

# Quarterly Statement

— BayWa Group **1/2020**

The BayWa logo consists of a solid green square with the word "BayWa" written in white, sans-serif font inside it.

BayWa

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

# Quarterly Statement<sup>1</sup>

## Overview of Business Performance of the BayWa Group

### Typical opening quarter – BayWa fulfils supply function – Agriculture Segment achieves growth

- Consolidated operating result (EBIT) negative, as is typical for the season
- Conventional Energy business unit sees surge in demand due to low oil prices
- Agriculture Segment safeguard agricultural supply chain
- Mild weather conditions favour domestic building materials business

After the first three months of the financial year 2020, BayWa AG reported a slight 5.1% decline in revenues to approximately €3.9 billion compared to the same period in the previous year. Earnings before interest and tax (EBIT) were negative in the reporting period, as is typical for the season, falling from minus €13.8 million to minus €27.8 million year on year. The main reason for this trend was the absence of one-off income from the sale of BMH Biomethan GmbH, which made a positive earnings contribution to BayWa r.e. renewable energy GmbH in the previous year. Some of the negative effects from Other Activities should even out over the course of the financial year. Costs have been in decline since mid-March due to COVID-19, an effect that should become more pronounced as the year progresses.

For the most part, BayWa AG was able to deal with the uncertainty on the market sparked by the infectious disease COVID-19 and the associated new challenges in the reporting quarter, even though performance in the operating segments was mixed. BayWa r.e.'s project business went according to plan, with initial project sales able to be realised in the Netherlands. The majority of project sales will be completed in the second half of the year, as in previous years. The Conventional Energy business unit benefited from unexpectedly high demand for heating oil caused by the sharp fall in oil prices. The global shutdown raised uncertainty with regard to agricultural commodity prices, leading to subdued product trading in Germany and abroad. Fruit trading was significantly livelier, with demand for apples increasing due to panic buying. The Agricultural Equipment business unit and Building Materials Segment both made good starts to the year in the first quarter. The Building Materials Segment benefited from the mild winter, with weather conditions allowing construction to continue almost without interruption in the reporting quarter.

The first three months of the year are only of limited relevance to the annual result due to the seasonal business development at BayWa AG and weather-related fluctuations. In light of the coronavirus pandemic and the resulting negative impact on the global economy, there is currently no way of making a well-founded and reliable forecast of BayWa AG's business development in the financial year 2020. If the spread of the virus cannot be stopped in the first half of 2020, increasing restrictions to supply capabilities may be expected moving forward, particularly in the second half of the year.

### Highlights in the first quarter of 2020

- Supervisory Board extends the contract of CEO Prof. Klaus Josef Lutz until 2025
- Postponement of the Annual General Meeting to 28 July 2020
- Foundation of BayWa Mobility Solutions GmbH on 1 January 2020
- Innovation prize for BayWa r.e.'s floating photovoltaic systems

<sup>1</sup> This quarterly statement was prepared in accordance with IFRS principles. It is not an interim financial report in accordance with IAS 34 or a financial statement in accordance with IAS 1.

## Asset Development from 1 January to 31 March 2020

The BayWa Group's total assets stood at €9,244.4 million as at the end of the first quarter and were therefore €377.2 million, or 4.3%, higher than at the end of the financial year 2019. This was largely due to the typical seasonal rise in inventories, in this case mainly project services in the Renewable Energies business unit, and invoicing factors relating to current receivables and other assets.

Equity stood at €1,254.9 million and was €103.7 million, or 7.6%, lower than the figure reported as at 31 December 2019. This decline was particularly due to the measurement and currency effects recognised through other comprehensive income.

Non-current liabilities amounted to €3,142.7 million as at 31 March 2020 and were therefore on par with the figure reported at the end of the financial year 2019 of €3,131.5 million.

Current liabilities increased by €469.7 million, or 10.7%, to €4,846.8 million in the first quarter of 2020. The increase in trade payables of €311.0 million, or 29.7%, to €1,359.7 million from €1,048.7 million at the end of the financial year 2019 was due to seasonal factors and reflects the growth in inventories and receivables.

## Earnings Development from 1 January to 31 March 2020

The BayWa Group's revenues declined by €209.5 million, or 5.1%, year on year to €3,870.1 million in the first quarter of 2020. By contrast, both inventory changes and other operating income were up on the first quarter of 2019 at €225.3 million (plus €136.8 million) and €118.7 million (plus €78.9 million, primarily due to currency effects) respectively. Therefore, the overall performance of BayWa Group was slightly up on the previous-year period at €4,216.7 million.

