

An aerial photograph showing a landscape of green fields and a dark blue winding river. The fields are divided into rectangular plots by dark lines, creating a grid-like pattern. The river curves through the landscape, with its banks marked by a lighter green area. The overall scene is a mix of agricultural land and natural water bodies.

Solutions  
unite

BayWa

## Key data at a glance BayWa Group

	2014	2015	2016	2017	2018
<b>Revenues</b>	<b>15,201.8</b>	<b>14,928.1</b>	<b>15,409.9</b>	<b>16,055.1</b>	<b>16,625.7</b>
Agriculture Segment	10,105.3	10,149.5	10,884.5	10,836.5	11,015.9
Energy Segment	3,489.0	3,264.2	2,976.0	3,594.7	3,968.5
Building Materials Segment	1,524.8	1,496.4	1,530.1	1,606.1	1,617.5
Innovation & Digitalisation Segment		5.2	6.0	6.9	10.7
Other Activities	82.7	12.8	13.3	10.9	13.1
<b>EBITDA</b>	<b>279.8</b>	<b>288.3</b>	<b>272.6</b>	<b>318.4</b>	<b>315.3</b>
<b>EBIT</b>	<b>152.1</b>	<b>158.1</b>	<b>144.7</b>	<b>171.3</b>	<b>172.4</b>
Agriculture Segment	107.8	90.1	70.1	82.1	100.1
Energy Segment	42.3	77.2	83.1	85.0	96.0
Building Materials Segment	28.0	27.4	28.5	30.1	31.1
Innovation & Digitalisation Segment		-2.9	-8.6	-10.8	-12.3
Other Activities	-26.0	-33.7	-28.6	-15.2	-42.5
<b>EBT</b>	<b>80.4</b>	<b>88.1</b>	<b>69.6</b>	<b>102.4</b>	<b>92.6</b>
<b>Consolidated net result for the year</b>	<b>80.7</b>	<b>61.6</b>	<b>52.7</b>	<b>67.2</b>	<b>54.9</b>
Profit share of minority interest	19.3	13.4	21.6	27.9	22.6
Profit share of shareholders of the parent company	61.4	48.2	31.1	39.3	32.3
<b>Total assets (as at 31/12)</b>	<b>5,652.0</b>	<b>6,036.7</b>	<b>6,474.9</b>	<b>6,488.0</b>	<b>7,511.5</b>
Non-current assets	2,261.7	2,287.2	2,355.7	2,396.9	2,476.9
Current assets	3,371.8	3,739.7	4,094.2	4,077.4	5,030.4
Non-current liabilities	2,108.1	2,191.5	2,292.2	2,065.7	2,074.7
Current liabilities	2,488.4	2,769.3	3,084.3	2,986.8	4,047.7
Equity	1,050.4	1,075.9	1,098.3	1,435.5	1,389.1
Equity ratio in %	18.6	17.8	17.0	22.1	18.5
<b>Issued share capital (as at 31/12) in € million</b>	<b>88.7</b>	<b>89.0</b>	<b>89.3</b>	<b>89.6</b>	<b>89.9</b>
<b>Number of shares (as at 31/12) in million shares</b>	<b>34.7</b>	<b>34.8</b>	<b>34.9</b>	<b>35.0</b>	<b>35.1</b>
Earnings per share in €	1.78	1.39	0.90	1.13	0.92
Dividend per share in €	0.80	0.85	0.85	0.90	0.90*
<b>Number of employees (as at 31/12)</b>	<b>15,917</b>	<b>16,578</b>	<b>16,711</b>	<b>17,323</b>	<b>17,864</b>

\* Subject to approval by the Annual General Meeting of Shareholders

## Editorial

### Dear Readers,

Even after more than ten years as the company's Chief Executive Officer, I still keep discovering new and inspiring things at BayWa. By that I mean special solutions for our customers and ideas about how we can further develop and advance our business.

Located in the southern Spanish region of Andalusia, Don Rodrigo – the first solar park built and developed without any subsidies whatsoever – represents a true milestone in our history. The Renewable Energies business unit summoned all its strength to complete the construction and sale of the largest BayWa solar park to date in record time. Such achievements make me immensely proud of the people at BayWa.

The example of Don Rodrigo makes it crystal clear that BayWa is capable of developing solutions for the most urgent issues of the present day. In all our business units, we are actively working to address the consequences of climate change and promote sustainably oriented, innovative business models. As a result, I believe that BayWa is strong enough and has the expertise essential to seize the opportunities that arise in an environment characterised by change and advancing digitalisation.

The basis for doing so is our close connection with our customers and their needs, which sometimes goes back generations. By the way, unity and relationships are two topics you will encounter frequently in this brochure, especially in its first part. As with our employees and customers, we also feel a sense of



Prof. Klaus Josef Lutz,  
Chief Executive Officer of BayWa AG

unity with our suppliers, shareholders and business partners, as well as with the regions in which we do business.

To my mind, this unity will ultimately lead to success once we succeed in creating joint solutions for the challenges of our time and the future. In many fields of activity, we have already succeeded in doing just that, which you will see on the following pages.

Best regards,

Klaus Josef Lutz

## Contents

02 The Company	12 Agriculture Segment	36 The Financial Year 2018
06 Solutions for the challenges of our time	18 Energy Segment	37 BayWa and the Capital Market
	24 Building Materials Segment	40 Overview of the Financial Year 2018
	28 Innovation & Digitalisation Segment	42 Consolidated Balance Sheet as at 31 December 2018
	32 Sustainability	43 Consolidated Income Statement for 2018
		44 The BayWa Foundation

# The Company

**“Solutions unite” is an important guiding principle for BayWa. It has always viewed its mission as providing products and services that benefit its customers personally – or, for companies and farmers, benefit its customers’ businesses. To continue playing this role in the future, in a time marked by change, BayWa is evolving to become an integrated provider of solutions and a project developer. BayWa’s core segments Agriculture, Energy and Building Materials are at the heart of everything the company does, as are the requirements of its customers and its bond with them.**

The BayWa AG



Since **1923**

bound by cooperative values and open to change: for BayWa, this spirit has been driving the company's successful development for 96 years.

BayWa feels a sense of connection with its customers, employees and investors, as well as with the general public. This Group-wide philosophy is built on the firm belief in being united for success.

**> € 6 m**

is the amount that BayWa AG invested in environmental protection and biodiversity measures in 2018.



Approx.  
**18,000**

employees work for the BayWa Group, roughly 40% of whom work for the company around the world at subsidiaries outside Germany.

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**Globalisation, digitalisation and climate change mitigation are rapidly transforming all facets of the economy and our lives. As a trading, logistics and services group with worldwide operations, BayWa also sees these challenges as an opportunity. It is utilising these changes with a view to the future and is developing solutions to secure the independence and competitiveness of the company – solutions that will not only guide BayWa and its customers towards the future, but will also serve society and the environment.**

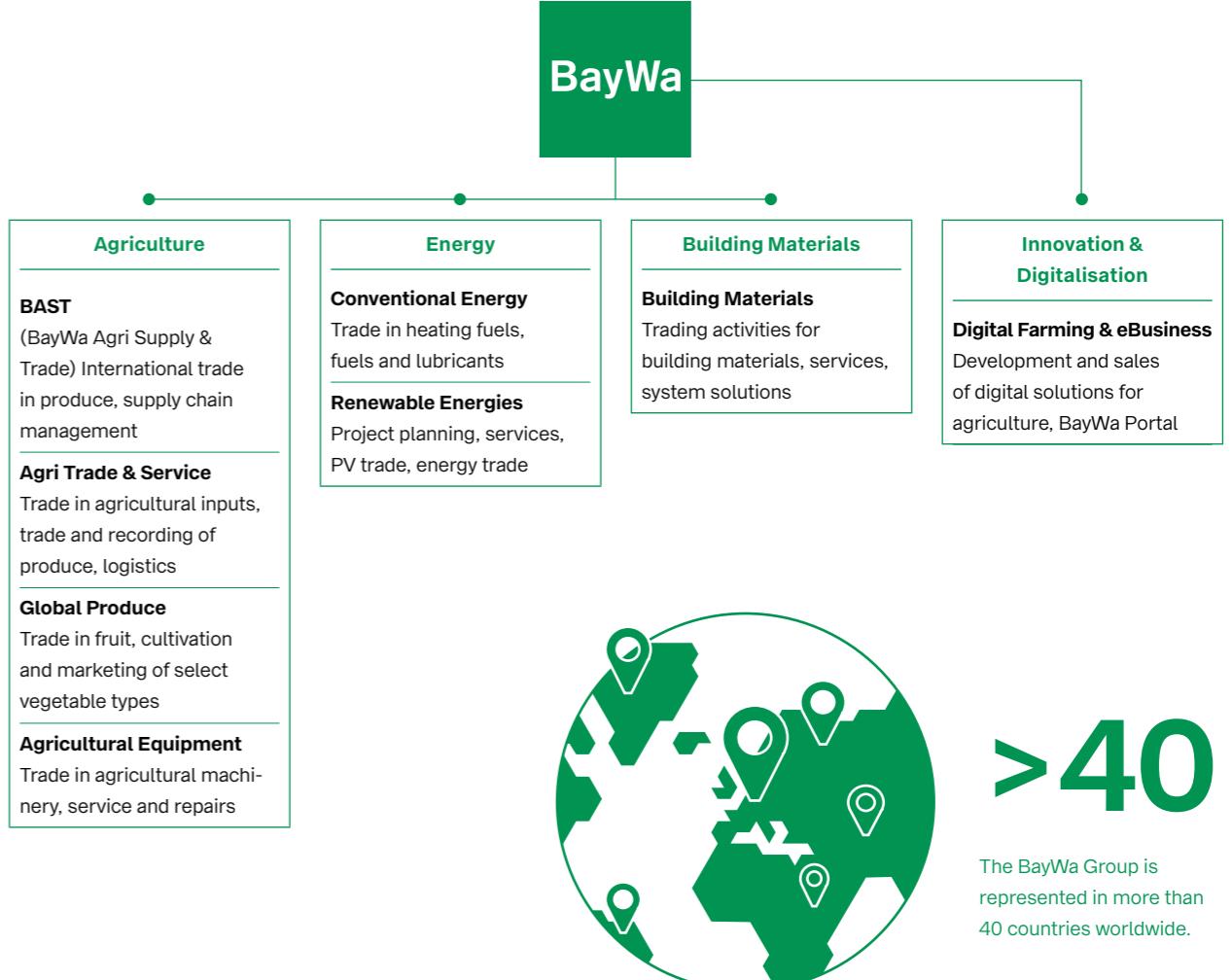
From the very start, BayWa has been closely tied to people and their basic needs for food, warmth, energy and shelter. Even after 96 years, the company still feels a sense of obliga-

tion to these needs. However, the tasks it faces are far more complex. A growing global population calls for sustainably supplying ever more people with food and energy. Therefore, BayWa provides products and services that make agriculture more efficient in harmony with the environment and builds plants for renewable energies. In Germany, it is helping power the advancement of energy efficiency and healthy housing in the construction sector.

BayWa's business has to do with real, tangible products, such as grain and fruit, animal feed, seed and fertiliser, tractors and machinery, building materials and fuels, as well as wind farms and solar parks. But even these areas, which quite literally have their roots in the soil and the earth's elements, are benefiting

from the opportunities offered by the digital world, with customers ordering products online, using satellite technology to help crops grow and analysing data to optimise processes in real life. BayWa is keeping pace with these changes through its dedicated Innovation & Digitalisation Segment. To spot new trends early in the game, BayWa invests in start-up competitions, plus it supports promising new companies with the aim of helping their innovative ideas gain a foothold in the market.

Whether analogue or digital, BayWa focuses on customers in everything it does, as described in the company's vision: "For our customers, we are the trusted partner. We connect products, advice and services, enabling our customers to achieve their best."



**>40**

The BayWa Group is represented in more than 40 countries worldwide.

## At a glance



In the **Agriculture** Segment, BayWa covers almost the entire value chain in agriculture. Its focus is on trade in agricultural produce and inputs, as well as on the goods, machinery and services needed for production.



The **Energy Segment** comprises trading activities in conventional energy sources, such as mineral-oil-based fuels and lubricants. In the field of renewable energies, it is also responsible for project business involving the construction of wind farms and solar parks, as well as the trading business involving components and systems for photovoltaic installations.



As one of the largest traders in Germany and Austria, the **Building Materials** Segment markets and sells an entire range of building materials, from construction, civil engineering and extensions, to renovations, modernisation, gardening and landscaping.



The **Innovation & Digitalisation** Segment pools the growth fields of Digital Farming and eBusiness and is essential to the company's future strategy. The goal is to play a leading role in Europe in the field of digitalisation.



BayWa's entrepreneurial behaviour has a long-term focus and is shaped by the company's tremendous responsibility.

Through this vision, BayWa is building on its roots in agricultural cooperative trading and its mission to provide rural regions with everything they require for agriculture. Today's BayWa is a group with international operations in the areas of trading, services and logistics in its Agriculture, Energy and Building Materials Segments. The cooperative spirit and regional connectedness are still immensely

important for the company. Traditionally, the Group's core markets are located in southern Germany and Austria. However, BayWa has since grown to become the largest agricultural trader in Germany and is one of the leading agricultural commodities trading companies in the world. The Renewable Energies business unit has become an important mainstay. BayWa r.e., which pools all activities in

the field of renewable energies, has been very successful in advancing its project business worldwide.

