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## Record result in 2022:

### BayWa AG underscores profitable growth

Positive prospects for further business development after an exceptional year: Company is aiming for operating EBIT of between €470 million and €520 million by the end of 2025.

Munich, 30 March 2023 – BayWa AG closed the financial year 2022 with record revenues and earnings before interest and tax (EBIT). In a generally volatile market environment, revenues rose to €27.1 billion (2021: €19.8 billion). The company generated EBIT of €504.1 million (2021: €266.6 million). This underscores the BayWa Group's profitable growth – especially in the Renewable Energies Segment – following two increases in its earnings forecast during 2022. “Whether it's energy security, global food supplies, housing construction or energy-efficiency renovations, BayWa's role as a provider of essential goods and services means that it has a direct impact on the most pressing issues around the world and here at home,” says BayWa Chief Executive Officer Prof. Klaus Josef Lutz. “Our performance in the financial year 2022 once again underscores the reliability that BayWa has stood for over the past 100 years. Despite the disruptions in global supply chains and the scarce availability of certain goods, we were able to meet our customers' demand for heat energy carriers, building materials and agricultural inputs with virtually no restrictions.”

#### **High demand for solar modules, agricultural machinery and building materials**

The Renewable Energies Segment achieved record revenues of €6.5 billion that far exceeded previous years. Trading in photovoltaic components was particularly brisk, with greater stockpiling of heat energy carriers by consumers leading to high demand for heating oil and wood pellets. In the agricultural commodities trade, market opportunities were seized by both the international Cefetra Group and BayWa's German operations. High producer prices for grain and oilseed also drove farmers' willingness to invest and enabled the Agricultural Equipment Segment to generate record revenues. However, earnings in the international fruit trade fell short of the previous year's level. Contrary to the somewhat weaker trend in the overall market, the Building Materials Segment posted another extremely positive performance in 2022. The main drivers of earnings were high demand for building materials and BayWa's unrestricted delivery capability, especially in periods when the market was seeing general goods shortages.

## Higher medium-term target for Group EBIT

“Going forward, we expect Group EBIT to remain well above the average figures that we have achieved to date,” says BayWa CEO Klaus Lutz. “Our role as a provider of essential goods and services, plus the fact that all of our business sectors serve global megatrends such as climate protection, food and energy security, back up this forecast.” The company anticipates Group EBIT of between €320 million and €370 million for the current financial year. By the end of 2025, BayWa aims to generate operating EBIT of between €470 million and €520 million, adds Lutz.

## Performance of the individual operating segments

### Renewable Energies Segment

The Renewable Energies Segment recorded revenues of €6.5 billion in the reporting year (2021: €3.6 billion). EBIT reached a new high of €239.1 million (2021: €135.0 million). The strong earnings were attributable to the sale of 26 planned wind and solar projects and in particular to solar module trading. BayWa r.e. AG, in which BayWa’s renewable energies business is pooled, sold photovoltaic modules with a total output of 3.5 gigawatt-peak (GWp) – an increase of 71% compared to the 2021. The IPP portfolio of solar parks and wind farms, which BayWa operates itself as an independent power producer, grew by seven projects in the reporting period to 26 projects with a total output of 0.8 gigawatt (GW).

BayWa expects the Renewable Energies Segment to continue its growth trajectory in the future. In 2023, the company plans to sell wind and solar projects with a total output of 2.1 GW. The IPP portfolio is set for further growth, mainly through project acquisitions in Europe. Government expansion targets and subsidy programmes for solar power, as well as the growth of e-mobility in the residential and commercial sector, will continue to boost sales of solar modules.

### Energy Segment

Revenues in the Energy Segment also rose significantly in the reporting year to €3.3 billion (2021: €2.1 billion). EBIT amounted to €53.6 million (2021: €17.4 million). Despite higher

prices for fuels, heating oil and wood pellets, BayWa recorded stable demand for these products. While sales of lubricants declined compared to the previous year, building services benefited from rising interest in new heating solutions such as heat pumps. In the field of electromobility, BayWa strengthened its market position in the expansion of charging infrastructure with BayWa Mobility Solutions (BMS), building around 300 new charging parks with an average of six charging points in Germany in 2022. This now puts BMS's share of the fast-charging infrastructure market at 7%.

For the current year, BayWa anticipates a decline in earnings compared to the exceptional 2022, but expects positive business development overall. For example, the company believes that it will continue to benefit from the electrification of the transport sector, energy-efficiency renovations in the heating market and stable demand for alternative heat energy carriers such as wood pellets. In addition, BayWa intends to convert all eleven of its LNG filling stations to 100% bio-LNG (liquefied natural gas) by the end of the year.