Cost of materials fell by €74.3 million, or 2.0%, to €3,734.3 million in line with the decline in revenues. This meant that gross profit climbed by €82.1 million year on year, or 20.5%, to €482.4 million in the first quarter of 2020.

The increase in personnel expenses by €18.0 million, or 7.1%, to €271.5 million was primarily due to the rise in the number of employees, particularly in the Renewable Energies business unit.

Other operating expenses were up by €70.2 million, or 60.8%, to €185.7 million mainly as a result of currency effects. At €52.9 million, depreciation and amortisation of property, plant and equipment and intangible assets were down on the previous year (Q1/2019: €55.0 million).

The result of operating activities amounted to a loss of €27.6 million and was therefore €4.0 million, or 16.9%, lower than in the first quarter of 2019.

Income from participating interests of minus €0.2 million was €10.0 million lower than the previous-year figure of €9.8 million. In addition to the decline in income from participating interests recognised at equity, this trend was also due in particular to the absence of the one-off income from the disposal of BMH Biomethan GmbH, Munich, Germany, recognised in the prior year.

The BayWa Group's earnings before interest and tax (EBIT) stood at a loss of €27.8 million in the first quarter of 2020 and was therefore down €14.0 million on the figure recorded in the first quarter of 2019.

Net interest in the first three months of the financial year 2020 was on par with the previous year at minus €24.7 million (Q1/2019: minus €24.1 million).

Considering tax income of €13.0 million, this led to a consolidated net loss for the first quarter of 2020 of €39.5 million, which was €0.7 million lower than the previous-year figure.

## Business Performance of the Segments from 1 January to 31 March 2020

### Energy Segment

| in € million          | Revenues     |              |              | EBIT         |            |                   |
|-----------------------|--------------|--------------|--------------|--------------|------------|-------------------|
|                       | Q1/2020      | Q1/2019      | Change in %  | Q1/2020      | Q1/2019    | Change in %       |
| Renewable Energies    | 383.5        | 368.4        | 4.1          | - 8.9        | 1.2        | > - 100           |
| Conventional Energy   | 486.2        | 595.6        | - 18.4       | 4.9          | 5.7        | - 14.0            |
| <b>Energy Segment</b> | <b>869.7</b> | <b>964.1</b> | <b>- 9.8</b> | <b>- 4.0</b> | <b>6.9</b> | <b>&gt; - 100</b> |

The Energy Segment comprises the BayWa Group's trading activities in fossil and renewable heating oil, fuels and lubricants as well as its business in renewable energies, which is pooled in BayWa r.e. renewable energy GmbH. There were no significant sales of wind farms or solar parks in the reporting quarter. At the beginning of the year, BayWa r.e. sold three solar parks in the Netherlands with a capacity of approximately 27 megawatts (MW). The largest of the three, Sekdoorn (14.6 MW), was realised as a floating solar park on a decommissioned coal mining lake. Numerous other floating solar parks are already in the pipeline. As in the previous year, the number of renewable energy plant sales is expected to increase sharply in the second half of 2020. Plants with a total output of approximately 1.2 gigawatts (GW) (Q1/2019: 911 MW) have been earmarked for sale in the current financial year. In the previous year, BayWa r.e. sold its shares in BMH Biomethan GmbH, Munich, Germany, through profit or loss. This one-off effect of approximately €7.2 million is not included in the current reporting quarter and is therefore the main reason for the decline in income in the Renewable Energies business unit.

EBIT in the Conventional Energy business unit was down on the figure for the same quarter in 2019. Excluding the earnings contributions of €1.7 million in the previous year from the filling station business of subsidiary TESSOL, which was sold at the turn of the year, the business unit's earnings were up on the previous year's figure. High consumer demand for heating oil fuelled by steep price falls and coronavirus-related panic buying was the main reason for this positive development. The average heating oil price was 10% down on the previous-year period in the reporting quarter. Sales of wood pellets increased by approximately 11% as a result of capacity expansion in spite of the mild winter. In the fuel business, sale volumes decreased in line with expectations. This was due to both the sale of the TESSOL filling station business and the shutdown. Operating earnings before interest and tax (EBIT) in the Energy Segment decreased year on year by €6.9 million to minus €4.0 million on account of the aforementioned one-off effects. Earnings are set to rise significantly over the coming months, in particular due to planned project sales in the Renewable Energies business unit.