The environment and the markets in which BayWa operates continue to change – at an increasing pace and with a far-reaching impact. BayWa sees this change as an opportunity and is acting accordingly. In keeping with the guiding principle "We serve basic human needs, providing leading projects and solutions for food, energy and building", BayWa is becoming a trusted partner to its customers when it comes to integrated solutions. The goal is to contribute to customers' success and make work easier for them by intelligently linking products, advice and service. As a strong partner to customers, BayWa ensures that the company remains independent and competitive.



Since its renovation and the addition of extra floors, BayWa's corporate headquarters have been an eye-catching landmark in Munich's east half.



The Board of Management of BayWa AG:  
(from left) Marcus Pöllinger, Reinhard Wolf, Klaus Josef Lutz, Matthias Taft, Andreas Helber

## The Board of Management

**Prof. Klaus Josef Lutz**  
**Chief Executive Officer**  
since 01/07/2008

BayWa Agri Supply & Trade (BAST), Global Produce, Corporate Audit, Corporate Compliance, Corporate Environment, Health & Safety, Corporate Governance, Corporate HR, Corporate M&A, Corporate Marketing, Corporate Risk, Corporate Strategy & Innovation, Corporate Sustainability, Group IT/CIO Organisation, PR/Corporate Communications/Public Affairs, RI-Solution, BayWa Foundation, Chairman of the executive and supervisory committees of the international agriculture and fruit holdings

**Andreas Helber**  
**Chief Financial Officer**  
since 15/11/2010

Corporate Controlling, Corporate Finance & Accounting, Corporate Insurance, Corporate Legal, Corporate Real Estate Management, Investor Relations, BayWa Services (Business Service Center, HR Shared Service Center, Corporate Purchasing Own Requirements and Services), Member of the executive and supervisory committees of the international agriculture and fruit holdings

**Marcus Pöllinger**  
since 01/11/2018

Agri Trade & Service, Agricultural Equipment, Building Materials, Digital Farming, Chairman of the executive and supervisory committees of international Agri Services holdings

**Matthias Taft**  
since 01/04/2015

Energy, Renewable Energies (BayWa r.e. renewable energy GmbH), Chairman of the executive and supervisory committees of the international energy holdings

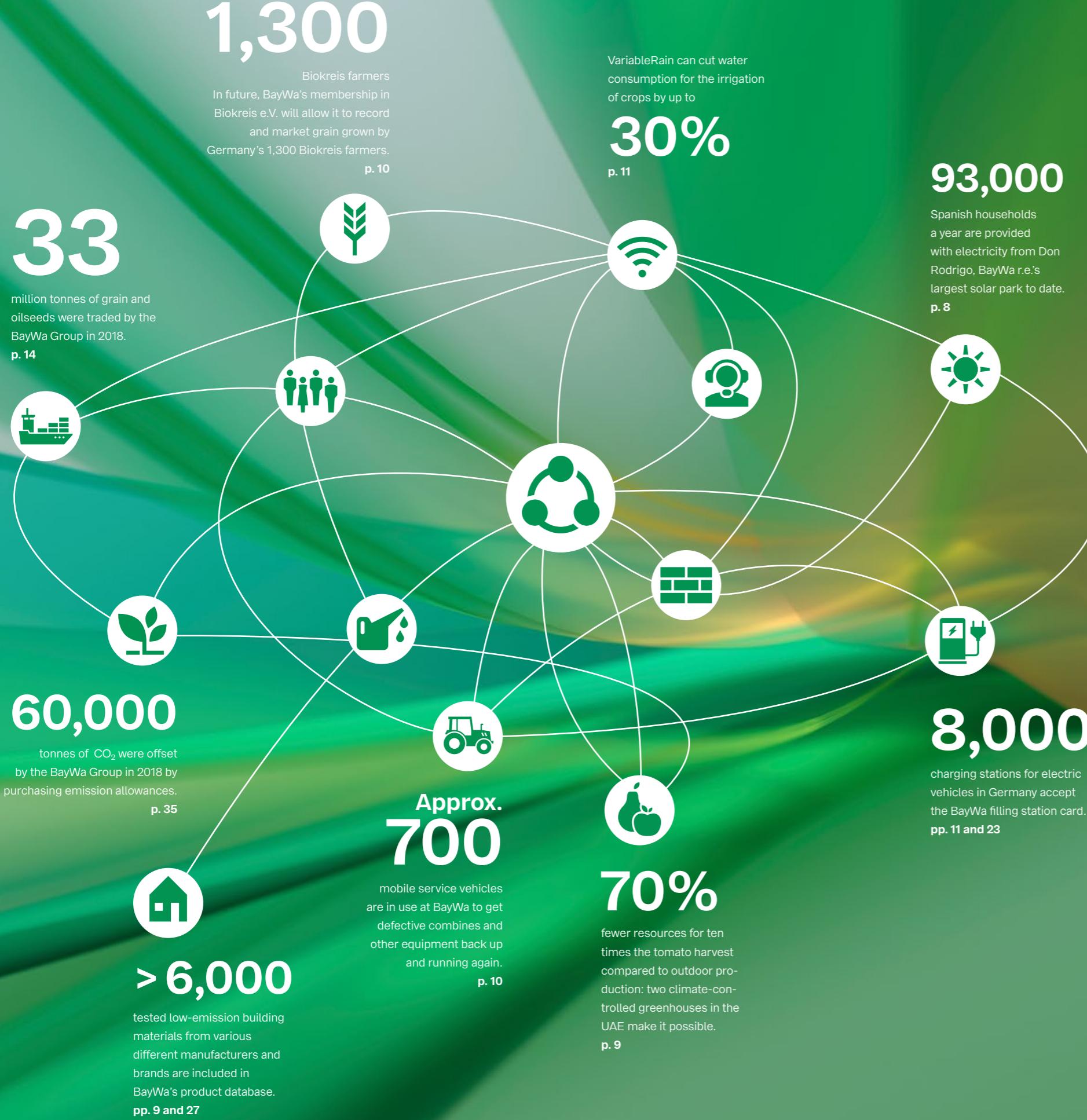
**Reinhard Wolf**  
since 01/09/2013

RWA Raiffeisen Ware Austria AG, Vienna, Austria

**Roland Schuler** – The long-serving Board of Management member Roland Schuler retired at the end of 2018. Schuler had been a member of the BayWa Board of Management since October 2002 and was most recently responsible for Agri Trade & Service, Agricultural Equipment and Digital Farming.

Allocation of departments as at 01/04/2019

# Solutions for the challenges of our time



**BayWa works hand in hand with its business partners to shape the future to their benefit and supports them in an internationally connected environment with the best solutions in the agriculture, energy and building sectors.**

**On the following pages, selected projects and solutions illustrate the specific impact that BayWa's partnership-based approach is having both regionally and internationally.**



## Solar power packs a punch – even without subsidies

First choice for  
Don Rodrigo: with  
roughly 2,900  
hours of sunshine  
a year, Spain's  
fourth-largest city,  
Seville, is one of  
the sunniest in the  
country.

Andalusia is a popular holiday region for sunseekers. In fact, one section of the area's coastline is even referred to as the Costa del Sol ("coast of the sun"). BayWa has leveraged the geographic benefits of the region – with up to ten hours of sunshine a day – by partnering with BayWa r.e. to build its largest solar park to date, Don Rodrigo, south of Seville in Andalusia. However, that is not all: Don Rodrigo is also the first solar park in Europe to generate green electricity at market prices without any subsidies whatsoever. The project ushers in a new phase in the energy transition in which it is possible to produce solar power at a lower price than conventional electricity.

From start to finish, the entire solar park took just ten months to complete. During that time, some 500,000 solar modules were installed on a site measuring 265 hectares – the equivalent of around 370 football pitches. With a total output of 175 megawatts, Don Rodrigo will provide roughly 93,000 Spanish households with power in the future.

Don Rodrigo will not be the last project of its kind. This subsidy-free solar power plant is a shining example and a model for other photovoltaic plants in southern Europe, especially in sunny Spain. BayWa r.e., the leading project developer and service provider in the field of renewable energies, is already looking at further properties. A project pipeline consisting of such subsidy-free solar power plants with a capacity of more than 1 gigawatt could be on the horizon in Spain in the years ahead. In line with BayWa r.e.'s business model, ownership of the power plants usually changes hands following completion. Today, Don Rodrigo is owned by MEAG, the asset management arm of Munich Re and Ergo. BayWa r.e. continues to provide technical management services, keeping it connected to the power plants it builds.

The solar power harvested by Don Rodrigo is marketed through a 15-year power purchase agreement with the Norwegian energy conglomerate Statkraft.

## Local for local

The United Arab Emirates (UAE) has one of the fastest-growing populations in the world. As a result, its need for food is constantly rising. However, the country's climatic conditions greatly restrict the amount of agricultural activity that is possible, making food one of the desert state's most important imports. At the same time, the demand for top-quality regionally and sustainably produced fruit and vegetables is high.

BayWa has recognised and seized the market potential as part of its specialities strategy. Guided by a philosophy known as "local for local", the company produces premium tomatoes in two climate-controlled greenhouses in Al Ain, Abu Dhabi, all year round, regardless of the weather conditions. The tomatoes are then marketed locally. With this goal in mind, BayWa joined forces with the UAE-based Al Dahra Holding LLC in March 2017 to found a joint venture that made the project a reality and is now responsible for both cultivation and product

marketing. The two climate-controlled greenhouses provide 10 hectares of land for cultivation. Despite reducing resource consumption by up to 70%, the facility increases harvest yields by a factor of ten compared to outdoor production – up to 6,000 tonnes a year.



The premium tomatoes are sold under the "Mahalli" private brand at local food retailers.

## Strengthening regional tradespeople



The right building materials – thanks to the BayWa BauGesund seal.

You might think there should not be any toxins in indoor air. But it is not that simple, since nearly all materials, even natural ones, emit substances that may be hazardous to health – some more so than others. In the past, such substances did not play as prominent of a role in air quality, as buildings were

designed to be less airtight, allowing toxins to escape more easily. Today's energy-efficient designs, however, have changed this. The goal must be to construct buildings that are both energy efficient and able to serve as healthy living spaces. This can be achieved through the careful selection of low-emission building materials.



Along with the BauGesund seal and the supporting database with over 6,000 tested, low-emission products, BayWa offers commercial customers a special range of services: the BauGesund partnership – a programme that certifies tradespeople, contractors and builders as BayWa BauGesund partners. The partnership includes training and advice on "healthy building and modernisation", as well as targeted marketing and sales support with the aim of strengthening regional tradespeople through knowledge transfer for an exciting market of the future.



## 24/7 service

Time is money, even in agriculture, forestry and the public sector. Machinery malfunctions cause delays in processes and can lead to substantial economic losses in the event of extended downtime. Providing a smooth and rapid service – just like the kind BayWa offers 24 hours a day, 365 days a year – is therefore all the more important. The technical breakdown service is available around the clock by calling a free service hotline. Workshop staff will visit customers at home or out in the field to repair defective machinery. About 700 mobile service vehicles, equipped with the necessary tools and diagnostics equipment, are on the road. The technician always has the right spare and wear parts at hand. The logistics centre in Röthelein, located in Germany's Franconia region, is stocked with 120,000 different spare parts that can be ordered in the evening and delivered overnight to where they are needed.



In livestock farming, poorly maintained milking machines can endanger the health of animals and the quality of milk. To minimise the risk of downtime, BayWa offers a 24-hour full-service package for milking equipment.

## Organic by BayWa



The partnership between Biokreis and BayWa provides the opportunity to pursue joint approaches that are designed to make agriculture more organic in general.

BayWa sees great potential in organically and regionally produced agricultural products, which is why the company plans to grow in the organic segment. Following acceptance into the Bavarian bio label quality programme "Bayerisches Bio-Siegel", the company has been able to trade in agricultural produce of certified origin since 2018. At the same time, BayWa ensures the seamless documentation of the products. As of 2018, BayWa additionally became a member of Biokreis e.V., Germany's fourth-largest organic agriculture association. In future, this membership will allow BayWa to record and market grain produced by Germany's 1,300 Biokreis farmers. For BayWa, expanding its recording and logistics infrastructure for organically and regionally produced agricultural products



plays an important role in supporting organic farmers from sowing to marketing their produce. As part of its "BayWa Öko" concept, the company provides seed, catch crops, fertilisers and crop protection products especially for organic agriculture, as well as specialised machinery, feed and hygiene products for livestock farming.

## E-mobility for the fleet

More and more fleet operators are thinking about switching to electric vehicles due to a number of factors, including the risk of driving bans on diesel vehicles in city centres. BayWa's fleet analysis supports by developing practicable concepts designed to help determine what is feasible and appropriate depending on the situation. To do so, it starts by analysing all relevant fleet data, such as the number of kilometres driven, the speed of travel, the amount of fuel consumed and the length of time vehicles spend parked. Based on this information, BayWa's experts formulate suggestions as to whether – and to what extent – switching to electric cars makes sense and recommend the most suitable charging infrastructure. Once the fleet customer is on board, BayWa implements the concept down to the last detail, by selecting and purchasing vehicles as well as by planning and installing charging infrastructure. BayWa also identifies and applies for appropriate subsidies and funding. Individual solutions, such as charging infrastructure that has been tailored to fit the customer's needs, are also possible.



ECharge it: 8,000 charging stations in Germany accept the BayWa filling station card. The hybrid card is also accepted at 2,500 filling stations.



## Helpers from space

Satellite data generated as part of the European Earth Observation Programme Copernicus are available to everyone worldwide. The BayWa subsidiaries FarmFacts and VISTA use this data as raw material to create TalkingFields base maps, which provide precise information about the differences within a field, allowing farmers to individually adjust sowing, fertilisation and watering for each section of land. With VariableRain, BayWa provides a satellite-based solution designed to help farmers accurately meet the water requirements of their crops.

