activities of the individual segments, inter-segment revenues are transacted only to a minor extent.

in € million	**2019**	2018
Goods	16,663.6	16,349.2
Services	395.4	276.5
	17,059.0	**16,625.7**

Revenues also include those generated by BayWa as an agent in relation to the issuing of filling station cards and in certain fruit trading activities.

(D.2.) Other operating income

in € million	**2019**	2018
Rental Income	30.1	28.2
Gains from the disposal of assets	46.8	43.4
Income from release of provisions	14.3	25.8
Reimbursement of expenses	21.5	23.1
Staff placement	4.4	6.8
Advertising allowance	2.6	3.2
Price gains	46.3	14.2
Income from receivables written down/release of value adjustments	7.1	6.6
Other income	52.5	60.0
	225.6	**211.3**

Rental income includes gains from incidental costs. Gains from the disposal of assets primarily comprise the disposal of BayWa AG property inventories and also includes the proportionate distribution of the accounting profit resulting from a sale and lease back transaction for real estate in the financial year 2013 and, due to the classification of the lease agreement as a financial lease, is to be distributed over the term of this agreement (€3.6 million). The rise in price gains is mainly due to the project business outside the euro zone in the fields of renewable energy as well as the business activities of the New Zealand Group companies. This item also includes price gains effects from forward exchange transactions for which there is no clear hedging relationship with an underlying transaction and is therefore not included in a hedge relationship. Other income comprises income from licences and numerous other individual items.

(D.3.) Cost of materials

in € million	2019	2018
Expenses for raw materials, consumables and supplies, and for goods sourced	- 15,002.0	- 14,758.7
Expenses for services outsourced	- 511.0	- 416.9
	- 15,513.0	**- 15,175.7**

(D.4.) Personnel expenses

in € million	2019	2018
Wages and salaries	- 896.1	- 824.0
Share-based payment	- 1.5	- 1.5
Expenses for pensions, support and severance pay	- 26.2	- 20.7
thereof: current service cost	8.3	7.0
Social insurance contributions	- 158.1	- 144.4
	- 1,081.9	**- 990.6**

After calculating the provisions for pension and severance pay according to IAS 19, expenses for pension and severance pay total €20.9 million (2018: €19.4 million). Of this amount, a portion amounting to €8.3 million (2018: €7.0 million) has been disclosed under personnel expenses and a portion totalling €12.6 million (2018: €12.4 million) under interest expenses.

Number	2019	2018
Employees		
Annual average (Section 267 para. 5 German Commercial Code [HGB])	18,831	18,004
As at 31/12	19,193	17,864

(D.5.) Other operating expenses

in € million	**2019**	2018
Vehicle fleet	- 70.1	- 84.5
Maintenance	- 62.7	- 55.8
Advertising	- 55.9	- 51.2
Energy	- 31.0	- 30.4
Rent	- 16.3	- 66.8
Expenses for staff hired externally	- 30.9	- 25.8
Information expenses	- 15.1	- 14.3
Commission	- 15.3	- 11.1
Insurance	- 23.2	- 22.0
Cost of legal and professional advice, audit fees	- 66.7	- 47.4
Amortisation/value adjustments of receivables	- 18.0	- 17.0
IT costs	- 12.8	- 9.4
Travel expenses	- 23.7	- 21.0
Office supplies	- 10.9	- 11.1
Other tax	- 9.2	- 11.1
Administrative expenses	- 8.8	- 8.8
Training and continuous professional development	- 9.9	- 9.5
Decommissioning and disposal	- 7.1	- 8.9
Currency-induced losses	- 47.6	- 11.5
Losses from asset disposals	- 11.4	- 13.1
Other expenses	- 82.8	- 68.4
	- 629.4	**- 599.0**

The decrease in rental expenses is primarily due to the first-time application of IFRS 16 Leases, as at 1 January 2019.

Other expenses comprise mainly general selling and other costs, such as those incurred by securing against operating risks. The increase was due in particular to the conclusion of the antitrust proceedings against BayWa AG initiated by the Bundeskartellamt (German federal antitrust authority) in 2015 in connection with alleged price-fixing in the area of crop protection wholesale operations, in return for a payment of €68.6 million.

(D.6.) Income from participating interests recognised at equity and other income from shareholdings

in € million	**2019**	2018
Income from participating interests recognised at equity	**11.2**	**9.0**
Income/expenses from affiliated companies	0.4	- 1.4
Income/expenses from the disposal of affiliated companies	82.5	0.1
Other income from holdings and similar income	12.9	10.4
Write-downs of financial assets and other expenses	- 1.2	- 2.2
Other income from shareholdings	**94.6**	**6.8**
	105.8	**15.8**

Income from participating interests recognised at equity increased by €2.2 million year on year. That is, among other things, due to the sale of AHG- Autohandelsgesellschaft mbH. Other income from shareholdings was also €87.8 million higher than in the previous year, primarily as a result of the sale of shares in TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany, and BMH Biomethan GmbH, Munich, Germany, which were included in the consolidated financial statements as affiliated companies up to the point of sale. Dividend income is generally recorded as and when a claim to payout arises.

(D.7.) Interest income and expenses

in € million	**2019**	2018
Interest and similar income	12.8	12.0
thereof: from affiliated companies	0.5	0.7
Interest from fair value measurement	–	–
Interest income	**12.8**	**12.0**
Interest and similar expenses	- 79.7	- 64.7
thereof: to affiliated companies	- 0.0	- 0.3
Interest from fair value measurement	- 0.7	–
Interest portion of finance leasing	- 28.6	- 14.3
Interest portion of the allocation to pension provisions and other personnel provisions	- 13.1	- 12.8
Interest expenses	**- 122.0**	**- 91.8**
Net interest	**- 109.2**	**- 79.8**

(D.8.) Income tax expenses

Income tax breaks down as follows:

In € million	**2019**	2018
Actual taxes	- 32.4	- 27.7
Deferred taxes	14.3	- 10.0
	- 18.1	**- 37.7**

Actual tax income and expenses comprise the corporate and trade tax of the companies in Germany and comparable taxes on foreign companies.

Deferred taxes are formed for all temporary differences between the tax-related assigned value and IFRS values as well as the consolidation measures. Equity includes deferred tax assets of €98.3 million (2018: €68.1 million) that were offset against the reserve for actuarial gains and losses from provisions for pensions and severance pay. Moreover, deferred tax liabilities of €11.7 million (2018: €9.5 million) were offset against the assessment reserve in equity without effect on income. Deferred taxes of €1.5 million are attributable to the hybrid bond issued by BayWa AG; these are also recognised in equity. Deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the years ahead, the realisation of which is assured with sufficient probability. These came to €69.9 million (2018: €70.5 million) and largely concerned the parent company. As part of corporate planning, a time horizon of five years (maximum) has been assumed here. Deferred tax was not formed on loss carryforwards in an amount of €69.1 million (2018: €53.8 million), as their usability is not anticipated within the specified period. Loss carryforwards of individual Group companies can be partly carried forward within a limited period of time. No tax assets which are eligible as carryforwards are likely to expire. The deferred tax expense from the origination and/or reversal of temporary differences amounts to €8.1 million (2018: €4.9 million).

Deferred taxes are calculated on the basis of the tax rates which apply or are anticipated given the current legal situation in the individual countries at the time when taxes are levied. The tax rate of BayWa AG in the reporting year was 29.13% (2018: 29.13%).

Deferred tax assets and liabilities are allocated to the individual balance sheet items as shown in the table below:

	Deferred tax assets		Deferred tax liabilities	
in € million	**2019**	2018	**2019**	2018
Intangible assets and property, plant and equipment	16.7	9.1	322.2	128.7
Financial assets	7.1	3.0	45.6	34.6
Current assets	50.7	17.8	45.1	35.1
Other assets	7.8	9.2	1.1	4.5
Tax loss carryforwards	139.0	124.3	–	–
Provisions	150.7	124.1	1.1	2.0
Liabilities	331.0	16.1	114.5	1.1
Other liabilities	38.1	26.8	69.8	17.5
Value adjustments deferred tax assets	- 69.1	- 53.8	–	–
Balance	- 392.2	- 43.3	- 392.2	- 43.3
Consolidation	17.9	19.3	21.9	39.5
	297.7	**252.6**	**229.1**	**219.7**

The actual tax expenses are €5.0 million lower than the amount that would have been incurred if the German corporate tax rate had been applied under the currently prevailing law, plus the solidarity surcharge and the trade tax burden on the consolidated earnings before tax. The tax rate of 29.13% calculated for actual tax is based on the uniform corporate tax rate of 15.0%, plus the solidarity surcharge of 5.5% and the average effective trade tax burden of 13.31%. Deferred tax liabilities were not recognised for subsidiaries and associates as the company can control the timing of reversals and because it is therefore probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities were not formed for temporary differences in an amount of €24.1 million (2018: €20.6 million) from subsidiaries, joint ventures and associates.

The table below shows the transition from the computed tax expenses in accordance with the corporate tax rate to the income tax expenses actually reported:

in € million	**2019**	2018
Consolidated result before income tax	**79.2**	**92.6**
Computational tax expenses based on a tax rate of 29.13%	- 23.1	- 27.0
Difference against foreign tax rates	4.3	3.7
Tax not relating to the period	4.2	- 4.3
Permanent difference changes	- 2.2	- 4.6
Tax effect due to non-tax-deductible expenses	- 40.7	- 11.1
Trade tax deductions and additions and effects from tax groups	1.8	3.3
Final consolidation effect	0.1	- 1.4
Tax-exempt income	39.8	9.3
Changes in the value adjustment of deferred tax assets	- 10.0	- 4.4
Tax effect from equity results	2.9	2.4
Effects from changes in tax rates	1.8	- 0.1
Other tax effects	3.1	- 3.5
Income tax reported	**- 18.1**	**- 37.7**

(D.9.) Profit share of minority interest

The share of consolidated net result for the year of EUR 24.4 million (2018: €22.6 million) due to the other shareholders is mainly attributable to the minority shareholders of the Austrian subsidiaries as well as the minority shareholders of T&G Global Limited and their respective subsidiaries.

(D.10.) Earnings per share

Earnings per share are calculated by dividing the portion of profit of BayWa AG's shareholders by the average number of the shares issued in the financial year and dividend-bearing shares. There were no diluting effects.

		2019	2018
Net result for the year adjusted for minority interest	in € million	36.7	32.3
Average number of shares issued	Units	35,138,148	35,012,806
Basic earnings per share	in €	0.68	0.56
Diluted earnings per share	in €	0.68	0.56
Proposed dividend per share	in €	0.95	0.90
Dividend per share paid out per financial year	in €	0.95	0.90

Adjustment to the determination of earnings per share for the previous year according to IAS 8 (error correction pursuant to IAS 8.42)
Hybrid capital (see also C.13.) is classified as equity. Associated payments to such hybrid capital, which amounted to €12.8 million in the financial year 2018, are therefore payments to a class of equity instruments. They decrease the earnings available for distribution to shareholders and must be taken into account when calculating earnings per share according to IAS 33.6. As a consequence, in calculating earnings per share for the financial year 2018, the net result for the year adjusted for minority interest must be reduced by the hybrid dividend in the amount of €32.3 million. This amount is to be divided by the average number of shares issued, which results in a reduction of earnings per share from 92 cents (as reported in the Consolidated Financial Statements 2018) to 56 cents.

(E.) Further Information

(E.1.) Explanations on the cash flow statement of the BayWa Group

The cash flow statement shows how the cash and cash equivalents of the BayWa Group have changed due to cash inflows and outflows during the year under review. Cash and cash equivalents shown in the cash flow statement comprise all liquid funds disclosed in the balance sheet, i.e. cash in hand, cheques and deposits in banks. Owing to the fact that the Group conducts its business mainly in the euro zone, the impact of exchange-rate induced changes in cash and cash equivalents is of secondary importance and is therefore not disclosed separately. The funds are not subject to any restraints on disposal.

In accordance with the standards set out under IAS 7, the cash flow statement is divided up into cash flow from operating activities, investing activities and financing activities.

The cash flow from operating activities is calculated indirectly, based on consolidated net result for the year. This cash flow is adjusted for non-cash expenses (mainly depreciation and amortisation) and income. Cash flow from investing activities is calculated on a cash-effective basis and comprises cash-effective changes in consolidated non-current assets as well as incoming and outgoing payments from the acquisition of companies. Cash flow from financing activities is also ascertained on a cash-effective basis and comprises primarily cash effective changes in borrowings and cash outflows from dividend distribution and the reduction of funds. Within the scope of the indirect calculation of these positions, changes from currency translation and from the group of consolidated companies were eliminated as they do not affect cash. For this reason, a comparison of these figures with the figures in the consolidated balance sheet is not possible. Further details on acquisitions and disposals can be found under Note B.1.

The transition of liabilities to cash flows from financing activities was as follows:

in € million		Cash effective	Not cash effective				
	31/12/2018	Payments during the period	Company acquisitions and disposals	Currency translation effects	Fair value changes	Other changes [1]	**31/12/2019**
Non-current financial liabilities from financing activities	883.1	- 82.7	2.8	–		–	803.2
Current financial liabilities from financing activities	441.0	- 262.7	22.2	–		–	200.5
Lease liabilities	175.7	- 98.3	1.1	–		696.2	774.8
	1,499.8	**252.5**	**26.1**	**–**		**696.2**	**1,778.5**

1 The lease liabilities here include in particular the adjustments on account of the initial application of IFRS 16.

(E.2.) Explanations on the segment report

Dividing up of operations into segments

The segment report provides an overview of the important business divisions of the BayWa Group. Here, the activities of the BayWa Group are divided into segments pursuant to IFRS 8. The division of activities is based on internal management and reporting structures and is presented in the same form as is submitted to decision makers, namely the Board of Management of BayWa AG, in the respective reports made on a regular basis, and which therefore form the basis for strategic decisions. This results in greater uniformity of the internal and external reporting system. All consolidation measures are shown in a separate column of the segment report. Aside from the depreciation and amortisation included in this section, there are no other material non-cash items that must be reported separately in the segment report. The division into segments is largely unchanged year on year. Only the order in which segments and business units are presented was amended. For better comparison, the table showing segment information by business unit for the previous year was adapted to the presentation used this year.

Segment reporting by business unit

Business activities in the Renewable Energies and Conventional Energy business units are pooled in the Energy Segment. Business activities in the fields of renewable energies are split up into four areas: project development/implementation, services, photovoltaic trade and energy trade. Project development/implementation primarily encompasses worldwide project planning, management and the construction of wind farms and solar parks through to the sale of finished plants. The Conventional Energy business unit comprises an extensive network, which ensures the supply of heating oil, fuels, lubricants and wood pellets to commercial and private customers.

The Agriculture Segment is divided into four business units: BayWa Agri Supply & Trade (BAST), Global Produce, Agri Trade & Service and Agricultural Equipment, covering the entire value chain from field to marketing of products. The BAST business unit comprises international grain and oilseed meal trading activities. The Global Produce business unit combines all activities of the Group in the business of fruit and vegetable growing and trading these products. The Agri Trade & Service business unit manages the national trade in agricultural products, from recording to marketing, under one roof. The full range of agricultural equipment and services is offered in the Agricultural Equipment business unit.

The Building Materials Segment encompasses trade in building materials for construction and civil engineering. This segment also comprises the retail activities of Austrian Group companies.

BayWa has plotted a clear course into the digital future by establishing the Innovation & Digitalisation Segment. It is responsible for Digital Farming activities including, in particular, developing and marketing digital products and services for enhancing productivity in agriculture. Online sales at the BayWa Group are also pooled in this segment under the BayWa Portal.

Aside from peripheral activities, the Other Activities Segment mainly encompasses the BayWa Group's real estate operations.

Apart from sales revenues generated through business with third parties that are disclosed in the business units, intra- and inter-segment sales are also reported. Revenues are not broken down by individual products and service at Group level due to the heterogeneity of the products sold in the Group. Both intra- and inter-segment sales are conducted at arm's length terms and conditions. Any interim profits arising in this context are eliminated in the consolidated financial statements. Moreover, write-downs and write-ups and the financial results per business unit are disclosed, along with earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest and tax (EBIT) and earnings before tax (EBT). This is also applicable to the segmental assets, with separate disclosure of the inventories and segmental liabilities. Investments made (excluding financial assets) are also divided up among the business units. Such investments concern the addition of intangible assets and property, plant and equipment as well as additions from company acquisitions. Moreover, information in this segment report includes the annual average number of employees per business unit.

The transition primarily includes amortisation of the hidden reserves and intangible assets revealed in purchase price allocations in previous years.