### Agriculture Segment

| in € million               | Revenues       |                |              | EBIT       |            |             |
|----------------------------|----------------|----------------|--------------|------------|------------|-------------|
|                            | Q1/2020        | Q1/2019        | Change in %  | Q1/2020    | Q1/2019    | Change in % |
| BAST                       | 1,090.7        | 1,414.4        | - 22.9       | 3.7        | 4.3        | - 14.0      |
| Global Produce             | 201.4          | 191.0          | 5.4          | 1.1        | - 1.7      | > 100       |
| Agri Trade & Service       | 982.8          | 904.4          | 8.7          | 3.1        | 3.0        | 3.3         |
| Agricultural Equipment     | 385.4          | 313.9          | 22.8         | 2.0        | 0.6        | > 100       |
| <b>Agriculture Segment</b> | <b>2,660.4</b> | <b>2,823.8</b> | <b>- 5.8</b> | <b>9.8</b> | <b>6.1</b> | <b>60.7</b> |

The Agriculture Segment is divided into four business units: BayWa Agri Supply & Trade (BAST), Global Produce, Agri Trade & Service and Agricultural Equipment. The BAST and Agri Trade & Service business units cover national and international trade involving agricultural products and inputs. The Global Produce business unit encompasses global trade with fruit and vegetable fruits. The Agricultural Equipment business unit trades in agricultural machinery as well as plants and offers a wide range of services.

The Agriculture Segment saw a year-on-year increase in operating earnings before interest and tax (EBIT) of €3.7 million to €9.8 million in the first three months of the current financial year. Strong performance in agricultural equipment business and lively fruit trading activities were the main contributing factors here. The Agricultural Equipment business unit benefited from a high willingness to invest among

farmers. The world's leading agricultural equipment fair, Agritechnica, held in November last year, is likely to have generated additional buying stimulus. In addition, demand for maintenance and services in workshops was also up. Earnings in the Global Produce business unit rose year on year. The below-average apple harvest in Europe meant that prices were up on the five-year average, leading to higher trading margins. In addition, demand in fruit trading rose due to lower self-supply through orchards and home gardens, as well as coronavirus-related panic buying. A positive start was also made to the marketing season for the new apple harvest in New Zealand. Improved marketing conditions were realised, particularly in Asia, prior to the global shutdown being enforced.

In the BAST business unit, the shutdown resulted in subdued export and marketing activities of standard products such as wheat and corn, particularly in southern Europe. Dips in demand for crude oil and falling prices also applied pressure at times to the price of agricultural commodities that are processed into biofuels. Against this backdrop, international trading opportunities for grain and oilseed meal were limited. The business unit's earnings were only slightly down on the previous year due to the relatively stable development of the specialities business. Sales in the domestic agricultural products and input business were on par with the previous-year period, but trade margins were down. In the reporting quarter, the usual second round of fertilizer application was not completed to the same extent as the previous-year period, which is why deferral effects are expected in the subsequent quarter. Austrian subsidiary RWA developed positively, which was the leading factor in the Agri Trade & Service business unit improving on its previous year's earnings.

## Building Materials Segment

| in € million                      | Revenues     |              |             | EBIT          |               |             |
|-----------------------------------|--------------|--------------|-------------|---------------|---------------|-------------|
|                                   | Q1/2020      | Q1/2019      | Change in % | Q1/2020       | Q1/2019       | Change in % |
| <b>Building Materials Segment</b> | <b>333.7</b> | <b>285.8</b> | <b>16.8</b> | <b>- 12.0</b> | <b>- 14.6</b> | <b>17.8</b> |

The Building Materials Segment mainly comprises Group trading activities involving building materials in Germany and Austria. The mild winter resulted in an early and dynamic start to the building materials trade season. Construction activities on sites recommenced as early as the start of the calendar year in some regions. The favourable weather conditions and ongoing high capacity utilisation in the construction industry led to a rise in sales across the whole range of products. The mild weather conditions also sparked unusually high demand in gardening and landscaping. In addition, the business unit is likely to have benefited from the fact that, as a key part of the economy, the building materials locations in Germany were not affected by the temporary closures to stop the spread of the coronavirus. This also more than compensated for the closures imposed in Austria. Online trade was up year on year across almost all product ranges. All in all, the negative EBIT for the segment that is typical for the season improved year on year by €2.6 million to minus €12.0 million (Q1/2019: minus €14.6 million). Against this backdrop, the segment is expected to break even as early as the second quarter of the year, provided the coronavirus pandemic does not lead to any interruptions in the supply chain or other negative effects.