Following the successful conclusion of a two-year pilot project in Zambia, resulting in up to 25% higher wheat yields along with an 11% to 30% reduction in water consumption, VariableRain is slated for expansion to other regions of the planet beginning in 2019. Satellite data also makes it possible to draw up early harvest forecasts that are significantly more accurate than in the past.

BayWa sees tremendous potential in satellite data and is involved in the international Copernicus Masters competition by hosting the category "Smart Farming". This category is looking for new approaches designed to make agriculture more efficient and sustainable with the help of remote sensing.



BayWa is driving forward the assessment of satellite data in agriculture in its partnership with the European Space Agency (ESA).



## Agriculture Segment

In the Agriculture Segment, BayWa covers the entire value chain from the field to the marketing of produce, making it one of Europe's leading trading companies with a global reach. Its range of services includes international trade and logistics for select agricultural commodities and specialities, as well as the sale of agricultural inputs and feedstuffs, predominantly in Germany and Austria. When it comes to agricultural equipment, BayWa covers a range of activities in these regions, from the sale of new machinery, maintenance and repairs, to the marketing of used machinery. The Global Produce business unit also makes the Group a leading global player in fruit and vegetable trading, allowing it to market a wide range of pome fruit, tropical fruits and other harvest-fresh fruit and vegetable products around the world.

Key figures for 2018

**€11.0 bn**

in revenues

**66%**

share in consolidated revenues

**10,428**

employees (annual average)



### Avocado: a tasty trend

For years now, the public has had an appetite for avocados. According to the Food and Agriculture Organization of the United Nations (FAO), 5.9 million tonnes of avocados were produced in 2017 – an increase of 5.5% year on year and nearly twice the volume produced just ten years ago. The cultivation countries export roughly 2 million tonnes of avocados every year. Demand is particularly high in Europe and continues to rise, with further growth of 15% expected in Europe over the next five years. The non-profit World Avocado Organization (WAO) cites growing interest in vegan diets and greater awareness of health and fitness as some of the reasons for the trend. The main suppliers for Europe are Peru, Chile, Israel, Mexico and South Africa.





#### Key data of the Agriculture Segment

in € million	2014	2015	2016	2017	2018
Revenues	10,105.3	10,149.5	10,884.5	10,836.6	<b>11,015.9</b>
EBIT	107.8	90.1	70.1	82.1	<b>100.1</b>
Number of employees (annual average)	9,489	9,997	10,212	10,613	<b>10,428</b>

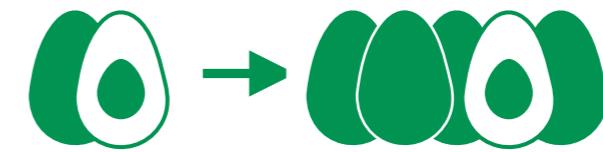
#### Key operating data of the Agriculture Segment

Sales volume in ktonnes	2014	2015	2016	2017	2018
<b>BAST / Agri Trade &amp; Service</b>					
Grain	14,925.5	19,473.0	21,512.4	21,859.9	<b>19,116.4</b>
Oilseed and additional products	11,877.4	10,706.9	12,275.4	11,514.2	<b>13,946.8</b>
Fertilisers	2,346.9	2,479.7	2,429.4	2,414.9	<b>2,268.5</b>
Seed	244.1	270.0	256.8	265.5	<b>251.6</b>
Feedstuff	2,450.1	2,148.5	1,632.7	2,051.3	<b>2,639.0</b>
<b>Global Produce</b>					
Dessert pome fruit	194.3	236.4	205.7	256.3	<b>260.7</b>
Soft and stone fruit	22.4	21.3	25.1	14.1	<b>17.0</b>
Tropical fruit	54.0	58.5	81.8	58.0	<b>59.1</b>
Vegetable fruits	17.8	18.9	19.4	20.3	<b>15.1</b>
<b>Agricultural Equipment</b>					
Number of tractors sold – new	4,366	3,986	3,529	3,659	<b>4,815</b>
Number of tractors sold – used	1,748	1,789	1,663	1,873	<b>1,760</b>

#### Agriculture Segment



#### Avocado boom



More and more avocados for the German market:  
between 2008 and 2017, the volume imported rose from just under 20,000 tonnes to over 71,000 tonnes.



## Avocados, mangos and more

In 2016, BayWa expanded its position as a global player in fruit and vegetable marketing by acquiring a majority stake in Tropical Fruit Company (TFC) Holland. TFC has long-standing trade relations in global procurement markets for exotic fruits, as well as with the European food retail industry. Its core products include avocados, mangos, ginger and citrus fruits. For years now, the volume of exotic fruit and vegetable varieties sold in Europe has seen growth rates into the double digits. By acquiring a stake in TFC, BayWa – already one of the most important suppliers of pome fruit prior to the acquisition – has gained access to this market, thereby substantially increasing its significance as a partner for the European food retail indus-

try. Retailers benefit from greater reliability in terms of supply, a wide product range of exotic fruits and the opening of global procurement markets.

To secure the availability of avocados, TFC partnered with the non-profit South African marketing organisation Afrupro Exporters Proprietary Limited in 2018 to found Afrupro Investments Proprietary Limited. The goal of the new company is to provide incentives to increase the cultivation volume of South African avocados. Producers will receive low-interest loans to invest in avocado trees and agricultural inputs, for example. In return, the farmers will supply their harvested produce to the company for marketing.



# BayWa Agri Supply & Trade

The BayWa Agri Supply & Trade (BAST) business unit specialises in the international trade of grain and oilseed and covers the entire value chain from sourcing through to logistics and sales. Its customers include both local and international grain and oil mills, breweries and malt houses, as well as feed manufacturers and producers of biofuel and ethanol. BayWa is one of the largest importers of soya bean meal for the European feedstuff industry.

In addition to large-volume trading in wheat, soya and corn, the company has taken targeted steps to expand its business in specialities such as starch, rice and legumes as well as organic products in a targeted manner: in 2016, the company took over Tracomex group, a Dutch trading group for agricultural speciality products. One year later, it acquired Premium Crops Limited, a leading British trader and supplier of niche oilseeds and grains. In 2018, through a majority stake in the Dutch specialities trader Royal Ingredients, BayWa strengthened its product range to include starch products and derivatives, plant proteins and fibre, cereals and seeds cultivated using both conventional and organic meth-

ods. Examples of the products traded by the company include chia and quinoa. Royal Ingredients supplies companies worldwide. In addition to customers from the food and animal feed sector, the speciality trader also supplies manufacturers of paper and cardboard.

Through its engagement in the international specialities business, BayWa is serving the food and feed industry's growing demand for these products. At the same time, its specialities strategy is helping diversify its product portfolio and make it even more independent of the volatilities of standard exchange-traded products.

**Approx. 33 m tonnes**

is the annual grain and oilseed trading volume at the BayWa Group.

International agricultural trade activities: imports and exports pass through the company's own inland and deep water ports.



From sowing to harvest: healthy crops are the key to healthy food.

## Agri Trade & Service

The focus of the Agri Trade & Service business unit is the direct trading business with farmers. To this end, BayWa supplies its agricultural customers in Germany all year round with agricultural inputs that are necessary for agricultural production, such as seed, fertilisers and crop protection products, as well as feed and hygiene products for livestock farming.

At the same time, BayWa records agricultural produce such as grain, oilseed and hops after they are harvested and markets them to local and regional processors, as well as in export markets. Therefore, BayWa has high warehousing and logistics capacities that include a connection to the Baltic Sea at the ports in Mukran and Vierow.

Every year, up to 1 million tonnes of German grain are exported through Mukran on the island of Rügen. At the Baltic Sea port of Vierow, BayWa substantially increased its storage capacities last year by opening a new fertiliser warehouse. Goods are imported by ship directly from northern and eastern Europe and distributed nationwide by block train or truck, with a focus on eastern and northern Germany. The new warehouse has a floor space of 4,800 square metres and offers space for 25,000 tonnes of fertiliser.



### Good for animals

Under the "Bonimal" private brand, BayWa offers animal owners innovative feed concepts that help promote animal health and reduce excess nitrogen in the environment. Technical solutions make the feed easier to digest, which is healthier for animals. As a result, they lose fewer nutrients through the digestive process. At the same time, the concepts make it easier for animal owners to meet the requirements of the German Fertiliser Ordinance (DüMV). Good absorption of feed is also influenced by high-quality drinking water. To promote an approach to the cleaning and disinfection of water pipes that is healthy for animals, BayWa offers a hygiene product that is also suitable for use in organic agriculture. Ultimately, clean water systems also help reduce the use of antibiotics in livestock farming in the long term.



Apple orchard near Lake Constance:  
BayWa is the leading supplier  
of organic pome fruit in Germany.

## Global Produce

The Global Produce business unit makes BayWa one of the leading international players in global fruit trading. Over the past few years, the acquisition of a majority stake in the New Zealand market leader T&G Global and the investment in the Dutch tropical fruit trading company TFC Holland have helped to create a global network that covers the entire fruit and vegetable marketing value chain. For BayWa's food retail customers, this means a reliable year-round supply of fresh fruit, a wide selection of traditional and exotic fruits such as avocados and mangos, and the opening of global procurement markets. Fruit producers in Germany, New Zealand and other cultivation regions around the world benefit from attractive marketing opportunities and access to an exclusive variety of brands such as Jazz and Envy apples.

In Germany, BayWa is the leading single seller of domestic dessert pome fruit for the food retail sector. The main recording region is the area around Lake Constance, where organically produced apples and pears account for around 15% of the annual harvest.

### Championing the climate

Global Produce is the first business unit at the Group with entirely climate-neutral sites. Since 2016, the business unit has continuously reduced its CO<sub>2</sub> emissions by switching to LEDs, installing high-speed doors to prevent the loss of cold air and installing solar power systems for its own use. The sites operated by the Group subsidiaries T&G Global and TFC Holland are also set to follow suit in the medium term.

Environmentally friendly packaging and approaches to reduce packaging waste in the long term are some of the additional sustainability strategies. Through its Group company T&G Global and the joint venture Al Dahra BayWa Agriculture LLC in the United Arab Emirates, BayWa already uses tomato packaging that is 98% free of plastic and is compostable. In its German fruit business, BayWa is also working with its partners within the value chain to explore the potential of alternative packaging materials made of substances, such as renewable raw materials.

## Agricultural Equipment

BayWa has pooled the sale of machinery, equipment and systems for agriculture, forestry and the public sector in the Agricultural Equipment business unit. Agricultural Equipment is responsible for the sale of new and used machinery, as well as maintenance and repair services, including spare parts. Its services are provided at 260 workshops or directly on site by mobile service vehicles. Worldwide, BayWa is the largest sales partner for the AGCO Group, with its brands Fendt, Massey Ferguson, Challenger and Valtra. BayWa is also the leader in the global sale of CLAAS agricultural machinery. Its customers include farms and forestry operations, as well as vineyards, fruit farmers, municipalities and commercial enterprises. The product range includes various brands of vehicles for sweeping, cleaning and winter services, as well as mowing and sporting venue technologies.

Along with its bricks-and-mortar stores, BayWa operates various online platforms that bring buyers and sellers together regardless of opening times and location. [www.tecparts.com](http://www.tecparts.com) sells spare parts and accessories, while [www.baywaboerse.com](http://www.baywaboerse.com) offers owners of used agricultural machinery a way to sell their equipment to other private buyers. "BayWa Technic-Trader" offers the additional opportunity to have used vehicles and machinery valued and sold to BayWa. Online auctions, such as the kind provided by the platform [www.ab-auction.com](http://www.ab-auction.com), are also very popular internationally. One in five used machines from BayWa is sold abroad and exported to some 40 countries worldwide.

Worldwide, BayWa is the largest sales partner for the AGCO Group.



### Award-winning stables

An excellent example of agricultural architecture: In 2019, Biohof May (May organic farm) in Junkershausen, Germany, received the Deutscher Landbaukultur-Preis (German rural architecture prize) from the Landwirtschaftsverlag Münster foundation. The barns and stables have been designed as "outdoor-climate stables" that provide good indoor-air quality along with low energy consumption. Each building is equipped with a green roof, one of which even features a visitors' terrace. The "BayWa Stall+Systeme" (stalls and systems) division in the German region of Franconia played a major role in the construction project.

As in all of BayWa's corporate divisions, digitalisation is also continuing to make advancements in agricultural construction. BayWa's "Stalldesigner" allows animal owners who are wishing to build new stables to individually preconfigure their desired stables, view a three-dimensional model and take a virtual tour. The software therefore makes it possible to plan individually and efficiently, particularly during the initial planning phase.





## Energy Segment

The Energy Segment pools BayWa's activities involving renewable energies and the trade in conventional energy sources. Under the umbrella of BayWa r.e. renewable energy GmbH, the Renewable Energies business unit covers the entire project business, from the planning, development and construction of wind farms and solar parks through to their sale. Services such as the technical and commercial management of plants and the marketing of the generated electricity on the energy market round off the range of offerings. BayWa r.e. also trades in photovoltaic components and storage technology for installers. Along with Europe and North America, BayWa r.e. is also active in the Asia-Pacific region and Australia. In its conventional energy business, BayWa primarily sells heating oils, fuels, lubricants, AdBlue and wood pellets, mainly in its core regions of southern Germany and Austria. A BayWa filling station card makes it even easier to refuel at any of the company's own filling stations and at many other filling stations in Germany or electric vehicle charging stations.

