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BayWa AG continues strong growth momentum in third quarter – full-year forecast raised again

High demand in the energy, agriculture and construction business – Group is able to deliver products almost without interruption

Munich, 10 November 2022 – With very successful operations in the third quarter, BayWa AG seamlessly built on its strong performance in the first half of the year. The company posted revenues of €20.1 billion after nine months (Q1–3/2021: €14.1 billion). Earnings before interest and tax (EBIT) increased to €459.8 million in the reporting period (Q1–3/2021: €191.7 million). This means that BayWa exceeded its previously raised full-year earnings forecast for 2022 of €400 million to €450 million in the first nine months. The company is looking ahead to the final quarter with confidence and now expects earnings of €475 million to €525 million in 2022. The Renewable Energies Segment will be one of the main earnings drivers.

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“In this year’s turbulent market environment, reliability of supply is our customers’ top priority. Accordingly, we are seeing high demand for heat energy carriers such as heating oil and wood pellets, for agricultural inputs and equipment, as well as for building materials to be used in

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renovation, for example,” says Prof. Klaus Josef Lutz, Chief Executive Officer of BayWa. “Our customers are benefiting with virtually no restrictions from BayWa’s strengths: our forward-looking inventory and risk management, our broad supplier network and our strong ability to deliver.”

As a European market leader and a key global player in the energy transition, the BayWa Group is participating in the expansion of renewable energies around the world. At the same time, the company is registering high demand for heating oil, wood pellets and fuel. Weather effects and low grain availability worldwide are leading to dynamic conditions on the agricultural markets. BayWa took advantage of appropriate trade opportunities and further increased its profitability in the trading of agricultural products. In addition, high producer prices are fuelling investment appetites among farmers, a factor that is reflected in rising sales figures for agricultural equipment. International fruit and vegetable trading is the only area in which the current difficult economic environment is inhibiting earnings. In the construction sector, however, the momentum remains intact, with the Building Materials Segment increasing both revenues and EBIT year on year.

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Renewable Energies Segment

The Renewable Energies Segment recorded revenues of €4.5 billion after the first nine months of the current financial year (Q1–3/2021: €2.2 billion). EBIT stood at €161.7 million (Q1–3/2021: €69.0 million). As in the previous quarters, trade involving PV components proved a major source of business. Five additional solar parks were sold in the segment's project business. This means that BayWa r.e. AG, in which BayWa's renewable energies business is pooled, sold wind farms and solar parks worldwide with a total output of 423 megawatts in the first three quarters of this year. Other large project sales are planned in the period up to the end of the year. BayWa once again expects record earnings in the Renewable Energies Segment for 2022.

Energy Segment

The Energy Segment saw high demand for energy and heat carriers in the reporting period. Revenues amounted to €2.4 billion (Q1–3/2021: €1.5 billion). EBIT rose significantly to €44.8 million (Q1–3/2021: €11.1 million). As one of Germany's largest wood pellet traders, BayWa also benefited from the trend towards heating with this type of energy carrier. At times, demand outstripped supply threefold, but was met almost without interruption thanks to BayWa's active inventory management. The

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company sold a total of 554,451 tonnes of wood pellets in the first nine months of this year. The weather in the period ahead will determine how strongly the heat energy carriers business performs in the fourth quarter. Fuel sales will remain stable.

Cefetra Group Segment

International agricultural trade continued to develop positively in the third quarter. After nine months, the Cefetra Group Segment reported revenues of €4.6 billion (Q1–3/2021: €3.6 billion) and earnings of €52.8 million (Q1–3/2021: €28.8 million). Trade involving specialities was one of the main earnings drivers. The development of the agricultural markets in the course of the fourth quarter will depend heavily on the geopolitical situation. BayWa anticipates that volatility and price levels will remain high for the time being.

Global Produce Segment

At €703.8 million, revenues in the Global Produce Segment were slightly below the previous year after three quarters (Q1–3/2021: €709.3 million). EBIT amounted to €18.3 million (Q1–3/2021: €22.7 million). Earnings were pushed down by higher energy and logistics costs, disruptions in international supply chains and muted

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consumer spending, especially on exotic fruits and premium products, as a result of inflation. On account of the multiple challenges affecting conditions in international fruit and vegetable trading, BayWa expects overall earnings for 2022 to be below the previous year's level.

Agri Trade & Service Segment

After three quarters, the Agri Trade & Service Segment posted revenues of €4.4 billion (Q1–3/2021: €3.1 billion) and a jump in earnings to €152.3 million (Q1–3/2021: €34.0 million). The optimization of internal distribution and trading processes, as well as the market environment, had a positive effect on earnings. In the first half of the year, BayWa benefited from invoicing existing contracts relating to the 2021 harvest. The company took advantage of the sideways movement on the agricultural markets in the third quarter to substantially expand the scope of the futures contracts from this year's harvest, a large proportion of which will be reflected in earnings in 2023. BayWa registered a greater willingness among farmers to stock up on agricultural inputs, especially fertilizer, for the coming season. In the seed business, the expansion of the product portfolio to include high-margin exclusive varieties also paid off.

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Agricultural Equipment Segment

Earnings in the Agricultural Equipment Segment were buoyed by farmers' investment appetites and high demand for new machinery. With revenues at €1.5 billion (Q1–3/2021: €1.4 billion), EBIT rose significantly to €47.5 million (Q1–3/2021: €25.9 million). Business from maintenance and servicing as well as spare parts was similarly strong. The segment's order books remain healthy. As a result, BayWa expects the positive trend in the field of agricultural equipment to continue.

Building Materials Segment

The Building Materials Segment recorded revenues of €1.8 billion in the reporting period (Q1–3/2021: €1.6 billion). Earnings stood at €65.8 million after nine months (Q1–3/2021: €61.4 million). In a challenging market environment that saw supply bottlenecks at manufacturers and a lack of transport capacity, BayWa was able to deliver products almost without interruption. This enabled the company to meet sustained high demand from its customers for building materials. In recent years, BayWa has evolved into a multi-specialist in the construction sector and expanded its speciality range. It is therefore in a position to easily absorb any temporary slowdown in construction activity. Bau Projekt GmbH made a positive contribution to earnings with the sale of

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further residential units from its construction projects in Borna near Leipzig and in Traunstein, Upper Bavaria. Overall, BayWa expects total earnings in the Building Materials Segment to be on a par with the previous year.

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