## Innovation & Digitalisation Segment

| in € million                                   | Revenues   |            |             | EBIT         |              |              |
|--|------------|------------|-------------|--------------|--------------|--------------|
|  | Q1/2020    | Q1/2019    | Change in % | Q1/2020      | Q1/2019      | Change in %  |
| <b>Innovation &amp; Digitalisation Segment</b> | <b>2.4</b> | <b>2.3</b> | <b>4.3</b>  | <b>- 3.5</b> | <b>- 3.2</b> | <b>- 9.4</b> |

The Innovation & Digitalisation Segment pools all of the BayWa Group's activities in the fields of Digital Farming and eBusiness. The segment's slight year-on-year rise in revenues in the reporting period is attributable to the continuous development of the product range, the international expansion of sales activities and new customer growth. Order intake was also up in spite of limited sales activities due to the corona crisis. The positive development was primarily due to soil analysis business. In terms of the operating result, however, this growth is neutralised by investments, particularly in the development of digital farming solutions. Accordingly, the segment reported negative EBIT of minus €3.5 million in the reporting period, which was on par with the previous year.

## Other Activities

EBIT resulting from Other Activities, including transition, primarily comprises Group administration costs as well as consolidation effects and stood at minus €18.2 million as at 31 March 2020 (Q1/2019: minus €9.1 million). The significant year-on-year decline was due to a number of one-off effects, some of which have already been compensated for in the course of the financial year 2020. Hedging transactions for currency risks resulted in a negative earnings contribution of around minus €3 million, which will be evened out through opposing hedging measures by the end of the year. The previous year's figures also included a larger number of real estate transactions, income from which will be realised in the upcoming quarters of the current financial year. Lower income from holdings, particularly from Austria Juice GmbH, had a negative impact. In addition, the transition to IFRS 16 in the previous year resulted in positive effects that were recognised in aggregate form under Other Activities in the first quarter. These effects have since been allocated to the operating segments.

## Outlook

Owing to seasonal factors, the first quarter is of limited informative value for revenues and earnings over the course of the year as a whole. In light of the coronavirus pandemic and the resulting negative impact on the global economy, there is currently no way of making a well-founded and reliable forecast of BayWa AG's business development in the financial year 2020.

# Selected Financial Information

## Consolidated Balance Sheet as at 31 March 2020

### Assets

| in € million  | 31/03/2020     | 31/12/2019     |
|---|----------------|----------------|
| <b>Non-current assets</b>                               |                |                |
| Intangible assets                                       | 396.4          | 403.7          |
| Property, plant and equipment                           | 2,046.7        | 2,066.3        |
| Participating interests recognised at equity            | 201.1          | 208.0          |
| Other financial assets                                  | 183.0          | 218.3          |
| Investment property                                     | 50.7           | 46.7           |
| Income tax claims                                       | 0.0            | 0.0            |
| Other receivables and other assets                      | 29.7           | 35.9           |
| Deferred tax assets                                     | 295.4          | 297.7          |
|   | <b>3,203.0</b> | <b>3,276.6</b> |
| <b>Current assets</b>                                   |                |                |
| Securities  | 1.2            | 1.3            |
| Inventories   | 3,455.6        | 3,286.4        |
| Biological assets                                       | 8.9            | 13.6           |
| Income tax claims                                       | 85.0           | 59.8           |
| Financial assets  | 269.8          | 150.3          |
| Other receivables and other assets                      | 2,070.1        | 1,844.8        |
| Cash and cash equivalents                               | 147.2          | 229.7          |
| Cash and cash equivalents                               | <b>6,037.8</b> | <b>5,585.9</b> |
| <b>Non-current assets held for sale/disposal groups</b> | <b>3.6</b>     | <b>4.7</b>     |
|   |                |                |
| <b>Total assets</b>                                     | <b>9,244.4</b> | <b>8,867.2</b> |