Segment information by business unit

in € million **31/12/2019**	Renewable Energies	Conventional Energy	**Energy**	BAST	Global Produce
Revenues generated through business with third parties	1,975.3	2,499.0	4,474.3	4,875.8	843.9
Intra-business unit/segment revenues	196.3	261.2	457.5	731.2	67.5
Inter-business unit/segment revenues	1.8	5.4	7.2	32.2	–
Total revenues	**2,173.4**	**2,765.6**	**4,939.0**	**5,639.2**	**911.4**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**137.9**	**38.8**	**176.7**	**28.4**	**61.5**
Depreciation/amortisation	- 36.9	- 12.4	- 49.3	- 9.3	- 24.6
Earnings before interest and tax (EBIT)	**101.0**	**26.4**	**127.4**	**19.1**	**36.9**
Financial result	- 20.7	- 0.1	- 20.8	- 9.9	- 4.4
thereof: net interest	- 39.8	- 0.1	- 39.7	- 9.9	- 6.8
thereof: equity result	- 0.0	–	- 0.0	0.0	2.3
Earnings before tax (EBT)	**61.2**	**26.3**	**87.5**	**9.2**	**30.2**
Income tax					
Net result for the year					
Assets	5,498.3	258.5	5,756.8	1,520.0	897.4
thereof: participating interests recognised at equity	0.1	–	0.1	3.0	22.3
thereof: non-current assets held for sale	–	–	–	–	–
Inventories	1,253.7	50.7	1,304.4	531.1	24.1
thereof: non-current assets held for sale	–	–	–	–	–
Liabilities	4,485.7	205.6	4,691.3	1,181.7	353.4
thereof: liabilities from non-current assets held for sale	–	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	145.9	24.1	170.0	28.7	41.8
Employee annual average	1,826	986	2,812	487	2,788

	Agri Trade & Service	Agricultural Equipment	**Agriculture**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities***	Transition	**Group**
	3,454.4	1,683.4	10,857.5	1,702.8	10.6	13.7	–	17,059.0
	336.6	37.7	1,173.0	51.3	1.0	59.3	- 1,742.1	–
	79.8	0.6	112.6	0.6	0.1	12.1	- 132.4	–
	3,870.7	**1,721.7**	**12,143.1**	**1,754.7**	**11.7**	**85.1**	**- 1,874.5**	17,059.0
	44.9	**53.4**	**188.2**	**57.0**	**- 9.1**	**- 5.8**	**- 4.0**	**403.0**
	- 37.1	- 20.6	- 91.6	- 24.9	- 5.5	- 32.4	- 14.7	- 214.7
	7.8	**32.8**	**96.6**	**32.1**	**- 14.6**	**- 38.2**	**- 14.9**	**188.4**
	- 12.9	- 11.7	- 38.9	- 8.8	- 0.1	68.8	- 3.6	- 3.4
	- 14.3	- 9.5	- 40.5	- 8.7	- 0.1	- 19.9	–	- 109.2
	0.4	- 2.2	0.6	- 0.1	–	10.7	–	11.2
	- 6.6	**23.3**	**56.1**	**23.4**	**- 14.8**	**- 58.1**	**- 14.9**	**79.2**
								- 18.1
								61.1
	1,511.0	924.1	4,852.5	745.3	77.0	5,106.7	- 7,671.1	8,867.2
	18.5	17.3	61.2	0.0	–	146.7	–	208.0
	–	0.2	0.2	–	–	4.4	–	4.7
	737.2	510.2	1,802.6	184.3	1.5	0.8	- 7.2	3,286.4
	–	–	–	–	–	–	–	–
	999.8	805.1	3,340.0	524.1	50.9	4,176.8	- 5,274.5	7,508.6
	–	–	–	–	–	–	–	–
	37.2	26.5	134.2	43.2	9.2	76.0	–	432.6
	3,533	3,772	10.580	4,371	198	870	–	18,831

*** prior to consolidation**

Segment information by business unit [1]

in € million 31/12/2018	Renewable Energies	Conventional Energy	**Energy**	BAST	Global Produce
Revenues generated through business with third parties	1,530.2	2,438.3	3,968.5	5,286.8	807.9
Intra-business unit/segment revenues	136.6	241.9	378.5	579.3	52.9
Inter-business unit/segment revenues	2.9	8.6	11.4	37.6	–
Total revenues	**1,669.6**	**2,688.7**	**4,358.4**	**5,903.7**	**860.8**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**95.8**	**32.6**	**128.4**	**35.6**	**41.6**
Depreciation/amortisation	- 23.3	- 9.1	- 32.4	- 4.5	- 14.4
Earnings before interest and tax (EBIT)	**72.5**	**23.5**	**96.0**	**31.1**	**27.2**
Financial result	- 18.4	- 1.8	- 20.3	- 7.8	- 3.0
thereof: net interest	- 19.0	- 1.8	- 20.8	- 7.1	- 5.3
thereof: equity result	- 0.7	–	- 0.7	- 0.6	- 0.4
Earnings before tax (EBT)	**53.5**	**21.7**	**75.2**	**24.0**	**21.9**
Income tax					
Net result for the year					
Assets	3,881.7	310.3	4,192.0	1,465.4	815.6
thereof: participating interests recognised at equity	2.6	–	2.6	24.3	23.4
thereof: non-current assets held for sale	–	–	–	–	–
Inventories	633.7	51.9	685.6	525.5	20.6
thereof: non-current assets held for sale	–	–	–	–	–
Liabilities	3,217.3	266.6	3,483.9	1,142.4	263.7
thereof: liabilities from non-current assets held for sale	–	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	115.5	13.2	128.7	3.9	38.8
Employee annual average	1,449	958	2,407	438	2,768

1 **The presentation of the segments and business units has been adjusted to match the order for the financial year 2019 for ease of comparison.**

Agri Trade & Service	Agricultural Equipment	**Agriculture**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities***	Transition	**Group**
3,298.8	1,622.4	11,015.9	1,617.5	10.7	13.1	–	16,625.7
336.4	35.6	1,004.2	35.1	1.1	56.4	- 1,475.5	–
67.3	1.5	106.4	0.7	0.1	11.5	- 130.0	–
3,702.6	**1,659. 5**	**12,126.6**	**1,653.3**	**11.8**	**81.0**	**- 1,605.5**	**16,625.7**
34.1	**48.3**	**159.5**	**47.2**	**- 10.3**	**- 9.7**	**0.2**	**315.3**
- 28.9	- 11.7	- 59.5	- 16.1	- 2.0	- 19.1	- 13.8	- 142.9
5.2	**36.6**	**100.1**	**31.1**	**- 12.3**	**- 29.3**	**- 13.2**	**172.4**
- 14.5	- 8.5	- 33.8	- 9.0	- 0.1	- 0.8	–	- 64.0
- 15.1	- 9.5	- 36.9	- 8.9	- 0.1	- 12.9	–	- 79.8
0.3	0.4	- 0.3	- 0.1	–	10.1	–	9.0
- 9.9	**27.1**	**63.1**	**22.2**	**- 12.4**	**- 41.8**	**- 13.6**	**92.6**
							- 37.7
							54.9
1,513.0	796.6	4,590.6	616.4	48.0	4,616.2	- 6,551.7	7,511.5
2.3	21.6	71.6	0.1	–	140.3	–	214.6
0.1	–	0.1	0.1	–	4.1	–	4.2
765.2	428.0	1,739.3	172.3	1.2	2.3	308.8	2,909.5
–	–	–	–	–	–	–	–
1,351.7	909.1	3,666.9	601.5	21.1	2,736.0	- 4,387.0	6,122.4
–	–	–	–	–	–	–	–
30.7	13.9	87.3	24.7	6.9	49.9	–	297.5
3,543	3,679	10,428	4,211	183	775	–	18,004

*** prior to consolidation**

Segment reporting by region

Beyond reporting under IFRS 8, which does not require secondary segment information, information on segment reporting by region is also disclosed. Consequently, external sales are allocated according to where the customer is domiciled; the Group's core markets are in Germany, Austria and the Netherlands. Accordingly, the external sales for these countries are shown separately. External sales attributable to New Zealand have not been included here due to the secondary importance of said external sales. The non-current assets attributable to the Netherlands have not been included for the same reason.

Segment Information by region

	External sales		Non-current assets	
in € million	**2019**	2018	**2019**	2018
Germany	7,392.1	7,128.0	1,764.9	1,459.8
Austria	2,590.6	2,293.5	520.5	437.4
Netherlands	1,568.2	1,640.0	–	–
New Zealand	–	–	243.5	220.1
Other international operations	5,508.1	5,564.2	747.7	359.6
Group	**17,059.0**	**16,625.7**	**3,276.6**	**2,476.9**

(E.3.) Litigation

Group companies are and will continue to be faced with legal disputes and administrative proceedings in relation to their operating business activities. Such disputes and proceedings can relate to the assertion of third-party claims based on services (e.g. consultation errors) or deliveries (e.g. deficiencies) not being up to standard or from payment disputes, but can also result from breaches of compliance requirements by individual employees. This can lead to individual Group companies having to pay compensation or financial penalties or being imposed with other civil or criminal sanctions.

BayWa AG has agreed with the Bundeskartellamt (German federal antitrust authority) that it will end its administrative offence process against the company and other wholesalers of crop protection products, which has been pending since March 2015. BayWa AG has decided to end the complex, time consuming and resource intensive process by reaching a settlement. The settlement involves the payment of €68.6 million. A corresponding fine notice was issued to BayWa AG on 8 January 2020. BayWa AG cooperated fully with the Bundeskartellamt's investigation into the allegations.

There is a general risk that customers will assert further claims for compensation against BayWa AG following the conclusion of the antitrust proceedings. When the financial statements were prepared, only individual claims had been asserted against BayWa. They were rejected by BayWa. No further claims have been asserted or announced. BayWa generally takes the view that the conduct it was accused of did not result in any financial loss to buyers.

Based on the assessments of our legal advisers, we believe it is extremely unlikely that material claims against BayWa AG can be successfully made by third parties. We have, accordingly, not formed a balance sheet risk provision.

Neither BayWa AG nor any of its Group companies are involved in a court case or arbitration proceedings which could have a major impact on the economic situation of the Group, either now or in the past two years. Such court cases are also not foreseeable. Provisions have been made in an appropriate amount at the respective Group company for any financial burdens arising from a court case or arbitration proceedings and for other legal disputes and/or there is an appropriate insurance cover.

(E.4.) Information pursuant to Section 160 para. 1 item 8 of the German Stock Corporation Act (AktG)

Pursuant to the German Securities Trading Act (WpHG), any shareholder who reaches, exceeds or falls below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights of a listed company is required to inform the company and the German Financial Supervisory Authority (BaFin) without delay. BayWa AG was informed of the following holdings (the proportion of voting rights relates to the time when notification was made and may therefore now be outdated):

Pursuant to Section 41 para. 2 in conjunction with Section 21 para. 1 of the German Securities Trading Act (WpHG), Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, informed us on 4 April 2002 that the proportion of its voting rights in our company came to 37.51% on 1 April 2002.

Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009.

Raiffeisen Agrar Holding GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to Raiffeisen Agrar Holding GmbH via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG via Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

On 8 September 2009, we received the following notification from ‘KORMUS’ Holding GmbH, Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Austria, Company Register no. FN 241822X:
“We herewith inform you that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share of the voting rights in BayWa Aktiengesellschaft, Arabellastrasse 4, 81925 Munich, Germany, apportioned to us had fallen below the thresholds of 25%, 20%, 15%, 10%, 5% and 3% on 8 September 2009 and that the whole share in the voting rights now amounts to 0% (the equivalent of zero voting rights).

To date a share in the voting rights of 25.12% (the equivalent of 8,533,673 voting rights) was apportionable to us pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG) via LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG. As a result of a demerger, 16,329,226 of the shares formerly held by us in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG (the equivalent of 50.05% of the shares and the voting rights) were directly transferred to ‘LAREDO’ Beteiligungs GmbH, our direct parent company, with effect from 8 September 2009.”

‘LAREDO’ Beteiligungs GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportioned to ‘LAREDO’ Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to ‘LAREDO’ Beteiligungs GmbH via ‘KORMUS’ Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H., Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen-Holding GmbH, Niederösterreich-Wien reg.Gen.m.b.H. pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H. via 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), its share in the voting rights of BayWa AG, Munich, Germany, came to 25.12% (8,533,673 voting rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).
We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act (WpHG):

1) Objectives of the acquisition:
   a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
   b) RWA Management, Service und Beteiligungen GmbH plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent, and mainly to prevent dilution of its existing voting rights;
   c) RWA Management, Service und Beteiligungen GmbH currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies;
   d) RWA Management, Service und Beteiligungen GmbH currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition:
   Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly-owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest GmbH, neither debt nor equity capital was used for the acquisition of BayWa Aktiengesellschaft voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), its share in the voting rights of BayWa AG, Munich, Germany, came to 25.12% (8,533,673 voting rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).
We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act (WpHG):

1) Objectives of the acquisition:
   a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
   b) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent and mainly to prevent dilution of its existing voting rights;
   c) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies;
   d) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition:
   Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly-owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest GmbH, neither debt nor equity capital was used for the acquisition of BayWa AG voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

Correction of a voting rights notification from 16 July 2009:
RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain 'LAREDO' Beteiligungs GmbH, LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa AG voting rights pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
'LAREDO' Beteiligungs GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to 'LAREDO' Beteiligungs GmbH via the chain LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa AG voting rights pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH (the latter being the direct holder of BayWa AG voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 and via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Holding GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 and Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.

Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, informed us on 19 January 2016, in the form of a notification of voting rights pursuant to Section 41 para. 4f of the German Securities Trading Act (WpHG), that the share of voting rights apportioned to it in BayWa AG, Munich, Germany, amounted to 25.10% (34,783,980 voting rights) on 26 November 2015. The company's share had amounted to 25.12% on the date of the last notification.

(E.5.) Related party disclosures

Under IAS 24, related parties are defined as companies and individuals where one of the parties has the possibility of controlling the other or of exerting a significant influence on the financial and business policies of the other.

A significant influence within the meaning of IAS 24 is constituted by participation in the financial and operating policies of the company, but not the control of these policies. Significant influence may be exercised in several ways usually by representation on the management board or on the management and/or supervisory bodies, but also by participation, for instance, in the policy-making process through material intra-Group transactions, by interchange of managerial personnel or by dependence on technical information. Significant influence may be gained by share ownership, statute or contractual agreement. With share ownership, significant influence is presumed in accordance with the definition under IAS 28 (Investments in Associates and Joint Ventures [2011]) if a shareholder owns 20% or more of the voting rights, either directly or indirectly, unless this supposition can be clearly refuted. Significant influence can be deemed irrefutable if the policy of the company can be influenced, for instance, by the corresponding appointment of the members to the supervisory bodies.

In relation to the shareholder group of BayWa AG, the holdings of Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, as well as Raiffeisen Agrar Invest AG, Vienna, Austria, mean that they can exert significant influence on BayWa AG. These companies are therefore to be classified as related parties. In addition to dividend payments of BayWa AG to Bayerische Raiffeisen-Beteiligungs-AG of €11.0 million (2018: €11.0 million) and to Raiffeisen Agrar Invest AG of €7.9 million (2018: €7.9 million), no business transactions were carried out in the financial year 2019 within the meaning of IAS 24 which need to be reported here.

Transactions with related parties are shown in the table below:

in € million **2019**	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG and Raiffeisen Agrar Invest AG	Non-consolidated companies > 50%	Non-consolidated companies > 20% ≤ 50%
Receivables	–	–	–	37.6	11.8
Liabilities	–	–	–	14.9	2.2
Interest income	0.0	0.0	–	0.5	0.0
Interest expenses	–	–	–	0.0	–
Revenues	–	–	–	12.1	77.6

in € million 2018	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG and Raiffeisen Agrar Invest AG	Non-consolidated companies > 50%	Non-consolidated companies > 20% ≤ 50%
Receivables	–	–	–	19.8	17.2
Liabilities	–	–	–	2.3	15.2
Interest income	0.0	0.0	–	0.7	0.1
Interest expenses	–	–	–	- 0.3	- 0.0
Revenues	–	–	–	17.9	42.5

The transactions conducted with related parties predominantly pertain to the sale of goods. Members of the Board of Management or of the Supervisory Board of BayWa AG are members in supervisory boards or board members of other companies with which BayWa AG maintains business relations in the course of normal business.

(E.6.) Fees of the Group auditor

The following fees paid to the Group auditor Deloitte GmbH Wirtschaftsprüfungsgesellschaft were recognised as expenses at BayWa AG and its subsidiaries:

in € million	**2019**	2018
For audits performed	1.7	1.4
For other consultancy services	0.2	0.1
For tax consultancy services	–	–
For other services	0.1	0.1
	2.0	**1.6**

Apart from the preparation of a comfort letter, other consultancy services exclusively relate to audits required by law beyond the audit of the financial statements. In the financial year 2019, these audits centred on the German Renewable Energy Sources Act (EEG) and the consolidated non-financial statement.

Other services primarily concern supporting services for the execution of projects.

(E.7.) Executive and supervisory bodies of BayWa AG

Supervisory Board

Manfred Nüssel
Master of Agriculture (University of Applied Sciences), Chairman
Honorary President of Deutscher Raiffeisenverband e.V.

Other mandates
- AGCO GmbH, Marktoberdorf, Germany (Member of the Supervisory Board)
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Chairman of the Board of Management)
- Landwirtschaftliche Rentenbank, Frankfurt am Main, Germany (Member of the Board of Administration, until 4 July 2019)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Vice Chairman of the Supervisory Board)

Klaus Buchleitner
Vice Chairman
Managing Director of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H and Raiffeisenlandesbank Niederösterreich-Wien AG

Other mandates
- AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria (Second Vice Chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG (First Vice Chairman)
- AUSTRIA JUICE GmbH, Allhartsberg, Austria (Chairman of the Shareholders Committee)
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, Austria (Member of the Supervisory Board)
- Niederösterreichische Versicherung AG, St. Pölten, Austria (Member of the Supervisory Board)
- NÖM AG, Baden, Austria (Chairman of the Supervisory Board)
- Raiffeisen Bank International AG, Vienna, Austria (Member of the Supervisory Board)
- Raiffeisen Software GmbH, Vienna, Austria (Vice Chairman of the Supervisory Board)
- Saint Louis Sucre S.A., Paris, France (Member of the Supervisory Board, until 28 February 2019)
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft e.G., Ochsenfurt, Germany (Member of the Supervisory Board, until 28 February 2019)
- Z&S Zucker und Stärke Holding AG, Vienna, Austria (Chairman of the Supervisory Board)

Werner Waschbichler
Vice Chairman of the Supervisory Board
Chairman of the Main Works Council of BayWa Headquarters

Wolfgang Altmüller
MBA, Chairman of the Board of Directors of VR meine Raiffeisenbank eG

Other mandates
- Allianz Deutschland AG, Munich, German (Member of the Supervisory Board)
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Vice Chairman of the Supervisory Board)
- Fiducia & GAD IT AG, Karlsruhe, Germany (Member of the Supervisory Board)
- DK Travel Holding AG, Zürich, Switzerland (Member of the Advisory Board, until 28 November 2019)

Theo Bergmann
Driver, Vice Chairman of the Main Works Council of BayWa AG

Andrea Busch
General Secretary of ver.di, Saxony West-East-South

Renate Glashauser
Member of the Works Council, Vice Chairwoman of BayWa AG Works Council, Chairwoman of BayWa AG Works Council, Agricultural Equipment, Lower Bavaria region

Jürgen Hahnemann
Warehouse manager, Chairman of the Works Council of BayWa AG, Building Materials, Central Franconia, member of the Main Works Council of BayWa AG

Monika Hohlmeier
Member of the European Parliament

Stefan Kraft M. A.
National Secretary of the Union, ver.di-Bundesverwaltung

Michael Kuffner
Head of Environment, Health & Safety (EH & S)

Other mandate
- BGHW Berufsgenossenschaft für Handel und Warenlogistik (Member of the Board of Directors)

Dr. Johann Lang
Master of Agricultural Engineering, farmer and Managing Director of Landwirtschaftsbetrieb Lang GbR, Ort, Austria

Other mandates
- Niederösterreichische Versicherung AG, St. Pölten, Austria (Member of the Supervisory Board)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Chairman of the Supervisory Board)
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria (Chairman of the Supervisory Board)

Bernhard Loy
Service specialist, Chairman of the Works Council of BayWa AG, Agricultural Equipment, Central Franconia, Member of the Main Works Council of BayWa AG

Wilhelm Oberhofer
Bachelor of Banking Services and Operations (CCI), Member of the Board of Management of Raiffeisenbank Kempten-Oberallgäu eG

Other mandates
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Member of the Board of Management)
- Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, Germany (Member of the Supervisory Board)
- GOS Grundstücksgesellschaft Oberallgäu-Süd mbH, Sonthofen, Germany (Member of the Advisory Committee)
- DZ Bank AG, Frankfurt am Main, Germany (Member of the Central Advisory Board)

Joachim Rukwied
MSc Agricultural Engineering (University of Applied Sciences), farmer and vintner
President of the European farmers' association COPA, of the Deutscher Bauernverband e. V. and of the Landesbauernverband in Baden-Württemberg e. V.

