

Number: 03423-PIU11 | Date 3 August 2023

BayWa Group remains on course in first half of year – Board of Management confirms 2023 EBIT target

Company continues to forecast earnings of between €320 million and €370 million in the financial year 2023.

Thanks to a generally strong first half of 2023, the BayWa Group remains on course. In the first six months of the year, the company generated earnings before interest and tax (EBIT) of €186.9 million (H1/2022: €328.5 million). Revenues in the reporting period were nearly on a par with the previous year at €12.6 billion (H1/2022: €12.9 billion). The BayWa Board of Management has confirmed its target for the current financial year and continues to anticipate EBIT of between €320 million and €370 million in 2023.

“After an exceptional 2022, our business is performing in line with our expectations in most cases,” says BayWa Chief Executive Officer Marcus Pöllinger. “Prices of raw materials, agricultural inputs and building materials have stabilised at a lower level, which is being reflected in our trading margins and therefore our earnings.” Pöllinger believes that the second half of the year will remain challenging: “Even we, as a provider of the basics, cannot completely escape the market conditions, which are difficult in part. Rising interest rates and high inflation are thwarting investment and purchasing power. That being said, the fundamentals haven’t changed. Global food security, expansion of Renewable Energies, creating affordable housing and renovating buildings to be energy efficient remain key political and social issues. These are precisely the areas in which BayWa enjoys a broad and international presence, and is therefore resilient against the complex market conditions that we are currently seeing.”

Renewable Energies and Agricultural Equipment the key drivers of earnings

High demand and positive trade opportunities made the Renewable Energies and Agricultural Equipment Segments some of the main driving forces behind earnings development in the first half of the year. Domestic and international trading in agricultural products benefited from volatility on global grain exchanges, with prices at a lower level compared to the previous year. Sales of agricultural inputs declined year on year, as did the

Energy Segment's business involving fuels and lubricants, which are regarded as leading indicators of global economic development. The Global Produce Segment benefited from more stable prices in German apple business, with higher prices once again possible since March following promotional pricing by food retailers and strong apple sales. On the other hand, meagre interest in premium products among consumers had an adverse impact on earnings, while extreme weather and its consequences continued dampening earnings in international fruit trading. Although business involving BayWa Bau Projekt GmbH is going according to plan, while the dramatic decline in investment in residential construction is reflected in the demand for building materials. As a result, EBIT in the Building Materials Segment fell dramatically year on year. The business division has taken immediate countermeasures, focusing sales on building renovation.

Individual segment performance

Renewable Energies Segment

The Renewable Energies Segment recorded revenues of €3.0 billion in the first six months of the year (H1/2022: €2.7 billion). EBIT amounted to €98.4 million (H1/2022: €85.0 million). Solar trade and electricity income were the main contributing factors to this solid result, alongside the sale of projects with a total output of 120 megawatts (MW). BayWa believes that this performance will continue in the second half of the year. It plans to sell wind and solar projects with a total output of 500 MW before the end of the year. At the same time, the independent power producer (IPP) portfolio is set to grow by a further 200 MW to 1 gigawatt (GW).

Energy Segment

Revenues in the Energy Segment came to €1.3 billion in the reporting period (H1/2022: €1.5 billion). EBIT declined as expected and stood at €9.3 million after six months (H1/2022: €20.6 million). The mild winter, sparing use of energy and high levels of stockpiling among consumers pushed down on earnings. BayWa sold a greater quantity of wood pellets year on year but at much lower prices compared to the previous year. Lubricant business, which is closely linked to overall economic development, dipped by 15% year on year. By contrast,

the expansion of the network of liquefied natural gas (LNG) filling stations and e-mobility charging infrastructure continues unabated. In view of the upcoming heating period, the company anticipates heightened demand for heat energy carriers in the second half of the year. This business area should also be bolstered by the increased CO₂ levy on fossil fuels, which is set to take effect on 1 January 2024. Based on a slight recovery in the global economy, BayWa also expects lubricants business to improve.

Cefetra Group Segment

With revenues of €2.7 billion (H1/2022: €3.1 billion) and EBIT of €30.3 million (H1/2022: €36.6 million), the Cefetra Group recorded above-average business performance compared to previous years. Earnings were achieved by making successful use of grain trade opportunities and maintaining specialities business at a stable level. After the expiry of the grain agreement between Russia and Ukraine and Russia's attack on Ukrainian agricultural infrastructure, the situation on international agricultural markets is set to remain tense moving forward. While grain markets continue to suffer increased volatility as a result, the specialities business is proving to be resilient to crisis, with BayWa expecting further growth in this area.

