Half-Year Financial Statements

BayWa Group 2019

BayWa

Contents

Note

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.

Interim Management Report

Overview of Business Performance of the BayWa Group

Earnings to increase further in the second half of 2019 – expectations confirmed for the full financial year

in € million	**Q2/2019**	Q2/2018	Change in %	**Q1–2/2019**	Q1–2/2018	Change in %
Revenues	**4,331.0**	4,473.3	- 3.2	**8,410.6**	8,270.4	1.7
EBIT	**66.0**	73.1	- 9.7	**52.2**	32.1	62.6

Consolidated revenues increased by 1.7% year on year to approximately €8.4 billion after six months of the current financial year. Earnings before interest and tax (EBIT) improved by €20.1 million to a total of €52.2 million.

Earnings in the Agriculture and Building Materials Segments remained on a par with the previous year, whereas the Energy Segment was able to generate significant growth. There was a significant rise in sales in trading activities with fossil fuels on account of the fall in heating oil consumer prices. In addition, BayWa r.e. benefited from lively trade in photovoltaic (PV) components. As in the previous year, project sales in the Renewable Energies business unit are not planned until the second half of the year. Given that a large number of wind farms and solar parks are set to be sold in the final quarter in particular, project business is set to increase considerably in the second half of the year and be one of the Group's key earnings drivers in the current financial year.

The Agriculture Segment saw varied development in the first half of 2019. Operating resources business, particularly involving seed and fertilizer, was characterised by the mild weather conditions. In addition, grain harvested in the previous year was able to be marketed at better margins. International trade in produce was not able to match this development, with relatively low price volatility on international agricultural commodities markets and a decline in grain handling volume causing the BayWa Agri Supply and Trade (BAST) business unit to experience weaker development compared to the previous year. The significant growth in earnings in the Agri Trade & Service business unit more than compensated for the shortfall in the BAST business unit and the slight declines in the Agricultural Equipment and Global Produce business units. Recovery effects are expected by the end of the year in agricultural machinery trading and in the Global Produce business unit in particular. The Building Materials Segment continued to benefit from the boom in construction activity in the first half-year of the reporting period and performed in line with expectations. The negative effect on earnings in the Other Activities Segment was mitigated by the sale of shares in Kartoffel-Centrum Bayern GmbH.

The Agriculture Segment saw its EBIT rise slightly by 2.4% to €53.6 million (H1/2018: €52.4 million) in the first half of 2019 compared to the previous year. Significant earnings growth was generated in agricultural trade in Germany. This resulted in considerable recovery in seed and fertilizer trade in the first half of the year, following the slump in agricultural input business due to the short and dry vegetation period in the previous year. The early start to the season thereby had a positive effect on demand. In addition, the rise in prices across almost all fertilizer types enabled higher profit margins to be generated compared to the previous year. Domestic trade in products also generated higher profit margins; by contrast, international trade in grain and oilseed failed to match the previous year's figure. As expected, trading opportunities were limited due to the low price volatility, which only allowed for small profit margins. The market conditions for trade in agricultural equipment remain positive. This is reflected primarily in the number of newly registered tractors. Recovery effects are expected in the second half of the year. High fruit inventories resulting from the record-breaking harvests in Europe in the previous year should gradually decline and lead to improved market conditions with regard to demand and prices. Earnings generated by the Global Produce business unit remained on a par with the previous year as at 30 June 2019.

The Energy Segment experienced a strong first half of 2019. EBIT rose by approximately €10.8 million year on year to a total of €12.1 million (H1/2018: €1.3 million). A high level of demand for heating oil and stable filling station business were the main earnings drivers in BayWa's conventional energy business. The Renewable Energies business unit benefited from the systematic expansion of international trading activities involving PV components. The number of PV modules sold was able to be doubled. Despite falling module prices, earnings in this area increased significantly compared to the same period in the previous year. This positive development helped the Renewable Energies business unit increase its total earnings year on year. With the majority of project sales planned for the final quarter, the first half of the year was characterised by the planning and start of construction on a wide range of wind and solar energy projects. In addition, some major new customers were able to be acquired for technical management both in energy trading business and in service business.

The half-year results for 2019 in the Building Materials Segment reflect the continued upward trend in the construction sector. This positive trend is set to continue in the second half of the year, as it appears that the entire construction sector is operating at high capacity. Additional earnings contributions are expected from construction projects and strong demand in residential construction. The segment saw a minor year-on-year decrease in business of €0.4 million to €7.0 million (H1/2018: €7.4 million). However, the slight decline is expected to be recovered by the end of 2019, as the main earnings contributions in building materials business only materialise in the second half of the year.

Given the business performance achieved so far this year and the current framework conditions, it is assumed that the BayWa Group will be able to increase its full-year consolidated EBIT year on year in the financial year 2019. The project sales in the Renewable Energies business unit slated for the third quarter, and especially for the fourth quarter, will make a particularly significant contribution to this development. Furthermore, the growth momentum in the Agriculture and Building Materials Segments is likely to pick up further in the second half of the year.

Business Performance by Segment in the First Half of 2019

Agriculture Segment

Market and industry development

According to forecasts by the US Department of Agriculture (USDA), global grain production in 2019/20 is likely to stand at approximately 2.17 billion tonnes (excluding rice), around 2% higher than the previous year. The wheat harvest is likely to rise by approximately 6%, while corn production could fall by around 2%. The lower potential corn yield is due in part to strong rainfall in key cultivation areas in the US, which precluded the corn from being sown on schedule. The ongoing increase in global consumption has meant that grain stocks have fallen since 2018/19. Freak weather in the US is also hampering global oilseed production. The USDA is forecasting oilseed volume of 586 million tonnes, which marks a slight decline of 2% on the previous year. The European grain harvest is likely to increase by 10% year on year to a total of 311 million tonnes on account of more favourable weather conditions. Experts are predicting that the German grain harvest in 2019 will be slightly below average at approximately 45 million tonnes, which equates to an increase of 25% compared to the extremely low previous-year level. Despite the improvement, the consequences of the extreme vegetation conditions are noticeable: Rainfall and cool weather in May had a positive impact on yields, but the subsequent heatwave went on to impair the yield potential of certain summer cultures in June. Eastern Germany was particularly hard-hit by the dry weather. The rapeseed harvest is likely to fall to the lowest level seen since 1998, at just under 3.1 million tonnes. This decline is partly due to the failed sowing of winter rapeseed in the drought conditions, the decline in cultivation areas and restrictions on crop protection. The extreme weather conditions at the end of the spring – particularly in the US – triggered a brief rally, especially in the price of corn, before prices fell again from mid-June.

The German agricultural input sector saw its season begin early due to the mild weather. However, demand remained sluggish. Stricter requirements as part of the German Fertiliser Application Ordinance and the risk of a dry summer have given farmers cause for restraint when it comes to purchasing. Fertilizer prices declined accordingly over the course of the calendar year, particularly for nitrogen. The lack of any driving forces from the global market and high inventories are likely to have exacerbated the price declines. Sales of crop protection have also fallen, compounded by restrictions on certain crop protection products – particularly those containing neonicotinoid active ingredients. The dry start to the year and the resulting fall in crops' susceptibility to illness has reduced demand for crop protection. Moderate demand for crop protection is also due to the decline in rapeseed cultivation area. Seed business benefited from the fall in rapeseed cultivation areas, with traders recording increased demand for catch crops to replace the rapeseed.

Sentiment among German farmers has deteriorated slightly since the spring due to political uncertainty impacting planning and the damage caused by the dry weather the previous summer. As a consequence, the agricultural industry's economic barometer stood at 20.4 points in June 2019, down 0.7 points on the previous year. The emerging uncertainty has not had a negative impact on investment propensity so far. The number of newly registered tractors in Germany increased by roughly 22% year on year between January and June 2019 to 15,292 tractors. Farmers are planning to invest €4.1 billion over the coming six months, €0.7 billion more than the previous year, in barns and stable equipment in particular. At €0.7 billion, investment volume in agricultural equipment is likely to remain on a par with the previous year. Farms are reporting stable liquidity overall, with the exception of those located in Eastern Germany, where the situation remains tense due to the dry summer of 2018. In Europe, sentiment in the agricultural equipment industry has deteriorated slightly due to a fall in order intake in the previous months. Nevertheless, an increase in revenue of 4% is expected in EU countries in 2019.

In fruit cultivation, unusual weather conditions in May in many European countries resulted in forecasts for the upcoming fruit harvest being corrected. It is assumed that the apple harvest in Europe will be significantly lower than in 2018. There is likely to be no repeat of the record-breaking harvest of the previous year; instead, the best-case scenario will be the harvest reaching an average level. This year's apple harvest in New Zealand is primarily characterised by small fruit size. As a result, the apple production is estimated to be down on the previous year overall. Smaller fruit sizes could impact the export of certain apple varieties. All in all, exports to Europe from the southern hemisphere declined due to the overproduction there in the previous year. As a consequence, apple prices in Germany have been down on the five-year average since the start of the year, reaching €0.51 per kilogramme in July 2019.

Business performance

The Agriculture Segment is divided into four business units: BayWa Agri Supply & Trade (BAST), Agri Trade & Service, Global Produce and Agricultural Equipment. The BAST and Agri Trade & Service business units cover national and international trade in agricultural produce and agricultural input. Global Produce encompasses global trade with fruit and fruiting vegetables. The Agricultural Equipment business unit involves trade in agricultural machinery and facilities and offers a comprehensive range of services.