Other mandates
- Buchstelle LBV GmbH, Stuttgart, Germany (Chairman)
- KfW Bankengruppe, Frankfurt am Main, Germany (Member of the Board of Administration)
- Landwirtschaftliche Rentenbank, Frankfurt am Main, Germany (Chairman of the Board of Administration)
- Land-DATA GmbH, Visselhövede, Germany (Chairman)
- LBV-Unternehmensberatungsdienste GmbH, Stuttgart, Germany (Chairman of the Board of Administration)
- Messe Berlin GmbH, Berlin, Germany (Member of the Supervisory Board)
- R+V Allgemeine Versicherung AG, Wiesbaden, Germany (Member of the Supervisory Board)
- Südzucker AG, Mannheim/Ochsenfurt, Germany (Member of the Supervisory Board)

Monique Surges
Chief Executive Officer German-New Zealand Chamber of Commerce Inc., Auckland, New Zealand
Treasurer of the New Zealand Europe Business Council (NZEBC), Auckland, New Zealand

Cooperative Council

Karlheinz Kipke
Chairman
Chairman of the Board of Directors of VR-Bank Coburg eG

Members pursuant to Article 28 para. 5 of the Articles of Association

Manfred Nüssel
Master of Agriculture (University of Applied Sciences),
Vice Chairman
Honorary President of Deutscher Raiffeisenverband e. V.

Dr. Johann Lang
Master of Agricultural Engineering, farmer and Managing Director of Landwirtschaftsbetrieb Lang GbR, Ort, Austria

Other members

Ralf W. Barkey (until 31 December 2019)
Chief Executive Officer, Genossenschaftsverband – Verband der Regionen e. V., Frankfurt am Main, Germany

Franz Breiteneicher
Managing Director of Raiffeisen-Waren GmbH Erdinger Land

Dr. Alexander Büchel
Member of the Board of Directors of Genossenschaftsverband Bayern e. V.

Albert Deß
Former Member of the European Parliament

Martin Empl
MSc Agriculture, farmer

Dr. Reinhard Funk
Master of Agriculture, publicly appointed and sworn agricultural appraiser

Manfred Göhring
Chairman of the Board of Directors of Raiffeisenbank Altdorf-Feucht eG

Markus Grauer
Managing Director of Raiffeisen-Waren Schwaben Allgäu GmbH

Albert Griebl
Spokesman for the Board of Management of VR-Bank Rottal-Inn eG

Wolfgang Gribler
Chief Executive Officer
Agrarunternehmen “Lommatzscher Pflege” e.G.

Alois Hausleitner
Ök.-Rat, member of the Supervisory Board of RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria

Walter Heidl
President of the Bayerischer Bauernverband

Ludwig Hubauer
Ök.-Rat, member of the Supervisory Board of RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria

Hubert Kamml
Chairman of the Board of Directors of Volksbank Rosenheim-Chiemsee eG

Martin Körner
Master of Engineering (University of Applied Sciences), farmer, fruit farmer

Alfred Kraus
Managing Director of Raiffeisen-Handels-GmbH Rottal

Johann Kreitmeier
Chairman of Landeskuratorium für pflanzliche Erzeugung in Bayern e. V.

Franz Kustner
Former President of the Bayerischer Bauernverband, Upper Palatinate district association

Franz Reisecker
Chairman of Raiffeisenverband Oberösterreich, Vice President of the European farmers’ association COPA

Angelika Schorer
Member of the State Assembly, Secretary to the Präsidium (executive committee), Member of the Ausschuss für Wohnen, Bau und Verkehr (committee for residential, construction and transport affairs), Member of the Medienrat (media council)

Gerd Sonnleitner
Farmer, Honorary President of the European farmers’ association COPA, the Deutscher Bauernverband and the Bayerischer Bauernverband

Dr. Hermann Starnecker
Spokesman of the Board of Directors of VR Bank Augsburg-Ostallgäu eG

Wolfgang Völkl
Spokesman of the Board of Directors of Volksbank Regensburg-Schwandorf eG

Wolfgang Vogel (until 31 December 2019)
President of Sächsischer Landesbauernverband e. V.

Rainer Wiederer
Spokesman of the Board of Directors of Volksbank Raiffeisenbank Würzburg eG

Thomas Wirth
Member of the Board of Management of Volksbank Raiffeisenbank Nordoberpfalz eG

Board of Management

Prof. Klaus Josef Lutz
(Chief Executive Officer)
Corporate Audit, Corporate Compliance, Corporate Environment, Health & Safety, Corporate Governance, Corporate HR, Corporate M & A, Corporate Marketing, PR/Corporate Communications/Public Affairs, Corporate Risk, Corporate Strategy & Innovation, Corporate Sustainability, Group IT, BayWa Foundation, BayWa Agri Supply & Trade (BAST), Global Produce, RI-Solution GmbH

External mandates
- Deutscher Raiffeisenverband e. V., Berlin, Germany (Vice President)
- Euro Pool System International B.V., Rijswijk, Netherlands (Member of the Supervisory Board)
- Giesecke & Devrient GmbH, Munich, Germany (Chairman of the Supervisory Board and the Advisory Committee)
- IHK Industrie- und Handelskammer für München und Oberbayern (chamber of industry and commerce for Munich and Upper Bavaria) (Vice President)

Group mandates
- Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates (Member of the Board of Directors)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (First Vice Chairman of the Supervisory Board)
- T&G Global Limited, Auckland, New Zealand (Chairman of the Board of Directors)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Chairman of the Supervisory Board)

Andreas Helber
Corporate Controlling, Corporate Finance & Accounting, Corporate Insurance, Corporate Legal, Corporate Real Estate Management, Investor Relations, Business Services, Finance Services, HR Services, Corporate Purchasing Own Requirements and Services

External mandates
- Munich Stock Exchange (Member of the Stock Exchange Council)
- R+V Pensionsversicherung a.G., Wiesbaden, Germany (Member of the Supervisory Board, until 18 June 2019)
- R+V Allgemeine Versicherung AG, Wiesbaden (Member of the Supervisory Board, since 5 June 2019)

Group mandates
- Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates (Member of the Board of Directors, since 12 November 2019)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Third Vice Chairman of the Supervisory Board)
- T&G Global Limited, Auckland, New Zealand (Member of the Board of Directors)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Member of the Supervisory Board)

Allocation of departments as at 31 December 2019

Marcus Pöllinger
Agri Trade & Service, Agricultural Equipment, Building Materials, Digital Farming

External mandate
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany (Member of the Supervisory Board)

Group mandate
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Member of the Supervisory Board, since 7 May 2019)

Matthias Taft
Conventional Energy, Renewable Energies (BayWa r.e. renewable energy GmbH)

Group mandates
- BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Republic of Singapore (Chairman of the Board of Directors)
- BayWa r.e. Nordic AB, Malmö, Sweden (Chairman of the Board of Directors)
- BayWa r.e. renewable energy GmbH, Munich, Germany (Managing Director)
- BayWa r.e. Scandinavia AB, Malmö, Sweden (Chairman of the Board of Directors, until 7 May 2019)
- BayWa r.e. Solar Projects LLC, Wilmington, USA (Chairman of the Board of Directors, until 30 April 2019)
- BayWa r.e. Solar Pte. Ltd., Singapore, Republic of Singapore (Chairman of the Board of Directors, until 1 September 2019)
- BayWa r.e. USA LLC, Wilmington, USA (Chairman of the Board of Directors)
- BayWa r.e. Wind, LLC, Wilmington, USA (Chairman of the Board of Directors)
- BayWa r.e. Wind Pte. Ltd., Singapore, Republic of Singapore (Chairman of the Board of Directors, until 1 September 2019)
- BayWa r.e. Solar B.V., GroenLeven, Netherlands (Chairman of the Supervisory Board, until 11 March 2019)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (First Replacement Member of the Supervisory Board)

Reinhard Wolf
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Chairman of the Board of Directors and General Director)

External mandate
- Niederösterreichische Verkehrsorganisationsgesellschaft m.b.H., St. Pölten, Austria (Member of the Supervisory Board)

Group mandates
- Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria (Chairman of the Supervisory Board)
- Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria (Vice Chairman of the Supervisory Board)

(E.8.) Total remuneration of the Board of Management, the Supervisory Board and the Cooperative Council

The remuneration of the Cooperative Council amounts to €0.1 million (2018: €0.1 million). The total remuneration of the Supervisory Board comes to €1.1 million (2018: €0.9 million; of which €0.2 million were variable). In addition to Supervisory Board remuneration, employee representatives who are employees of the BayWa Group receive compensation not connected to their activities for the Supervisory Board. The sum total of such compensation received by the employee representatives came to €0.5 million (2018: €0.5 million). Total remuneration of the Board of Management comes to €9.4 million (2018: €7.8 million) and breaks down as follows:

in € million	**2019**	2018
Total remuneration of the Board of Management	**9.4**	**7.8**
thereof:		
ongoing remuneration	7.0	5.5
non-cash benefits	0.2	0.2
transfers to pension provision	2.2	2.1
The ongoing remuneration of the Board of Management is split up into		
fixed salary components	3.5	3.4
variable salary components – short-term	2.0	1.6
variable salary components – long-term	1.5	0.5

An amount of €3.6 million (2018: €3.4 million) has been paid out to former members of the Board of Management of BayWa AG and their dependants. Pension provisions for former members of the Board of Management are disclosed in an amount of €46.8 million (2018: €44.5 million).

In its meeting on 19 May 2015, the Annual General Meeting passed a resolution pursuant to Section 286 para. 5 of the German Commercial Code (HGB) to the effect that, in the preparation of the financial statements of the Group and of BayWa AG, the information required under Section 285 sentence 1 item 9 letter a sentences 5 to 8 of the German Commercial Code (HGB) and pursuant to Section 314 para. 1 item 6 letter a sentences 5 to 8 of the German Commercial Code (HGB) in the notes to the financial statements at company and at Group level shall be waived for the financial year 2015 and for the next four financial years.

(E.9.) Ratification of the consolidated financial statements and disclosure

The consolidated financial statements were authorised for publication by the Board of Management of BayWa AG on 23 March 2020.

In accordance with Section 264 para. 3 of the German Commercial Code (HGB), the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing preparation (Sections 242 et seq. of the German Commercial Code [HGB]), auditing (Sections 316 et seq. of the German Commercial Code [HGB]) and disclosure (Sections 325 et seq. of the German Commercial Code [HGB]):

- Agrarhandel Züssow Bohnhorst / Naeve Beteiligungs GmbH, Züssow, Germany
- Bad und Heizung Krampfl GmbH, Plattling, Germany
- BayWa Agrar Beteiligungs GmbH, Munich, Germany
- BayWa Agrarhandel GmbH, Nienburg, Germany
- BayWa Energie Dienstleistungs GmbH, Munich, Germany
- BayWa Finanzservice GmbH, Munich, Germany
- BayWa Handels-Systeme-Service GmbH, Munich, Germany
- BayWa Haustechnik GmbH, Kösching, Germany
- BayWa Mobility Solutions GmbH, Munich (formerly: Wingenfeld Energie GmbH, Hünfeld), Germany
- BayWa Obst Beteiligung GmbH, Munich, Germany
- BayWa Pensionsverwaltung GmbH, Munich, Germany
- Diermeier Energie GmbH, Munich, Germany
- EUROGREEN GmbH, Betzdorf, Germany
- FarmFacts GmbH, Pfarrkirchen, Germany
- FarmFacts Holding GmbH, Munich, Germany
- Frucom Fruitimport GmbH, Hamburg, Germany
- Interlubes GmbH, Würzburg, Germany
- Jannis Beteiligungsgesellschaft mbH, Munich, Germany
- RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany

In accordance with Section 264b of the German Commercial Code (HGB), the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing preparation (Sections 242 et seq. of the German Commercial Code [HGB]), auditing (Sections 316 et seq. of the German Commercial Code [HGB]) and disclosure (Sections 325 et seq. of the German Commercial Code [HGB]):

- Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany
- BayWa Obst GmbH & Co. KG, Munich, Germany
- BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany
- CLAAS Main-Donau GmbH & Co. KG, Gollhofen, Germany
- CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany
- Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany
- Evergrain Germany GmbH & Co. KG, Hamburg, Germany
- r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany
- r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany
- Ruschberg Infrastruktur GmbH & Co. KG, Gräfelfing, Germany
- Schradenbiogas GmbH & Co. KG, Gröden, Germany
- Solarpark Aquarius GmbH & Co. KG, Gräfelfing, Germany
- Solarpark Aries GmbH & Co. KG, Gräfelfing, Germany
- Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany
- Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany
- Windpark Bedesbach GmbH & Co. KG, Gräfelfing, Germany
- Windpark Berschweiler GmbH & Co. KG, Gräfelfing, Germany
- Windpark Beteiligungsgesellschaft mbH & Co. Windpark Krummensee KG, Düsseldorf, Germany
- Windpark Bruchwald GmbH & Co. KG, Lebach (formerly: Windpark Hellefelder Höhe GmbH & Co. KG, Gräfelfing), Germany
- Windpark Finkenbach-Gersweiler GmbH & Co. KG, Gräfelfing, Germany
- Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany
- Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany
- Windpark Immenberg 2 GmbH & Co. KG, Gräfelfing, Germany
- Windpark Immenberg GmbH & Co. KG, Gräfelfing, Germany
- Windpark Pferdsfeld GmbH & Co. KG, Gräfelfing, Germany
- Windpark Uphuser Mark GmbH & Co. KG, Gräfelfing, Germany

- Windpark Westerengel-Kirchengel GmbH & Co. KG, Gräfelfing, Germany
- Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany

(E.10.) Proposal for the appropriation of profit

As the parent company of the BayWa Group, BayWa AG discloses profit available for distribution of €33,381,240.60 in its annual financial statements as at 31 December 2019, which were drawn up in accordance with German accounting standards (German Commercial Code – HGB) and adopted by the Supervisory Board on 25 March 2020. The Board of Management and the Supervisory Board will propose the following use of this amount to the Annual General Meeting on 26 May 2020:

In €	2019
Dividend of €0.95 per dividend-bearing share	**33,381,240.60**

The amount distributed to the shareholders was reduced by the portion of the shares owned by BayWa AG at the time when the resolution on profit appropriation was made, as these shares are not entitled to dividends pursuant to Section 71b German Stock Corporation Act (AktG). This portion will be transferred to other revenue reserves.

(E.11.) Significant events after the reporting date

In mid-January, torrential rain in the United Arab Emirates – particularly the region around Al Ain – caused significant damage to the greenhouse for tomatoes that BayWa operates in the scope of a joint venture with the Al Dahra Group. Operations there have ceased until further notice; clean-up work is currently proceeding at full speed. The damage is insured, so this event is not expected to result in a material financial burden on BayWa.

Turners & Growers New Zealand Limited, Auckland, New Zealand, signed an agreement for the purchase of Freshmax NZ Ltd.'s business in New Zealand, to develop trade relations and ensure a strong and constant supply relationship. The transaction is subject to approval by New Zealand's antitrust authorities. Approval is expected in early April.

The economic effects of the spread of the coronavirus cannot currently be estimated. The international and intercontinental spread of the disease, with a significant rise in the number of infections, could, however, have a noticeable negative impact on business development over a sustained period of time, particularly in the Renewable Energies, Global Produce, Building Materials and Agricultural Equipment business units. This is due to the international nature of the supply chains and the resulting limited availability of intermediate goods and products.

(E.12.) German Corporate Governance Code

The Board of Management and the Supervisory Board of BayWa AG submitted the Declaration of Conformity to the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) on 6 November 2019 and have made it permanently accessible to the public on the company’s website at www.baywa.com.