Key figures for 2018

**€4.0 bn**

in revenues

**24%**

share in consolidated revenues

**2,407**

employees (annual average)



From lubrication to insulation

While developing the first vehicles, engineers also started to notice the importance of lubricants to keep machines running smoothly. Back then, lubricants were mainly designed to help care for engines. Today, they face a wide variety of demands. As the performance of machinery increases, the lubricants have to be able to cope with ever tougher conditions. Not only do they need to provide lubrication, thereby minimising friction and wear, they are also expected to ensure insulation, cooling and protection from corrosion. Researchers are constantly expanding the product spectrum in order to meet all these demands. Along with mineral-oil-based lubricants, BayWa also offers a wide range of biodegradable products and specialised lubricants for use in applications such as metalworking.





#### Key data of the Energy Segment

in € million	2014	2015	2016	2017	2018
Revenues	3,489.0	3,264.2	2,976.0	3,594.8	<b>3,968.5</b>
EBIT	42.3	77.2	83.1	85.0	<b>96.0</b>
Number of employees (annual average)	1,830	1,825	1,911	2,079	<b>2,407</b>

#### Key operating data of the Energy

Sales volume in ktonnes	2014	2015	2016	2017	2018
<b>Conventional Energy</b>					
Heating oil	1,021.5	1,047.0	1,013.9	1,024.9	<b>936.0</b>
Fuels	1,459.9	1,466.0	1,477.5	1,499.0	<b>1,690.9</b>
Lubricants	25.9	27.1	25.6	27.1	<b>26.4</b>
Wood pellets	310.8	359.5	401.3	457.6	<b>464.1</b>
Number of fuel stations	279	278	272	279	<b>281</b>
<b>BayWa r.e. renewable energy</b>					
Wind, realised output capacity <sup>1</sup> in MW	72.9	205.2	121.1	182.6	<b>61.9</b>
Wind, sold output capacity <sup>2</sup> in MW	79.2	164.2	89.2	260.2	<b>116.2</b>
Solar, realised output capacity <sup>1</sup> in MW	91.0	86.6	141.3	222.3	<b>153.3</b>
Solar, sold output capacity <sup>2</sup> in MW	128.3	123.1	123.7	147.7	<b>324.0</b>
Biogas, realised output capacity <sup>1</sup> in MW	3.2	3.1	2.6	—	—
Biogas, sold output capacity <sup>2</sup> in MW	3.2	—	—	6.6	<b>12.3</b>
PV module trading, sold output capacity in MWP	206.4	245.6	272.3	425.4	<b>544.1</b>
Biomethane, sold output capacity in GWh	—	—	—	1,550.0	<b>1,280.0</b>
Geothermal energy, sold output capacity <sup>2</sup> in MW	—	—	11.0	—	—

1 Realised output capacity: commissioning of turbines or plants in the respective financial year

2 Sold output capacity: sale of turbines or plants in the respective financial year

#### Energy Segment

Conventional Energy
• Liquid fuels
• Filling stations/mobility solutions
• Lubricants
• Wood pellets
• Contracting

Renewable Energies*
• Wind energy
• Solar energy
• Bioenergy
• PV trading
• Energy trading

\* Activities pooled in BayWa r.e. renewable energy GmbH

> €30  bn

is the estimated damage amount caused in Germany by friction and wear. These damages can be avoided by using lubricants.

Source: Verband Schmierstoff-Industrie e.V.



# Buying lubricants online

## From lubrication to insulation

While developing the first vehicles, engineers also started to notice the importance of lubricants to keep machines running smoothly. Back then, lubricants were mainly designed to help care for engines. Today, they face a wide variety of demands.

As the performance of machinery increases, the lubricants have to be able to cope with ever tougher conditions. Not only do they need to provide lubrication, thereby minimising friction and wear, they are

also expected to ensure insulation, cooling and protection from corrosion. Researchers are constantly expanding the product spectrum in order to meet all these demands. Along with mineral-oil-based lubricants, BayWa also offers a wide range of biodegradable products and specialised lubricants for use in applications such as metalworking.



Motor oils, hydraulic oils, gear oils and lubricating greases have been the big sellers on [www.interlubes.de](http://www.interlubes.de) ever since it was launched in mid-2018. The online platform provides BayWa with an additional digital sales channel for lubricants, operating resources and AdBlue, an additive for diesel exhaust treatment. Customers have been quick to accept the new website, with one in three users placing orders based on their enquiries.

Through Interlubes, BayWa offers business customers an opportunity to order online from a wide selection of lubricants and operating resources, regardless of the manufacturer or brand. One advantage for customers in industry, manufacturing, the public sector, the transport sector, agriculture and forestry is that they are able to reliably purchase

the right operating resources for their machinery and equipment from various brands in just one step, even at short notice.

Unlike with conventional online shops, customers use Interlubes to post a request and receive a custom offer with price and delivery date in less than 30 minutes. After that, customers can place or change their orders.

Interlubes currently offers all major, high-profile brands for products such as motor oil, gear oil and hydraulic oil, as well as cleaning agents, anti-corrosives and antifreeze on a single platform. Plans are in place to expand the product range to include nearly all lubricants and operating resources available on the German market, which would give the portal a selection of around 25,000 items.

# Renewable Energies

BayWa r.e. renewable energy GmbH pools the activities of the Renewable Energies business unit, which are currently undergoing successful international expansion. Around the world, BayWa r.e. is helping further the use of renewable energies. Together with its partners, it is working to make the energy transition a success.

As a full-service partner, BayWa r.e. is able to build on more than 25 years of market experience in renewable energies. The subsidiary has already put plants with more than 2.5 gigawatts (GW) in output into service and is in charge of managing over 5.7 GW in output capacity. At the same time, BayWa r.e. markets the electricity production of 3.5 GW in installed output capacity to energy markets, making it an internationally recognised partner in this field. The latest developments provide impressive proof of this role: in 2018, BayWa r.e. sold a total of 19 re-

newable energy projects with a total output capacity of approximately 450 megawatts (MW). Among them was the Don Rodrigo solar power plant in Spain. With an output of roughly 175 MW, Don Rodrigo is the largest solar park built by BayWa r.e. to date. Additional plants were sold in the US (48 MW), France (41 MW), the Netherlands (31 MW) and the United Kingdom (30 MW). Wind power plants were sold in the United Kingdom (19 MW), Germany (16 MW) and France (10 MW).

## More clean energy worldwide

BayWa r.e. continued taking decisive steps towards further success in international business in 2018. In the Netherlands, for example, it took over roughly 2 GW of a project pipeline overseen by GroenLeven Group, securing it an important position among the world's ten leading project developers in the field of solar energy. In the

From planning to operations management, BayWa r.e. is driving the expansion of wind power worldwide.



With an output of roughly 175 MW, Don Rodrigo – near Seville, Spain – is BayWa r.e.'s largest solar park to date.

trading business, Mexico's largest trader of solar components joined forces with the company, giving BayWa r.e. an opportunity to position itself on one of the fastest-growing solar markets in the world.

BayWa's activities in the Asia-Pacific region are also increasingly gaining momentum. As a result, the company's Renewable Energies business unit is well positioned in the new growth markets, with the Asia-Pacific region forecast to see the largest growth in wind and solar energy worldwide. A second control centre for the monitoring and maintenance of wind and solar power plants opened in Bangkok in 2018. Together with the existing control centre in Munich, it contributes to ensure that every plant operates as efficiently as possible at all times, no matter where in the world it is.

In the Asia-Pacific region, BayWa r.e. has already installed its first plants that provide 25 MW of solar output capacity, with 200 MW from wind and solar energies in construction and a further 400 MW in wind and photovoltaic power plants in development, half of them in Japan. The solar component market is also growing rapidly, especially in Australia and Thailand.

## Focusing on the energy transition

Since 2015, BayWa r.e. has regularly published Energy Reports highlighting the use of renewable energies. While the first two surveys looked at private households and businesses in Germany, the most recent study focused on 1,200 energy decision-makers at medium-sized and large enterprises in the United Kingdom, Germany, Italy, Spain, France and Poland. The Energy Report 2019 presents the findings of this first-ever systematic and quantitative opinion poll. It provides insights into what businesses think about the energy transition and the latest energy policy issues while taking a look at companies' sustainability goals and their investments in renewable energies. The Energy Report will be available from May onwards at: [www.baywa-re.de/en/energy-report-2019/](http://www.baywa-re.de/en/energy-report-2019/)

**92%** of the companies surveyed invest in renewable energies to reduce their energy costs.

**55%** have set firm targets when it comes to reducing greenhouse gas emissions, increasing energy efficiency or using renewable energies. The most important goal at the companies surveyed: 66% want to increase the use of renewable energies.

**89%** believe that companies play a leading role in the energy transition.



## Tops in wholesale

BayWa r.e. has been named Top PV Wholesale Supplier 2019 for the quality of its business activities in the German, Italian, Belgian, Dutch, Swiss and Australian PV trading market. The award recognises the company's close and trusting relationship with installers and reflects a high rate of customer satisfaction.

The selection is based on a worldwide customer satisfaction survey of PV installers and consumers. Along with the breadth and quality of the product range, the market and opinion research institution EuPD research looks at aspects such as customer loyalty. The seal therefore serves as an independent confirmation of quality for companies with particularly high rates of customer satisfaction.

On account of its above-average performance in the European market, the company was also named Top PV Wholesale Supplier Europe for the second time.

## Conventional Energy

From heating oil for mountain huts to 24/7 petrol stations, BayWa reliably supplies rural regions with fuels – even remotest areas. Along with its traditional range of heating oil, wood pellets, lubricants and fuels, it also offers innovative products and services.

BayWa's innovative products include premium wood pellets sourced from sustainable forestry operations or climate-neutral heating oil and diesel, where the CO<sub>2</sub> emitted during combustion is offset by purchasing carbon credits. The company also offers "BayWa ecoclean plus", an innovative new heating oil with additives that combusts efficiently, thereby preventing the generation of carbon black, increasing the efficiency of heating systems and reducing maintenance costs. The "BayWa OilFox", a digital fill-level indicator that uses an app to provide information about consumption and fill levels as well as helps to ensure fast reordering, has proven to be particularly useful. Through its new products, BayWa is meeting the rising demands and offering an appealing selection for all its customer groups, such as farms and private households, as well as business people, local authorities and retailers.

The BayWa filling station card, which enables users to fuel up without cash around the clock, has been met with tremendous acceptance. The card can be used at the roughly 100 company-operated filling stations and at more than 2,500 partner filling stations across Germany. BayWa is also keeping up when it comes to

electromobility. Thanks to partnerships with renowned providers, customers can use the BayWa filling station card at about 8,000 charging stations throughout Germany to fill up on electricity. Across Europe, drivers can even take advantage of 35,000 charging points. BayWa plans to construct its own quick charging stations at selected locations. 30 charging points for the company's own electric cars and the electric cars owned by employees are already available at BayWa Group headquarters. The range of digital solutions is also growing: the free BayWa filling station app ([www.baywafillstationen.de](http://www.baywafillstationen.de)) guides drivers to the nearest BayWa filling station, partner filling station or charging point. The app also makes it possible to manage petrol receipts by e-mail, helping users maintain an overview of their entire filling history.

BayWa Energie Dienstleistungs GmbH is dedicated to advancing the company's system business, which includes the provision of energy for buildings through the construction, operation and maintenance of heating systems and by supplying fuels. In 2018, for example, BayWa took over as the operator of a biomass heating plant to provide local heating for the Kraillingen Innovations Meile industrial estate, with its 56 companies. The 20-year contract also provides for the renovation and expansion of the heating plant during ongoing operations without restrictions on the supply of heat.

Conventional Energy increasingly offers alternative products, such as "BayWa ecoclean plus" heating oil.



### Prospects through knowledge

Sharing experience and knowledge is another way BayWa r.e. is helping encourage the use of renewable energies around the world. In Zambia, for example, BayWa r.e. connected a solar park with an output capacity of 1 MW to the grid in early 2018. The largest photovoltaic plant to date in this southern African country was built in cooperation with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit – German Cooperation for International Cooperation) and the German AHK (Chambers of Commerce Abroad). The solar park is owned by Copperbelt Energy Cooperation, a local energy provider. What makes this project special is a one-of-a-kind training programme that prepared local employees of the energy provider to operate the plant without further support from abroad after just a short period of familiarisation. BayWa r.e. plans to make use of this knowledge transfer in other planned projects in the region.

The German renewable energy market is also benefiting from BayWa r.e.'s expertise. One example of the efforts to share knowledge is the WindGuide 20+ online tool,

which was developed by the company. The tool helps operators affected by the end of funding for wind turbines under the Renewable Energy Sources Act (EEG) in Germany in 2021 decide whether operating their power generation systems is still worthwhile. The online tool can be used to simulate a variety of different scenarios, such as continued operations, repowering or dismantling or selling of an old plant. To start the calculations, operators enter key data about their plants, such as technical output and income data, as well as lease, maintenance and operating costs. WindGuide 20+ then provides an overview of how profitable the various options are.



## Building Materials Segment

The Building Materials Segment covers the entire range of products and solutions for building materials – from civil engineering, structural engineering, construction, renovations, modernisation, gardening and landscaping, to solution packages for energy efficiency and healthy building. This range of products is aimed at construction companies, municipalities, trades and commercial enterprises, as well as renovators and private individuals building their own homes. In addition to this, BayWa also provides customers with a variety of services, as well as expertise and support when it comes to innovative topics such as healthy construction and Efficiency House Plus. Digital offerings are increasingly bolstering traditional business by providing fresh momentum and additional sales channels. The key regions for the Building Materials Segment are southern Germany and Austria, where BayWa is one of the leading providers in the building materials trade.