	Revenues			EBIT		
in € million	**Q1–2/2019**	Q1–2/2018	Change in %	**Q1–2/2019**	Q1–2/2018	Change in %
BAST	2,564.0	2,800.8	- 8.5	8.4	14.5	- 42.3
Agri Trade & Service	1,936.2	1,817.5	6.5	24.5	11.7	> 100
Global Produce	397.7	401.3	- 0.9	10.0	10.6	- 6.0
Agricultural Equipment	798.4	794.9	0.4	10.8	15.6	- 30.7
Agriculture Segment	**5,696.3**	5,814.5	- 2.0	**53.6**	52.4	2.4

The Agriculture Segment reported a slight decline in revenues year on year in the first half of 2019, while EBIT increased marginally. The decline in revenues was the result of lower sales volumes in grain and oilseed trading, whereas the increase in earnings resulted from improved performance in domestic produce and operating resources business. The rise in earnings in the Agri Trade & Service business unit was able to more than compensate for the slight declines in the other business units.

In the BAST business unit, sales of grain and oilseed in the first half of 2019 were down year on year, as demand was significantly lower in the UK in particular due to unfavourable weather conditions. A lack of price trends in international wheat trade and low price volatility in relation to many different agricultural commodities saw trade business remain sluggish in the first half of the year. Against this backdrop, opportunities in grain and oilseed trading were limited and only permitted small profit margins. Furthermore, the business unit experienced a significant decline in feedstuff business in the UK due to the positive supply situation there. Speciality business developed in line with expectations and increased its earnings contribution compared to the previous year. Dutch speciality produce trader Royal Ingredients Group International B.V., acquired at the beginning of the financial year 2019, also contributed to this trend.

The performance of the Agri Trade & Service business unit improved year on year. Domestic produce trade benefited in particular from last year's harvest, as grain was marketed at improved margins. The agricultural input business grew compared to the previous-year period. In 2018, the application of agricultural input was strongly restricted due to adverse weather conditions. Trade in fertilizers and seed developed positively in the 2019 reporting period. The delays in applying fertilizers in the spring and the early start to the season this year revived demand for fertilizers. However, the reduction in volumes caused by the German Fertiliser Application Ordinance has left a mark. In seed business, there was an increase in demand for seed corn and seeds that resulted in an increase in business overall year on year. Weather conditions have so far not been favourable to crop protection business. The pronounced dryness in the months of March and April, as well as the high inventories from the previous year saw sales volumes decline compared to the previous-year period. The reduction in rapeseed sowing last fall dampened demand for crop protection additionally. The Agri Trade & Service business unit recorded significant year-on-year growth compared to the first half of 2018 due to the positive development of produce trade and above-average margins for fertilizers and seed.

The development of the Global Produce business unit continues to be characterised by the high pome fruit harvest of the previous year and the significantly lower price level for apples. Average prices in the EU were 11% down on the average for the reference period in May, while high stocks of EU apples made it difficult for apples from other origins to access the market. This resulted in a majority of the apple exports of T&G Global Limited (T&G Global) being marketed in Asia. The frost-related decline in the harvest in China meant that demand there was higher than normal. This allowed T&G Global to largely compensate for the weaker demand in the EU. Besides the marketing of apples in China, an increased number of peripheral fruit types such as grapes, berries and citrus fruits were also sold in Asia. Domestic fruit trade was able to partially compensate for the lower fruit prices through higher sales volumes. In addition, fruit farms were operating at full capacity and were not negatively impacted by short time as they were in the previous year. This resulted in an improvement in earnings compared to the previous year's period in Germany. All in all, earnings in the Global Produce business unit were down slightly in the first half of the year on the previous year's figure, even though the harvest in New Zealand was exposed to unfavourable weather conditions. This resulted in fruit sizes declining, which can have a negative effect on selling prices. The apple harvest in Europe is expected to decline in the coming season. As the year progresses, this should result in fixed prices for pome fruit and increase interest in produce from the southern hemisphere.

The agricultural equipment business benefited from ongoing high demand in the first half of 2019. The increased propensity for investment was reflected in the tractor market in particular. Sales of used tractors were able to be increased by around 9% year on year, while the number of newly registered tractors matched the high sales figures generated in the previous year. By contrast, demand for large machinery such as combine harvesters did not develop so well, which is likely to have been due to delay effects into the second half of the year. Earnings were also negatively impacted by higher IT costs due to a cross-segment process and logistics project. As expected, the business unit did not match the high figures generated in the previous year in the first half of 2019; however, current order intake suggests that this earnings shortfall can be evened out.

Energy Segment

Market and industry development

Growth expectations have been cooling off for the German economy since the start of the year. Despite a lively domestic economy, the German industry suffered from declining exports due to weakening international economic development. As a result, the Deutsche Bundesbank lowered its gross domestic product growth forecast for 2019 from 1.6% to just 0.6% in June 2019. The price of crude oil reached its highest point of the year so far of approximately USD73 per barrel at the end of April. The main reason for this trend was the cut on production by OPEC member states and associated exporters. US sanctions against Iran and Venezuela also saw the global supply of crude oil decline and likely contributed to the rise in prices. Prices have been falling ever since, and in June the price of crude oil briefly fell below USD60 per barrel. The downward trend is due in particular to concerns over global economic development. At the end of the first half of 2019, the price of crude oil had increased slightly and was fluctuating around the USD63 per barrel mark without any decisive tendencies. The relatively stable supply situation coupled with weakening economic development give little cause to assume that the price of oil will rise significantly by the end of the calendar year. A corresponding price correlation for crude oil is reflected in the price of heating oil: The price of heating oil reached its previous high for the year so far in the middle of May at around 73 euro cents per litre, before falling to 64 euro cents per litre by mid-June and fluctuating ever since below the 70 euro cent mark. The price of heating oil in Germany in the second half of 2018 was higher than prices throughout most of the first half of 2019. Consumers interpreted prices as a signal to buy. Sales of heating oil in Germany increased by 11.3% year on year between January and April 2019. Fuel sales were almost on a par with the previous year's figure, whereas demand for lubricants decreased by 7.6% on account of economic development.

Renewable energies covered around 45% of energy consumption in Germany in the first half of 2019. This equates to a rise of approximately 5% on the previous year and marks a new record in terms of energy production. Wind energy produced around 19% more power than in the first half of 2018, while solar energy generation was up 5.6% year on year. Capacity expansion of solar energy in Germany continues to gain importance, standing at approximately 1.8 gigawatts (GW) in the first five months of the calendar year 2019 and exceeding the previous year's figure by 68%. Capacity expansion of onshore wind power plants (January to May 2019) came to 266 megawatts (MW), up by around 82% on the previous year. This drastic decline is due to a temporary change to bidding conditions, which has since been corrected. Furthermore, plant construction is being stymied by numerous lawsuits challenging already approved projects, some of which have since been brought to a complete halt. Growth in the sector is therefore likely to continue to take place outside of Germany. Global expansion of wind power capacities is likely to increase by 65 GW in the financial year 2019, which would equate to a rise of 27%. Onshore wind energy projects are expected to account for roughly 90% of anticipated capacity expansion.

Besides the world's two largest markets of China and the US, global expansion figures are likely to be driven by other growth markets such as Australia, Argentina, South Africa and Mexico. In 2018, the global expansion of solar energy capacities exceeded the 100 GW mark for the first time. Growth of 25% to approximately 128 GW is expected in the current year. The ongoing growth is primarily due to marked cost decreases and the resulting improvement in competitiveness. Innovative applications such as floating solar power plants contributed to this growth. Capacity expansion of solar energy is expected to take place in the growth drivers of China, India and the US, but also in Europe, which is primarily due to the EU's binding renewable energy targets up to 2020. In addition, a trend towards subsidy-free solar projects is also emerging.

Business performance

in € million	Revenues Q1–2/2019	Revenues Q1–2/2018	Revenues Change in %	EBIT Q1–2/2019	EBIT Q1–2/2018	EBIT Change in %
Conventional Energy	1,230.7	1,105.0	11.4	11.6	4.9	> 100
Renewable Energies	696.1	539.9	28.9	0.5	- 3.6	> 100
Energy Segment	**1,926.8**	1,644.9	17.1	**12.1**	1.3	> 100

The Energy Segment comprises the BayWa Group's trading activities in fossil and renewable heating fuels, fuels and lubricants as well as its business in renewable energies, which is pooled in BayWa r.e. renewable energy GmbH (BayWa r.e.). The segment recorded a significant year-on-year rise in revenues in the first six months of the current reporting year, which was primarily due to the higher volumes of heating oil sales and strong business involving photovoltaic (PV) components at BayWa r.e. The segment's earnings before interest and tax (EBIT) also rose significantly compared with the reference period in 2018. Besides sales growth in heating business, the segment also benefited from the slight rise in earnings from project sales at BayWa r.e. As in the previous year, sales of renewable energy plants are mainly scheduled for the final quarter.

In conventional trading and distribution business, attractive oil prices led to a strong rise in demand for heat energy carriers. Sales of heating oil were up by around 12%, and sales of solid fuels such as wood pellets increased by 7% year on year. Sales are likely to have been boosted by the price trend. Heating oil prices were significantly down on the second half of 2018 at the beginning of the financial year. This resulted in an increase in order intake, as customers wanted to capitalise on the cheaper heating oil prices. In addition, consumer prices for heating oil did not follow the same trend as commodity prices at times during the reporting period. This allowed higher profit margins to be achieved. Fuel business also developed positively in the first six months of the financial year. High sales volumes in the previous-year period were not quite matched, however, margins still managed to match the profitable levels of the previous year. The slowdown in economic development is most clearly reflected in lubricant business. Here, trading volumes have fallen by around 14% compared to the same period in 2018. At the same time, BayWa has expanded its lubricant activities in the logistics sector in order to be able to better counteract declines in business caused by economic development. In terms of EBIT, the business unit was able to exceed the high value reported in the previous year as at 30 June 2019 thanks to robust heating oil business.