Munich, Germany, 23 March 2020

BayWa Aktiengesellschaft

Board of Management
Prof. Klaus Josef Lutz
Andreas Helber
Marcus Pöllinger
Matthias Taft
Reinhard Wolf

Group Holdings of BayWa AG (Appendix to the Notes of the Consolidated Financial Statements) as at 31 December 2019

Name and principal place of business	Share in capital in %
Subsidiaries included in the group of consolidated companies	
"BIOCORE ORGANIC" LLC, Żytomyr, Ukraine	100.0
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria	51.1
A.A.T. – Agrarservice, Transport und Handel – GmbH, Wittenburg, Germany	100.0
Abemec B.V., Veghel, Netherlands	100.0
AFS Franchise-Systeme GmbH, Vienna, Austria	100.0
Agrar- und Transportservice Kölleda GmbH, Kölleda, Germany	62.3
Agrarhandel Züssow Bohnhorst / Naeve Beteiligungs GmbH, Züssow, Germany	100.0
Agrimec Group B.V., Apeldoorn, Netherlands	100.0
AGROMED AUSTRIA GMBH, Kremsmünster, Austria	80.0
Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates	49.0
ALM Regio 1 B.V., Veghel, Netherlands	100.0
ALM Regio 2 B.V., Veghel, Netherlands	100.0
ALM Regio 3 B.V., Veghel, Netherlands	100.0
ALM Regio 4 B.V., Veghel, Netherlands	100.0
ALM Regio 5 B.V., Veghel, Netherlands	100.0
ALM Regio 6 B.V., Veghel, Netherlands	100.0
ALM Regio 7 B.V., Veghel, Netherlands	100.0
ALM Regio 8 B.V., Veghel, Netherlands	100.0
Aludra Energies SARL, Paris, France	100.0
Amadeus Wind Holdings, LLC, Wilmington, USA	100.0
Amadeus Wind, LLC, Wilmington, USA	100.0
AMUR S.L.U., Barcelona, Spain	100.0
Arlena Energy S.r.l., Milan (formerly: Rovereto), Italy	100.0
Åshults Kraft AB, Malmö, Sweden	100.0
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany	100.0
Aufwind Schmack Első Biogáz Szolgáltató Kft., Szarvas, Hungary	100.0
B O R , s.r.o., Unhost (formerly: Choceň), Czech Republic	100.0
Bad und Heizung Krampfl GmbH, Plattling, Germany	100.0
Baltic Logistic Holding B.V., Rotterdam, Netherlands	100.0
Bautechnik Gesellschaft m.b.H., Vienna, Austria	100.0
Bayerische Futtersaatbau Gesellschaft mit beschränkter Haftung, Ismaning, Germany	79.2
BayWa AG Centre Ltd., Vancouver, Canada	90.0
BayWa Agrar Beteiligungs GmbH, Munich, Germany	100.0
BayWa Agrarhandel GmbH, Nienburg, Germany	100.0
BayWa Agri Supply & Trade B.V., Rotterdam, Netherlands	100.0
BayWa Agro Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
BayWa Canada Ltd., Vancouver, Canada	100.0
BayWa Energie Dienstleistungs GmbH, Munich, Germany	100.0
BayWa Finanzservice GmbH, Munich, Germany	100.0
BayWa Handels-Systeme-Service GmbH, Munich, Germany	100.0
BayWa Haustechnik GmbH, Kösching, Germany	100.0
BayWa Marketing & Trading International B.V., Rotterdam, Netherlands	100.0
BayWa Mobility Solutions GmbH, Munich (formerly: Wingenfeld Energie GmbH, Hünfeld), Germany	100.0
BayWa Obst Beteiligung GmbH, Munich, Germany	100.0
BayWa Obst GmbH & Co. KG, Munich, Germany	100.0
BayWa Ökoenergie GmbH, Munich, Germany	100.0
BayWa Pensionsverwaltung GmbH, Munich, Germany	100.0
BayWa r.e. (Thailand) Co., Ltd., Bangkok, Thailand	100.0

Name and principal place of business	Share in capital in %
BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Asset Management GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Australia Pty Ltd, Melbourne, Australia	100.0
BayWa r.e. Bioenergy GmbH, Regensburg, Germany	100.0
BayWa r.e. Clean Energy S.r.l., Milan, Italy	100.0
BayWa r.e. Clean Energy Sourcing GmbH, Munich, Germany	100.0
BayWa r.e. Energy Ventures GmbH, Gräfelfing, Germany	100.0
BayWa r.e. España S.L.U., Barcelona, Spain	100.0
BayWa r.e. France SAS, Paris, France	100.0
BayWa r.e. Global Services GmbH, München (formerly: Gräfelfing), Germany	100.0
BayWa r.e. Green Energy Products GmbH, Munich, Germany	100.0
BayWa r.e. Hellas MEPE, Athens, Greece	100.0
BayWa r.e. Italia Assets GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Italia S.r.l., Milan, Italy	100.0
BayWa r.e. Japan K.K., Tokyo, Japan	100.0
BayWa r.e. Nordic AB, Malmö, Sweden	100.0
BayWa r.e. Operation Services GmbH, Munich, Germany	100.0
BayWa r.e. Operation Services Limited, London, UK	100.0
BayWa r.e. Operation Services S.r.l., Milan, Italy	100.0
BayWa r.e. Polska Sp. z o.o., Warsaw, Poland	100.0
BayWa r.e. Power Solutions GmbH, Munich (formerly: Windfarm Fraisthorpe GmbH, Gräfelfing), Germany	100.0
BayWa r.e. Progetti S.r.l., Milan, Italy	100.0
BayWa r.e. Projects Australia Pty Ltd (formerly: BayWa r.e. Wind Pty Ltd), Richmond, Australia	100.0
BayWa r.e. Projects España S.L.U., Barcelona, Spain	100.0
BayWa r.e. renewable energy GmbH, Munich, Germany	100.0
BayWa r.e. Rotor Service GmbH, Basdahl, Germany	100.0
BayWa r.e. Rotor Service Vermögensverwaltungs GmbH, Basdahl, Germany	100.0
BayWa r.e. Scandinavia AB, Malmö, Sweden	100.0
BayWa r.e. Solar B.V., Heerenveen, Netherlands	70.0
BayWa r.e. Solar Energy Systems GmbH, Tübingen, Germany	100.0
BayWa r.e. Solar Energy Systems International Cooperations GmbH, Tübingen, Germany	100.0
BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0
BayWa r.e. Solar Projects LLC, Wilmington, USA	100.0
BayWa r.e. Solar Projects Pty Ltd, Melbourne, Australia	100.0
BayWa r.e. Solar Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Solar Systems Co., Ltd., Bangkok, Thailand	100.0
BayWa r.e. Solar Systems Inc., Edmonton, Canada	100.0
BayWa r.e. Solar Systems LLC, Wilmington, USA	100.0
BayWa r.e. Solar Systems Pty Ltd, Adelaide, Australia	100.0
BayWa r.e. Solar Systems S. de R.L de C.V., Mexico City, Mexico	100.0
BayWa r.e. Solar Systems S.à r.l., Wemperhardt, Luxembourg	100.0
BayWa r.e. Solar Systems S.L.U., Barcelona, Spain	100.0
BayWa r.e. Solar Systems S.r.l., Bozen, Italy	100.0
BayWa r.e. Solar Systems SAS, Lormont, France	100.0
BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany	100.0
BayWa r.e. UK (Developments) Limited, London, UK	100.0
BayWa r.e. UK (Renewables Services) Ltd., London, UK	100.0
BayWa r.e. UK Limited, London, UK	100.0
BayWa r.e. USA LLC, Wilmington, USA	100.0
BayWa r.e. Wind 20+ GmbH (formerly: Windpark Breva GmbH), Gräfelfing, Germany	100.0
BayWa r.e. Wind GmbH, Munich, Germany	100.0
BayWa r.e. Wind Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Wind Verwaltungs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Wind, LLC, Wilmington, USA	95.0
BayWa r.e. Windpark Arlena GmbH, Gräfelfing, Germany	100.0

Name and principal place of business	Share in capital in %
BayWa r.e. Zambia Ltd., Lusaka, Zambia	100.0
BayWa Rus LLC, Moscow, Russia	100.0
BayWa Ukraine LLC, Kiev, Ukraine	100.0
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0
Becon Project Management & Consultancy Ltd., Stirling, UK	100.0
BioCore B.V., Oosterhout, Netherlands	100.0
Bishopthorpe (Holdings) Limited, London, UK	100.0
Blueberry Central SAS, Paris, France	100.0
Blueberry SAS, Paris, France	100.0
Bölke Handel GmbH, Landsberg, Germany	90.0
Botsay Energie SARL, Paris, France	100.0
brandpower P1 GmbH, Salzburg, Austria	100.0
brandpower S1 GmbH, Salzburg, Austria	100.0
brandpower S2 GmbH, Salzburg, Austria	100.0
Burkes Agencies Limited, Glasgow, UK	100.0
BW Solar 216 G.K., Tokyo, Japan	100.0
Cefetra B.V., Rotterdam, Netherlands	100.0
Cefetra Feed Service B.V., Rotterdam, Netherlands	100.0
Cefetra Hungary Kft., Budapest, Hungary	100.0
Cefetra Ibérica S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Limited, Glasgow, UK	100.0
Cefetra Polska Sp. z o.o., Gdynia, Poland	100.0
Cefetra S.p.A., Rome, Italy	100.0
Cefetra Shipping B.V., Rotterdam, Netherlands	100.0
Chopin Wind, LLC, Wilmington, USA	100.0
Citygreen Gartengestaltungs GmbH, Vienna, Austria	100.0
CLAAS Main-Donau GmbH & Co. KG, Gollhofen, Germany	90.0
CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany	90.0
CLAAS Südostbayern GmbH, Töging am Inn, Germany	90.0
CLAAS Württemberg GmbH, Langenau, Germany	80.0
Crookedstane Windfarm Ltd., Greenock, UK	100.0
Daipur HoldCo Pty Ltd, Richmond, Australia	100.0
Daipur Wind Farm Pty Ltd, Richmond, Australia	100.0
Delica (Shanghai) Fruit Trading Company Limited, Shanghai, People's Republic of China	100.0
Delica Australia Pty Ltd, Tullamarine, Australia	100.0
Delica Domestic Pty Ltd, Tullamarine, Australia	80.0
Delica Limited, Auckland, New Zealand	100.0
Delica North America, Inc., Torrance, USA	50.0
Diermeier Energie GmbH, Munich, Germany	100.0
Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany	100.0
Druim Leathann Windfarm Ltd., Greenock, UK	100.0
DRWZ-Beteiligungsgesellschaft mbH, Munich, Germany	64.3
ECOwind d.o.o., Zagreb, Croatia	100.0
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	100.0
Eko-En Polanow 1 Sp. z o.o., Warsaw, Poland	100.0
Eko-En Polanow 2 Sp. z o.o., Warsaw, Poland	100.0
Eko-En Skibno Sp. z o.o., Koszalin, Poland	100.0
Energy System Services S.r.l., Milan, Italy	100.0
ENZAFRUIT New Zealand (Continent) NV, Sint-Truiden, Belgium	100.0
ENZAFRUIT New Zealand (U.K.) Limited, Luton, UK	100.0
ENZAFRUIT New Zealand International Limited, Auckland, New Zealand	100.0
ENZAFRUIT Peru S.A.C., Lima, Peru	100.0
ENZAFRUIT Products Inc., Wilmington, USA	100.0
Eol d'Aunis SAS, Paris, France	100.0
EUROGREEN AUSTRIA GmbH, Mondsee, Austria	100.0
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic	100.0

Name and principal place of business	Share in capital in %
EUROGREEN GmbH, Betzdorf, Germany	100.0
Evergrain Germany GmbH & Co. KG, Hamburg, Germany	100.0
F. Url & Co. Gesellschaft m.b.H., Lannach, Austria	100.0
FarmFacts GmbH, Pfarrkirchen, Germany	100.0
FarmFacts Holding GmbH, Munich, Germany	100.0
Ferguson HoldCo Pty Ltd, Richmond, Australia	100.0
Ferguson Wind Farm Pty Ltd, Richmond, Australia	100.0
Frucom Fruitimport GmbH, Hamburg, Germany	100.0
Fruit Distributors Limited, Auckland, New Zealand	100.0
Fruitmark Pty Ltd, Mulgrave, Australia	100.0
Fruitmark USA Inc., Seattle, USA	100.0
Furukraft AB, Malmö, Sweden	100.0
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0
Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0
GENOL Gesellschaft m.b.H. (formerly: GENOL Gesellschaft m.b.H. & Co KG), Vienna, Austria	71.0
Gilston Hill Windfarm Ltd., Greenock, UK	100.0
GK. UR Solar, Osaka, Japan	100.0
GroenLeven B.V., Heerenveen, Netherlands	100.0
GroenLeven Invest B.V., Heerenveen, Netherlands	100.0
Hughenden Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Hughenden Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Hughenden Solar Trust, Richmond, Australia	100.0
Immobilienvermietung Gesellschaft m.b.H., Traun, Austria	100.0
Interlubes GmbH, Würzburg, Germany	100.0
InterSaatzucht GmbH, Hohenkammer, Germany	100.0
Inverclyde Renewables LLP, Greenock, UK	100.0
Inverclyde Windfarm Ltd., Greenock, UK	100.0
Iraak Sun Farm Pty Ltd, Melbourne, Australia	100.0
Jannis Beteiligungsgesellschaft mbH, Munich, Germany	100.0
Jung HoldCo Pty Ltd, Richmond, Australia	100.0
Jung Renewable Energy Facility Pty Lty (formerly: Jung Wind Farm Pty Ltd), Richmond, Australia	100.0
Karadoc Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Karadoc Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Kelsey Creek Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Kelsey Creek Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Ketziner Beteiligungsgesellschaft mbH, Niederer Fläming, Germany	100.0
Kita-Ibaragi City PV Plant G.K., Tokyo, Japan	100.0
Kobe Yamada PV Plant G.K., Tokyo, Japan	100.0
Lagerhaus Technik-Center GmbH & Co KG, Korneuburg, Austria	51.9
Landhandel Knaup GmbH, Borchen, Germany	51.0
Le Grand Champ Energies SARL, Paris, France	100.0
LHD Landhandel Drebkau Import- und Export GmbH, Drebkau, Germany	100.0
LTZ Chemnitz GmbH, Hartmannsdorf, Germany	90.0
Maestro Wind, LLC, Wilmington, USA	100.0
Matahari 1 Holdings Pte. Ltd., Singapore, Republic of Singapore	100.0
Mid West SF No1 Pty Ltd, Melbourne, Australia	100.0
Mozart Wind, LLC, Wilmington, USA	100.0
NLEI Ltd., Greenock, UK	100.0
Nuevos Parques Eólicos La Muela A.I.E., Zaragoza, Spain	100.0
Ouyen HoldCo Pty Ltd, Richmond, Australia	100.0
Ouyen Solar Farm Pty Ltd, Richmond, Australia	100.0
Parc Eolien du Chemin du Roy SARL, Paris, France	100.0
Parco Solare Smeraldo S.r.l., Bozen, Italy	100.0
PARGA Park- und Gartentechnik Gesellschaft m.b.H., Aderklaa, Austria	100.0
Park Eolian Limanu S.r.l., Sibiu, Romania	99.0
Parque Eólico La Carracha S.L., Zaragoza, Spain	74.0

Name and principal place of business	Share in capital in %
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	74.0
Peter Frey GmbH, Wartenberg, Germany	51.0
Plapperer Projekt GmbH, Schrobenhausen, Germany	51.0
Plesidy Energies SARL, Paris, France	100.0
PowerHub Inc., Toronto, Canada	100.0
Quilly Guenrouet Energies SARL, Paris, France	100.0
r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany	100.0
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck, Germany	52.0
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria	89.9
Raiffeisen-Lagerhaus Investitionsholding GmbH, Vienna, Austria	100.0
Ravel Wind, LLC, Wilmington, USA	100.0
RE Gebeng Sdn. Bhd., Kuala Lumpur, Malaysia	100.0
Regeneratives Land GmbH, Gräfelfing, Germany	100.0
RENERCO GEM 1 GmbH, Gräfelfing, Germany	100.0
RENERCO GEM 2 GmbH, Gräfelfing, Germany	100.0
renerco plan consult GmbH, Munich, Germany	100.0
Rinnovabili Melfi S.r.l., Trento, Italy	100.0
RI-Solution Data GmbH, Vienna, Austria	100.0
RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany	100.0
RIVEKA BVBA, Boom, Belgium	100.0
Rock Power S.L.U., Barcelona, Spain	100.0
Royal Ingredients Group B.V., Alkmaar, Netherlands	100.0
Royal Ingredients Group Holding USA Inc., Chicago, USA	100.0
Royal Ingredients Group India Pvt. Ltd., Navi Mumbai, India	99.9
Royal Ingredients Group International B.V., Alkmaar, Netherlands	60.0
Royal Ingredients Group USA Inc., Chicago, USA	100.0
Royal Ingredients Nigeria Ltd., Lagos, Nigeria	80.0
RUG Raiffeisen Umweltgesellschaft m.b.H., Vienna, Austria	75.0
Ruschberg Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	100.0
RWA Hrvatska d.o.o., Zagreb, Croatia	100.0
RWA Immobilien GmbH, Vienna, Austria	100.0
RWA International Holding GmbH, Vienna, Austria	100.0
RWA Invest GmbH, Vienna, Austria	100.0
RWA Magyarország Kft., Ikrény, Hungary	100.0
RWA Raiffeisen Agro Romnia S.r.l., Orţişoara, Romania	100.0
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria	50.0
RWA SLOVAKIA, spol. s r.o., Bratislava, Slovakia	100.0
RWA Slovenija d.o.o., Lavrica, Slovenia	100.0
RWA Srbija d.o.o., Belgrade, Serbia	100.0
Ryfors Vindkraft AB, Malmö, Sweden	100.0
Samsonwind Wirtsnock GmbH, Thomatal, Austria	100.0
SBU Power Holdings Pte. Ltd., Singapore, Republic of Singapore	100.0
SBU Power Sdn. Bhd., Petaling Jaya, Malaysia	25.0
SC Puterea Verde S.r.l., Sibiu, Romania	75.3
Schradenbiogas GmbH & Co. KG, Gröden, Germany	94.5
Schumann Wind, LLC, Wilmington, USA	100.0
Shieldhall Logistics Limited, Glasgow, UK	100.0
Sinclair Logistics Limited, Glasgow, UK	100.0
Sjönnebol Kraft AB, Malmö, Sweden	100.0
Solare Italia S.r.l., Milan (formerly: Rovereto), Italy	100.0
Solarmarkt GmbH, Aarau, Switzerland	100.0
Solarpark Aquarius GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Aries GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany	100.0
Status Produce Favona Road Limited, Auckland, New Zealand	100.0