**Shareholders' equity and liabilities**

| Shareholders' equity and liabilities                                   | 31/03/2020     | 31/12/2019     |
|--|----------------|----------------|
| <b>Equity</b>  |                |                |
| Subscribed capital   | 90.3           | 90.3           |
| Capital reserves   | 118.2          | 118.2          |
| Hybrid capital   | 296.3          | 296.3          |
| Revenue reserves   | 447.5          | 471.9          |
| Other reserves   | - 7.1          | 47.1           |
| <b>Equity net of minority interest</b>                                 | <b>945.2</b>   | <b>1,023.8</b> |
| Minority interest  | 309.7          | 334.8          |
|  | <b>1,254.9</b> | <b>1,358.6</b> |
| <b>Non-current liabilities</b>   |                |                |
| Pension provisions   | 730.6          | 735.5          |
| Other non-current provisions   | 68.9           | 59.5           |
| Financial liabilities  | 1,283.7        | 1,301.1        |
| Financial lease obligations  | 708.8          | 706.5          |
| Trade payables and liabilities from inter-group business relationships | 5.1            | 7.2            |
| Income tax liabilities   | 0.0            | 0.0            |
| Financial liabilities  | 20.3           | 8.3            |
| Other liabilities  | 109.3          | 84.3           |
| Deferred tax liabilities   | 216.0          | 229.1          |
|  | <b>3,142.7</b> | <b>3,131.5</b> |
| <b>Current liabilities</b>   |                |                |
| Pension provisions   | 31.1           | 31.0           |
| Other current provisions   | 272.9          | 258.4          |
| Financial liabilities  | 2,334.8        | 2,313.6        |
| Financial lease obligations  | 68.2           | 68.2           |
| Trade payables and liabilities from inter-group business relationships | 1,359.7        | 1,048.7        |
| Income tax liabilities   | 16.9           | 16.1           |
| Financial liabilities  | 240.4          | 121.3          |
| Other liabilities  | 522.8          | 519.8          |
|  | <b>4,846.8</b> | <b>4,377.1</b> |
| <b>Total shareholders' equity and liabilities</b>                      | <b>9,244.4</b> | <b>8,867.2</b> |

## Consolidated Income Statement from 1 January to 31 March 2020

### Continued operations

| in € million  |  | Q1/2020        | Q1/2019        |
|---|--|----------------|----------------|
| <b>Revenues</b>   |  | <b>3,870.1</b> | <b>4,079.6</b> |
| Inventory changes   |  | 225.3          | 88.5           |
| Other own work capitalised                                  |  | 2.6            | 1.0            |
| Other operating income                                      |  | 118.7          | 39.8           |
| Cost of materials   |  | - 3,734.3      | - 3,808.6      |
| <b>Gross profit</b>   |  | <b>482.4</b>   | <b>400.3</b>   |
| Personnel expenses  |  | - 271.5        | - 253.4        |
| Depreciation/ amortisation                                  |  | - 52.9         | - 55.0         |
| Other operating expenses                                    |  | - 185.7        | - 115.5        |
| <b>Result of operating activities</b>                       |  | <b>- 27.6</b>  | <b>- 23.6</b>  |
| Income from participating interests recognised at equity    |  | - 1.4          | 1.8            |
| Other income from shareholdings                             |  | 1.2            | 8.0            |
| Interest income   |  | 2.6            | 3.6            |
| Interest expenses   |  | - 27.3         | - 27.7         |
| <b>Financial result</b>                                     |  | <b>- 24.9</b>  | <b>- 14.3</b>  |
| <b>Earnings before tax (EBT)</b>                            |  | <b>- 52.5</b>  | <b>- 37.9</b>  |
| Income tax  |  | 13.0           | - 0.9          |
| <b>Consolidated net income/loss for the quarter</b>         |  | <b>- 39.5</b>  | <b>- 38.8</b>  |
| thereof: profit share of minority interest                  |  | 0.1            | - 0.8          |
| thereof: profit share of shareholders of the parent company |  | - 39.6         | - 38.1         |
| <b>EBIT</b>   |  | <b>- 27.8</b>  | <b>- 13.8</b>  |
| <b>EBITDA</b>   |  | <b>25.1</b>    | <b>41.2</b>    |
| <b>Basic earnings per share (in €)<sup>1</sup></b>          |  | <b>- 1.22</b>  | <b>- 1.18</b>  |
| <b>Diluted earnings per share (in €)<sup>1</sup></b>        |  | <b>- 1.22</b>  | <b>- 1.18</b>  |

<sup>1</sup> Previous-year figure corrected pursuant to IAS 8.49 a) – with reference to the statements in the Consolidated Financial Statements 2019, Note D.10., p. 137.

Munich, 7 May 2020

#### The Board of Management

Prof. Klaus Josef Lutz  
 Andreas Helber  
 Marcus Pöllinger  
 Matthias Taft  
 Reinhard Wolf

# Financial Calendar

## Dates in 2020

### Virtual Annual General Meeting 2020

28 July 2020, 10.00 am

### Publication of figures for the second quarter of 2020

6 August 2019, 8.30 am – Analysts' Conference Call

6 August 2019, 10.30 am – Press Conference Call

### Publication of figures for the third quarter of 2020

12 November 2019, 8.30 am – Analysts' Conference Call

12 November 2019, 10.30 am – Press Conference Call

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