In the Renewable Energies business unit, the first half of 2019 was characterised by the planning and start of construction on a wide range of wind and solar energy projects. In addition, the wind project pipeline was expanded by the acquisition of the British renewable energy business of Forsa Energy (UK) Limited. The acquisition is part of the BayWa r.e. growth strategy for the UK to develop more greenfield wind projects and secures access to a pipeline of onshore wind parks in Scotland with a total capacity of 350 megawatts (MW). At the moment, over 2.7 gigawatts (GW) of global projects are ongoing, 660 MW of which are scheduled for sale in the financial year 2019. Of the 660 MW planned for sale in 2019, two wind energy projects in Australia with a total capacity of 14.4 MW and a wind park in Italy with a total capacity of 46.2 MW, in which BayWa r.e. holds a stake of 48.0%, have already been sold in the current financial year. In addition, solar project rights of over 200 MW were sold in the US.

As in the previous year, the majority of plant sales take place in the second half of 2019. The growth course in PV component trade was able to be continued in the first half of 2019. The total capacity of sold PV modules almost doubled compared to the previous-year period. Sales of inverters rose accordingly. The growth is primarily due to marked cost decreases and the resulting improvement in competitiveness of forms of conventional energy production. Against the backdrop of the slump in PV module prices and the significant improvement in terms of procurement costs, BayWa r.e. is currently realising the first solar park in Germany that has not been subsidised at all. The Barth V project, located around 30 kilometres east of Stralsund, has a total capacity of 8.8 MW. Construction on the project began in early June. The generated power is to be supplied to an industrial partner by way of a long-term power purchase agreement (PPA). In-house energy trading subsidiary BayWa r.e. Clean Energy Sourcing GmbH (CLENS) is responsible for marketing the electricity.

Business involving commercial and technical management was also able to be expanded. BayWa r.e. has assumed responsibility for the technical and commercial management for the 300 MW onshore wind park portfolio of the Talanx Group. In addition, a temporary framework agreement was concluded with Siemens Gamesa Renewable Energy Deutschland regarding the completion of medium-voltage works on behalf of the company. The agreement covers 230 onshore wind turbines with a total capacity of approximately 600 MW. Thanks to the expansion of business activities and the solid development of PV trading activities, BayWa r.e. was able to close the first half of 2019 with positive EBIT. Earnings were negative as at 30 June 2018. As in the previous year, a significant increase in earnings is expected in the second half of the year, once the process of selling a number of wind and solar energy projects has been completed.

Building Materials Segment

Market and industry development

The construction sector benefited from favourable weather conditions, which led to an earlier start to the season, as well as from the continued strength of construction activity. Revenues in the construction industry were up by 17.1% in nominal terms in the months from January to April 2019, even building on the above-average figures seen in the previous year. Civil engineering and public-sector construction posted particularly strong gains, increasing by 20.6% and 19.1% respectively compared to 2018. This development was due in particular to the record-high level of incoming orders, which exceeded the previous year's figure by 13.9% in nominal terms. At 105,800 units, the number of residential building permits issued was down slightly year on year in the first four months of 2019 (2018: 107,256 units), with only single-family houses seeing an increase. However, the effects of measures to promote the construction of multi-unit social housing and the special depreciation for the construction of new rented housing units approved by the Bundesrat in June are likely to lead to an increase in permit approvals in the second half of the year. Moreover, the low interest rates are likely to ensure stable demand development. On account of high order intake, Hauptverband der Deutschen Bauindustrie (German construction industry federation) raised its revenue estimate for the full year from 6% in nominal terms to 8.5% in June 2019. Sentiment in the German construction industry remained optimistic in early summer 2019. Hauptverband der Deutschen Bauindustrie expects the current business climate to continue in the coming twelve months.

Business performance

	Revenues			EBIT		
in € million	**Q1–2/2019**	Q1–2/2018	Change in %	**Q1–2/2019**	Q1–2/2018	Change in %
Building Materials Segment	**775.3**	797.7	- 2.8	**7.0**	7.4	- 5.5

The Building Materials Segment mainly comprises the Group's trading activities involving building materials in Germany and Austria. The segment succeeded in largely making up for the seasonal shortfall in sales in the first quarter. Sales volumes for the entire building materials portfolio benefited from a high level of capacity utilisation at companies in the industry. Sales volumes of the product range for civil engineering and road construction in particular benefited from increased investments in the modernisation of transport infrastructure. Demand was also up for gardening and landscaping products, such as paving stones and natural stone. In addition, the continued boom in residential construction encouraged the sale of prefabricated components. However, the high level of capacity utilisation in the industry is limiting the potential for sales growth. Against this backdrop, earnings fell slightly in the first six months of the current financial year compared to the same period of last year. In the second half of the year, it should be possible to make up for this slight shortfall, which was due to weaker business in Austria. Along with construction activity, the completion of the renovation and new construction efforts at the Building Materials locations in Obing, Landshut and Dietfurt should also have a positive effect on the development of earnings.

Innovation & Digitalisation Segment

Market and industry development

Digital applications are now an integral part of agriculture in terms of assisting with everyday work. According to a survey by the German Farmers' Association (Deutscher Bauernverband – DBV), around 53% of farmers in Germany are already using digital technology. Digitalisation in the farming industry largely comprises precision farming and smart farming. While precision farming focuses on the automation of agricultural processes, smart farming goes one step further by building on this technology with the aim of digitally connecting all aspects of farming operations, from the barn and field work to harvest marketing. Here, machines and systems often process information independently and make decisions with at least some degree of autonomy. In the process, satellites are playing an increasing role as sources of data. The combination of satellite data with plant growth models makes it possible to determine the yield potential of every field, estimate the economic benefits of working specific parts of fields and coming up with concrete recommendations for field operations. If this information is linked with the technology in the tractor and attached implement by way of relevant control software, farmers have the possibility of sowing or fertilizing specific parts of fields, for example. Greater use is being made of farm management systems to connect all these work steps, which not only make the related administrative tasks easier for farmers, but also provide opportunities for analysis. Given the tougher requirements regarding documentation obligations and data protection as a result of new laws, such as the European General Data Protection Regulation, experts expect to see double-digit growth rates in the years ahead, particularly for software solutions concerning these issues.

Business performance

in € million	Revenues Q1–2/2019	Revenues Q1–2/2018	Revenues Change in %	EBIT Q1–2/2019	EBIT Q1–2/2018	EBIT Change in %
Innovation & Digitalisation Segment	**5.0**	4.9	1.6	**- 6.5**	- 6.0	- 8.3

The Innovation & Digitalisation Segment pools all activities of the BayWa Group in its Digital Farming, eBusiness and Agro Innovation Lab areas. The first six months of the current financial year saw a slight year-on-year increase in revenues due to rising customer numbers and income from licences. In terms of the operating result (EBIT), however, this growth is neutralised by the year-on-year increase in investments, particularly for software development related to various NEXT Farming software modules. Accordingly, the segment reports negative EBIT down on the previous year in the reporting period, as expected.

Other Activities

EBIT resulting from Other Activities encompasses, in addition to earnings contributions from peripheral activities, a major part of the Group's administrative costs and consolidation effects and amounted to minus €14.0 million as at 30 June 2019 (H1/2018: minus €23.0 million). At approximately €7 million, the improvement is primarily attributable to the initial application of the new IFRS 16 lease accounting standard and the income from the sale of the shares in Kartoffel-Centrum Bayern GmbH.

Assets, Financial Position and Earnings Position of the BayWa Group

Asset position as at 30 June 2019

At the end of the first half of 2019, the BayWa Group had total assets of €8,453.9 million, an increase of €942.4 million, or 12.5%, compared to the end of the financial year 2018. The increase related mainly to non-current assets, which rose by €689.9 million to €3,166.8 million due first and foremost to the initial application of IFRS 16. Current assets also rose by €207.4 million, or 4.1%, to €5,237.8 million. A decisive factor behind this development was primarily the typical seasonal rise in current trade receivables due to increased business activities following the winter months in the Agriculture and Building Materials Segments. Another contributing factor was the €264.0 million expansion of business activities in the Renewable Energies business unit to €1,350.0 million.

The BayWa Group's equity decreased by €37.7 million, from €1,389.1 million as at 31 December 2018 to €1,351.4 million as at 30 June 2019. The dividend payments of €41.5 million were the main drivers behind this trend. By contrast, the initial application of IFRS 16 increased equity by €4.5 million.

Non-current liabilities stood at €3,256.1 million at the end of the reporting period and were up €1,181.4 million compared to the end of the financial year 2018. The change was primarily the result of the initial application of IFRS 16 and the resulting lease obligations as well as the rise in non-current financial liabilities due to the issuing of a green bond.

Current liabilities decreased in the reporting period by €232.1 million, from €4,047.7 million to €3,815.6 million. While trade payables rose due to seasonal factors, the Group concurrently recorded a decrease in non-current financial liabilities.

Financial position in the first half of 2019

With a €3.0 million increase in the net result for the period to €1.9 million, cash earnings rose year on year by €111.8 million to €151.9 million. While inventory levels were down slightly in the first half of 2019, rises in trade payables and other liabilities not attributable to investment and financing activities more than offset the rises in trade receivables and other assets not attributable to investment and financing activities. The cash flow from operating activities therefore stood at €217.6 million after the first six months of the financial year 2019. At €157.4 million, cash inflow from operating activities in the current reporting period was therefore €60.2 million higher year on year.