Name and principal place of business	Share in capital in %
Stormon Energi AB, Malmö, Sweden	100.0
Strauss Wind, LLC, San Diego, USA	100.0
Sun Energy No.1 G.K., Tokyo, Japan	100.0
Sun Power Sicilia S.r.l., Milan, Italy	80.0
T&G Food Limited (formerly: ENZAFOODS New Zealand Limited), Auckland, New Zealand	100.0
T&G Fruitmark HK Limited, Hong Kong, People's Republic of China	100.0
T&G Global Limited, Auckland, New Zealand	74.0
T&G Insurance Limited, Auckland, New Zealand	100.0
T&G Japan Ltd., Tokyo, Japan	100.0
T&G South East Asia Ltd., Bangkok, Thailand	100.0
T&G Vizzarri Farms Pty Ltd, Tullamarine, Australia	50.0
Taipa Water Supply Limited, Kerikeri, New Zealand	65.0
TechnikCenter Grimma GmbH, Mutzschen, Germany	70.0
Tessennano Energy S.r.l., Milan (formerly: Rovereto), Italy	100.0
TFC Holland B.V., Maasdijk, Netherlands	73.4
Thenergy B.V., Oosterhout, Netherlands	100.0
Tout Vent Energies SARL, Paris, France	100.0
Tracomex B.V., Oosterhout, Netherlands	100.0
Trinity Holding B.V., Heerenveen, Netherlands	100.0
Turners & Growers (Fiji) Limited, Suva, Republic of Fiji	70.0
Turners & Growers Fresh Limited, Auckland, New Zealand	100.0
Turners & Growers New Zealand Limited, Auckland, New Zealand	100.0
Tuscania Energy S.r.l., Milan, Italy	100.0
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0
Unterstützungseinrichtung der BayWa Aktiengesellschaft in München GmbH, Munich, Germany	100.0
URL AGRAR GmbH, Premstätten, Austria	100.0
Val de Moine Energies SARL, Paris, France	100.0
Varennes Solaire 2 SAS, Paris, France	100.0
VISTA Geowissenschaftliche Fernerkundung GmbH, Munich, Germany	51.0
Vjetroelektrana Orjak d.o.o., Zagreb, Croatia	100.0
WAV Wärme Austria VertriebsgmbH, Vienna, Austria	89.0
WealthCap Portfolio Finanzierungs-GmbH & Co. KG, Grünwald, Germany	100.0
Wessex Grain Ltd., Templecombe, UK	100.0
Whitelaw Brae Windfarm Ltd., Greenock, UK	100.0
Wimmera Plains Energy Facility Holdco Pty Ltd, Richmond, Australia	100.0
Wimmera Plains Energy Facility Pty Ltd, Richmond	100.0
Windpark Bärofen GmbH, Kilb, Austria	100.0
Windpark Bedesbach GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Bella GmbH, Gräfelfing, Germany	100.0
Windpark Berschweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Beteiligungsgesellschaft mbH & Co. Windpark Krummensee KG, Düsseldorf, Germany	54.8
Windpark Bruchwald GmbH & Co. KG, Lebach, Germany	100.0
Windpark Finkenbach-Gersweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hiesberg GmbH, Kilb, Austria	100.0
Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Immenberg 2 GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Immenberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Kamionka GmbH, Gräfelfing, Germany	100.0
Windpark Kraubatheck GmbH, Kilb, Austria	100.0
Windpark Pferdsfeld GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Uphuser Mark GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Westerengel-Kirchengel GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany	100.0
Worldwide Fruit Limited, Spalding, UK	50.0
Yatpool Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0

Name and principal place of business	Share in capital in %
Yatpool Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Yatpool Sun Farm Pty Ltd, Melbourne, Australia	100.0
Zonnedak F1 B.V., Heerenveen, Netherlands	100.0
Zonnedak O1 B.V., Heerenveen, Netherlands	100.0
Zonnepark Albrandswaard B.V., Heerenveen, Netherlands	100.0
Zonnepark B.V., Heerenveen, Netherlands	100.0
Zonnepark Friesland B.V., Heerenveen, Netherlands	100.0
Zonnepark PV1 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV5 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV7 B.V., Heerenveen, Netherlands	100.0
Zonnepark Venekoten B.V., Heerenveen, Netherlands	100.0
Zonnepark Woldjerspoor B.V., Heerenveen, Netherlands	100.0
Zonnepark XXL B.V., Heerenveen, Netherlands	87.5
Zonneparken Nederland B.V., Heerenveen, Netherlands	100.0
Subsidiaries not included in the group of consolidated companies	
"BayWa CS Polska" Sp. z o.o., Grodzisk Mazowieck, Poland	100.0
"Danufert" Handelsgesellschaft m.b.H., Vienna, Austria	60.0
Agrarproduktenhandel Gesellschaft m.b.H., Klagenfurt, Austria	100.0
Agrimec B.V., Apeldoorn, Netherlands	100.0
Agrimec Parts B.V., Veghel, Netherlands	100.0
Agro Innovation Lab GmbH, Vienna, Austria	100.0
Agromed Asia Limited, Hong Kong, People’s Republic of China	100.0
Agro-Property Kft., Kecskemét, Hungary	100.0
Almodovar Solar, Barcelona, Spain	70.0
Alverdiscott Solar Limited, London, UK	100.0
American Beech Solar 2 LLC, Irvine, USA	100.0
American Beech Solar LLC, Irvine, USA	100.0
Athena Solar Srl., Milan, Italy	100.0
Atlante Wind S.r.l., Milan, Italy	100.0
Aurora Solar Projects, LLC, Dover, USA	100.0
Autels Villevillon Energies, Paris, France	100.0
BaSE Renewables Sdn Bhd, Kuala Lumpur, Malaysia	100.0
BaSe Solar Sdn. Bhd., Kuala Lumpur, Malaysia	70.0
BayWa Bau Projekt GmbH, Munich, Germany	100.0
BayWa CS GmbH, Munich, Germany	100.0
BayWa Forderungsmanagement GmbH, Munich, Germany	100.0
BayWa Global Produce GmbH, Munich, Germany	100.0
BayWa Greenhouse Development GmbH, Munich, Germany	100.0
BayWa Obst Verwaltungsgesellschaft mbH, Munich, Germany	100.0
BayWa r.e. 148. Projektgesellschaft mbH, Gräfelfing, Germany	100.0
BayWa r.e. Asset Holdings LLC, Wilmington, USA	100.0
BayWa r.e. Bioenergy Betriebs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Desarrollos Solares S. de R.L. de C.V., Mexico City, Mexico	100.0
BayWa r.e. Development Land Holdco, LLC, Los Angeles, USA	100.0
BayWa r.e. Development, LLC, Wilmington, USA	100.0
BayWa r.e. EPC, LLC, Wilmington, USA	100.0
BayWa r.e. Korea Co., Ltd., Seoul, Republic of Korea	100.0
BayWa r.e. Mexiko, LLC, Wilmington, USA	100.0
BayWa r.e. Operation Services LLC, Wilmington, USA	100.0
BayWa r.e. Operation Services Pty Ltd, Richmond, Australia	100.0
BayWa r.e. Solar Asset Holding Korea Co., Ltd., Seoul, Republic of Korea	100.0
BayWa r.e. Solar Projects Verwaltungs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Solar Systems Corporation, Makati, Philippines	99.9
BayWa r.e. Solar Systems Ltd., Machynlleth, UK	90.0
BayWa r.e. Windpark Gravina GmbH, Gräfelfing, Germany	100.0

Name and principal place of business	Share in capital in %
BayWa r.e. Windpark Guasila GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark Tuscania GmbH, Gräfelfing, Germany	100.0
BayWa re (Malaysia) Sdn. Bhd., Kuala Lumpur, Malaysia	100.0
BayWa Rent GmbH, Munich, Germany	100.0
BayWa Venture GmbH, Munich, Germany	100.0
Bendigo Solar Farm HoldCo Pty Ltd, Richmond, Australia	100.0
Bendigo Solar Farm Pty Ltd, Richmond, Australia	100.0
Bielstein S.L.U., Barcelona, Spain	100.0
Biogasanlage Geislingen GmbH & Co. KG, Gröden, Germany	100.0
biohelp international GmbH, Vienna, Austria	60.0
Biomethananlage Welbeck GmbH i. L., Gräfelfing, Germany	100.0
Bird Groove Solar Limited, London, UK	100.0
Blue Solar LLC, Irvine, USA	100.0
Bluebird Solar LLC, Frankfort, USA	100.0
Brahms Wind Holdings, LLC, Wilmington, USA	100.0
BRE/GE Solar Developments Limited, Edinburgh, UK	51.0
Brizay Energies, Paris, France	100.0
Brüderl Projekt GmbH & Co. KG, Traunreut, Germany	51.0
Brüderl Projekt Verwaltungs GmbH, Traunreut, Germany	51.0
Brushy Creek Solar LLC, Irvine, USA	100.0
Business Sufficiency Systems, S.L.U., Barcelona, Spain	100.0
Buttonwillow Solar LLC, Irvine, USA	100.0
BW DSG, LLC, Wilmington, USA	100.0
Camden Solar LLC, Irvine, USA	100.0
Cefetra Digital Services S.L. (formerly: Cefetra Norte S.L.U.), Pozuelo de Alarcón, Spain	100.0
Cefetra Este S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Oeste S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Sur S.L.U., Pozuelo de Alarcón, Spain	100.0
CENTRO AGRICOLO FRIULANO S.R.L., Rivolto, Italy	85.0
Champion Solar LLC, Irvine, USA	100.0
Clos Neuf Energies SARL, Paris, France	100.0
Col des 3 Soeurs SARL, Paris, France	100.0
Corazon Solar LLC, Irvine, USA	100.0
Corriegarth 2 Windfarm Limited, London, UK	100.0
Cricket Solar LLC, Irvine, USA	100.0
Danugrain Lagerei GmbH, Krems an der Donau, Austria	60.0
Delano Solar I, LLC, Wilmington, USA	100.0
Eko Energetika Croatia d.o.o., Rijeka, Croatia	100.0
Enderby Solar Limited, London, UK	100.0
Energía Diodos, S.L.U., Barcelona, Spain	100.0
Energia Solar SLP I S. DE R.L. DE C.V, Mexico City, Mexico	100.0
Engage Intelligenty, S.L.U., Barcelona, Spain	100.0
ENP Windpark Reichenbach GmbH & Co. KG, Osnabrück, Germany	100.0
Eolica Aragon S.r.l., Milan, Italy	100.0
Erste Onshore Windkraft Beteiligungsgesellschaft mbH, Oldenburg, Germany	100.0
Estruplund Energi Park Aps, Copenhagen, Denmark	100.0
Evergrain Verwaltungs GmbH, Hamburg, Germany	100.0
Exeter Main Solar Limited, London, UK	100.0
FarmFacts Beteiligungs GmbH, Pfarrkirchen, Germany	100.0
FarmFacts Hungary Kft., Kaposvár, Hungary	100.0
Fern Solar Class B LLC, Irvine, USA	100.0
Fern Solar Development LLC, Irvine, USA	100.0
Fern Solar LLC, Irvine, USA	100.0
Fern Tax Equity Partnership LLC, Irvine, USA	100.0
Fleet Solar Limited, London, UK	100.0
Fontenet Energies SARL, Paris, France	100.0

Name and principal place of business	Share in capital in %
Forster GmbH, Munich, Germany	100.0
Freedom Solar, LLC, Wilmington, USA	100.0
G. Stranzinger Bauprojekt GmbH & Co. KG, Tann, Germany	60.0
G. Stranzinger Verwaltungs GmbH, Tann, Germany	60.0
Genol Vertriebssysteme GmbH, Vienna, Austria	100.0
Gourvillette Energies SARL, Paris, France	100.0
Grande Lande Energies SARL, Paris, France	100.0
Great Blue Heron Solar LLC, Irvine, USA	100.0
Green Answers GmbH & Co. WP Vahlbruch KG, Gräfelfing, Germany	100.0
Green Wind Deutschland GmbH, Munich, Germany	50.0
Hexagone Energie 2 SAS, Paris, France	51.0
Higher Winds Systems, S.L., Barcelona, Spain	100.0
Hughenden Solar Pty Ltd, Richmond, Australia	100.0
Iliako Power I Single Member Private Company (IKE), Chalandri, Greece	100.0
Iliako Power II Single Member Private Comany (IKE), Chalandri, Greece	100.0
Iliako Power III Single Member Private Comany (IKE), Chalandri, Greece	100.0
Iliako Power IV Single Member Private Comany (IKE), Chalandri, Greece	100.0
Iliako Power V Single Member Private Comany (IKE), Chalandri, Greece	100.0
IMMOBILIARE AGRICOLA RIVOLTO S.R.L., Rivolto, Italy	100.0
Intelligent Challenge, S.L.U., Barcelona, Spain	100.0
Jacumba Land HoldCo LLC, Wilmington, USA	100.0
Juno Solar S.r.l., Milan, Italy	100.0
JVR Energy Park LLC, Los Angeles, USA	100.0
K'IIN, S.A.P.I. de C.V., Mexico City, Mexico	100.0
KALPIS, S.A.P.I. de C.V., Mexico City, Mexico	100.0
Keranna Energies SARL, Paris, France	100.0
Knickerbocker Solar LLC, Irvine, USA	100.0
Korea Solar 1 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 2 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 3 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 4 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 5 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 6 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 7 Co., Ltd., Seoul, Republic of Korea	100.0
La Couture Energies SARL, Paris, France	100.0
La Redonda Solar SL, Barcelona, Spain	70.0
Lagerhaus e-Service GmbH, Vienna, Austria	100.0
Lagerhaus Solar Solutions GmbH, Korneuburg, Austria	100.0
Lagerhaus Technik-Center GmbH, Korneuburg, Austria	53.6
Lerchenborg Energi Park Aps, Copenhagen, Denmark	100.0
Les Éoliennes Citoyennes de Botsay SAS, Paris, France	100.0
Les Landiers Energies SARL, Paris, France	100.0
Les Pierres Blanches Energies, Paris, France	100.0
Les Platayres Energies SARL, Paris, France	100.0
Limberlost Solar LLC, Irvine, USA	100.0
Londigny Energies SARL, Paris, France	100.0
Luenga Solar, S.L.U., Barcelona, Spain	100.0
Magyar "Agrár-Ház" Kft., Ikrény, Hungary	100.0
Maqueda Solar, S.L.U., Barcelona, Spain	100.0
MD-Betriebs-GmbH, Munich, Germany	90.0
New Universeline Systems S.L., Barcelona, Spain	70.0
NOB-Betriebs-GmbH, Munich, Germany	90.0
Notch Peak Solar, LLC, Wilmington, USA	100.0
Parque Solar La Paloma, S. de R.L. de C.V., Mexico City, Mexico	70.0
PATIS Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Pele Joue Energies, Paris, Prankreich	100.0

Name and principal place of business	Share in capital in %
Perinnpitt Road Solar Limited, London, UK	100.0
Prairie Solar 1, LLC, Irvine, USA	100.0
PT. Bumiraya Suria Abadi, Jakarta, Indonesia	49.0
r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG i. L., Regensburg, Germany	100.0
Radiant Burst Systems S.L., Madrid, Spain	100.0
Rag Lane Solar Limited, London, UK	100.0
Raiffeisen Trgovina d.o.o., Lenart, Slovenia	100.0
Robert Decker Wohnbau München GmbH & Co. KG, Grünwald, Germany	51.0
Robert Decker Wohnbau Verwaltungs GmbH, Grünwald, Germany	51.0
Rownal Farm Solar Limited, London, UK	100.0
Royal Ingredients Group HK Ltd., Hong Kong, People's Republic of China	100.0
Royal Organic Ingredients B.V., Alkmaar, Netherlands	100.0
Royal Organic Ingredients USA Inc., Chicago, USA	100.0
RWA Solar Solutions (formerly: Sankt Florian Handelsgesellschaft mbH), Vienna, Austria	100.0
RWA Ukrajina, Kiev, Ukraine	100.0
S.C. Danugrain Romnia S.r.l., Orțișoara, Romania	60.0
Saatzucht Edelhof GmbH, Vienna, Austria	100.0
Saatzucht Gleisdorf Gesellschaft m.b.H., Gleisdorf, Austria	66.7
Saint-Ferriol Energies SAS, Paris, France	100.0
Salm Energies SARL, Paris, France	100.0
Schradenbiogas Betriebsgesellschaft mbH, Gröden, Germany	100.0
Sea Breeze Huge, S.L., Madrid, Spain	100.0
Silverchain Gestión, S.L., Barcelona, Spain	100.0
Solaire de Haute Voie, Paris, France	100.0
Solar Sud S.r.l., Milan (formerly: Rovereto), Italy	100.0
Solarpark Homestead GmbH, Gräfelfing, Germany	100.0
Solarpark Horus GmbH, Gräfelfing, Germany	100.0
Solarpark Horus Sp. z o.o., Warsaw, Poland	100.0
Solarpark Libra GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Lugh GmbH, Gräfelfing, Germany	100.0
Solarpark Lugh Sp. z o.o., Warsaw, Poland	100.0
Solarpark Malina GmbH, Gräfelfing, Germany	100.0
Solarpark Malina Sp. z o.o., Warsaw, Poland	100.0
Solarpark Mitra GmbH, Gräfelfing, Germany	100.0
Solarpark Mitra Sp. z o.o., Warsaw, Poland	100.0
Solarpark Perseus GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Samas GmbH, Gräfelfing, Germany	100.0
Solarpark Samas Sp. z o.o., Warsaw, Poland	100.0
Solarpark Sunna GmbH, Gräfelfing, Germany	100.0
Solarpark Sunna Sp. z o.o., Warsaw, Poland	100.0
Solarpark Tucana GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Wega GmbH & Co. KG, Gräfelfing, Germany	100.0
SolarSolutions 1 GmbH & Co. KG, Gräfelfing, Germany	100.0
Spring Hill Wind Farm Pty Ltd, Richmond, Australia	100.0
SPV Solarpark 102. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 103. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 104. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 105. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 106. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 107. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 108. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 109. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 110. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 111. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 112. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 113. GmbH & Co. KG, Gräfelfing, Germany	100.0