Key figures for 2018

**€1.6 bn**

in revenues

**10%**

share in consolidated revenues

**4,211**

employees (annual average)



Digital twin

BIM is a digital method of optimising planning processes in construction that involves everyone, from planning and execution to the management and dismantling of a building. The detailed and accurate 3D model, also known as a “digital twin”, provides the basis for data collection and contains all data used in the project throughout a building’s construction. As a result, the data can be used to derive the full range of project documentation, such as plans, documents for notary meetings and additional information, including quantities, static calculations and construction schedules. Building with BIM makes planning more reliable and ensures total transparency when it comes to costs, lean processes and credible construction timing.





#### Key data of the Building Materials Segment

in € million	2014	2015	2016	2017	2018
Revenues	1,524.8	1,496.4	1,530.1	1,606.1	1,617.5
EBIT	28.0	27.4	28.5	30.1	31.1
Number of employees (annual average)	4,178	4,093	4,081	4,113	4,211

#### Key operating data of the Building Materials Segment

	2014	2015	2016	2017	2018
<b>Building Materials</b>					
Number of locations (including Austrian markets)	226	221	202	199	200
Surface area in k m <sup>2</sup> (all locations)	2,110.3	2,030.0	1,682.1	1,669.8	1,687

#### Building Materials Segment

##### Building Materials

- Civil engineering, extensions, construction, building services
- Package solutions
- Systems solutions and services for energy efficiency and healthy housing
- Digital services (online portal for building materials, BayWa room designer, "Mr+Mrs Homes")



**Digital twin**  
BIM is a digital method of optimising planning processes in construction that involves everyone, from planning and execution to the management and dismantling of a building. The detailed and accurate 3D model, also known as a "digital twin", provides the basis for data collection and contains all data used in the project throughout a building's construction. As a result, the data can be used to derive the full range of project documentation, such as plans, documents for notary meetings and additional information, including quantities, static calculations and construction schedules. Building with BIM makes planning more reliable and ensures total transparency when it comes to costs, lean processes and credible construction timing.



# Digital from A to Z

Germany's first community of detached houses designed and constructed using building information modeling (BIM) is currently being built in Borna, a town near Leipzig. BayWa is acting as the project partner. All aspects of the "Wohnen am Lerchenberg" (Lerchenberg residences) project are fully digital, from sale and planning through to construction ([wohnen-am-lerchenberg.de](http://wohnen-am-lerchenberg.de)).

The "Mr+Mrs Homes" property configurator provides the basis for the project. Developed by BayWa and its Group company PURE Applikationen GmbH & Co. KG, the digital platform digitises the entire construction project from the very start, revolutionising virtually every step of the process. A 3D house model that buyers can use to design their future homes down to the very last detail is at the heart of the concept. Every change

involving the site, living space, roofing, doors, windows, technical components and design features is reflected directly both in the 3D model and in the current price in real time, making this the only system of its kind.

A partnership with a local bank also makes it possible to take financing into account and display the monthly fixed loan instalment along with the selected features. All price information is binding. Thanks to this bindingness and the wide range of options that can be tried out, the digital planning process offers a degree of realism and quality that the conventional purchasing and planning process is unable to provide.

# Building Materials

Low mortgage rates for the foreseeable future, an urgent need for housing in urban centres and a trend towards buying real estate as a retirement investment are all positive signals for the construction sector. BayWa is taking advantage of this positive trend.

In its Building Materials business unit, BayWa is strengthening its traditional trade role by specialising and developing its expertise as a provider of innovative products and services. In its core regions of southern Germany and Austria, BayWa is one of the leading companies in the building materials trade for commercial and private customers. It has established itself on the market as a multi-specialist by providing integrated solutions. Its range of products and services stretches from building shells to modernisation, from basements to roofs, from planning to maintenance, right up to system solutions. Services in the field of building services engineering round off this spectrum. BayWa's Building Materials business unit is a pioneer and sets standards when it comes to topics of the future such as healthy building, energy efficiency and building information modeling (BIM).

BayWa is close to its customers. With over 120 locations in Germany and around 30 in Austria, BayWa has a high-performing, efficient network of locations that is

Logistics is one of BayWa's core competences.

being constantly optimised in a series of modernisation measures. BayWa launches new products and, with its brand "Zuhause von BayWa Baustoffe", it is pooling its expertise in the window, flooring and door product ranges in order to deliberately cater to the current trend for having high quality at home.

BayWa's traditional bricks-and-mortar business is being increasingly strengthened by customer-focused online offerings that optimise processes and provide additional service, the best example of which is the BayWa Building Materials Online portal, where customers can conveniently order building materials from anywhere 24/7. Professional customers who use the digital platform ([www.baywa-baustoffe.de](http://www.baywa-baustoffe.de)) to make their purchases can individualise processes to fit their needs, starting with custom ordering options and practical applications,



such as user management or project-related invoice management, and ending with logistics that offer maximum flexibility. All customers need to do is select their preferred site, search for their desired product range and check stocks as well as prices in real time before making their purchase online at the individually agreed terms and picking up their orders. This convenient service is made possible by linking bricks-and-mortar retail with the digital sales channel. To this end, BayWa sites are connected to the online portal as digital locations and can be selected as pick-up locations by scanning product availability, eliminating waiting times and journeys that end empty-handed.

Through practical concepts, BayWa is helping solve the challenges of the construction sector. BayWa is taking a multi-pronged approach to the important issue of healthy building, for example. Its product database provides an overview of 6,000 products from a wide range of manufacturers and brands that have been tested for toxic substances and are suitable for preventing the pollution of indoor air with toxins. Predefined, publicly accessible criteria are used to decide whether a product is added to the database and receives the associated BayWa BauGesund seal, which recognises products that have passed a strict control and testing process and have been proven to have low emissions, making them healthy for use in buildings. Low-emission building materials are relevant because building shells are being constructed ever denser to ensure energy efficiency, increasing the concentration of toxins in indoor air. The seal makes it easier for planners, architects, contractors and clients to identify low-emission building materials. In doing so, the BayWa Building Materials business unit upholds its commitment to greater transparency and is paving the way for healthy building and modernisation. Because specialised expertise plays a pivotal role in the search for the most economical and lowest-emission solution, specially trained experts are also on hand to provide support through individually designed concepts. Both the selection of building materials engineered for healthy living and the mix of the materials used as well as their proper handling and installation are essential. BayWa's additional services in the field of healthy building include project support, investigating contamination in existing buildings, drawing up lists of building materials, indoor air testing and certification. Background information and tips on healthy building are available at [www.gesund-bauen-und-wohnen.de](http://www.gesund-bauen-und-wohnen.de).

BayWa was instrumental in the conceptualisation of Germany's first Efficiency House Plus colony, a community of energy-efficient houses built to provide healthy living spaces. The nine detached and four semi-detached houses – built according to the Efficiency House Plus criteria set out by the former German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) – produce more energy than their residents consume on average per year during their day-to-day lives. In-house energy monitoring ensures the optimal use of the photovoltaic electricity yields. The colony is a prime example of an energy-efficient yet economic design that promotes healthy housing.

## Tools that pack a punch

For medium-sized contractors and smaller craft enterprises to be seen today, they have to show what they are capable of and maintain a digital presence that people can find. To support the regional building trade in going digital, BayWa has developed a special package of marketing services known as the "BayWa Werbewerkzeug" (BayWa advertising tool).

The most important marketing tool is a company's website. Using an online questionnaire ([www.baywa-werbewerkzeug.de](http://www.baywa-werbewerkzeug.de)), the customer provides information about the trade it specialises in, its services and what it expects from its website. Within a few days, the customer receives a customised, ready-to-go website in line with data protection regulations that it can subsequently administer and update itself. The website is technologically up to the minute and is optimised for all devices.

In addition to custom websites, BayWa plans to offer its commercial customers other BayWa advertising tools in the near future, such as customisable promotional merchandise, work clothes and other company apparel, vehicle graphics, advertisements and office equipment, as well as banners for construction sites, site fences and scaffolding. Customers will be able to easily access all advertising materials for regional marketing from a central online platform.



## Innovation & Digitalisation Segment

With its own development segment, Innovation & Digitalisation, BayWa is both keeping pace with momentum in this field and underscoring the strategic importance of innovative developments for the entire company. This segment pools digital activities, as well as innovation programmes and initiatives. The focus is currently on projects in the fields of Digital Farming and eBusiness, along with a wide range of support options for start-ups. Digital Farming is geared towards the development and marketing of digital agricultural solutions, thereby offering farmers new opportunities to optimise operating processes and allowing them to work more cost-efficiently and sustainably. In eBusiness, the focus is on further advancing and optimising digital service offerings such as online purchasing or advice apps.

Key figures for 2018

**€10.7 m**

in revenues

**183**

employees (annual average)



Agriculture: a pioneering sector

Agriculture is leading the way in the use of autonomous machines. For roughly 20 years now, farmers have been using GPS guidance systems on their machines. Today, the technology is standard in the industry and is featured in nearly all large tractors sold in Germany. GPS guidance systems make life easier for farmers. They help to make optimal use of agricultural inputs, thereby decreasing the impact on the environment and cutting fuel consumption by up to 12%. GPS data that is automatically fed into a farm management system has the potential to offer additional added value when it comes to the planning, coordination and analysis of work processes, for example.

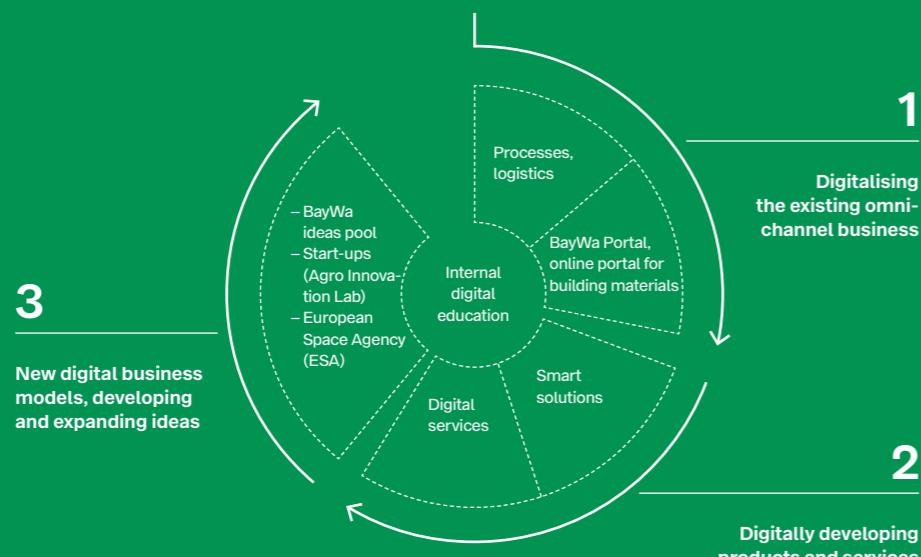




#### Key data of the Innovation & Digitalisation Segment

in € million	2014	2015	2016	2017	2018
Revenues	-	5.2	6.0	6.9	10.7
EBIT	-	-2.9	-8.6	-10.8	-12.3
Number of employees (annual average)	-	97	126	158	183

#### BayWa 4.0: Targeted Digitalisation



#### Innovation & Digitalisation Segment

##### Digital Farming & eBusiness

Development and sales of digital solutions for agriculture, BayWa Portal



#### Agriculture sees digitalisation as an opportunity

Farmers were asked: "Do you see digitalisation more as an opportunity or as a risk for your business?" Here is how they answered.



Source: Representative survey of farms carried out by Bitkom Research on the digitalisation of agriculture in Germany in 2016



#### Agriculture: a pioneering sector

Agriculture is leading the way in the use of autonomous machines. For roughly 20 years now, farmers have been using GPS guidance systems on their machines. Today, the technology is standard in the industry and is featured in nearly all large tractors sold in Germany. GPS guidance systems make life easier for farmers. They help to make optimal use of agricultural inputs, thereby decreasing the impact on the environment and cutting fuel consumption by up to 12%. GPS data that is automatically fed into a farm management system has the potential to offer additional added value when it comes to the planning, coordination and analysis of work processes, for example.



# Communication, regardless of the manufacturer

For farmers, the lack of compatibility between technologies and software made by different agricultural equipment manufacturers has so far been one of the greatest barriers to investing in smart farming – even more so than insufficient broadband infrastructure. To address this situation, six respected equipment companies have joined forces to create the Agriculture Application Group (aag) and approached the BayWa subsidiary FarmFacts to develop a machine data management system that is independent of a specific manufacturer. As a result, it no longer matters what kind of machinery and equipment farmers use.

Regardless of the manufacturer, this software platform documents and processes all data, such as the amount of agricul-

tural inputs applied, the duration of field work and the current location of machinery.

Satellite data can also be integrated and consulted, allowing farmers to send the application map for site-specific fertilisation directly from their computers to machines, for example. After completing the task, the machinery automatically sends back a report on the amount of fertiliser applied, eliminating the need for subsequent manual documentation as in the past. Known as "NEXT Machine Management by aag", the software solution will be integrated as a module into the "NEXT Farming LIVE" farm management software.