The BayWa Group's investment activity resulted in cash outflows of €102.7 million in the first six months of the financial year 2019. Of this amount, €11.1 million were attributable to the acquisition of Royal Ingredients Group International B.V., Alkmaar, Netherlands; €13.8 million were attributable to the purchase of Forsa Energy (UK) Limited, London, UK, which now operates as BayWa r.e. UK (Developments) Limited, London, UK. Both companies were acquired within the scope of a share deal. Funds of €109.7 million were also used for the acquisition of intangible assets and property, plant and equipment. By contrast, cash inflows of €24.4 million resulted from the disposal of intangible assets and property, plant and equipment. The disposal of financial assets resulted in cash inflows of €5.2 million in the first half of the year, whereas the addition of financial investments led to cash outflows of €1.1 million.

Cash flow from financing activities amounted to minus €102.2 million and was attributable primarily to the repayment of financial liabilities along with dividend payouts by BayWa AG and other Group companies in the amount of €41.5 million. In 2018, cash flow from financing activities stood at minus €76.0 million.

Total cash and cash equivalents have increased by €12.7 million since 31 December 2018 to €133.4 million due to the incoming and outgoing cash payments from operating, investment and financing activities.

Earnings position in the first half of 2019

The BayWa Group's revenues in the first half of the financial year 2019 came to €8,410.6 million, marking a year-on-year increase of €140.2 million, or 1.7%. The Energy Segment saw the biggest gains of €281.9 million, or 17.1%, with increased revenues being generated both in the field of conventional energy and in the Renewable Energies business unit. At €5,696.3 million, revenues in the Agriculture Segment were virtually unchanged year on year. The Building Materials Segment generated revenues of €775.3 million, down by a marginal €22.4 million year on year. The Innovation & Digitalisation Segment generated €5.0 million in the reporting period and was virtually on par with the level seen in the previous year.

At €73.2 million, the BayWa Group's other operating income was approximately on a par with the previous year. Taking into account the €9.9 million increase in inventories and the virtually unchanged situation in other own work capitalised, the BayWa Group's overall performance increased year on year by €151.0 million, or 1.8%, to €8,670.1 million.

Despite an increase in the cost of materials of €95.7 million, or 1.2%, gross profit improved by €55.3 million, or 6.6%, to €891.3 million. Personnel expenses rose by €40.9 million to €524.3 million in the first half of 2019, primarily due to the business activities of the companies acquired during the current financial year, which were included for the first time in the first half of 2019. At €102.9 million, depreciation and amortisation of property, plant and equipment and intangible assets were up 59.0% year on year. The sharp rise was mainly attributable to depreciation and amortisation of leased goods, which have been included for the first time since 1 January 2019 due to the introduction of IFRS 16. Other operating expenses fell by €32.2 million, or 12.0%, to €236.5 million. The decline was primarily due to the fact that expenses from leasing activities have no longer been accounted for according to IAS 17 since the introduction of the new IFRS 16 leasing standard.

These changes led to the result of operating activities increasing by €8.4 million to €27.6 million in the first half of 2019.

At €24.6 million, the result of participating interests was up year on year by €11.7 million. With income from participating interests recognised at equity constant at €6.7 million, the rise was attributable solely to the positive development of other income from participating interests.

The BayWa Group's EBIT stood at €52.2 million in the first six months of the financial year 2019 and was €20.1 million, or 62.6%, higher year on year.

Net interest in the first half of 2019 fell by €15.9 million year on year to minus €49.6 million. The initial application of IFRS 16 in the financial year 2019 resulted in interest expense from accrued interest on lease liabilities, which primarily contributed to a decrease in net interest. Including tax expenses of €0.7 million, this resulted in net income for the first half of the financial year 2019 of €1.9 million, which corresponds to an increase of €3.0 million year on year.

Employees

The BayWa Group recorded an increase in the number of employees in all business units as at the end of the reporting period. As at the reporting date, the number of employees had increased by 857 people to 18,721. The most significant increases were seen in the Global Produce and Renewable Energies business units, as well as in the Building Materials Segment. In the Global Produce business unit, the number of employees rose to 3,016 on average for the first six months of 2019 and was therefore 248 higher year on year. In the Building Materials Segment, the number of employees rose by 124 to 4,335 people. The Renewable Energies business unit employed 1,679 people, which was 230 more than the average in 2018.

Outlook

The BayWa Group's business development is likely to continue picking up significantly in the second half of the year, in particular due to the upcoming project sales in the Renewable Energies business unit. Given the current market environment and demand situation, an increase in revenues and earnings compared to the previous year is planned in all three operating segments.

Although the outlook for the grain harvest worsened in Germany and Europe following the first wave of hot weather, the production forecast is up significantly year on year. The situation is likely to lead to higher recording and marketing potential. As in the previous year, Germany has also seen a marked difference in precipitation and soil conditions between the north and the south. This could lead to differences in grain harvest quality that could be advantageous for the Agri Trade & Service business unit's domestic produce trading activities. Demand for agricultural input is likely to benefit from an increase in the sowing of winter grains. Furthermore, increasingly stable prices that should permit higher profit margins on fertilizers are emerging as a result of lower fertilizer production worldwide. The Agri Trade & Service business unit will probably be able to maintain its rise in earnings as at 30 June 2019 between now and the end of the financial year.

The difficult market environment in the BAST business unit looks likely to continue in the second half of the year. The handling volume of grain and oilseed is expected to decline. Trade in grain and oilseed continues to be negatively impacted by the continued trade dispute between the US and China, the tensions in the Persian Gulf region and the United Kingdom's potential exit from the EU. Due to the lack of discernible grain price trends, traders face little pressure to act. This somewhat lethargic development permits only a low level of price volatility and makes it difficult for traders to generate any trade margins apart from the functional kind. By contrast, the specialities business is developing positively. Last year's strong earnings in the BAST business unit are unlikely to be repeated between now and the end of 2019.

Europe is expected to see a below-average apple harvest in the coming season. In Germany, this year's harvest volume is likely to be 10% to 15% lower than the record volume recorded in 2018. Night frosts in the east in early April and regional hail damage have had a negative impact on the harvest in Germany. The weaker fruit harvest throughout Europe could lead to rising prices and greater marketing opportunities for the southern hemisphere fruit harvest. The domestic harvest situation is unlikely to have a negative impact on the marketing of tropical fruits, instead creating additional demand momentum. All told, earnings in the Global Produce business unit should significantly exceed the figures seen in the previous year despite a lack of earnings contributions from the greenhouse project in the United Arab Emirates in 2019.

The positive trend in the agricultural equipment business should continue to hold in the second half of the year. This optimism is based on a higher year-on-year level of incoming orders on the books after the first six months. Furthermore, Agritechnica – the world's largest agricultural equipment trade fair – and the associated level of digitalisation in agriculture could help create additional buying stimulus. Stable producer and milk prices, as well as the improved harvest outlook, should boost planned investments.

The Energy Segment is poised for a significant jump in earnings in the second half of the year. The Renewable Energies business unit in particular is expected to contribute to this development, as global sales of projects with a total output of some 660 megawatts (MW) have been planned for the year as a whole. The sales process for most of the turbines and plants intended for disposal is likely to be completed in the final quarter. This also includes around 75 MW from the 2-gigawatt project pipeline in the Netherlands acquired as part of the majority takeover of GroenLeven Group. In addition, the business unit is likely to benefit from the expansion of activities on the Iberian peninsula and from the global growth in customer numbers in service. Sales from trading in PV components in the second half of the year should also be able to match the strong development seen in the first six months of the current financial year. Against this backdrop, BayWa r.e. is likely to finish the financial year 2019 above the high earnings already recorded in the previous year.

In the field of conventional energy , the growth momentum is likely to weaken in the second half of 2019, particularly in the heat energy carrier trade. However, trade in conventional fuels can be expected to see growth on account of increased travel activity during the summer months. The growing acceptance of the BayWa fuel card could also help favour this development. The outlook does not include further growth for the time being, as the business unit's remaining product portfolio is more dependent on general economic performance. However, stable development, especially in lubricant trading, can be expected between now and the end of the financial year. The current year-on-year increase in earnings, however, should help the business unit match the previous year's high earnings, even though demand is likely to be weaker in the second half of the year.

The Building Materials Segment is expected to improve considerably in the second half of 2019 as is typical of the season. High order backlog at the sector companies executing the orders and the ongoing construction boom point to strong demand for building materials. Furthermore, the effects of measures to promote the construction of multi-unit social housing and the special depreciation for the construction of new rented housing units approved by the Bundesrat in June should help generate tailwind. The construction projects in Schrobenhausen and Burgkirchen are expected to provide additional earnings contributions for the first time. The Building Materials Segment is likely to achieve a modest year-on-year increase in earnings in the current financial year.

Overall, the BayWa Group's business development in the second half of 2019 is set to pick up significantly. This optimistic expectation is due in particular to the pending project sales in the Renewable Energies business unit. For 2019 as a whole, management confirms its forecast of achieving a consolidated operating profit (EBIT) higher than in the previous year.

Please note: The statements and figures forecast in this document are based on assumptions and are subject to unforeseeable risk. In as much as the assumptions of the company should prove to be inaccurate, or should other unforeseeable risks occur, the possibility of the actual assets, financial position and earnings position of the Group diverging negatively from the forecast target figures cited in this report should not be discounted.