Name and principal place of business	Share in capital in %
SPV Solarpark 114. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 115. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 116. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 117. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 118. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 119. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 120. GmbH & Co. KG, Gräfelfing, Germany	100.0
St. Frederikslund Energi Park Aps, Copenhagen, Denmark	100.0
Stabilizer and Developments, S.L.U., Barcelona, Spain	100.0
Studios Solar 2, LLC, Wilmington, USA	100.0
Studios Solar 3, LLC, Wilmington, USA	100.0
Studios Solar 4, LLC, Wilmington, USA	100.0
Studios Solar 5, LLC, Wilmington, USA	100.0
Studios Solar, LLC, Wilmington, USA	100.0
Süd-Treber GmbH, Stuttgart, Germany	100.0
Sunshine Latin GmbH & Co. KG, Munich, Germany	100.0
Sunshine Movement GmbH, Munich, Germany	100.0
Taga Solar, LLC, Wilmington, USA	100.0
Taiwan I Solar Project Co., Ltd., Taipei, Taiwan	100.0
Taiwan II Solar Project Co., Ltd., Taipei, Taiwan	100.0
Ténarèze Energies SAS, Paris, France	100.0
TFC ME General Trading LLC, Dubai, United Arab Emirates	49.0
Time Clever Entertainment S.L.U., Barcelona, Spain	100.0
Tredias Energies SARL, Paris, France	100.0
Tyre Bridge Solar LLC, Irvine, USA	100.0
Varennes Energies SARL, Paris, France	100.0
Villamayor Solar, S.L., Barcelona, Spain	100.0
Watt Development Solar 1, S.L.U., Barcelona, Spain	100.0
WHG LIEGENSCHAFTSVERWALTUNG BETRIEBS GMBH, Klagenfurt, Austria	100.0
Wind Park Kotla Sp. z o.o., Warsaw, Poland	100.0
Windfarm Serralonga GmbH, Gräfelfing, Germany	100.0
Windkraft Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Windpark Altenglan GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Bad Berleburg GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Berka GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Eschweiler II GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Freimersheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Gronau Leine GmbH & Co. KG, Eime (formerly: Gräfelfing), Germany	100.0
Windpark Hesselertal GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Immenberg 3 GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Jembke GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Jettenbach GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Katzberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Körner GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Langenbrand GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Langenlonsheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Lauenbrück GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Matzenbach GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Melfi GmbH, Gräfelfing, Germany	100.0
Windpark Moringen Nord GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Olsberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Prezelle GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Prüm GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Rehweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Reinsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark SBG V GmbH & Co. KG, Gräfelfing, Germany	100.0

Name and principal place of business	Share in capital in %
Windpark Schönberg II GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Seershausen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Seershausen Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Todesfelde GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Uetze 6 GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wilhelmshöhe II GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wimmelburg 3 GmbH & Co. KG, Gräfelfing, Germany	100.0
Wohnen am Lerchenberg GmbH & Co. KG, Borna, Germany	60.0
Wohnen am Lerchenberg Verwaltungs GmbH, Borna, Germany	60.0
zebotec GmbH, Konstanz, Germany	100.0
Zonlocatie 1 B.V., Heerenveen, Netherlands	100.0
Zonlocaties Nederland B.V., Heerenveen, Netherlands	100.0
Zonnedak A1 B.V., Heerenveen, Netherlands	100.0
Zonnedak F2 B.V., Heerenveen, Netherlands	100.0
Zonnedak F3 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV10 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV11 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV12 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV13 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV14 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV2 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV3 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV4 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV8 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV9 B.V., Heerenveen, Netherlands	100.0
Zonnepark Weperpolder B.V., Heerenveen, Netherlands	100.0
Joint ventures included under the equity method	
act renewable GmbH, Munich, Germany	50.0
Baltanás Cereales y Abonos, S.L., Baltanás, Spain	50.0
Baltic Terminal Sp. z o.o., Gdynia, Poland	50.0
BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa	50.0
BHBW Limited, Maidenhead, UK	50.0
Growers Direct Limited, Wakefield, UK	50.0
Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany	50.0
Transhispania Agraria, S.L., Torquemada, Spain	28.3
VIELA Export GmbH, Vierow, Germany	50.0
Wawata General Partner Limited, Nelson, New Zealand	50.0
Associated companies included under the equity method	
Allen Blair Properties Limited, Wellington, New Zealand	33.3
Aufwind BB GmbH & Co. Zwanzigste Biogas KG, Regensburg, Germany	100.0
AUSTRIA JUICE GmbH, Allhartsberg, Austria	50.0
biohelp - biologischer Pflanzenschutz-Nützlingsproduktions-, Handels- und Beratungs GmbH, Vienna, Austria	24.9
BRB Holding GmbH, Munich, Germany	45.3
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany	37.8
Grandview Brokerage LLC, Seattle, USA	39.4
Intelligent Fruit Vision Limited, Spalding, UK	24.0
LWM Austria GmbH, Hollabrunn, Austria	25.0
MoSagri B.V., Breda, Netherlands	25.0
MoSagri LDA, Bairro Namalungo, Lumbo, Mozambique	25.0
Mystery Creek Asparagus Limited, Hamilton, New Zealand	14.5
POP Worldwide Limited, Spalding, UK	24.0
PURE Applikationen GmbH & Co. KG, Regensburg, Germany	33.4
The Fruit Firm Limited, West Malling, UK	20.0
Zimmermann PV-TRACKER GmbH, Eberhardzell, Germany	33.3

Name and principal place of business	Share in capital in %
Associates and joint ventures of secondary importance not included under the equity method	
Afrupro Investments LTD, Tzaneen, South Africa	60.0
Agrosen Holding GmbH, Kremsmünster, Austria	30.0
Agro-Service-Gröden GmbH, Gröden, Germany	20.0
ARGE WWS Obst GdR, Markdorf, Germany	50.0
B L E, Bau- und Land-Entwicklungsgesellschaft Bayern GmbH, Munich, Germany	25.0
BayWa Hochhaus Verwaltung GmbH, Grünwald, Germany	50.0
Biotech-Enterprises-Lizenzverwertungs-Gmbh, Fischamend, Austria	24.9
Bonus Holsystem für Verpackungen GmbH & Co.KG, Kufstein, Austria	26.0
Bonus Holsystem für Verpackungen GmbH, Kufstein, Austria	26.0
BRVG Bayerische Raiffeisen- und Volksbanken Verlag GmbH, Munich, Germany	25.0
Chemag Agrarchemikalien GmbH, Frankfurt am Main, Germany	30.0
DANUOIL Mineralöllager und Umschlags-Gesellschaft m.b.H., Vienna, Austria	50.0
DRWZ Marken GmbH, Karlsruhe, Germany	32.8
EAV Energietechnische Anlagen Verwaltungs GmbH, Staßfurt, Germany	49.0
EBULUM GmbH & Co. Objekt Baunatal KG, Pullach im Isartal, Germany	94.0
HGD Haus und Garten Deutschland Handelskooperation GmbH, Karlsruhe, Germany	50.0
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich, Germany	33.3
ISTROPOL SOLARY a.s., Horné Mýto, Slovakia	29.8
Kärntner Saatbau e.Gen., Klagenfurt, Austria	27.9
Kerifresh Growers Trust (formerly: Kerifresh Growers Trust 2017), Kerikeri, New Zealand	31.0
Land24 Gesellschaft mit beschränkter Haftung, Telgte, Germany	34.2
LLT - Lannacher Lager- und Transport GesmbH, Korneuburg, Austria	50.0
Logistikzentrum Röthlein GmbH & Co. KG, Gräfelfing, Germany	94.0
Obst vom Bodensee Vertriebsgesellschaft mbH, Friedrichshafen, Germany	47.5
OÖ Lagerhaus Solidaritäts GmbH, Traun, Austria	50.0
PKSA Power Sdn. Bhd., Kuala Lumpur, Malaysia	48.0
Projektentwicklung Windkraft Unterallgäu GmbH & Co. KG, Bad Wörishofen, Germany	31.3
Projektentwicklung Windkraft Unterallgäu Verwaltungs GmbH i. L., Bad Wörishofen, Germany	31.2
Raiffeisen - Landhandel GmbH, Emskirchen, Germany	23.4
Raiffeisen Waren GmbH Hallertau-Jura, Pförring/Lobsing, Germany	16.5
RE Gebeng BHK Sdn. Bhd., Kuala Lumpur, Malaysia	40.0
Röthlein Logistik GmbH, Röthlein, Germany	50.0
Süddeutsche Geothermie-Projekte Verwaltungsgesellschaft mbH i. L., Gräfelfing, Germany	50.0
SDK Power Sdn. Bhd., Kuala Lumpur, Malaysia	48.0
Tjiko GmH, Rosenheim, Germany	20.0
Vetroline Handels GmbH, Göttlesbrunn-Arbesthal, Austria	50.0
VR erneuerbare Energien eG, Kitzingen, Germany	33.3
Wind Park Belzyce Sp. z o.o., Warsaw, Poland	50.0
WUN Pellets GmbH, Wunsiedel, Germany	30.0
Participations in large corporations	
Südstärke Gesellschaft mit beschränkter Haftung, Schrobenhausen, Germany Equity in € thousand: 129,175 Annual net income/loss in € thousand: 792	6.5

1 Profit and loss transfer agreement

Affirmation by the Legally Authorised Representatives

We hereby affirm that, to the best of our knowledge and in accordance with the generally accepted accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and the result of operations of the Group, and the Management Report on the Group presents a true and fair description of the development of the Group's business, including its performance, and of the material risks and opportunities inherent in the prospective development of the Group.

Munich, 23 March 2020

BayWa Aktiengesellschaft

The Board of Management
Prof. Klaus Josef Lutz
Andreas Helber
Marcus Pöllinger
Matthias Taft
Reinhard Wolf

Independent Auditor's Report

To BayWa Aktiengesellschaft, Munich

Report on the audit of the consolidated financial statement and of the group management report

Audit Opinions

We have audited the consolidated financial statements of BayWa Aktiengesellschaft, Munich, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement and reconciliation of the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of BayWa Aktiengesellschaft, Munich, for the financial year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the consolidated corporate governance statement or the combined non-financial statement pursuant to Sections 289b to 289e and 315b and 315c German Commercial Code (HGB) to which reference is made to in the sections "Management, Monitoring and Compliance" and "Sustainability at BayWa" of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,
- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2019 and of its financial performance for the financial year from 1 January to 31 December 2019, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the consolidated corporate governance statement or the combined non-financial statement pursuant to Sections 289b to 289e and 315b and 315c German Commercial Code (HGB) to which reference is made to in the sections "Management, Monitoring and Compliance" and "Sustainability at BayWa" of the group management report.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:
1) Initial impact of adopting IFRS 16
2) Revenue realisation on project business over time

Our presentation of these key audit matters has been structured as follows:
  a) Description (including reference to corresponding information in the consolidated financial statements)
  b) Auditor's response

1. Initial impact of adopting IFRS 16

a) Description

Right-of-use assets of EUR 790.7 million and lease liabilities of EUR 774.8 million are disclosed in the consolidated financial statements of BayWa Aktiengesellschaft at 31 December 2019, corresponding respectively to 8.9% and 8.7% of the balance sheet total and 58.2% and 57.0% of group equity. The adoption of the new reporting standard on leases (IFRS 16) in the financial year 2019 had a significant impact on the opening balances and the corresponding values at the year-end since operating leases are now recognised in the balance sheet. The Group has adopted IFRS 16 retrospectively on a modified basis and has not restated comparative information. The Group has not reassessed whether a lease under IAS 17 is, or contains, a lease under IFRS 16. As a result of the large volume of leases and related transactions, the executive directors of BayWa Aktiengesellschaft have set up processes and controls throughout the Group to enable all leases to be properly identified. The initial adoption of IFRS 16 also necessitated a central IT system to be implemented to record the leases. The new IFRS 16 requires the executive directors to make key judgements and estimates to a considerable degree. They include estimates on exercising options that impact the lease term, on the interest rate (lessee's incremental borrowing rate), and consequently on the measurement of the lease liability. Against this background and given the complexity of the new requirements of IFRS 16, the initial presentation of leases under IFRS 16 was of particular significance in our audit.

The disclosures made by the executive directors of the parent on leases and the initial impact of adopting IFRS 16 are included in Notes A.3., C.17., C.26. and E.1. of the notes to the consolidated financial statements.

b) Auditor's response

In carrying out our audit work, we gained an understanding of the processes and controls set up throughout the Group to identify and present leases under IFRS 16 and evaluated their design and operating effectiveness. This included the integration of the new central IT system into the existing systems used to process the transactions.

We also assessed the initial impact of adopting IFRS 16. Based on a sample comprising leases at 1 January 2019 and leases entered into in 2019, we reviewed the lease agreements, traced the identification of lease liabilities and assessed whether they had been completely and appropriately recorded in the central lease system. We undertook our own measurement of the sample items and compared them to those of BayWa Aktiengesellschaft. In particular, we assessed the estimates on exercising options that impact the lease term by questioning group employees and by reviewing supporting documentation, and audited the treatment of sub-leases. We involved our in-house IFRS Advisory experts in our audit team to assess the matters under IFRS 16. We tested the completeness of the leases in the new central IT system by means of mass data analysis and tests of reasonableness. We integrated in-house valuation experts into our audit team to assess the lessee's incremental borrowing rate.

We reviewed the completeness and appropriateness of the disclosures on the initial adoption of IFRS 16 made by the executive directors in the notes to the consolidated financial statements.

2. Revenue realisation on project business over time

a) Description
A considerable proportion of the business in the "Renewable Energies" segment is the planning, implementation and sale of projects. This is carried out by founding project companies in which wind and solar power plants are constructed on the basis of a general contractor agreement between the project company and a subsidiary of BayWa Aktiengesellschaft. The sale of the project company by BayWa Aktiengesellschaft is subsequently carried out by means of a share deal. In some cases, the sale of the shares is made prior to the obligations from the general contractor agreement being fulfilled. Revenue or gains are generated on selling the solar and wind power plants by selling the shares in the project companies and deconsolidating the companies in accordance with IFRS 10. On deconsolidation, the general contractor agreement then exists between the BayWa Group and an external third party. Revenue from the general contractor agreement is realised over time in accordance with IFRS 15 under the input-orientated cost-to-cost method. We consider accounting for this revenue realisation to be a key audit matter since the relinquishment of control pursuant to IFRS 10 must be evaluated on the basis of complex agreements, and in determining the progress of the project, the discretionary estimates of the executive directors on the degree of completion, the related costs to completion, and the risks to be taken into account have a significant effect.

The disclosures made by the parent's executive directors on the revenue realisation over time are provided in Notes C.8. and D.1. of the notes to the consolidated financial statements.

b) Auditor's response
In carrying out our audit work, we gained an understanding of the internal methods, procedures and control mechanisms used in project management in the "Renewable Energies" segment. We audited the design and implementation of accounting-related internal controls and performed test of details on selected projects in accordance with our risk assessment.

In assessing selected sales of companies, we audited whether BayWa Aktiengesellschaft had relinquished control of the project company pursuant to IFRS 10, thus fulfilling the requirements for revenue recognition on deconsolidation of the respective project company. To this end, we reviewed and assessed the contracts. On the basis of our knowledge of the contractual terms of the general contract agreements, we then verified whether the requirements for recognising revenue over time pursuant to IFRS 15 had been fulfilled.

We examined the determination of the input-orientated revenue and the related contract costs based on the progress of the project at the end of the reporting period as well as the appropriate disclosures in the financial statements. We also made enquiries of project management on the progress of the projects, the reasons for differences between budgeted and actual costs and on the current assessment on the expected costs to be incurred up to the completion of the project.

Other Information

The executive directors are responsible for the other information. The other information comprises
- the consolidated corporate governance statement to which reference is made to in the section "Management, Monitoring and Compliance" of the group management report,
- the combined non-financial statement pursuant to Sections 289b to 289e and 315b and 315c German Commercial Code (HGB) to which reference is made to in the section "Sustainability at BayWa" of the group management report.
- the executive directors' confirmation regarding the consolidated financial statements and the group management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 German Commercial Code (HGB), respectively
- all the remaining parts of the annual report, with the exception of the audited consolidated financial statements and group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our group audit, our responsibility is to read the other information and, in so doing, to consider whether the other information
- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB), and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also
- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB).
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 28 May 2019. We were engaged by the supervisory board on 9 October/22 November 2019. We have been the group auditor of BayWa Aktiengesellschaft, Munich, without interruption since the financial year 1987.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Cornelia Tauber.

Munich, 24 March 2020

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Dirk Bäßler)
Wirtschaftsprüfer

(Cornelia Tauber)
Wirtschaftsprüferin

Report of the Supervisory Board

The Supervisory Board of BayWa AG has fulfilled the responsibility entrusted to it under the law, the Articles of Association and the bylaws. It regularly advised the Board of Management, coordinated the strategy with the Board of Management and supervised the latter in its management of the company. The common goal of the Board of Management and Supervisory Board is to raise the value of the company on a sustainable basis. The Board of Management always kept the Supervisory Board informed in a timely and comprehensive manner. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The measures requiring its approval were reviewed, and the respective resolutions passed both in meetings and in writing by way of a circulation procedure. Between the meetings, the Board of Management reported both in writing and in person on events of particular importance. After thorough deliberation and consultation, the Supervisory Board made its decisions on the reports and the resolutions put forward by the Board of Management.

The Chairman of the Supervisory Board was always informed about important decisions by the Board of Management and remained in close contact with the Chief Executive Officer. He was informed through regular detailed reports on the current business situation. The cooperation within the Supervisory Board and with the Board of Management in the reporting year 2019 was again constructive and based on trust.

Key points of consultation of the meetings of the Supervisory Board

Matters of consultation at the four regular meetings and two extraordinary meetings of the Supervisory Board in the financial year 2019 included the business and financial development of the company in particular, the performance of the individual business units, financial and investment planning, personnel-related decisions, the risk situation and questions of compliance, as well as the strategic development of the company. The Supervisory Board also deliberated on the participations entered into by BayWa AG during the period under review and previously. Moreover, the Supervisory Board addressed issues pertaining to accounting and the audit of the annual financial statements of the company, as well as BayWa AG’s risk management and its risk position, on an ongoing basis. Special attention was paid to the compliance monitoring at the Group. The Board of Management reported regularly and extensively on these issues as well as on the Group’s current situation.

Prior to the meetings in the financial year 2019, the Supervisory Board met at a conference in Berlin on 18 January 2019. At the conference, the Supervisory Board took a detailed look at many topics, including the current developments in accounting from the viewpoint of the auditor, sustainability management within the BayWa Group as well as new legislation and jurisdiction.

In its first regular meeting on 27 March 2019, the Supervisory Board dealt mainly with the annual financial statements and the management report on BayWa AG and on the Group as at 31 December 2018 as well as with the reports of the audits performed and the annual financial statements and the sustainability report. Furthermore, the Supervisory Board consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee, the Strategy Committee and the Board of Management Committee. The meeting also concentrated on the agenda of the Annual General Meeting on 28 May 2019. In its meeting, the Supervisory Board also discussed the variable salary components of Board of Management members for the financial year 2018 and decided on the respective targets for the variable salary components for the financial year 2019, as well as the long-term targets.