# Innovation & Digitalisation

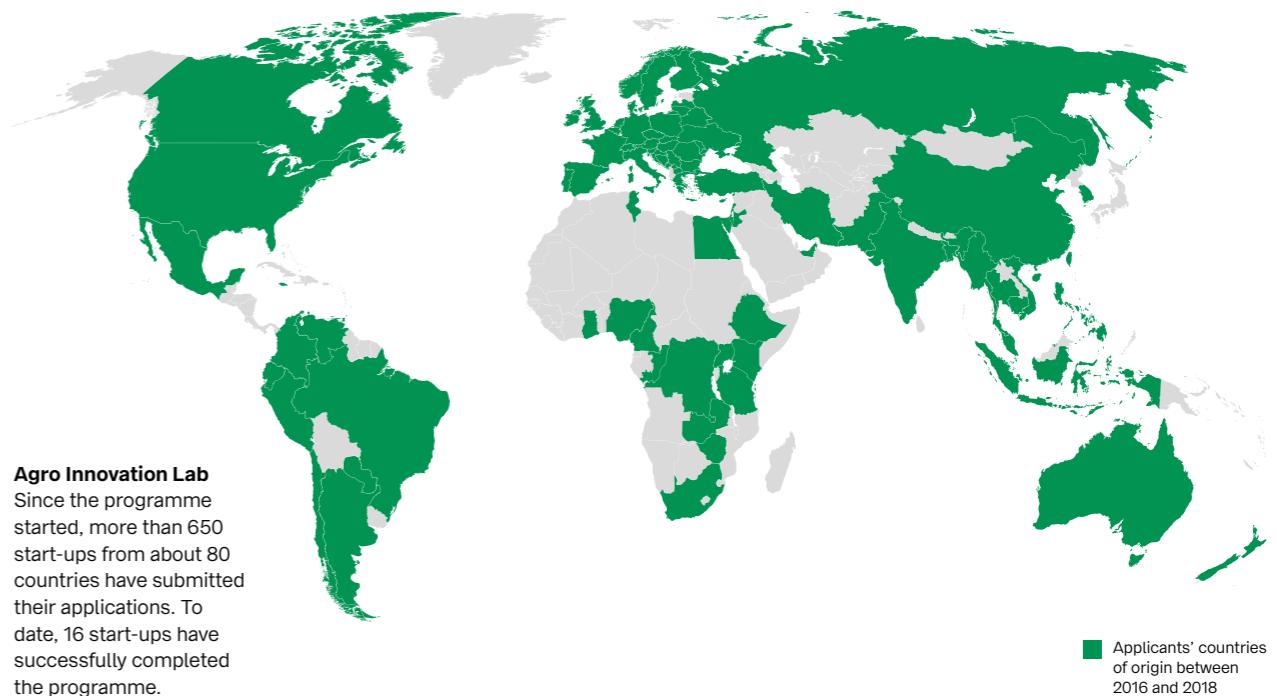
From GPS-guided tractors and the use of drones in crop protection to rationing animal feed by app, the growing digitalisation of agriculture is increasingly merging machinery and agricultural inputs with software, sensor and satellite data. With the help of digital information, farmers can make more targeted use of fertiliser, crop protection products and water today than ever before, allowing them to work more cost-efficiently and increase their yields. The digitalisation of agriculture will be the key to securing the global supply of healthy, affordable food in the future while also conserving resources.

According to surveys of farmers, 86% believe that digital technologies help make agricultural production more environmentally friendly. What is more, the widespread automation of documentation facilitates operational management. To this end, the BayWa subsidiary FarmFacts offers a modular farm management system in the form of "NEXT Farming LIVE". The Group company VISTA GmbH specialises in satellite-based

remote sensing services. As a result, BayWa has the expertise to process digital data for agriculture and make it available for practical use in the field – not only in its German home market, but also in places such as Africa. Examples include accurate local projections of nutrient and water requirements, as well as harvest forecasts.

BayWa has set itself the goal of taking a leading role in the future market of digital farming as a professional farming partner worldwide – and to do so regardless of farm size or the machinery and agricultural inputs used. In order to do justice to the growing importance of online trade and retail for agriculture, BayWa plans to link analogue and digital sales channels even more closely through the use of digital technologies and the automation of existing processes.

BayWa's aim is to drive innovation. To achieve this goal, it is essential to constantly question or adapt existing business models, or to develop entirely new ones. Start-



TalkingFields base map:  
the darker the blue, the more  
profitable the section of land.



ups play an important role in this process. With this in mind, BayWa and RWA Raiffeisen Ware Austria founded the Agro Innovation Lab in 2016 with the aim of finding outstanding agricultural innovations, supporting them and helping them gain a foothold in agriculture. As part of an acceleration programme, selected start-ups from around the world undergo a five-month project phase to further advance their business development internationally. In the process, they are supported by internal and external mentors, as well as by the extensive international network of BayWa and RWA.

BayWa acquires a stake as an investor if an innovation is a good match for the portfolio and if the start-up wants BayWa to do so. For example, the Group acquired a stake in the start-up Bartsparts in 2018 through its subsidiary BayWa Venture GmbH. The digital trading platform [www.bartsparts.de](http://www.bartsparts.de) unites demand and availability for slow-moving spare parts at a global level, making it possible to sell goods for agricultural equipment that are no longer in demand. Through further development, the e-commerce platform is slated to become Europe's most modern online store for spare parts.

By acquiring a stake in the Irish start-up FarmHedge, BayWa has opened up an exclusive digital sales channel in its home markets. The trading platform makes it easier for farmers and agricultural traders to buy and sell agricultural inputs and agricultural produce.

FarmHedge is to be enhanced using self-learning software as development continues in order to meet the needs of customers in an even more individually targeted manner in the future.

## Digital Farming worldwide

**Approx. USD 10 bn**

Currently estimated market volume

**>10%**

Annually anticipated growth rate



# Practising sustainability

**Sustainable business success requires stable conditions and an intact environment. That is why it is important to maintain a balance between economic, environmental and social targets. As a company with cooperative roots, responsible and sustainable action has always been instrumental at BayWa.**

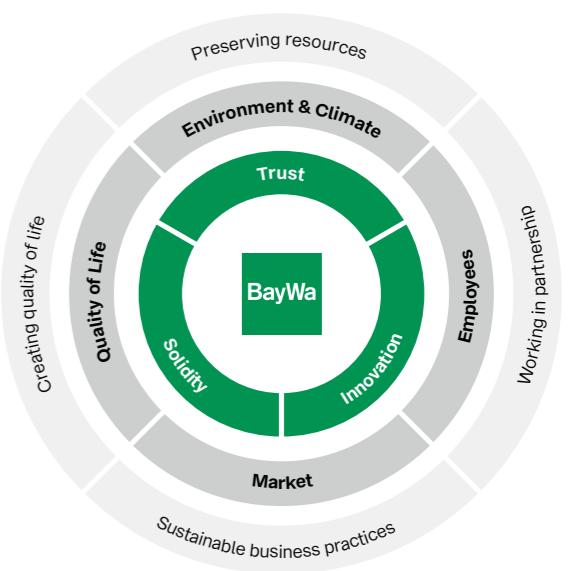
The impact of climate change does not only affect BayWa as a company, but also the people with whom it comes into contact, resulting in a tremendous responsibility that includes protecting the environment and the climate, ensuring occupational health and safety as well as preserving human rights all the way through to the supply chain. As an international company with a global footprint, BayWa has the potential to make an important contribution to limiting climate change. That is why the Group has decided to take conscious action that goes well beyond its actual corporate responsibility.

Through its sustainability strategy, BayWa is addressing the global challenges and reaffirming its commitment to the United Nations' Sustainable Development Goals. The company is promoting their implementation in its core segments

– Agriculture, Energy and Building Materials – with concrete solutions. The goal for all business divisions, employees and partners is to conserve resources, work in partnership, act responsibly in the market and

create quality of life. In doing so, BayWa is helping create an environment that is future-proof – with the goal of creating trust, preserving solidity and embodying innovation.

## BayWa's sustainability strategy





A pioneer in sustainability: the Global Produce business unit's largest production location in Kressbronn, Germany, has been climate-neutral since 2017. The remaining German locations followed suit in 2018.

## BayWa's climate strategy

### Climate protection is a top priority

With climate change advancing and its consequences growing ever more apparent from year to year, climate protection is a top priority across all segments, business units and divisions. Agribusiness in particular is directly impacted by effects such as water shortages and soil erosion. BayWa is tackling these issues and developing innovative solutions to address them. The company always sees the challenges of the present as an opportunity for the future. Today, the Building Materials and Renewable Energies business units are already benefiting from the opportunities presented by energy efficiency and climate-friendly energy generation.

### On the path to climate-neutral operations

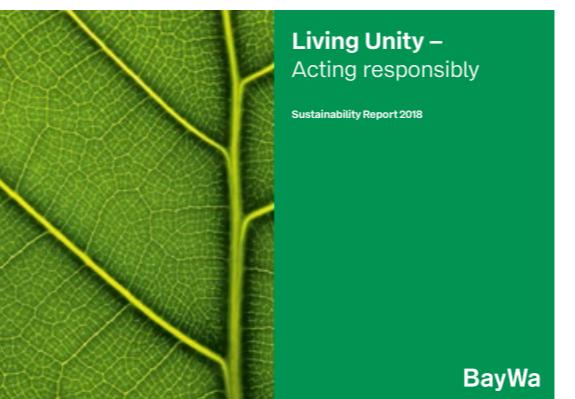
The Paris Agreement under the United Nations Framework Convention on Climate Change and the Intergovernmental Panel on Climate Change (IPCC) both call for limiting global warming to well under 2 degrees. In its 2018 status report, the IPCC issued an urgent recommendation for limiting warming to 1.5 degrees.

Through its Group-wide climate strategy, which was approved in late 2018, BayWa intends to make a contribution to achieving this ambitious 1.5-degree target. The core goal of the climate strategy is to reduce the Group's own CO<sub>2</sub> emissions attributable to energy and mobility by 22% by 2025 compared with 2017. BayWa aims to be climate-neutral by 2030. The climate strategy complies with and expands BayWa's already

established sustainability strategy. It builds on the sustainability activities to date, which are overseen by the climate working group and the sustainability steering committee.

### The BayWa climate strategy targets

Green electricity plays a pivotal role in reducing BayWa's CO<sub>2</sub> emissions by 22% until 2025. To achieve this goal, the Group aims at covering 100% of its electricity needs with renewable energies by 2020.



This is BayWa's fifth sustainability report. As usual, it is only available online at [www.baywa.com](http://www.baywa.com) to promote sustainability.

At the same time, BayWa also aims to reduce its energy consumption by 22%<sup>1</sup> by 2025 through a variety of energy efficiency measures.

In order to achieve the long-term goal of being climate-neutral by 2030, the remaining annual CO<sub>2</sub> emissions will be offset through investments in regional or international climate protection projects that avoid emissions elsewhere.

BayWa is also making an important contribution to the energy transition outside the company through BayWa r.e., which is building and delivering renewable energy plants with an additional 10 gigawatts of output by 2025. The electricity produced by these plants will be enough to supply roughly 6 to 7 million households.

### Climate-neutral business is possible

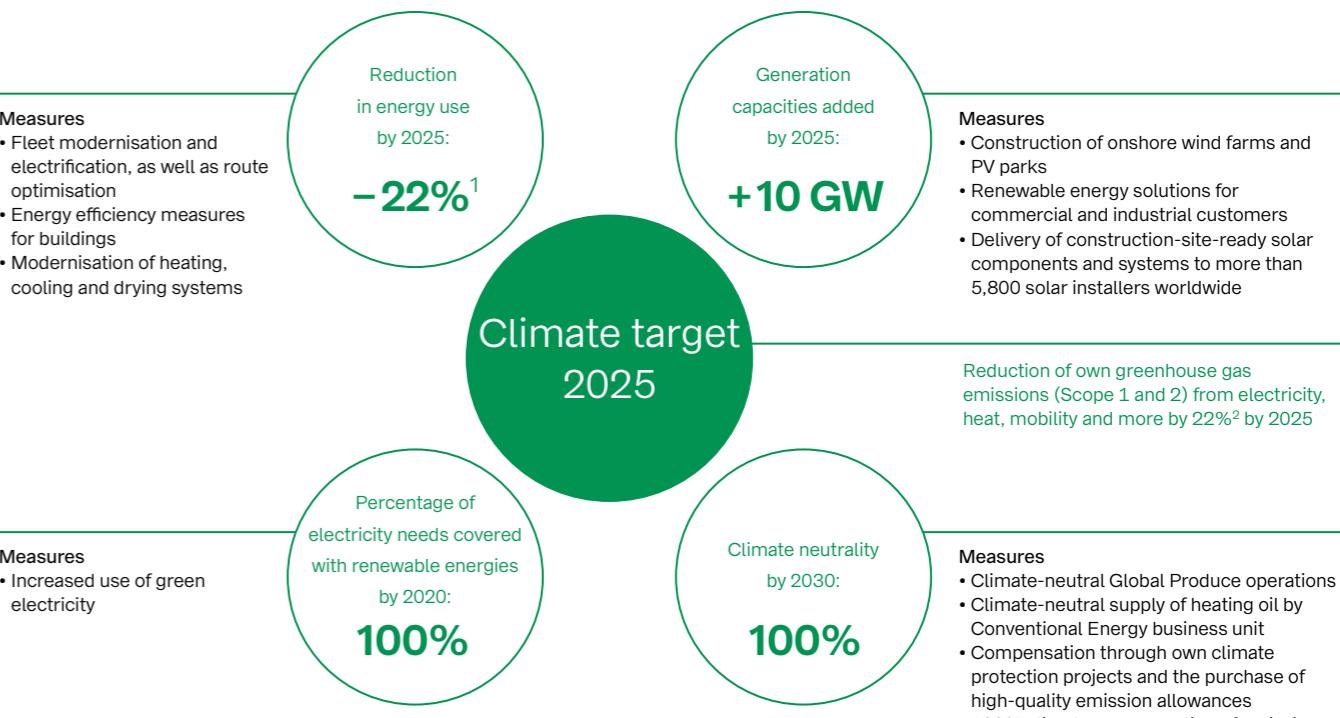
When it comes to doing business in a climate-neutral manner, BayWa is already setting an example today. The Global Produce business unit's German locations have been climate-neutral in their operations since 2018, and

the company's largest production location in Kressbronn has even been climate-neutral since 2017. This status is primarily made possible by energy-saving measures and carbon-free energy generation. In the medium term, the concept is to be expanded to include the subsidiaries T&G Global in New Zealand and TFC Holland. BayWa r.e. renewable energy GmbH went climate-neutral for the first time in 2018 by offsetting unavoidable CO<sub>2</sub> emissions, such as those caused by business travel, for instance. The Conventional Energy business unit offers a climate-neutral approach to doing business with customers. All CO<sub>2</sub> emissions generated as a result of the purchase and combustion of "ecoclean klimaneutral" heating oil are offset through climate certificates.