Condensed Interim Consolidated Financial Statements

Consolidated Balance Sheet as at 30 June 2019

Assets

in € million		30/06/2019	31/12/2018
Non-current assets			
Intangible assets		362.0	338.1
Property, plant and equipment		2,041.1	1,399.9
Participating interests recognised at equity		222.3	214.6
Other financial assets		197.9	204.5
Investment property		40.2	38.2
Income tax claims		0.1	0.0
Other receivables and other assets		50.2	29.0
Deferred tax assets		253.0	252.6
		3,166.8	**2,476.9**
Current assets			
Securities		1.9	1.9
Inventories		2,883.0	2,909.5
Biological assets		4.8	16.5
Income tax claims		67.1	54.2
Financial assets		190.9	221.6
Other receivables and other assets		1,956.7	1,706.1
Cash and cash equivalents		133.4	120.6
		5,237.8	**5,030.4**
Non-current assets held for sale/disposal groups		**49.3**	**4.2**
Total assets		**8,453.9**	**7,511.5**

Shareholders' equity and liabilities

in € million		30/06/2019	31/12/2018
Equity			
Subscribed capital		89.9	89.9
Capital reserve		114.8	114.8
Hybrid capital		296.3	296.3
Revenue reserves		555.4	536.4
Other reserves		- 2.9	49.4
Equity net of minority interest		**1,053.5**	**1,086.8**
Minority interest		297.9	302.3
		1,351.4	**1,389.1**
Non-current liabilities			
Pension provisions		650.9	657.2
Other non-current provisions		89.6	52.8
Financial liabilities		1,412.1	883.1
Financial lease obligations		782.0	164.5
Trade payables and liabilities from inter-group business relationships		5.6	6.1
Income tax liabilities		0.0	0.4
Financial liabilities		8.3	5.2
Other liabilities		85.2	85.7
Deferred tax liabilities		222.4	219.7
		3,256.1	**2,074.7**
Current liabilities			
Pension provisions		31.5	31.4
Other current provisions		170.5	188.5
Financial liabilities		1,704.7	2,232.2
Financial lease obligations		22.2	11.2
Trade payables and liabilities from inter-group business relationships		1,235.3	1,016.7
Income tax liabilities		16.4	12.4
Financial liabilities		145.8	186.1
Other liabilities		489.2	369.2
		3,815.6	**4,047.7**
Liabilities from non-current assets held for sale/disposal groups		**30.8**	**–**
Total shareholders' equity and liabilities		**8,453.9**	**7,511.5**

Consolidated Income Statement 1 January to 30 June 2019

Continued operations

in € million		Q1–2/2019	Q1–2/2018
Revenues		**8,410.6**	**8,270.4**
Inventory changes		181.1	171.2
Other own work capitalised		5.2	3.4
Other operating income		73.2	74.1
Cost of materials		- 7,778.8	- 7,683.1
Gross profit		**891.3**	**836.0**
Personnel expenses		- 524.3	- 483.4
Depreciation and amortisation		- 102.9	- 64.7
Other operating expenses		- 236.5	- 268.7
Result of operating activities		**27.6**	**19.2**
Income from participating interests recognised at equity		6.7	6.7
Other income from shareholdings		17.9	6.2
Interest income		6.4	5.1
Interest expenses		- 56.0	- 38.8
Financial result		**- 24.9**	**- 20.8**
Earnings before tax (EBT)		**2.6**	**- 1.6**
Income tax		- 0.7	0.5
Net income/loss for the period		**1.9**	**- 1.1**
thereof: profit share of minority interest		10.9	15.9
thereof: due to shareholders of the parent company		- 9.0	- 17.0
EBIT		**52.2**	**32.1**
EBITDA		**155.1**	**96.8**
Basic earnings per share (in €)		**- 0.26**	**- 0.49**
Diluted earnings per share (in €)		**- 0.26**	**- 0.49**

Consolidated Income Statement by Quarter

Continued operations

in € million	Q1/2019	Q2/2019	Q1/2018	Q2/2018
Revenues	**4,079.6**	**4,331.0**	**3,797.1**	**4,473.3**
Inventory changes	88.5	92.6	65.6	105.6
Other own work capitalised	1.0	4.2	1.5	1.9
Other operating income	39.8	33.4	33.3	40.8
Cost of materials	- 3,808.6	- 3,970.2	- 3,534.7	- 4,148.4
Gross profit	**400.3**	**491.0**	**362.8**	**473.2**
Personnel expenses	- 253.4	- 270.9	- 231.7	- 251.7
Depreciation and amortisation	- 55.0	- 47.9	- 33.5	- 31.2
Other operating expenses	- 115.5	- 121.0	- 142.0	- 126.7
Result of operating activities	**- 23.6**	**51.2**	**- 44.4**	**63.6**
Income from participating interests recognised at equity	1.8	4.9	1.9	4.8
Other income from shareholdings	8.0	9.9	1.5	4.7
Interest income	3.6	2.8	1.8	3.3
Interest expenses	- 27.7	- 28.3	- 17.8	- 21.0
Financial result	**- 14.3**	**- 10.6**	**- 12.6**	**- 8.2**
Earnings before tax (EBT)	**- 37.9**	**40.5**	**- 57.0**	**55.4**
Income tax	- 0.9	0.2	13.3	- 12.8
Net income/loss for the period	**- 38.8**	**40.7**	**- 43.7**	**42.6**
thereof: profit share of minority interest	- 0.8	11.7	- 0.8	16.7
thereof: due to shareholders of the parent company	- 38.1	29.1	- 42.9	25.9
EBIT	**- 13.8**	**66.0**	**- 41.0**	**73.1**
EBITDA	**41.2**	**113.9**	**- 7.5**	**104.3**

Consolidated Statement of Comprehensive Income – Transition 1 January to 30 June 2019

in € million	Q1–2/2019	Q1–2/2018
Net income/loss for the period	**1.9**	**- 1.1**
Reclassification of the initial application effect of IFRS 16	4.5	–
Reclassification from other income to revenue reserves at the start of the period due to the transition to IFRS 9	0.0	- 0.8
Net gain/loss from the revaluation of financial assets in the “at fair value through other comprehensive income” category (known as the fair value OCI option) recognised in the reporting period	- 4.1	- 11.4
Actuarial gains/losses from pension obligations and provisions for severance pay recognised in the reporting period	0.0	- 0.1
Sum of items not subsequently reclassified in the income statement	**0.3**	**- 12.3**
Other income from interests accounted for using the equity method recognised in the reporting period	0.0	–
Reclassifications to the income statement due to disposal of participating interests accounted for using the equity method in the reporting period	0.0	0.0
Net gain/loss from hedging instruments with a clear hedging relationship recognised in the reporting period	0.0	- 6.5
Reclassifications of net gain/loss from hedging instruments with a clear hedging relationship in the income statement in the reporting period	0.8	0.1
Differences from currency translation in the reporting period	1.9	- 1.4
Reclassifications of differences from currency translation in the income statement in the reporting period	0.1	0.0
Cash flow hedges	3.2	- 0.1
Sum of items subsequently reclassified in the income statement	**6.0**	**- 7.9**
Gains and losses recognised directly in equity	**6.3**	**- 20.2**
thereof: due to minority interest	- 1.7	- 9.0
thereof: due to shareholders of the parent company	8.0	- 11.2
Consolidated total result for the period	**8.2**	**- 21.3**
thereof: due to minority interest	9.2	6.9
thereof: due to shareholders of the parent company	- 1.0	- 28.2

Condensed Consolidated Cash Flow Statement 1 January to 30 June 2019

in € million	Q1–2/2019	Q1–2/2018
Cash earnings	**151.9**	**40.1**
Cash flow from operating activities	217.6	157.4
Cash flow from investment activities	- 102.7	- 59.8
Cash flow from financing activities	- 102.2	- 76.0
Cash-effective changes in cash and cash equivalents	**12.7**	**21.6**
Cash and cash equivalents at the start of the period	120.6	105.5
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	0.1	- 0.9
Cash and cash equivalents at the end of the period	**133.4**	**126.2**

Condensed Consolidated Statement of Changes in Equity
1 January to 30 June 2019

in € million	Subscribed capital	Capital reserve
As at 31/12/2018 (as previously reported)	89.9	114.8
Effects of the application of IFRS 16	–	–
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	–	–
Change in the financial assets measured at fair value through other comprehensive income (fair value OCI option) and derivative financial instruments as well as other income from interests accounted for using 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	–	–
Net income/loss for the period 01/01 – 30/06/2019	–	–
As at 30/06/2019	**89.9**	**114.8**
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	–	–
Change in the financial assets measured at fair value through other comprehensive income (fair value OCI option) and derivative financial instruments as well as other income from interests accounted for using the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Inter-company profits from elimination with associates recognised in equity	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Cash flow hedges	–	–
Hybrid capital issued	–	–
Hybrid capital dividends	–	–
Transfer to/withdrawal from revenue reserve	–	–
Net income/loss for the period 01/01 – 30/06/2018	–	–
As at 30/06/2018	**89.6**	**111.5**