In its meeting on 3 May 2019, the Supervisory Board consulted on the quarterly financial statements for the first quarter of 2019, as well as on an operational outlook for the current financial year 2019. Another item on the meeting’s agenda was the presentation of selected projects to be implemented in 2019 and reporting on the Audit Committee meeting of the same day.

Following the Annual General Meeting on 28 May 2019, the Supervisory Board convened at an extraordinary meeting to discuss the developments of an antitrust authorities’ investigation, which has been ongoing since 2015, and the status of project “Smaragd” (the issuing of a green bond).

In the regular meeting on 7 August 2019, the agenda for the Supervisory Board included the interim report for the first half of 2019, among other items. The Board of Management also reported extensively to the Supervisory Board on market development in the first half of 2019, the development of the individual units, as well as on the current risk situation at the BayWa agricultural group and the project business of BayWa r.e. renewable energy GmbH. Deloitte GmbH Wirtschaftsprüfungsgesellschaft was also engaged to oversee and audit the BayWa AG Sustainability Report 2019. The Supervisory Board also decided at its meeting to carry out another efficiency audit. Lastly, the Supervisory Board adopted the resolution concerning the approval of the terms and conditions for the issuing of employee shares in 2019 within the scope of the 2015 authorised capital.

An increase in share capital and a corresponding change to the Articles of Association on account of the issuing of employee shares from the 2015 authorised capital in 2019 was decided by way of a circulation procedure in the period from 24 September to 8 October 2019.

In the meeting on 6 November 2019, the Group's business development in the first three quarters of 2019 was presented, outlined comprehensively in the individual business divisions and intensively discussed between the Supervisory Board and the Board of Management, as were strategic issues within the BayWa Group. The Supervisory Board placed special attention again on the project business of BayWa r.e. renewable energy GmbH. A further focus was the selection of a potential auditor for the financial year 2021 and a discussion of the survey findings of the efficiency audit of the Supervisory Board. The Supervisory Board also consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee and the Strategy Committee. In addition, the Supervisory Board approved the extension of the terms of six members of the Cooperative Council. The Supervisory Board also discussed the annual Declaration of Conformity to the German Corporate Governance Code, which was accepted without change in this meeting.

On 27 November 2019, the Supervisory Board convened at an extraordinary meeting to make a decision about project "Emerald", a capital increase at BayWa r.e. renewable energy GmbH through a new minority shareholder.

The first meeting of the Supervisory Board in 2020 took place in Berlin on 17 January 2020. This information event included a detailed report on the results of the antitrust proceedings. The Board of Management also informed the members of the Supervisory Board about current developments in project "Emerald" and about current developments regarding the Act on the Transposition of the Second Shareholder Rights Directive (ARUG II).

In its first regular meeting on 25 March 2020, the Supervisory Board mainly discussed the annual financial statements and the management report of BayWa AG and of the BayWa Group as at 31 December 2019, as well as the reports of the audits performed on the annual financial statements and the sustainability report. Preparations were also made for the 2020 Annual General Meeting. Furthermore, the Supervisory Board consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee, the Strategy Committee and the Board of Management Committee.

Committees of the Supervisory Board

The Supervisory Board has set up a total of six committees and, to the extent permitted by law, decision-making powers of the Supervisory Board were delegated to the committees. These committees prepare additional resolutions for the Supervisory Board and issues to be discussed by the entire Supervisory Board.

With the exception of the Audit Committee, the office of Chairman in respect of all committees is held by the Chairman of the Supervisory Board. The Supervisory Board was kept informed at its meetings about the work of the committees and their resolutions by the respective chairmen.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Wolfgang Altmüller, Klaus Buchleitner, Michael Kuffner, Wilhelm Oberhofer and Werner Waschbichler belong to the Audit Committee.

The Chairman of the Audit Committee is Wolfgang Altmüller. BayWa AG has therefore adopted the recommendation of the German Corporate Governance Code, which proposes that the Chairman of the Supervisory Board should not hold the office of Chairman of the Audit Committee.

The Audit Committee held two regular meetings in the reporting year, in March and November, and two extraordinary meetings, in May and October.

In the presence of the independent auditor, the Chairman of the Board of Management and the Chief Financial Officer, the committee discussed the separate financial statements and the consolidated financial statements for the financial year 2018, the management report on BayWa AG and the Group, as well as the audit reports at its meeting on 26 March 2019. Moreover, the statement declaring the independence of the independent auditor pursuant to Code Item 7.2.1 of the German Corporate Governance Code was obtained. Resolutions on recommendations were drawn up for the Supervisory Board to approve and adopt the separate financial statements and the consolidated financial statements for 2018 and to propose to the Annual General Meeting on 28 May 2019 that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be elected as the independent auditor for the financial year 2019.

In an extraordinary meeting on 3 May 2019, the Audit Committee discussed and determined in detail the request for tenders process for the selection of a new auditor. Due to legal regulations, Deloitte GmbH Wirtschaftsprüfungsgesellschaft is available in 2020 for the last time.

In another extraordinary meeting on 18 October 2019, preparations were made concerning the decision for a new auditor from 2021 onwards. To complete the decision-making process, candidates who had applied for this mandate presented themselves in person to the Audit Committee.

The regular meeting on 5 November 2019 dealt with the quarterly figures for the third quarter of 2019, the assignment of audit mandates and establishing the key audit areas in respect of the 2019 annual financial statements, as well as the audit fees and review of other non-audit services by the auditor. In addition, a recommendation was made to the Supervisory Board regarding the selection of an auditor from 2021 onwards.

Supervisory Board Chairman Manfred Nüssel, Wolfgang Altmüller and Werner Waschbichler belong to the Board of Management Committee. The Board of Management Committee held one meeting in the reporting year, on 26 March 2019. In this meeting, the Board of Management Committee’s discussions focused on recommendations to the Supervisory Board on the Board of Management members’ target agreements and associated remuneration, the new target agreements and redefining of the long-term targets, as well as the Board of Management members’ mandates. Furthermore, the employment contracts of the members of the Board of Management, Matthias Taft and Andreas Helber, were under review.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Theo Bergmann, Dr. Johann Lang, Wilhelm Oberhofer, Joachim Rukwied, Michael Kuffner and Werner Waschbichler belong to the Strategy Committee. The Strategy Committee held two regular meetings in the reporting year, on 26 March 2019 and on 5 November 2019, and one extraordinary meeting, on 12 April 2019. In all meetings, the Committee was informed about current projects; the meeting in April focused on project “Emerald”. It also prepared the Supervisory Board meeting the next day, meaning the first meeting of 2020, to take place on 24 March.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Renate Glashauser, Jürgen Hahnemann, Monika Hohlmeier, Dr. Johann Lang, Bernhard Loy and Monique Surges belong to the Lending and Investment Committee. The Lending and Investment Committee held two meetings in the reporting year, on 26 March 2019 and 5 November 2019. In both meetings, the committee monitored investment activities and reviewed financing and credit exposures in line with the authorisations it has been granted. In its meeting on 26 March 2019, the committee dealt with the settlement of the 2018 investment budget and project “Smaragd”. In its meeting on 5 November 2019, the committee dealt with the investment budgets for 2019 and 2020.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Monika Hohlmeier, Michael Kuffner and Werner Waschbichler belong to the Mediation Committee, set up pursuant to Section 27 para. 3 of the German Codetermination Act (MitbestG). The Mediation Committee was not convened in the past financial year.

Corporate Governance

Recognising the important contribution that corporate governance makes to the transparent and responsible management of the company, the Supervisory Board regularly deliberates on related matters. More information on corporate governance can be found in the Statement on Corporate Governance. Details concerning the amount and structure of remuneration received by the Supervisory Board and the Board of Management can be found in the Group Management Report.

Regarding the recommendations of the German Corporate Governance Code in the version dated 7 February 2017, the Board of Management and the Supervisory Board resolved not to make any changes to the Declaration of Conformity in its meeting on 7 November 2018, and adopted the recommendations of the German Corporate Governance Code in the version dated 7 February 2017 in its meetings on 4 November 2019 (Board of Management) and 6 November 2019 (Supervisory Board), with exceptions.

The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) is included in the Statement on Corporate Governance pursuant to Section 289f of the German Commercial Code (HGB). It has also been posted on the company’s website at www.baywa.com under Investor Relations.

A total of 14 of the 16 members of the Supervisory Board participated in more than at least half of the Supervisory Board meetings held during the reporting period Supervisory Board member Stefan Kraft did not participate in any of the meetings, and Klaus Buchleitner participated in half of the meetings.

Members of the Board of Management and of the Supervisory Board report any conflicts of interest without delay to the Supervisory Board. No such case was reported in the financial year 2019.

Sustainability Report audit

At its meeting on 25 March 2020, the Supervisory Board carefully examined the Sustainability Report 2019 and discussed it in detail in the presence of the auditor and the Board of Management. The Sustainability Report and the auditor's report were discussed extensively.

Based on the audit procedures performed and the audit evidence obtained, nothing has come to the auditor's attention that causes it to believe that the consolidated non-financial report of BayWa AG for the period from 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with Sections 315b, 315c German Commercial Code (HGB) in connection with Sections 289c to 289e German Commercial Code (HGB).

The audit opinion only covers the sections and disclosures in the Sustainability Report 2019 that are contained in square brackets and marked with a green check mark on the closing bracket. The audit opinion does not cover the other sections and disclosures in the Sustainability Report, and does not cover references to websites.

Both reports were made available to all Supervisory Board members in good time prior to the meeting. The Supervisory Board concurred with the auditor's audit opinion at its meeting on 25 March 2020 and released the Sustainability Report 2019 for publication.

Audit of the separate financial statements and the consolidated financial statements

The separate financial statements of BayWa AG and the consolidated financial statements of the Group for the financial year 2019, as well as the management report on BayWa AG and on the Group, have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, and each was issued an unqualified audit opinion.

At its meeting on 25 March 2020, the Supervisory Board carefully examined the financial statements of BayWa AG, drawn up by the Board of Management in accordance with the German Commercial Code, and the consolidated financial statements prepared in accordance with the IFRS and the additionally applicable standards set out under Section 315e of the German Commercial Code (HGB), as well as the management report on BayWa AG and on the Group for the financial year 2019, and discussed them in detail in the presence of the external auditor and the Board of Management. The key points of the 2019 audits as defined by the Audit Committee were also discussed extensively. All audit reports and documentation pertaining to the financial statements were made available to all Supervisory Board members in good time. The Supervisory Board concurred with the findings of the financial statements audit at its meeting on 25 March 2020. The audit reports and the documentation on the financial statements were previously the subject of in-depth deliberation by the Audit Committee at its meeting on 24 March 2020. The Audit Committee discussed the separate financial statements and the consolidated financial statements, the management report on the company and the Group, the audit reports, as well as the proposal for the appropriation of profit in the presence of the external auditor at its meeting on 24 March 2020. In accordance with the conclusive findings of the review by the Supervisory Board, no objections were raised against the financial statements. The Supervisory Board therefore ratified the separate financial statements of BayWa AG and the consolidated financial statements of the BayWa Group on 25 March 2020, and the financial statements were thereby adopted.

During the Supervisory Board meeting on 25 March 2020, the external auditor also reported that there were no substantial weaknesses in the Internal Control System and the risk management system in respect of the accounting process. The Board of Management has thus taken all the appropriate measures to fulfil its obligations in this regard.

The proposal of the Board of Management on the appropriation of profit available for distribution through paying a dividend of €0.95 per share has been reviewed and approved by the Supervisory Board.

Changes to the Supervisory Board and to the Board of Management

There were no personnel changes to the Supervisory Board or the Board of Management in the financial year 2019.

The Supervisory Board thanks the members of the Board of Management, the employees as well as the employee representatives of BayWa AG and all Group companies for their work.

Munich, 25 March 2020
On behalf of the Supervisory Board

Manfred Nüssel
Chairman of the Supervisory Board

Corporate Governance Report and Statement on Corporate Governance

Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Board of Management and the Supervisory Board of BayWa AG submitted the most recent Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) on 7 November 2018. The Board of Management and the Supervisory Board of BayWa AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 7 February 2017 (published in the German Federal Gazette on 24 April 2017; hereinafter referred to as the "GCGC") have been and will be complied with, with the exception of the following:

1 **Deductible under the D&O insurance for members of the Supervisory Board – Code Item 3.8 para. 3 GCGC**
In Code Item 3.8 para. 3, the GCGC recommends a deductible to be provided for when a Directors & Officers (D&O) insurance policy is taken out for members of the Supervisory Board. BayWa AG has concluded a D&O insurance policy on behalf of the members of the Supervisory Board that does not provide for a deductible in respect of its members. BayWa AG is not of the opinion that the motivation and the responsibility with which the members of the Supervisory Board discharge their duties would be improved by having a deductible in the D&O insurance policy.

2 **Setting the targeted level of benefits, taking into account the length of service on the Board of Management – Code Item 4.2.3 para. 3 GCGC**
In Code Item 4.2.3 para. 3, the GCGC recommends that the Supervisory Board establish the target level of pension benefits for every pension commitment, including based on the duration of membership on the Board of Management. Several BayWa AG Board of Management members receive a fixed pension from the company that is not dependent on the length of their service on the Board of Management. The Supervisory Board believes this arrangement is appropriate in view of the Board of Management members' many years at the BayWa Group.

3 **Severance cap – Code Item 4.2.3 para. 4 GCGC**
In Code Item 4.2.3 para. 4, the GCGC recommends that, when Board of Management employment contracts are concluded, care should be taken to ensure that, in the event of premature termination of a Board member's activities without serious cause, payments made to the Board member, including supplementary benefits, do not exceed the value of two years' compensation (severance cap) and compensate no more than the remaining term of the employment contract. The employment contracts of members of the Board of Management of BayWa AG do not contain such a provision, as the amount of any possible severance payment is part of an agreement to be signed upon termination of Board member activities and therefore depends on reaching an agreement with the respective member of the Board of Management. Even if such a contractual provision were to be included, a member of the Board of Management could nonetheless insist upon having the full scope of claims arising from the employment contract paid out and otherwise refuse to give their consent to the termination of their Board member contract. Moreover, BayWa AG is convinced that having such a clause is unnecessary as, even without it, the Supervisory Board will take sufficient account of the interests of the company in negotiations with the member leaving the Board of Management and not grant an excessive severance payment.

4 **Individual disclosure of executive remuneration – Code Item 4.2.5 para. 3 GCGC**
In Code Item 4.2.5 para. 3 GCGC, it is recommended that Board of Management member remuneration be disclosed in the remuneration report in table form and for each member individually for financial years from 31 December 2013. At BayWa AG, Board of Management member remuneration is disclosed in accordance with relevant legal regulations. The Annual General Meeting 2015 passed a new resolution pursuant to Sections 286 para. 5 and 314 para. 2 of the old version of the German Commercial Code (HGB), according to which Board of Management member remuneration is not disclosed for each member individually. As long as this Annual General Meeting resolution is valid, no individual disclosure of Board of Management member remuneration will take place pursuant to the recommendations in Code Item 4.2.5 para. 3 GCGC.

5 No set age limit for the Board of Management – Code Item 5.1.2 para. 2 sentence 3 GCGC

In the current version of the bylaws applicable to the Board of Management of BayWa AG, and contrary to the recommendations in Code Item 5.1.2 para. 2 sentence 3 GCGC, there is no restriction on age for membership on the Board of Management. BayWa AG reviews the ability to perform and the competence of its board members on an ongoing basis. Age, however, is not indicative of the ability of a current or potential member of said body to perform their duties. For this reason, BayWa AG does not consider fixed age limits expedient, also because such limits restrict flexibility in respect of personnel decisions and the number of potential candidates.

6 Tasks of the Audit Committee – Code Item 5.3.2 sentence 1 GCGC

Pursuant to Code Item 5.3.2 sentence 1 GCGC, the Audit Committee should also concentrate on compliance if no other committee is responsible for it. At the current time, compliance issues are not allocated to any particular committee by derogation of Code Item 5.3.2 sentence 1 GCGC. In fact, the Supervisory Board is directly responsible for this area. Due to the high value it places on compliance, BayWa AG is of the opinion that all Supervisory Board members should be included in the response to compliance issues. In order to ensure that tasks in this area are fulfilled comprehensively and professionally, this area remains the responsibility of the Supervisory Board.

7 No set age or specified limit for maximum length of service on the Supervisory Board – Code Item 5.4.1 para. 2 GCGC

In the current version of the bylaws applicable to the Supervisory Board of BayWa AG, and contrary to the recommendations in Code Item 5.4.1 para. 2 sentence 1 GCGC, there is no restriction on age for membership in or specified limit for maximum length of service on the Supervisory Board. BayWa AG reviews the ability to perform and the competence of the members of its supervisory body on an ongoing basis. Age, however, is not indicative of the ability of a current or potential member of said body to perform their duties. Furthermore, the expertise of experienced and proven Supervisory Board members ought to be available to BayWa AG. For this reason, BayWa AG does not consider a fixed age limit and a specified limit for maximum service on the Supervisory Board expedient, also because such limits restrict flexibility in respect of personnel decisions and the number of potential candidates.

8 Specification of concrete objectives for the composition of the Supervisory Board – Code Item 5.4.1 para. 2 and para. 4 GCGC

In Code Item 5.4.1 para. 2 and para. 4, the GCGC recommends the specification of concrete objectives and a profile of skills and expertise for the composition of the Supervisory Board. In the specification of concrete objectives, the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Code Item 5.4.2 GCGC and diversity, among other things, are to be given due regard in consideration of the situation specific to the company. Proposals by the Supervisory Board to the Annual General Meeting shall take these objectives into account. BayWa AG has not established concrete objectives and as not specified a profile of skills and expertise for the composition of the Supervisory Board as a whole. BayWa AG believes that potential Supervisory Board members' professional, experience-based qualifications are the primary criteria for the assumption of a Supervisory Board mandate and therefore also for the composition of the Supervisory Board as a whole. In the proposals on the composition of the Supervisory Board, BayWa AG supports and takes into account the criteria specified in Code Item 5.4.1 para. 2 and para. 4 GCGC, though it does not regard concrete objectives or quotas as expedient.

9 Information about what the Supervisory Board regards as the appropriate number of independent Supervisory Board members - Code Item 5.4.1 para. 4 sentence 3 GCGC

According to Code Item 5.4.1 para. 4 sentence 3 GCGC, the Supervisory Board must provide information about what it regards as the appropriate number of independent members representing shareholders and the names of these members. However, the Code does not define more specifically what "independence" means in this context. Until such time as lawmakers, the courts or the author of the Code have provided their own definition of this vague legal term, the company will refrain from defining and accordingly releasing said information so as to avoid being reprimanded for the composition of the Supervisory Board.