Despite a main focus on avoiding and reducing CO<sub>2</sub> emissions, BayWa offsets emissions that cannot be further reduced or avoided by purchasing emission allowances or investing in high-impact climate protection projects. In 2018, the BayWa Group offset a total of about 60,000 tonnes of CO<sub>2</sub> by purchasing such allowances, thereby supporting projects worldwide that are efficiently and effectively reducing CO<sub>2</sub> emissions.

### Climate target and additional goals

The BayWa climate target for 2025 is at the heart of the strategy. Four additional targets are designed to help the Group achieve its goal.



<sup>1</sup> In terms of EBITDA

<sup>2</sup> Base year: 2017

# The Financial Year 2018

**BayWa successfully achieved its annual targets in the financial year 2018. That means all of the Group's operating segments – Agriculture, Energy and Building Materials – increased their earnings before interest and tax (EBIT). Taken together, they were therefore able to more than compensate for the one-off income generated in the previous year. BayWa's diversified structure proved successful once again.**

## Key figures for 2018

**€16.6 bn**

revenues in 2018

**€9.5 bn**

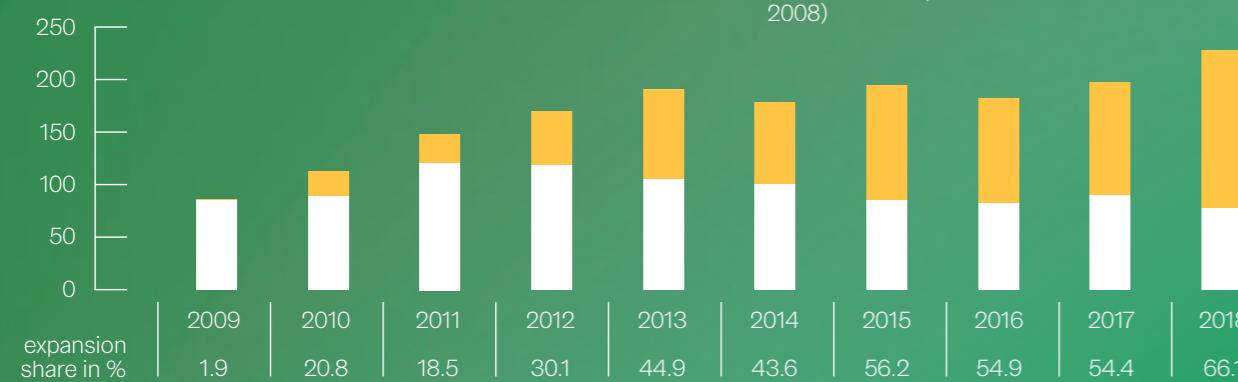
international revenues at the Group in 2018

**€172.4 m**

EBIT in 2018

## Expansion carries earnings development

Contribution to earnings before interest and tax (EBIT) in € million



## BayWa and the Capital Market

### Connected to the capital market

As a publicly listed stock corporation (Aktiengesellschaft), BayWa has maintained close contact with its shareholders since its founding. The connection created in the process has grown over the years, solidified and become institutionalised within the scope of a professional approach to investor relations (IR). BayWa meets all regulatory requirements and goes beyond them, always with the aim of enhancing the way people view BayWa so as to strengthen trust in the company's performance and potential among capital market participants.

Personal dialogue plays an important role in achieving this objective. In 2018, BayWa sought out dialogue with investors and intermediaries, especially at capital market conferences and roadshows, whereas special events hosted by shareholder associations served as the primary means of maintaining contact with private investors. The Annual General Meeting in Munich on 5 June 2018 offered all current shareholders an opportunity to enter into dialogue with the company. In addition to physical meetings, BayWa uses webcasts as part of its quarterly reporting to enable anyone interested to access discussions and presentations at any time, from anywhere. The IR team is also available for any other enquiries by e-mail or telephone. The proper points of contact can be found on the company's website at [www.baywa.com/en/investor\\_relations/](http://www.baywa.com/en/investor_relations/), where presentations and financial reports are also available.

Along with the worsening situation on the stock markets, developments such as low water levels and harvest losses as a result of record-setting heat and dryness throughout the summer also had a negative effect on the share price. As a result, the share finished the year at €20.60.

The average trading volume of BayWa's registered shares with restricted transferability came in at around 22,415 shares per trading day during the reporting year, which is below the figure for 2017 of approximately 27,000 shares. The closing price for registered shares without restricted transferability at the end of 2018 was €26.80; this equates to an decrease of 22% compared with the 2017 closing price of €34.37.

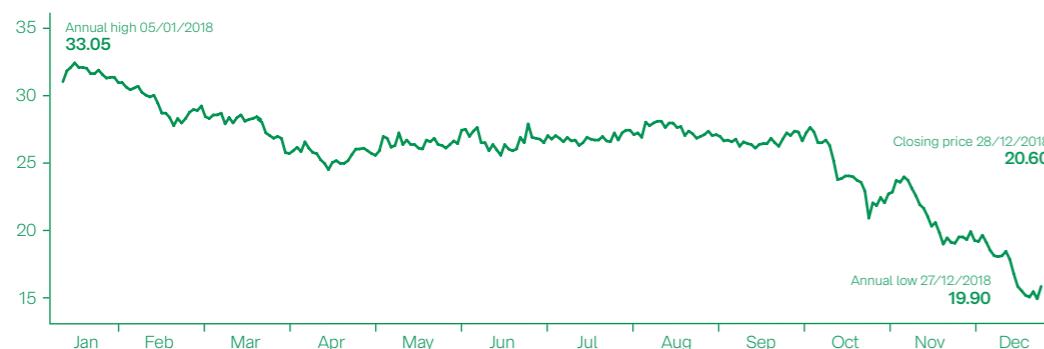


### Performance of BayWa shares

The stock market year in 2018 was characterised by significant losses due to the trade conflict between the US and China, a potential reversal in interest rate policy in the euro zone and the uncertainties surrounding Brexit. After starting the year at a very high level, the German blue-chip index DAX peaked at 13,560 points in late January 2018 before posting substantial losses all the way through to the end of the year. The DAX closed at 10,559 points on 28 December 2018, having fallen approximately 18% over the course of the year. The BayWa share was unable to break free of this economic trend. Despite gaining 4.1% in 2017, the BayWa share lost 35.6% in the past financial year.

Registered BayWa shares with restricted transferability traded between a high of €33.05 on 5 January 2018 and a low for the year of €19.90 on 27 December 2018.

#### Share price performance from 01/01/2018 to 31/12/2018 – sec. ident. no. 519406 in € (XETRA)



#### Long-term price performance of the BayWa share (in €)<sup>1</sup>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
High	26.90	35.04	35.01	35.81	39.85	41.68	38.75	31.46	34.00	33.05
Low	14.15	24.95	24.05	26.40	33.34	27.61	27.05	25.62	30.25	19.90
Closing price	25.16	35.04	27.30	32.60	37.76	30.62	28.40	30.79	32.07	20.60
Market capitalisation (in € million)	855.9	1,193.5	937.7	1,124.0	1,302.5	1,061.6	987.7	1,071.9	1,122.1	728.9

1 XETRA prices: registered shares with restricted transferability (sec. ident. no. 519406); market capitalisation: both classes of shares (sec. ident. no. 519400 and sec. ident. no. 519406)

#### Positioning of the BayWa share

BayWa's registered shares with restricted transferability are traded on the regulated market on the Frankfurt and Munich stock exchanges, in the XETRA trading system, as well as OTC on the stock exchanges of Berlin, Dusseldorf, Hamburg and Stuttgart. As a share traded in the Prime Standard segment, BayWa meets the high, internationally recognised transparency obligations.

#### Allocation of share capital

BayWa's total share capital amounts to €89,953,658.88. Liable capital increased by €320,875.52 year on year owing to the subscription of 125,342 employee shares valued at an arithmetical portion of share capital of €2.56 each. Share capital comprises 35,138,148 registered shares, divided into two classes of shares: registered shares with restricted transferability (sec. ident. no. 519406), which are more liquid due to their high number of shares of 33,894,897, as well as 1,243,251 registered shares that are not subject to restricted transferability (sec. ident. no. 519400).

The latter were largely created by issuing shares as part

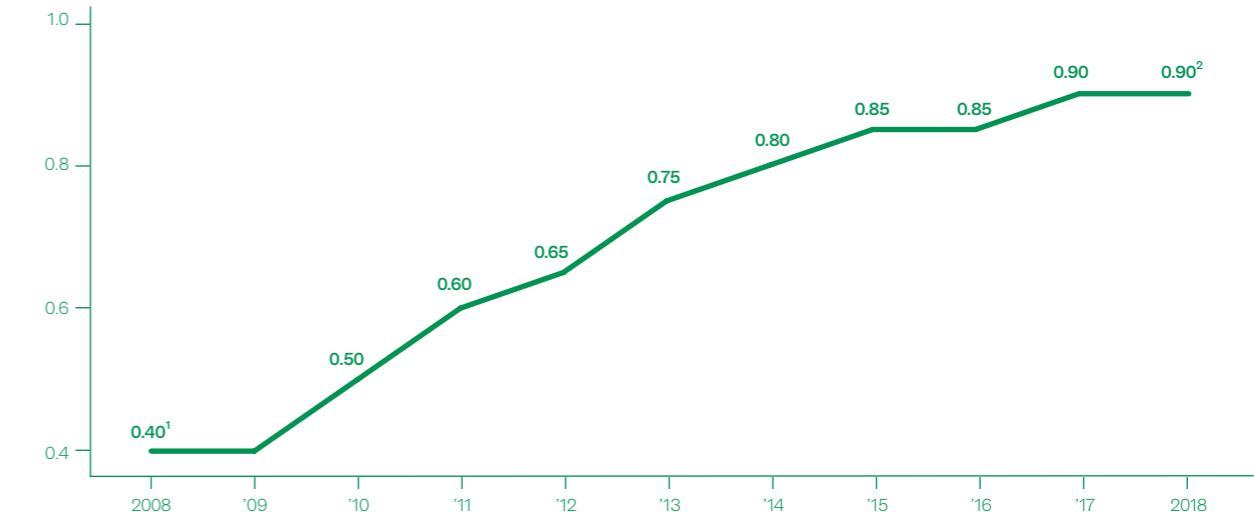
of merger proceedings. The trading volume of this "smaller" class of shares is very limited owing to their low number. Both classes of shares endow equal rights upon the holder.

#### Ongoing dividend policy

BayWa is continuing to uphold the steady, earnings-oriented dividend policy that has been pursued in recent years. The Board of Management and Supervisory Board will recommend to the Annual General Meeting a dividend of €0.90 per dividend-bearing share for the financial year 2018. Subject to approval by the Annual General Meeting, the payout ratio – in relation to the BayWa Group's net income, adjusted for minority interest – amounts to 97.8% (2017: 79.8%). Measured against consolidated net income, the dividend payout ratio stands at 57.3% (2017: 46.7%).

#### Long-term dividend performance

(Dividend per share in €)



1 Including 6-cent special dividend

2 Subject to approval by the Annual General Meeting of Shareholders

#### BayWa's financing instruments

Since 2010, BayWa has been increasingly issuing bonded loans to finance company growth in the medium and long term. Delaying the issue of bonded loans diversifies BayWa's financing portfolio and stabilises the maturity profile of liabilities. Furthermore, the combination of fixed and floating rates reduces the interest rate risk.

In July 2018, BayWa placed a €58 million bonded loan with 15 subscribing investors exclusively through the Debtvision digital marketplace. In order to serve all interested investors, the originally planned amount of €50 million was topped up. The digital financing option offered by Debtvision provides direct access and exchange with the relevant investors and a high degree of transparency regarding the current status of the transaction. In total, BayWa issued bonded loans with a volume of €786 million.

BayWa also uses subordinate bonds (hybrid bonds) as a financing instrument. BayWa successfully placed a subordinate bond with a volume of €300 million for domestic and international institutional investors on the market in October 2017. The primary listing of the hybrid bond took place on 6 October 2017 at the Stuttgart Stock Exchange at a price of 102.00%. At the close of trading

in 2018, the bond was listed at 101.15%. The issue proceeds served to refinance liabilities, to further strengthen the capital base and to diversify the financing portfolio, among other things.

#### BayWa share

Stock exchanges	Frankfurt, Munich, XETRA
Stock market segment	Regulated Market/Prime Standard/SDAX
Sec. ident. no.	519406 and 519400
ISIN	DE0005194062 and DE0005194005
Share capital	€89,953,658.88
Number of shares	35,138,148

#### Group companies

**313**  
Fully consolidated companies  
(excluding the parent company)

As at 31 December 2018

# Overview of the Financial Year 2018

The BayWa Group developed positively in 2018 and fully achieved all of the Group targets set for the reporting year. All three of the Group's core operating segments increased their earnings year on year. The Agriculture Segment improved its earnings primarily as a result of measures introduced in 2017 to improve profitability. The Energy Segment topped the high level of earnings from the previous year and set a new record. Earnings continued to develop favourably in the Building Materials Segment as well. Improvements in operating earnings in the segments were able to more than compensate for the absence of one-off income, including from the sale of the BayWa high-rise building in the previous year.