	Hybrid capital	Valuation reserve	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
	296.3	14.4	522.0	49.4	1,086.8	302.3	1,389.1
	–	–	4.5	–	4.5	–	4.5
	296.3	**14.4**	**526.5**	**49.4**	**1,091.3**	**302.3**	**1,393.6**
	–	–	5.8	- 6.7	- 0.9	- 3.6	- 4.5
	–	–	–	–	–	–	–
	–	- 1.3	–	–	- 1.3	- 2.0	- 3.3
	–	–	- 0.0	–	- 0.0	- 0.0	- 0.0
			- 0.0	- 31.5	- 31.5	- 10.0	- 41.5
	–	–	–	1.7	1.7	0.3	1.9
	–	3.2	–	–	3.2	–	3.2
	–	–	–	–	–	–	–
	–	–	6.8	- 6.8	0.0	0.0	0.0
	–	–	–	- 9.0	- 9.0	10.9	1.9
	296.3	**16.3**	**539.0**	**- 2.9**	**1,053.5**	**297.9**	**1,351.4**
	296.3	**29.4**	**524.8**	**53.0**	**1,104.6**	**327.8**	**1,432.4**
	–	–	- 13.9	8.9	- 5.0	0.6	- 4.4
	–	–	–	–	–	–	–
	–	- 10.9	–	–	- 10.9	- 7.8	- 18.6
	–	–	- 0.1	–	- 0.1	–	- 0.1
	–	–	–	–	–	–	–
	–	–	–	- 31.4	- 31.4	- 11.5	- 42.9
	–	–	–	- 0.2	- 0.2	- 1.2	- 1.4
	–	- 0.1	–	–	- 0.1	–	- 0.1
	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	–	6.6	- 6.6	–	–	–
	–	–	–	- 17.0	- 17.0	15.9	- 1.1
	296.3	**18.4**	**517.5**	**6.6**	**1,040.0**	**323.8**	**1,363.8**

Selected Explanatory Notes to the Consolidated Financial Statements

Accounting policies and valuation methods

This Interim Report of the BayWa Group as at 30 June 2019 was drawn up in compliance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. In accordance with IAS 34, the interim consolidated financial statements are published in a condensed form compared to the annual consolidated financial statements and are therefore to be read together with the BayWa AG Consolidated Financial Statements for the financial year 2018. All new or amended IFRS and interpretations by the IFRS Interpretations Committee that were applicable for the BayWa Group for the first time as at 1 January 2019 were observed. For pre-existing or unamended IFRS, the accounting, measurement, consolidation and disclosure principles, with the exception of the changes listed below, comply with those that were applied when preparing the consolidated financial statements as at 31 December 2018. In this regard, reference is made to the consolidated financial statements of BayWa AG as at 31 December 2018. BayWa's reporting currency is the euro.

The following new or amended standards and interpretations became applicable at the start of the financial year 2019:

IFRS 16 Leases

IFRS 16, the new standard for recognising leases, is applicable for all financial years beginning on or after 1 January 2019. BayWa Group implemented this standard at the start of the financial year 2019. The modified retrospective approach was chosen for the transition to IFRS 16. IFRS 16 introduces a single lease accounting model, under which lease assets and lease liabilities are recognised on the balance sheet unless the lease term is more than twelve months or the lease concerns a low-value asset. BayWa utilises these exceptions. As a result, short-term leases and leases for low-value assets are not recognised pursuant to IFRS 16. Financing and service components are presented separately from one another. The lease payments previously recognised as rental expenses have been recognised as interest expenses and depreciation and amortisation since 1 January 2019. Lease liabilities are the present value of the remaining lease payments in consideration of the incremental borrowing rate. The incremental borrowing rate is calculated at the BayWa Group in a two-phase process and reflects the term of the lease, the creditworthiness of the lessee, the currency area and the economic situation of the legal jurisdiction in which the lease was concluded.

In addition, the following revised or newly issued standards adopted by the EU were applicable to the BayWa Group from 1 January 2019:

- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments – Prepayment Features with Negative Compensation

These amendments are only of minor importance to BayWa.

Assumptions and estimates

In as much as assumptions and estimates were made in the context of reporting, they have remained unchanged as to the methodology used during the financial year and between financial years. There are no reportable changes which have had a material impact on the current reporting period.

Seasonal and economic influences on business activity

Seasonal influences typical to the business have an impact on almost all the core activities of the Group. Over the year, these lead to fluctuations in revenues and profit which partly offset one another. In the Agriculture Segment, the main activities take place in the first three quarters of the financial year, with the focus on the second quarter. Conventional energy is impacted more by economic influences which cause fluctuations in business. The price trend exerts a major impact on consumer behaviour and therefore on the development of the business unit's revenues. The backlog in demand subsequently evens out over a number of years. The Renewable Energies business unit is subject to fluctuations depending on project sales. Business development may also be impacted by political factors as a result of changes in promotion measures. In the Building Materials Segment, business picks up after the first quarter and slows in the fourth quarter due to the weather.

Changes in the group of consolidated companies

Along with BayWa AG, the consolidated financial statements include all major companies over which it can exercise direct or indirect control via subsidiaries. The fully consolidated group changed as follows in the first half of 2019:

	Share in capital in %	Previous year's share in capital in %	Comment
Affiliated companies so far not included in the consolidated financial statements for reasons of materiality			
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., Madrid, Spain	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
Heuberg S.L.U., Barcelona, Spain	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
Plesidy Energies SARL, Paris, France	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
Acquired companies included in the consolidated financial statements for the first time owing to attainment of control			
BayWa r.e. UK (Developments) Limited, London, UK	100.0	–	Acquisition Initial consolidation on 20/05/2019
BayWa r.e. UK (Renewables Services) Limited, London, UK	100.0	–	Acquisition Initial consolidation on 20/05/2019
brandpower P1 GmbH, Salzburg, Austria	100.0	–	Acquisition Initial consolidation on 29/04/2019
brandpower S1 GmbH, Salzburg, Austria	100.0	–	Acquisition Initial consolidation on 29/04/2019
brandpower S2 GmbH, Salzburg, Austria	100.0	–	Acquisition Initial consolidation on 29/04/2019
Citygreen Gartengestaltungs GmbH, Vienna, Austria	100.0	–	Acquisition Initial consolidation on 01/04/2019
Crookedstane Windfarm Limited, Greenock, UK	100.0	–	Acquisition Initial consolidation on 01/04/2019
Druim Leathann Windfarm Limited, Greenock, UK	100.0	–	Acquisition Initial consolidation on 20/05/2019
Gilston Hill Windfarm Limited, Greenock, UK	100.0	–	Acquisition Initial consolidation on 20/05/2019
Inverclyde Renewables LLP, Greenock, UK	100.0	–	Acquisition Initial consolidation on 20/05/2019
Inverclyde Windfarm Ltd., Greenock, UK	100.0	–	Acquisition Initial consolidation on 20/05/2019
Nlei Ltd, Greenock, UK	100.0	–	Acquisition Initial consolidation on 20/05/2019
Royal Ingredients Group B.V., Alkmaar, Netherlands	100.0	–	Acquisition Initial consolidation on 08/01/2019
Royal Ingredients Group Holding USA Inc., Chicago, USA	100.0	–	Acquisition Initial consolidation on 08/01/2019
Royal Ingredients Group India Private Limited, Navi Mumbai, India	100.0	–	Acquisition Initial consolidation on 08/01/2019
Royal Ingredients Group International B.V., Alkmaar, Netherlands	60.0	–	Acquisition Initial consolidation on 08/01/2019
Royal Ingredients Group USA Inc., Chicago, USA	100.0	–	Acquisition Initial consolidation on 08/01/2019
Royal Ingredients Nigeria Ltd, Lagos, Nigeria	100.0	–	Acquisition Initial consolidation on 08/01/2019
Whitelaw Brae Windfarm Ltd, Greenock, UK	100.0	–	Acquisition Initial consolidation on 20/05/2019

	Share in capital in %	Previous year's share in capital in %	Comment
Companies no longer included in the consolidated financial statements due to mergers			
OneShore Energy GmbH, Berlin, Germany	–	100.0	Merged with BayWa r.e. Solar Projects GmbH, Munich, Germany on 01/01/2019
Solarpark Vine Farm GmbH, Gräfelfing, Germany	–	100.0	Merged with BayWa r.e. Solar Projects GmbH, Munich, Germany on 01/01/2019
Companies no longer included in the consolidated financial statements owing to loss of control			
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
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
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

Additions to the group of consolidated companies in the first half of 2019

Addition: BayWa r.e. UK (Developments) Limited, London, UK
BayWa AG, Munich, Germany, took over 100% of the shares in Forsa Energy (UK) Limited, London, UK, through Group company 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. 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 of the acquisition amounted to €13.8 million. According to the preliminary purchase price allocation, the transaction resulted in goodwill of €8.2 million. Transaction costs of €0.2 million were incurred in relation to the acquisition.

Addition: Royal Ingredients Group International B.V., Alkmaar, Netherlands
BayWa AG, Munich, Germany, took over 60% of the shares in Royal Ingredients Group International B.V., Alkmaar, Netherlands, through Group company 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 and 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 €10.9 million. According to the preliminary purchase price allocation, the transaction resulted in goodwill of €2.5 million.

Disposals from the group of consolidated companies

The total effect of the loss of control resulting from the disclosed sales on the consolidated financial statements is as follows (preliminary figures):

Consideration received

in € million	
Consideration received in the form of cash and cash equivalents for the sold shares	12.7

Assets and liabilities derecognised owing to loss of control

in € million	
Non-current assets	
Intangible assets	–
Property, plant and equipment	–
Financial assets	0.0
Deferred tax assets	0.5
	0.5
Current assets	
Inventories	68.6
Receivables and other assets	4.2
Cash and cash equivalents	5.9
	78.7

in € million	
Non-current liabilities	
Non-current provisions	1.1
Financial liabilities	45.4
Trade payables and other liabilities	1.8
Deferred tax liabilities	0.1
	48.4
Current liabilities	
Current provisions	0.3
Financial liabilities	25.3
Trade payables and other liabilities	2.5
	28.1
Net assets on the disposal date	**2.7**

Gains/losses from the disposal of Group companies

in € million	
Consideration received for the sold shares	12.7
Net assets relinquished	- 2.7
Disposal result	**10.1**
thereof: attributable to minority shareholders	- 1.2
thereof: attributable to shareholders of the parent company	11.3

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 disposal of Group companies

in € million	
Purchase price settled through cash and cash equivalents	12.7
Less cash and cash equivalents paid out in connection with the disposal	- 5.9
	6.9

As at 30 June 2019, a total of 333 companies were included in the consolidated financial statements in accordance with the standards applicable to full consolidation; as at 31 December 2018, 314 companies were included in the consolidated financial statements. In addition, and as at 31 December 2018, 28 associated companies and joint ventures were included in the consolidated financial statements in accordance with the equity method set out under IAS 28.