### **Cefetra Group Segment**

The international agricultural trade activities in the Cefetra Group Segment resulted in revenues of €6.1 billion in the reporting year (2021: €5.0 billion). EBIT increased to €59.5 million (2021: €38.8 million). As trading volumes of grain and oilseed were lower than in the previous year, Cefetra Group benefited from the trading opportunities offered by highly volatile prices on the international commodities exchanges. Specialities accounted for around 60% of the segment's earnings. Above all, the Group company Royal Ingredients, which trades in goods such as quinoa, chia seeds and vegetable proteins, proved to be a mainstay of earnings.

BayWa expects the pressure on agricultural markets to remain high due to geopolitical tensions. However, following the heavy price fluctuations seen primarily in the first half of 2022, the market has settled. As a result, the company expects agricultural trade activities to return to normal levels in 2023. BayWa anticipates that the specialities business will make a stable contribution to earnings.

## **Agri Trade & Service Segment**

In the Agri Trade & Service Segment, which comprises trading in grain, oilseed and agricultural inputs, BayWa recorded revenues of €5.8 billion (2021: €4.2 billion). EBIT increased to €104.7 million (2021: €12.3 million). Concerns on the part of BayWa customers about possible supply bottlenecks and further price rises led to early stockpiling, especially for fertilizer, in 2022. In the domestic marketing of grain and oilseed, BayWa benefited from its forward-looking management of trading processes: Contracts that had already been concluded in 2021 were recognised in earnings in the reporting year at the higher market prices.

The current financial year is set to be another positive one for the Agri Trade & Service Segment. Global grain supplies are scarce, while global demand continues to rise. Prices for agricultural commodities will therefore remain above average for the time being. While BayWa anticipates stable development for seeds and crop protection products, it expects sales of fertilizers to decline. Stockpiling in the past year means that many farmers still have sufficient supplies. Nevertheless, biologicals will gain in importance going forward due to stricter environmental regulations for agriculture.

## **Agricultural Equipment Segment**

The Agricultural Equipment Segment achieved new records, posting revenues of €2.1 billion (2021: €1.9 billion) and EBIT of €70.2 million (2021: €48.6 million). Although sales of used machinery fell to 1,724 tractors, agricultural machinery manufacturers were able to clear the production and order backlogs for new machinery from 2021. In the past year, BayWa sold an average of 14 new machines a day, or 5,025 in total.

BayWa is optimistic about the financial year 2023 as well. Investment appetites in the agriculture sector remain strong, as proved by the high order backlog in BayWa's books at the beginning of the year. BayWa continues to expect stable capacity utilisation at its technical workshops in the current year.

## **Global Produce Segment**

The Global Produce Segment recorded revenues of €921.3 million in the reporting period (2021: €960.7 million). EBIT amounted to €21.1 million (2021: €42.6 million). The decline in earnings was mainly due to higher energy and logistics costs, muted consumer spending on premium products and exotic fruits, as well as disruptions to global supply chains.

BayWa remains cautiously optimistic in its outlook for the rest of the year. For example, a cyclone destroyed part of the yields a few weeks before the start of the New Zealand apple harvest. However, it may be possible to offset the lower supply with higher prices. Internal processes were further optimised in 2022 thanks to investments in the German fruit business and at the Dutch subsidiary TFC Holland B.V. This will have a positive impact on quality assurance and the pricing of fresh products.

## **Building Materials Segment**

In 2022, the Building Materials Segment seamlessly continued its strong showing from the previous year, generating revenues of €2.3 billion (2021: €2.1 billion) and EBIT of €70.4 million (2021: €73.2 million). Earnings were driven by high demand along with rising prices for building materials. Efficient warehousing as well as broad and stable supplier relationships made it possible for BayWa to deliver products with virtually no restrictions. Extensive product range expertise and a dense network of locations were additional factors that provided Germany's second-largest building materials trader with competitive advantages, especially in phases of scarce product availability in the market. BayWa Bau Projekt GmbH also made a positive contribution to annual earnings through the complete sale of several residential units and the acquisition of 15 new projects.

The start of the new construction season will be determined by mild weather and the existing order backlog. Activity will be boosted by demand for energy-efficiency renovations in the housing sector, as well as government subsidy programmes for the refurbishment of existing buildings. In contrast, higher mortgage rates and the noticeable shortage of skilled labour are holding back the construction industry. BayWa expects BayWa Bau Projekt GmbH to achieve an even better market position in the current financial year. A well-filled project pipeline promises stable earnings beyond 2023.

More information is available at [www.baywa.com/en/press](http://www.baywa.com/en/press).

Print-ready press photos, footage material and video statements can be found [here](#).

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**About BayWa AG**

BayWa AG is a globally active group with the business units energy, agriculture and building materials. As a global player, it develops innovative and sustainable solutions for the basic human needs of food, energy, mobility and building. The company has around 25,000 employees in over 50 countries. The headquarters of the parent company, which was founded in 1923 and is celebrating its 100th anniversary in 2023, are in Munich. BayWa AG's roots lie in agricultural cooperative trading, and its mission is to provide rural regions with everything they require for agriculture. More information is available at [www.baywa.com/en/press](http://www.baywa.com/en/press).