10 Disclosure of personal and business relationships of Supervisory Board candidates with the company, the company's executive and supervisory bodies and a shareholder holding a material interest in the company – Code Item 5.4.1 para. 5 to para. 7 GCGC

Code Item 5.4.1 para. 5 to para. 7 GCGC includes the recommendation that the personal and business relationships of candidates proposed by the Supervisory Board for election to the Supervisory Board with the company, the company's executive and supervisory bodies and a shareholder holding a material interest in the company be disclosed. BayWa AG does not comply with this recommendation. There is no legal certainty at the current time in regard to the nature and scope of circumstances that are to be disclosed upon the proposition of election candidates. Therefore, there is a risk that the lack of clarity in this Code Item could be used within the scope of resolution challenges. The Supervisory Board will continue to observe how this issue develops and will review the application of this Code Item in future Supervisory Board elections.

11 Information on the disclosure of the remuneration of members of the Supervisory Board – Code Item 5.4.6 para. 3 GCGC

Contrary to the recommendation under Code Item 5.4.6 para. 3 GCGC, the remuneration of Supervisory Board members (including remuneration or benefits paid by the company to members of the Supervisory Board for services personally rendered, in particular the rendering of advisory and agency services) is disclosed annually in the Notes and Management Report in accordance with the fixed statutory amounts and not for each member individually. The information included in the Notes or Management Report shows the structure and the amount of compensation received by the Supervisory Board. BayWa AG considers this information to be sufficient to satisfy the interest in such information of the capital market and its shareholders.

12 Information on the attendance of the members of the Supervisory Board at committee meetings – Code Item 5.4.7 sentence 1 GCGC

Among other things, Code Item 5.4.7 sentence 1 GCGC stipulates that a note is to be made in the Report of the Supervisory Board if a member of the Supervisory Board has attended only half or less than half of the meetings of those committees to which he or she belongs. BayWa AG believes that it is important for a member of the Supervisory Board to participate in the committees and be involved in the decision-making process as well. As a rule, meetings of the committees of BayWa AG's Supervisory Board are held twice a year. Missing one time would already result in a note in the Report of the Supervisory Board when complying with Code Item 5.4.7 sentence 1 GCGC. Due to the number of committee meetings, such a note would give a false impression of the discipline of the Supervisory Board member with regard to meeting attendance. BayWa AG will therefore not action the GCGC recommendation nor make a note if a member of the Supervisory Board only attends half or less than half of the committee meetings.

Munich, 6 November 2019
BayWa Aktiengesellschaft

The Board of Management The Supervisory Board

Management and control structure of the Company

The Board of Management and the Supervisory Board

As a company with its principal place of business in Munich, Germany, BayWa AG is subject to the provisions laid down under German law. The executive and supervisory bodies consisting of the Board of Management and the Supervisory Board form the dual-tier management and control structure in accordance with the provisions under German stock corporation law. The Board of Management and the Supervisory Board work closely together in the interest of the company. Their joint goal is to ensure the company's continued existence and sustained value.

The Board of Management's duties and practices

The Board of Management, which is currently composed of five members and did not undergo any personnel changes in the last year, is independently responsible for running the company, developing the corporate strategy, agreeing the strategy with the Supervisory Board and ensuring that it is implemented. It is responsible for the company's annual and multi-year planning as well as for the preparation of the interim reports and the annual and consolidated financial statements. The Board of Management ensures that legal provisions, official rules and regulations as well as the company's internal guidelines are observed, and it works towards the Group's compliance with them. In accordance with legal provisions, the Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all relevant issues pertaining to planning; the development of business; the assets, financial position and earnings; the risk situation; risk management and compliance. The Supervisory Board is directly involved in all decisions of fundamental importance for the company. Furthermore, such decisions are subject to approval by the Supervisory Board. The Board of Management ensures that there is open and transparent communication within the company.

The Board of Management manages the company's business under its own responsibility. The principle of joint responsibility applies, meaning that the members of the Board of Management jointly bear the responsibility for the managing of the company. Each Board member is assigned certain tasks to be specifically handled under the allocation of duties plan (Geschäftsverteilungsplan). Certain decisions, especially those requiring the Supervisory Board's approval or for which the Board of Management is responsible under the law or the Articles of Association, are reserved for the entire Board of Management under the bylaws. Moreover, a resolution must also be obtained from the entire Board of Management in respect of matters which have been submitted to the Board of Management by the Chairman or by a Board member.

Meetings of the Board of Management take place at least once a month. They are convened by the Chairman of the Board of Management. The Chairman also sets the agenda and chairs the meetings. The Board of Management is quorate if all members have been invited and at least half of the Board members, including the Chairman, take part in deciding a resolution. The resolutions of the Board of Management are valid through a simple majority of votes cast. In the event of a tie vote, the Chairman shall have the casting vote. In the event of majority resolutions against the Chairman of the Board of Management, he shall have a right of veto. If this right of veto is exercised, the Supervisory Board Chairman must be notified by the Chairman of the Board of Management without delay. Upon instruction by the Chairman, resolutions can also be passed outside of meetings by way of votes cast in writing, by telephone or electronically.

The Supervisory Board's duties and practices

The Supervisory Board of BayWa AG appoints the members of the Board of Management and advises and supervises the Board of Management in its management of the company. The Supervisory Board is made up of 16 members. In accordance with the German Codetermination Act (MitbestG), it is composed in equal parts of representatives of the shareholders and of the employees. The Supervisory Board is composed of what it considers a sufficient number of independent members. A member is considered independent if he or she does not have any commercial or personal relationship to the company, the company's executive and supervisory bodies, controlling shareholder or any affiliated companies, which can justify a material or long-term conflict of interests.

There were no changes to personnel last year.

A set of bylaws regulates the tasks of the Supervisory Board; in particular, the internal organisation, the activities of the committees and the regulations governing approval by the Supervisory Board for decisions of the Board of Management. Meetings of the Supervisory Board take place at least once every quarter and, in addition, whenever necessary for business reasons. Meetings are convened by the Chairman or, if he is prevented from doing so, by the Vice Chairman.

The Supervisory Board must also be convened if one of its members or the Board of Management requests it, stating the reasons. The Supervisory Board only has a quorum if eight members – including the Chairman – or twelve members take part in the meeting and in deciding on the resolution. Resolutions of the Supervisory Board or one of its committees passed in writing, by telegraph, telephone, electronic media or telefax are only permitted if the Chairman of the Supervisory Board or the Chairman of that committee if the resolution concerns one of the committees or, if he is prevented from doing so, the Vice Chairman has given the requisite instruction. Decisions generally require a simple majority. In the event of a tie vote, the Chairman of the Supervisory Board has a dual voting right in the second round if votes are cast equally again.

The Supervisory Board meets without members of the Board of Management to the extent that this is necessary for independent discussion and decision-making. There is a standardised procedure for regularly reviewing the efficiency of the Supervisory Board's work. BayWa AG has taken out D&O insurance for the members of the Board of Management and the Supervisory Board which covers the personal liability risk in the event that financial damages are asserted against board members in the exercising of their duties. There is currently no deductible for members of the Supervisory Board (see reasons cited previously in the Declaration of Conformity). In accordance with the provisions of the German Act on the Appropriateness of Executive Remuneration, BayWa AG has provided for a reasonable deductible on the D&O insurance taken out for members of the Board of Management.

Committees of the Supervisory Board

BayWa AG's Supervisory Board has set up six committees of experts to enhance the efficiency of its work. The respective committee chairmen report regularly to the Supervisory Board on their committee's work. For full details of the composition of each individual committee, please also see the Report of the Supervisory Board.

The Audit Committee concentrates mainly on the documentation of the independent auditor in respect of auditing the annual and consolidated financial statements and prepares them for adoption by the Supervisory Board. The committee also supervises the accounting process, the annual audit and the effectiveness of the internal control, risk management and audit system. It checks the auditor's independence and agrees on the key points of the audit and on the fees with the auditor. The Annual General Meeting on 28 May 2019 appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor for the financial year 2019. The Supervisory Board ensures that the committee members can act independently and that they are familiar with and experienced in applying special know-how associated with the application of accounting rules and the internal controlling procedures. The committee is made up of the Chairman of the Supervisory Board, three shareholder representatives and two employee representatives.

The Board of Management Committee concerns itself with personnel matters affecting the Board of Management, such as the content of Board member contracts and the approval of sideline activities. The Board of Management Committee performs the preparatory work for the determination of the remuneration paid to the individual Board of Management members. The committee is composed of the Chairman of the Supervisory Board as well as one shareholder representative and one employee representative.

The Strategy Committee is concerned with the preparation of Supervisory Board meetings. Moreover, the committee monitors and supervises the company's strategic orientation as well as the implementation of current company projects. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

The Lending and Investment Committee deals with the financing measures requiring approval by the Supervisory Board and supervises the investment activities. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

The Nomination Committee is tasked with preparing the proposals of the Supervisory Board for the election of shareholder representatives to the Supervisory Board by the Annual General Meeting. It is composed of the Chairman of the Supervisory Board and two shareholder representatives.

Under the German Codetermination Act (MitbestG), the Mediation Committee, anchored in the law, only meets if, during the voting process on the appointment or dismissal of a member of the Board of Management, the required two-thirds majority of the votes by the Supervisory Board is not attained in the first round of voting. It is composed of the Chairman of the Supervisory Board, one further shareholder representative and two employee representatives.

The committees' practices are set out in the Articles of Association and in the bylaws of the Supervisory Board. Furthermore, the Supervisory Board may entrust one or more of its members with special control functions. More information on the activities of the Supervisory Board and its committees in the financial year 2019 can be found in the Report of the Supervisory Board. The names of the members belonging to the various committees are also listed there.

Shareholders and the Annual General Meeting

The organisation and execution of BayWa AG's Annual General Meeting is carried out with the aim of informing all shareholders swiftly and extensively before and during the event. All shareholders listed in the share register (Aktienregister) and who have duly registered in good time are entitled to participate. BayWa AG offers its shareholders the possibility of having their vote exercised in accordance with their personal instructions by a voting proxy appointed by the company. The Annual General Meeting decides, among other things, on the appropriation of profit, the approval of the actions of the Board of Management and Supervisory Board as well as the nomination of the auditor. Decisions on changes to the Articles of Association and on measures that may change the share capital are exclusively reserved for the Annual General Meeting, with the exception of the use of authorised capital by the administration. The share capital of BayWa AG is divided into shares with restricted transferability (approximately 96%) and registered shares (approximately 4%). Transferring registered shares with restricted transferability is formally subject to the Board of Management's consent. However, in the past, approval has never been withheld. Each share of BayWa AG carries equal voting rights and confers the same dividend entitlement. The company therefore applies the "one share, one vote, one dividend" principle.

Securities transactions by the Board of Management and the Supervisory Board (Directors' Dealings)

According to Article 19 of the Market Abuse Regulation, the members of the Board of Management and the Supervisory Board, and persons closely associated with them, are required by law to disclose the acquisition and sale of shares in BayWa AG or financial instruments related thereto if the value of such transactions equals or exceeds an amount of €5,000 in a given calendar year. This also applies to certain employees with managerial functions (executive managers, for instance).

Transactions to be disclosed are published on the company website at www.baywa.com. No notifications had to be made in 2019.

Shareholdings by the Board of Management and the Supervisory Board

As at 31 December 2019, the number of shares held in BayWa AG by members of the Board of Management and the Supervisory Board came to less than 1% of the shares issued by the company. There were therefore no holdings requiring reporting under Code Item 6.2 GCGC 2017 as at 31 December 2019.

Avoidance of conflicts of interest

Under the bylaws of the Board of Management, its members are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other members of the Board of Management thereof. Under the bylaws of the Supervisory Board, its members must disclose any conflicts of interest – particularly those that could occur due to consultancy or board functions at customers, suppliers, lenders or other business partners – to the Supervisory Board without delay. Significant conflicts of interest in the person of a Supervisory Board member that are not of a temporary nature should lead to the termination of the mandate.

Remuneration of the Board of Management and the Supervisory Board

As regards the remuneration of the Board of Management and the Supervisory Board in the financial year 2019, we refer to the Remuneration Report that is part of the Notes to the Consolidated Financial Statements.

Equal participation of women and men in leadership positions

Like approximately one hundred other companies in Germany, BayWa AG is a publicly listed stock corporation (Aktiengesellschaft) subject to codetermination on a basis of parity. Pursuant to Section 96 para. 2 sentence 1 of the German Stock Corporation Act (AktG), at least 30% of the members of the Supervisory Board must be women and at least 30% of the members of the Supervisory Board must be men at listed companies subject to the German Codetermination Act (MitbestG). The Supervisory Board aims, by mutual agreement, for separate compliance with the gender quota by shareholder and employees representatives. Accordingly, the shareholder representatives objected to overall compliance by way of a unanimous resolution presented to the Chairman of the Supervisory Board pursuant to Section 96 para. 2 sentence 3 of the German Stock Corporation Act (AktG) on 30 March 2016. Pursuant to Article 13 of the Articles of Association and Section 96 para. 1 of the German Stock Corporation Act (AktG) in conjunction with Section 7 para. 1 sentence 1 item 2 of the German Codetermination Act (MitbestG), the Supervisory Board consists of eight shareholders and eight employees. Therefore, both the shareholders and the employees must each appoint at least two women and at least two men to the Supervisory Board to fulfil the minimum percentages stipulated under Section 96 para. 2 sentence 1 of the German Stock Corporation Act (AktG). Since the Annual General Meeting on 5 June 2018, the Supervisory Board has a total of four female members, two of whom have been appointed by the shareholders, and two of whom have been appointed by the employees. Both sides therefore fulfil the minimum percentages stipulated by the German Stock Corporation Act (AktG).

On 5 August 2015, the Supervisory Board complied with the additional legal requirement of setting a target for a gender quota and achieving said target no later than 30 June 2017 by setting a target of 0% for the percentage of women on the Board of Management. The Supervisory Board reviewed the target at the meeting on 2 August 2017. The Supervisory Board again defined a target for women on the Board of Management of 0% by 30 June 2022.

On 23 September 2015, the Board of Management of BayWa AG also set as targets a quota of 18% for women in the top executive tier and a quota of 12% for women in the second executive tier, which were scheduled to be met by 30 June 2017. As at 30 June 2017, the target for women in the top executive tier had not only been met, but even exceeded by 1%, standing at 19%. At 18%, the target for women in the second executive tier had also been exceeded. On 27 June 2017, the Board of Management of BayWa AG subsequently set as targets a quota of 22% for women in the top executive tier and a quota of 22% for women in the second executive tier, which were scheduled to be met by 30 June 2022.

Diversity concept

BayWa AG does not pursue a detailed diversity concept for the Supervisory Board and Board of Management. BayWa AG does not believe that strict criteria, quotas or profiles of skills and expertise that restrict flexibility in respect of personnel decisions and the number of potential candidates are expedient. Instead, the Group focuses on professional qualifications and experience. However, BayWa AG does take age and gender – as well as cultural, educational and professional background – into consideration in the proposals on the composition of the Supervisory Board and Board of Management when electing potential Board of Management and Supervisory Board members and strives to achieve the most diverse composition possible. As stated, the professional qualifications and experience obtained through education or occupation are the decisive criteria for BayWa AG for current and potential members of the Board of Management and the Supervisory Board. The Group strives to achieve the greatest possible diversity with regard to age and gender if these criteria are met.

Additional information on management practices

The Code of Conduct of BayWa AG forms the value system for BayWa AG. It is mandatory and applies across the Group to all employees. The Code of Conduct has been made publicly available on the company's website at www.baywa.com. In addition, an internal control system has been set in place to ensure compliance with the law, statutory provisions and internal guidelines as well as to avoid actions detrimental to business, which includes prevention, monitoring and intervention. Employees have the option of turning to an anonymous whistle-blower system or applying to the external legal counsel mandated by BayWa AG to serve as an ombudsman in the event of occurrences within the company that do not comply with the law or grievances in cooperation with business partners and companies. Third parties also have the option of using the whistle-blower system.

In order to avoid breach of regulations on the prohibition of insider trading pursuant to Article 14 of the Market Abuse Regulation, BayWa AG appropriately informs all persons who are deemed insiders under the legal provisions about all relevant statutory provisions governing trading in the shares of the company and, at the same time, requests in writing that they confirm in writing that they were informed about all relevant statutory provisions governing trading in the shares of the company. Those persons affiliated with the Group and external service providers that have access to insider information in accordance with their activities and authorisations are included in insider lists that comply with the provisions. In his or her capacity as the person in charge of dealings with insiders, the head of the Legal department monitors the proper keeping of the insider lists.

Other aspects of good corporate governance

Communication and transparency

BayWa AG communicates regularly and promptly on the development of business as well as on its assets, financial position and earnings. In order to guarantee an ongoing exchange of information with the capital market, the company holds regular events as part of its investor relations activities featuring the Chief Executive Officer and Chief Financial Officer for analysts and institutional investors in the form of roadshows and individual meetings. Press releases are published and press conferences and conference calls with analysts are held every quarter on business performance. The annual results are released at an Annual Results Press Conference and at an analysts' meeting. All new information disclosed to financial analysts and similar parties in the context of the aforementioned investor relations activities is also made available to the shareholders without delay. All relevant presentations and press releases are promptly published in the Investor Relations section on the website of BayWa AG. BayWa AG places great importance on ensuring that all shareholders are treated equally with regard to information.

The dates of the main recurring publications (inter alia the Consolidated Financial Statements) and the date of the Annual General Meeting are published in the financial calendar in good time. Current developments are reported in press releases and, if necessary, in ad hoc releases. All information is also made accessible on the company's website at www.baywa.com.

Responsible action and risk management

The aim of risk management at BayWa AG is to identify the risks of entrepreneurial action at an early stage and evaluate them. Risk management is therefore an integral part of the company's planning and management and control processes. The internal control, risk management and audit system is developed by the Board of Management on an ongoing basis and adjusted to changes in the environment. Parts of the internal control and risk management system for the accounting processes are examined by the external auditor. More information on the structure and the processes of risk management in the context of accounting processes is included in the Group Management Report.

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