The investment in Kartoffel-Centrum Bayern GmbH, Rain am Lech, Germany, was sold in March this year at a disposal gain of €4.25 million.

Financial instruments

The financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy as at the reporting date, 30 June 2019, are as follows:

in € million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative financial instruments and commodity futures, including derivatives designated as hedging instruments for cash flow hedge accounting	78.6	112.3	–	190.9
Shareholdings in affiliated companies		17.3		17.3
Securities and investments	25.3	37.9	–	63.2
Financial assets at fair value without effect on income				
Securities (OCI option)	79.9	–	–	79.9
Sum total of financial assets	**183.8**	**167.5**	**–**	**351.3**
Financial liabilities measured at fair value				
Derivative financial instruments and commodity futures, including derivatives designated as hedging instruments for cash flow hedge accounting	75.5	78.5	–	154.0
Sum total of financial liabilities	**75.5**	**78.5**	**–**	**154.0**

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).

Bonds / equity instruments

The short-term bonded loan in the amount of €75.0 million issued in the previous year fell due on 18 June 2019. For this reason, BayWa AG issued another bonded loan at that time in the same amount that will fall due on 18 June 2020 and will bear interest at 0.40%. Otherwise, there were no further issues, share buy-backs or repayments, neither for bonded loans nor for other equity instruments, in the first half of 2019. On 24 June 2019, BayWa AG issued a green bond of €500.0 million with a term of five years. The treasury share portfolio has remained unchanged since the financial year 2003 and comprises 19,500 shares, which correspond to €49,920, or the equivalent of 0.06% of the share capital.

Appropriation of 2018 retained earnings

On 28 May 2019, the Annual General Meeting of Shareholders approved the following appropriation of BayWa AG's unappropriated retained earnings in the financial year 2018:

in €	
Dividend of €0.90 per dividend-bearing share	31,511,525.40
Profit available for distribution	**31,511,525.40**

The dividend was paid on 31 May 2019. The amount distributed to the shareholders was reduced by the portion of the treasury 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 was transferred to other revenue reserves.

Earnings per share

Basic earnings per share (EPS) are calculated by dividing the profit for the period attributable to shares (net of minority interest) by the average number of shares. So-called potential shares (above all share options and convertible bonds), which can dilute earnings per share, were not issued, which means that diluted and basic earnings per share are the same.

Transactions and events to be reported

Interim reporting must contain information on transactions and events which affect the assets, liabilities, equity, result for the period under review or the cash flow, and which, due to their type, scope or frequency, are unusual. In the period under review, there were no matters requiring reporting. In respect of effects from the acquisition and disposal of companies, reference is made to the explanations above.

Tax computation

Tax computation is carried out by using the weighted average annual income tax rate for each separate region. The deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the periods ahead, the realisation of which is assured with sufficient probability.

Contingent liabilities and contingent receivables

There are no contingent receivables as at 30 June 2019. There were no major changes in contingent liabilities as against 31 December 2018.

Cash flow statement

The cash flow statement has been drawn up pursuant to IAS 7 by applying the indirect method, and broken down into cash flows from operating, investing and financing activities.

Other transactions and events to be reported

Since the reporting date, 30 June 2019, there have been no transactions or events to be reported that have had a material effect on the assets, financial position and earnings position of the BayWa Group.

Audit of the Interim Report

The Interim Report was not subject to any audit review.

Segment report

The Agriculture Segment is divided into four business units: BayWa Agri Supply & Trade (BAST), Agri Trade & Service, Global Produce and Agricultural Equipment, covering the entire value chain from field to produce marketing. Business activities in the Energy and Renewable Energies business units are pooled in the Energy Segment. The Building Materials Segment sells 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 and also houses the BayWa Group's online sales under the BayWa Portal. Aside from peripheral activities, the Other Activities Segment mainly encompasses BayWa Group's real estate operations. The transition primarily includes amortisation of the hidden reserves and intangible assets revealed in purchase price allocations in previous years.

Condensed segment information by business unit (income statement)

in € million **Q1–2/2019**	BAST	Agri Trade & Service	Global Produce	Agricultural Equipment	**Agriculture**
Revenues generated through business with third parties	2,564.0	1,936.2	397.7	798.4	5,696.3
Intra-segment revenues	371.3	164.3	33.3	22.2	591.1
Inter-segment revenues	17.8	41.5	–	0.6	59.9
Total revenues	**2,953.1**	**2,142.1**	**431.0**	**821.2**	**6,347.4**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**13.1**	**42.1**	**21.7**	**20.7**	**97.6**
Depreciation and amortisation	- 4.8	- 17.6	- 11.8	- 9.9	- 44.0
Earnings before interest and tax (EBIT)	**8.4**	**24.5**	**10.0**	**10.8**	**53.6**
Earnings before tax (EBT)	**1.5**	**14.7**	**5.4**	**4.4**	**26.0**
Income tax					
Net income/loss for the period					

Condensed segment information by business unit (income statement)

in € million Q1–2/2018	BAST	Agri Trade & Service	Global Produce	Agricultural Equipment	**Agriculture**
Revenues generated through business with third parties	2,800.8	1,817.5	401.3	794.9	5,814.5
Intra-segment revenues	299.6	125.3	–	18.0	442.9
Inter-segment revenues	14.2	37.8	–	1.3	53.3
Total revenues	**3,114.6**	**1,980.6**	**401.3**	**814.2**	**6,310.7**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**16.5**	**26.3**	**17.8**	**21.4**	**82.0**
Depreciation and amortisation	- 2.0	- 14.6	- 7.2	- 5.8	29.6
Earnings before interest and tax (EBIT)	**14.5**	**11.7**	**10.6**	**15.6**	**52.4**
Earnings before tax (EBT)	**9.9**	**1.7**	**6.7**	**9.0**	**27.3**
Income tax					
Net income/loss for the period					

	Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities**	Transition	**Group**
	1,230.7	696.1	1,926.8	775.3	5.0	7.2	–	8,410.6
	126.8	49.3	176.1	30.9	0.1	27.1	–	825.4
	3.1	1.0	4.1	0.3	0.2	3.2	–	67.7
	1,360.6	**746.4**	**2,117.0**	**806.5**	**5.3**	**37.5**	–	**9,303.6**
	17.3	**14.9**	**32.3**	**17.6**	**- 4.7**	**12.5**	**- 0.2**	**155.1**
	- 5.7	- 14.4	- 20.2	- 10.6	- 1.8	- 20.8	- 5.9	- 102.9
	11.6	**0.5**	**12.1**	**7.0**	**- 6.5**	**- 7.9**	**- 6.1**	**52.2**
	11.5	**- 19.6**	**- 8.1**	**1.0**	**- 6.6**	**- 3.6**	**- 6.1**	**2.6**
								- 0.7
								1.9

	Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities**	Transition	**Group**
	1,105.0	539.9	1,644.9	797.7	4.9	8.4	–	8,270.4
	105.6	37.5	143.1	14.8	0.2	26.7	- 627.7	–
	4.3	1.4	5.7	0.6	–	3.1	- 62.7	–
	1,214.9	**578.8**	**1,793.7**	**813.1**	**5.1**	**38.2**		**8,270.4**
	9.5	**3.2**	**12.7**	**15.4**	**- 4.9**	**32.7**	**- 41.1**	**96.8**
	- 4.9	- 6.8	- 11.4	- 8.0	- 2.9	- 8.3	- 6.3	- 64.7
	4.9	**- 3.6**	**1.3**	**7.4**	**- 6.0**	**24.4**	**- 47.4**	**32.1**
	4.7	**- 12.4**	**- 7.7**	**1.0**	**- 6.1**	**32.0**	**- 48.1**	**- 1.6**
								0.5
								- 1.1

Condensed segment information by business unit (balance sheet)

in € million **30/06/2019**	BAST	Agri Trade & Service	Global Produce	Agricultural Equipment	**Agriculture**
Assets	1,273.4	1,318.4	970.0	948.9	4,510.7
thereof: participating interests recognised at equity	2.9	18.4	24.5	18.8	64.6
thereof: non-current assets held for sale	–	–	–	–	–
Inventories	356.9	435.5	95.7	588.5	1,476.6
thereof: non-current assets held for sale	–	–	–	–	–
Liabilities	924.7	637.3	407.6	686.0	2,655.6
thereof: liabilities from non-current assets held for sale/disposal groups	–	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	5.9	15.7	11.1	6.5	39.3
Employees (annual average)	479	3,517	3,016	3,777	10,788