Agri Trade & Service Segment

The Agri Trade & Service Segment generated revenues of €2.8 billion in the first half of 2023 (H1/2022: €3.0 billion). EBIT stood at €39.8 million (H1/2022: €134.2 million) and was therefore above the long-term average. BayWa settled grain contracts in domestic agricultural trade activities at robust prices but saw its agricultural input business decline sharply. Fertilizer sales in particular were markedly different to the first half of 2022, with the market well supplied with products and demand among farmers subdued despite falling prices. BayWa expects there to be no change in this situation for the time being.

Agricultural Equipment Segment

The Agricultural Equipment Segment achieved new records, posting revenues of €1.2 billion (H1/2022: €1.0 billion) and EBIT of €43.9 million (H1/2022: €35.1 million). BayWa sold more 6.6% more new machines in the first half of 2023 than it did in the same period of the previous year. Capacity in service and spare parts business is being well utilised. BayWa expects the Agricultural Equipment Segment to maintain its positive performance in the

second half of the year. Once order backlogs from the previous year have been cleared, demand for agricultural equipment will normalise again in the coming months.

Global Produce Segment

The Global Produce Segment generated revenues of €518.1 million (H1/2022: €458.8 million) despite difficult underlying conditions. EBIT amounted to minus €2.1 million (H1/2022: €16.4 million) in the reporting period. Severe Tropical Cyclone Gabrielle, which inundated New Zealand in February, destroyed parts of this year's apple harvest. As a result, 40% fewer products were available for export. Shortages in supply led to rising prices. In German apple business, excess quantities have been sold off and prices have stabilised again. However, consumers still remain reticent when it comes to premium products, particularly exotic fruits. BayWa expects the Global Produce Segment to generate positive full-year earnings in 2023, albeit at a lower level than in the previous year. This forecast is based on expectations of rising demand in Asia and the upcoming Christmas business, when sales of exotic fruits traditionally increase.

Building Materials Segment

The performance of the Building Materials Segment is a reflection of the overall situation in the construction sector. The segment generated revenues of €978.8 million in the first half of the year (H1/2022: €1.2 billion) as well as EBIT of €0.7 million (H1/2022: €43.5 million). Commercial and infrastructure construction benefited from an increase in investment, whereas domestic residential construction collapsed under the pressure of high interest rates and a decrease in lending. This trend is affecting structural engineering and roofing the most. The business division has taken immediate countermeasures, focusing sales on building renovation. Four to six strategically non-relevant locations will also be subject to review with regard to their efficiency, with the possibility of closure or sale. BayWa believes that this lean spell will not last for long, as demand for housing and the energy-efficient renovation of existing buildings remains unbroken. This can also be seen in the expectations regarding BayWa Bau Projekt GmbH's earnings contribution. It remains unaffected by the weak development of the residential construction market and will achieve its targets this year. All in all, BayWa believes that the Building Materials Segment will generate earnings growth in the second half of the year.



BayWa headquarters in Munich © BayWa AG, reprints free of charge

BayWa is reviewing a number of different refinancing options – including potentially increasing the volume of existing bond issues – depending on the prevailing conditions on the capital market.

More information is available at www.baywa.com/press.

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

BayWa AG on Twitter: twitter.com/BayWaPresse

BayWa Investor Relations on LinkedIn: www.linkedin.com/company/baywa-investor-relations/

Press contact:

BayWa AG

Arabellastraße 4

81925 Munich, Germany

Antje Krieger

Tel.: +49 89 9222-3692

E-mail: antje.krieger@baywa.de

About BayWa AG

BayWa is a globally active group with the business units energy, agriculture and building materials. As a global player with revenues of €27.1 billion in 2022, it develops leading projects and solutions for the basic human needs of food, energy and building. BayWa AG has around 25,000 employees in over 50 countries. The headquarters of the parent company, which was founded in 1923 and is celebrating its 100th anniversary in 2023, are in Munich. Its roots lie in agricultural cooperative trading, and its mission is to provide rural regions with everything they require for agriculture. More information is available at www.baywa.com/press