The Agriculture Segment experienced diverse development in the financial year 2018. All told, revenues increased by 1.7% to €11,015.9 million. Earnings before interest and tax (EBIT) in the segment improved significantly by €18.0 million to €100.1 million due to rises in earnings in the Agricultural Equipment and BayWa Agri Supply & Trade (BAST) business units. The revenues of the BAST business unit declined by 9.1% to €5,286.8 million in the reporting year. This decline was primarily due to the transfer of grain and oilseed marketing activities in Germany and those managed by the Austrian Group company RWA Raiffeisen Ware Austria Aktiengesellschaft (RWA) to the Agri Trade & Service business unit at the start of the year and the resulting decline in handling volume in the BAST business unit. Besides the structural optimisation in the previous year, the increased volatility of agricultural commodity prices also had a positive impact on earnings, since the company seized the resulting trading opportunities. The business unit's EBIT rose significantly by €24.1 million to €31.1 million. Since 1 January 2018, the Agri Trade & Service business unit (formerly: BayWa Agricultural Sales) has encompassed the grain and oilseed marketing activities of the BAST business unit in Germany as well as those managed by RWA, alongside the agricultural input business and the recording of agricultural produce. This increased revenues by 17.3% to €3,298.8 million in the reporting year. However, adjusted for this effect, revenues declined due to the fall in sales volumes in both the agricultural input and produce business on account of extreme weather conditions and extremely low harvest volumes. EBIT in the Agri Trade & Service business unit fell by €20.5 million year on year to €5.2 million. This decline in earnings was due in particular to substantial decreases in volumes and a rise in logistics costs. In the Global Produce business unit (formerly: Fruit), revenues were down marginally by 0.3% to €807.9 million. Growth abroad more than

compensated for declines in Germany. EBIT in the Global Produce business unit fell by €2.2 million to €27.2 million in the reporting year. One reason for the decline was the negative impact of the trade conflict between the US and China on T&G Global Limited's international activities. Moreover, the earnings contribution from the German fruit business was lower in 2018 due to a lack of marketing volume in the first half of the year. Agricultural equipment business benefited in particular from significant growth in the sale of new machinery in Germany and Austria in 2018. Compared to the previous year, the Agricultural Equipment business unit saw its revenues rise by 15.9% to €1,622.4 million. EBIT in the business unit improved by a greater margin compared to revenues, rising by 83.9% to a new record of €36.6 million.

In the Energy Segment, positive business development in 2018 was fuelled by both business units. Overall, revenues increased by €373.7 million year on year to €3,968.4 million. EBIT was up by 12.9% to €96.0 million – its highest level to date. In the Renewable Energies business unit, revenues increased by 12.0% to €1,530.2 million primarily as a result of a significant rise in the volume of energy trade. EBIT reached a new record high at €72.5 million. This increase was primarily due to a rise in project sales and the growth in the service business. In 2018, the conventional energy business was influenced by the almost consistently higher price of oil compared to 2017, which was the primary reason for revenues rising by 9.4% to €2,438.3 million. EBIT reached a new record high of €23.5 million, up 27.0% on the previous year. This was primarily due to improved margins in the fuel business.

The Building Materials Segment benefited from the ongoing boom in construction activity. Revenues rose by 0.7% to €1,617.5 million in 2018, primarily due to volume factors. The segment's EBIT rose more sharply compared to revenues, by 3.3% to €31.1 million. Above all, this was due to expansion of digital sales channels as well as positive sales development.

The Innovation & Digitalisation Segment increased its revenues in the reporting year to €10.7 million. As planned, the segment recorded negative EBIT of €12.3 million due to significant investment in the development of digital farming solutions and the new BayWa Portal online platform.

The BayWa Group generated total revenues of €16,625.7 million in 2018, a 3.6% increase compared to the previous year. EBIT improved by 0.6% to €172.4 million.

The consolidated net result for the year declined by 18.3% to €54.9 million due to an increase in tax on income and the rise in tax expenses caused by improvements in operating earnings. The Board of Management and the Supervisory Board will propose the same dividend distribution as the previous year, 90 cents per share, to the Annual General Meeting of Shareholders.

BayWa continued to pursue its strategic development in 2018: In the Agriculture Segment, the BAST business unit continued to develop its speciality strategy to expand its range of products with the addition of special types of grain and services by acquiring British company Premium Crops Limited and Dutch company Royal Ingredients Group International B.V. Activities in the Agri Trade & Service business unit centred on consolidating and optimising the location network. In addition, sales were geared towards integrated solutions, and organic produce, among other things, was added to the product range. The focus of the Global Produce business unit was on expanding the range of fruit and vegetable specialities. In addition, the German fruit operations have been carbon-neutral since June 2018. The Agricultural Equipment business unit increased its market share in core regions thanks to targeted expansion of its product range. It also expanded its presence in the Netherlands by taking over three Van Arendonk B.V. sites as at 1 January 2019.

The Energy Segment continued to expand its renewable energies activities globally as one of Europe's largest providers. In Spain, BayWa r.e. constructed Don Rodriguez, its largest solar power plant to date with a total output of 174.4 megawatts (MW) and also the first to be constructed without any government subsidies at all, in 2018. In the Netherlands, BayWa r.e. acquired 70% of the shares in GroenLeven, the leading solar power plant project developer, and became one of the world's ten largest solar project developers in early 2018. Further expansion followed in Latin America in October with the acquisition of DMSolar, the leading provider in the Mexican solar industry. A range of new electromobility services were introduced in the conventional energy business. Electric vehicle customers can now charge their vehicles at over 8,000 charging stations in Germany and approximately 35,000 throughout Europe using the BayWa filling station card. BayWa launched a new digital lubricant platform, Interlubes, in March 2018.

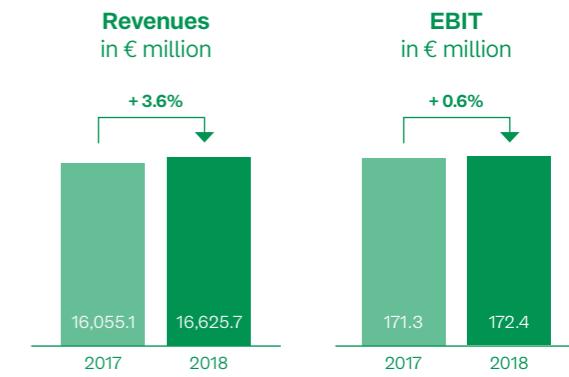
In the Building Materials Segment, BayWa acquired a 90% stake in Saxony-Anhalt-based Bölke Tiefbaustoffe für Ver- und Entsorgung GmbH in July 2018, strengthening its civil engineering portfolio. The range of online

services was expanded by linking together online and stationary sales channels through the Click & Collect function and the addition of the "Mr+Mrs Homes" property configurator as part of efforts to position the company as an integrated multi-specialist. In addition, BayWa created a seal of approval for low-pollutant building materials in 2018, the BauGesund seal.

In the Innovation & Digitalisation Segment, BayWa created the Agro Innovation Lab (AIL) together with RWA Raiffeisen Ware Austria Aktiengesellschaft (RWA). Start-ups with innovative business ideas for agriculture had the opportunity to apply for the acceleration programme organised by AIL. BayWa Venture GmbH invested in four start-ups in 2018 to help develop ideas into fully fledged products ready to be marketed.

The BayWa Group has a well-balanced, forward-thinking business portfolio to underpin its success in the future.

## BayWa Group



# Consolidated Balance Sheet as at 31 December 2018\*

Assets			
	in € million	31/12/2018	31/12/2017
<b>Non-current assets</b>			
Fixed assets		2,195.3	2,127.7
Receivables and other assets		29.0	34.7
Deferred tax assets		252.6	234.5
		<b>2,476.9</b>	<b>2,396.9</b>
<b>Current assets</b>			
Securities		1.9	1.9
Inventories including biological assets		2,926.0	2,338.8
Receivables and other assets		1,981.9	1,631.1
Cash and cash equivalents		120.6	105.6
		<b>5,030.4</b>	<b>4,077.4</b>
<b>Non-current assets held for sale/disposal groups</b>		<b>4.2</b>	<b>13.7</b>
<b>Total assets</b>		<b>7,511.5</b>	<b>6,488.0</b>
<b>Shareholders' equity and liabilities</b>			
in € million		31/12/2018	31/12/2017
<b>Equity</b>			
		<b>1,389.1</b>	<b>1,435.5</b>
<b>Non-current liabilities</b>			
Provisions		710.0	723.7
Financial liabilities and liabilities from finance leasing		1,047.6	1,042.3
Other liabilities		97.4	119.1
Deferred tax liabilities		219.7	180.6
		<b>2,074.7</b>	<b>2,065.7</b>
<b>Current liabilities</b>			
Provisions		219.9	227.9
Financial liabilities and liabilities from finance leasing		2,243.4	1,446.9
Other liabilities		1,584.4	1,312.0
		<b>4,047.7</b>	<b>2,986.8</b>
<b>Liabilities from non-current assets held for sale/disposal groups</b>		<b>-</b>	<b>-</b>
<b>Total shareholders' equity and liabilities</b>		<b>7,511.5</b>	<b>6,488.0</b>

\* Detailed information about BayWa AG's business performance in 2018 is available online in the Consolidated Financial Statements 2018: [www.baywa.com](http://www.baywa.com)

# Consolidated Income Statement 2018\*

Continued operations		2018	2017
in € million			
<b>Revenues</b>			
Inventory changes		217.0	-101.0
Other own work capitalised		10.8	8.2
Other operating income		211.3	206.9
Cost of materials		-15,175.7	-14,384.3
<b>Gross profit</b>		<b>1,889.1</b>	<b>1,784.9</b>
Personnel expenses		-990.6	-936.2
Depreciation/ amortisation		-142.9	-147.2
Other operating expenses		-599.0	-570.1
<b>Result of operating activities</b>		<b>156.6</b>	<b>131.4</b>
Income from participating interests recognised at equity		9.0	2.5
Other income from shareholdings		6.8	37.4
Interest income		12.0	7.6
Interest expenses		-91.8	-76.5
<b>Financial result</b>		<b>-64.0</b>	<b>-29.0</b>
<b>Earnings before tax (EBT)</b>		<b>92.6</b>	<b>102.4</b>
Income tax		-37.7	-35.2
<b>Consolidated net result for the year</b>		<b>54.9</b>	<b>67.2</b>
thereof: profit share of minority interest		22.6	27.9
thereof: profit share of shareholders of the parent company		32.3	39.3
<b>EBIT</b>		<b>172.4</b>	<b>171.3</b>
<b>EBITDA</b>		<b>315.3</b>	<b>318.4</b>
<b>Basic earnings per share (in €)</b>		<b>0.92</b>	<b>1.13</b>
<b>Diluted earnings per share (in €)</b>		<b>0.92</b>	<b>1.13</b>

\* Detailed information about BayWa AG's business performance in 2018 is available online in the Consolidated Financial Statements 2018: [www.baywa.com](http://www.baywa.com)



# Giving back and making a difference through education projects

The BayWa Foundation is doing its part to help meet the United Nations Sustainability Goals. Through education projects focusing :



- Good Health and Well-Being
- Quality Education
- Affordable and Clean Energy
- Climate Action
- Life on Land

**Business and commitment to society go hand in hand at BayWa. For more than 20 years now, the company has been living up to its social and environmental responsibility through the BayWa Foundation. BayWa AG fully covers the administrative costs and doubles all donations. As a result, 200% of the money the foundation receives goes directly towards the projects that it funds.**

The foundation's work focuses on educational projects to promote healthy eating and renewable energies. As part of the nutritional education programme "Planting vegetables. Harvesting health.", schoolchildren plant their own vegetables and use the text and activity book "Der Ernährungskompass" (the nutrition compass; in German only) to learn all about nutrients. A total of 130 school gardens have already been planted, with almost 10,000 children taking part. Some 1,200 primary schools in Bavaria received "Der Ernährungskompass" free of charge in 2018. The "Die Waldschule" (forest school) project promotes environmental awareness and encourages children to learn more about the forest ecosystem. During an outing, chil-

dren have an opportunity to plant their own trees – for many, an unforgettable experience. Every year, the BayWa Foundation supports 150 students by providing the "Deutschlandstipendium" (Germany Scholarship) programme. In 2018, the BayWa Foundation's projects helped more than 80,000 children and young people in Germany build a solid fundament for their future.

The BayWa Foundation also maintains an international presence. Since 2010, a biogas project in Tanzania has been showing locals how they can generate clean energy for cooking using biogas, creating long-term prospects through new jobs. The BayWa Foundation is also active in Zambia, where it provides young mothers in need with education and thus creates opportunities for them to lead independent, self-determined lives.

[www.baywastiftung.de/en](http://www.baywastiftung.de/en)

## Support us with your donation.

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## Imprint

**Project management and coordination/Text**  
BayWa AG, Munich  
PR/Corporate Communications/Public Affairs  
Investor Relations

**Printing**  
BluePrintAG, Munich

**Translation**  
lennon.de Language Services, Münster

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**Concept and design**  
trnuit Publishers GmbH, Annett Both  
[www.trnuit.de](http://www.trnuit.de)

BayWa website:  
[www.baywa.com](http://www.baywa.com)

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## Language versions

The publication is available in German and English. Only the German version is legally binding. Both versions can be viewed/downloaded from the company's website at [www.baywa.com](http://www.baywa.com).



**BayWa**



United for success.