Condensed segment information by business unit (balance sheet)

in € million 31/12/2018	BAST	Agri Trade & Service	Global Produce	Agricultural Equipment	**Agriculture**
Assets	1,713.4	1,301.2	620.4	841.0	3,936.0
thereof: participating interests recognised at equity	4.6	19.1	23.9	20.4	68.0
thereof: non-current assets held for sale	–	–	–	–	–
Inventories	330.0	439.0	109.7	495.8	1,374.5
thereof: non-current assets held for sale	–	–	–	–	–
Liabilities	866.9	1,125.2	367.4	1,044.6	3,404.1
thereof: liabilities from non-current assets held for sale/disposal groups	–	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	12.3	9.6	20.0	5.7	47.6
Employees (annual average)	439	3,561	3,137	3,694	10,831

	Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities**	Transition	**Group**
	367.3	5,118.6	5,485.9	747.2	56.1	5,236.0	- 7,581.8	8,454.1
	–	0.1	0.1	0.0	–	157.6	–	222.3
	30.5	–	30.5	–	–	18.9	–	49.3
	73.7	815.9	889.6	195.9	1.8	2.3	316.8	2,883.0
	5.7	–	–	–	–	–	–	5.7
	345.4	4,480.1	4,825.5	549.0	28.0	4,575.9	- 5,531.5	7,102.5
	30.8	–	30.8	–	–	–	–	30.8
	6.3	38.7	45.0	15.6	3.8	41.2	–	144.9
	969	1,679	2,648	4,335	193	854	–	18,816

	Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities**	Transition	**Group**
	309.1	3,387.0	3,696.1	663.5	15.6	4,361.9	- 5,679.4	6,993.7
	–	2.4	2.4	0.1	–	149.1	–	219.6
	–	1.2	1.2	–	–	4.0	–	5.2
	49.7	579.8	629.5	181.8	1.6	1.9	118	2,307.3
	–	–	–	–	–	–	–	–
	315.3	2,820.0	3,135.3	774.2	17.6	2,257.7	- 3,959.0	5,629.9
	–	–	–	–	–	–	–	–
	5.0	31.5	36.5	9.1	2.6	16.6	–	112.4
	964	1,341	2,304	4,198	179	713	–	18,226

Condensed segment information by region

	External sales		Non-current assets	
in € million	**Q1–2/2019**	Q1–2/2018	**30/06/2019**	31/12/2018
Germany	3,657.8	3,492.0	2,285.6	1,463.7
Austria	1,201.4	1,238.5	534.6	456.3
Netherlands	829.5	721.2	–	–
New Zealand	–	–	291.3	251.8
Other international operations	2,722.0	2,818.7	55.3	254.7
Group	**8,410.7**	**8,270.4**	**3,166.8**	**2,426.5**

Condensed segment report by business segment (income statement) by quarter

in € million	Q1/2019	Q2/2019	Q1–2/2019	Q1/2018	Q2/2018	Q1–2/2018	Change Q1–Q2 in %
Revenues generated through business with third parties							
BAST	1,414.4	1,149.6	2,564.0	1,420.1	1,380.7	2,800.8	- 18.7
Agri Trade & Service	904.4	1,031.8	1,936.2	813.4	1,004.1	1,817.5	14.1
Global Produce	191.0	206.7	397.7	185.7	215.6	401.3	8.2
Agricultural Equipment	313.9	484.5	798.4	309.0	485.9	794.9	54.3
Agriculture	**2,823.8**	**2,872.5**	**5,696.3**	**2,728.2**	**3,086.3**	**5,814.5**	1.7
Energy	595.6	635.1	1,230.7	514.4	589.6	1,105.0	6.6
Renewable Energies	368.4	327.7	696.1	260.4	279.5	539.9	- 11.0
Energy	**964.1**	**962.7**	**1,926.8**	**775.8**	**869.1**	**1,644.9**	- 0.1
Building Materials	**285.8**	**489.5**	**775.3**	**287.9**	**509.8**	**797.7**	71.3
Innovation & Digitalisation	**2.3**	**2.7**	**5.0**	**2.0**	**2.9**	**4.9**	17.4
Other Activities	**3.5**	**3.7**	**7.2**	**3.2**	**5.2**	**8.4**	5.7
Total	**4,079.6**	**4,331.0**	**8,410.6**	**3,797.1**	**4,473.3**	**8,270.4**	6.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)							
BAST	7.8	5.3	13.1	8.7	7.8	16.5	- 32.1
Agri Trade & Service	10.6	31.5	42.1	1.0	25.3	26.3	> 100
Global Produce	4.3	17.4	21.7	0.2	17.6	17.8	> 100
Agricultural Equipment	7.6	13.1	20.7	2.0	19.4	21.4	72.4
Agriculture	**30.2**	**67.4**	**97.6**	**11.9**	**70.1**	**82.0**	> 100
Energy	8.3	9.0	17.3	3.9	5.6	9.5	8.4
Renewable Energies	8.3	6.6	14.9	0.2	3.0	3.2	-20.5
Energy	**16.6**	**15.7**	**32.3**	**4.1**	**8.6**	**12.7**	- 5.4
Building Materials	**- 10.4**	**28.0**	**17.6**	**- 11.7**	**27.1**	**15.4**	> 100
Innovation & Digitalisation	**- 2.4**	**- 2.3**	**- 4.7**	**- 2.5**	**- 2.4**	**- 4.9**	- 4.2
Other Activities	**7.1**	**5.4**	**12.5**	**7.3**	**25.4**	**32.7**	- 23.9
Transition	0.0	- 0.2	- 0.2	- 16.6	- 24.5	- 41.1	> 100
Total	**41.2**	**113.9**	**155.1**	**- 7.5**	**104.3**	**96.8**	> 100
Earnings before interest and tax (EBIT)							
BAST	4.3	4.1	8.4	8.0	6.5	14.5	- 4.7
Agri Trade & Service	3.0	21.5	24.5	- 6.2	17.9	11.7	> 100
Global Produce	- 1.7	11.7	10.0	- 3.5	14.1	10.6	> 100
Agricultural Equipment	0.6	10.2	10.8	- 1.0	16.6	15.6	> 100
Agriculture	**6.1**	**47.5**	**53.6**	**- 2.7**	**55.1**	**52.4**	> 100
Energy	5.7	5.9	11.6	1.6	3.3	4.9	3.5
Renewable Energies	1.2	- 0.7	0.5	- 5.1	1.5	- 3.6	> - 100
Energy	**6.9**	**5.2**	**12.1**	**- 3.5**	**4.8**	**1.3**	- 24.6
Building Materials	**- 14.6**	**21.6**	**7.0**	**- 15.7**	**23.1**	**7.4**	> 100
Innovation & Digitalisation	**- 2.4**	**- 4.1**	**- 6.5**	**- 3.0**	**- 3.0**	**- 6.0**	- 70.8
Other Activities	**- 9.1**	**1.2**	**- 7.9**	**3.2**	**21.2**	**24.4**	> 100
Transition	0.0	- 6.1	- 6.1	- 19.4	- 28.0	- 47.4	> - 100
Total	**- 13.8**	**66.0**	**52.2**	**- 41.1**	**73.2**	**32.1**	> 100
Earnings before tax (EBT)							
BAST	0.3	1.2	1.5	5.9	4.0	9.9	> 100
Agri Trade & Service	- 1.9	16.6	14.7	- 11.2	12.9	1.7	> 100
Global Produce	- 4.3	9.7	5.4	- 5.1	11.8	6.7	> 100
Agricultural Equipment	- 2.2	6.6	4.4	- 4.3	13.3	9.0	> 100
Agriculture	**- 8.0**	**34.0**	**26.0**	**- 14.7**	**42.0**	**27.3**	> 100
Energy	5.7	5.8	11.5	1.5	3.2	4.7	1.8
Renewable Energies	- 7.3	- 12.3	- 19.6	- 9.0	- 3.4	- 12.4	68.5
Energy	**- 1.6**	**- 6.5**	**- 8.1**	**- 7.5**	**- 0.2**	**- 7.7**	> - 100
Building Materials	**- 17.4**	**18.4**	**1.0**	**- 18.8**	**19.8**	**1.0**	> 100
Innovation & Digitalisation	**- 3.3**	**- 3.3**	**- 6.6**	**- 3.0**	**- 3.1**	**- 6.1**	0.0
Other Activities	**- 4.7**	**1.1**	**- 3.6**	**7.2**	**24.8**	**32.0**	> 100
Transition	- 2.8	- 3.3	- 6.1	- 20.2	- 27.9	- 48.1	17.9
Total	**- 37.9**	**40.5**	**2.6**	**- 57.0**	**55.4**	**- 1.6**	> 100

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 applicable to interim reporting, the interim consolidated financial statements for the first half of the year give a true and fair view of the net assets, financial position and the result of operations of the Group, and the Interim Report of the BayWa 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 over the remainder of the financial year.

Munich, 6 August 2019

The Board of Management
Prof. Klaus Josef Lutz (Chief Executive Officer)
Andreas Helber
Marcus Pöllinger
Matthias Taft
Reinhard Wolf

Financial Calendar

Dates in 2019

Publication of figures for the third quarter of 2019
7 November 2019, 8.30 am – Analysts' Conference Call
7 November 2019, 10.30 am – Press Conference Call

Dates in 2020

Consolidated financial statements for 2019
26 March 2020, 10.30 am – Annual Results Press Conference, Munich
27 March 2020, 11.00 am – Analysts' Conference, Munich

Publication of figures for the first quarter of 2020
7 May 2020 – Press release
7 May 2020, 2.00 pm – Analysts' Conference Call

Annual General Meeting 2020
26 May 2020, 10.00 am – ICM, Munich

Contact
Investor Relations
Arabellastr. 4
81925 Munich
Germany
investorrelations@baywa.de
www.baywa.com