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BayWa defies the Corona crisis and grows significantly in 2020

New record set in total operating earnings

Munich, 25 March 2021 – BayWa AG, Munich, significantly exceeded its targets for the financial year 2020 despite the restrictions associated with the coronavirus pandemic. At €215.2 million, earnings before interest and tax (EBIT) were significantly better than expected (2019: €188.4 million). All segments contributed to this positive trend, with some business units generating record-breaking figures. As expected, there was a moderate rise in revenues to €17.2 billion (2019: €17.1 billion). BayWa AG plans to raise its dividend for 2020 by 5 cents to €1.00 per share.

“As a provider of essential goods and services, BayWa is a diversified, international company with a successful track record in forward-looking business units such as Renewable Energies says Klaus Josef Lutz, Chief Executive Officer of BayWa AG. “BayWa has therefore proven to be robust in the coronavirus crisis as well, plus it has even managed to achieve growth. The global expansion of renewable energies is a megatrend that continues unabated. In 2020, we sustained our growth in the Renewable Energies business unit and achieved record-breaking revenue and EBIT figures. Furthermore,

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Date 25 March 2021

Page 2

our conventional business areas also developed positively. From heating oil and wood pellets to fruit and tractors and the building materials trade, almost all operating areas benefited from high levels of demand and recorded year-on-year growth, in some cases by a substantial margin.” The only business area to post negative EBIT was the German agricultural trade, despite higher revenues. “This is where one-off costs for the restructuring of our Agri Trade & Service business unit, which we implemented in eastern and northern Germany last year, are having an impact,” Lutz continues. “This expenditure was necessary to secure future profitability in the German agriculture business and was more than compensated for by results in other business divisions. BayWa’s diversified approach has once again proven to be a major advantage in this regard.”

BayWa expects revenues and EBIT to increase slightly year on year in the financial year 2021, provided the restrictions imposed on the global economy due to the ongoing coronavirus pandemic remain manageable. “Renewable Energies will continue to be a pillar of our success in the current financial year,” the Chief Executive Officer adds. The project pipeline for 2021 is well-filled with 1.1 gigawatts (GW). The capital increase at BayWa r.e. renewable energy GmbH (BayWa r.e.) by Swiss investor EIP provides additional tailwind.

Energy Segment generates new records

Date 25 March 2021
Page 3

EBIT in the Energy Segment reached a new record high of €142.7 million in 2020 (2019: €127.4 million), even though revenues fell year on year to €4.2 billion (2019: €4.5 billion).

Project business and solar trading were the main drivers of revenues and earnings in the Renewable Energies business unit. With a total output of 667.0 megawatts (MW), the share of turnkey wind farms and solar parks in the reporting period stood at 94% (2019: 37%). The total output of traded photovoltaic (PV) components rose by a double-digit percentage once again to over 1 GW due to the heightened demand for green electricity. BayWa expects both revenues and EBIT to experience further significant growth in 2021, when revenues from independent power producer (IPP) business will be included for the first time. BayWa plans to independently operate around 20 solar parks and wind farms with a total output of 600 MW by the end of the year.

In the Conventional Energy business unit, the low oil price and political measures, such as the lowering of value added tax in the second half of the year and the introduction of carbon tax at the turn of the year, fuelled demand for heating oil. It is unlikely that heating oil sales will be able to match the strong previous-year figures. Wood pellets have established themselves at BayWa as a strong pillar of the Conventional Energy business unit. With wood pellets a carbon-neutral alternative to heating

Date 25 March 2021
Page 4

oil, this positive trend will continue in the current financial year. BayWa is also continuing its successful expansion in the fields of CO₂-optimised mobility. Four LNG filling stations for heavy-goods vehicles came online in 2020, a figure BayWa intends to more than double by the end of the current year. The number of charging stations and charging points where the BayWa filling station and charging card is accepted as a means of payment also increased further in the reporting period.

Significant EBIT growth in the Agriculture Segment

The Agriculture Segment increased its revenues moderately to €11.0 billion in 2020 (2019: €10.9 billion). EBIT rose substantially to €107.1 million (2019: €96.6 million).

In the second half of 2020, international trade in grain and oilseed benefited from price increases triggered by anticipated harvest losses in key cultivation regions around the world, as well as strong demand for feedstuff grain in China as pig stocks recover. The effects of the measures to contain the coronavirus pandemic on supply chains remained manageable. On the other hand, increased logistics costs, as well as competitive and price pressure in soya trading, had an adverse effect on trading business. Trading of specialities and sustainable agricultural commodities was stable and is to be expanded further in 2021.

Date 25 March 2021
Page 5

German trade business benefited from a largely positive harvest in BayWa's collecting territory. The price rise observed over the past few months provides a solid platform here and – with more volatile markets – offers good opportunities for product trade in Germany. Agricultural input business, however, was once again challenging in 2020. The price-related pressure on margins in the fertilizer business, unfavourable weather conditions, stricter legal requirements and greater precision in the use of fertilizers and crop protection had a negative impact on sales of agricultural inputs. Sales of seed developed significantly better than expected. BayWa expects fertilizer and crop protection business to be down slightly year on year in 2021. The trend towards more organic farming and society's ecological expectations towards farmers are having a noticeable effect here.

With fruit sales up 31% year on year, the Global Produce business unit developed extremely positively. Higher prices, coupled with better fruit quality and less pressure from imports from other countries, bolstered pome fruit business in Germany. The New Zealand Group company T&G Global benefited from an above-average harvest, high fruit quality and strong exports at the beginning of the apple season in spring 2020. However, the volume of higher-quality fruit will be lower in the current marketing season than in the previous year. Hail damage following

Date 25 March 2021
Page 6

storms in New Zealand at the beginning of the year affected apples and summer fruits in particular.

High consumer demand for healthy food and, at T&G Global, an improved product mix for the particularly attractive Asian market indicate that the successful development of the Global Produce business unit will continue. Al Dahra BayWa Agriculture LCC in the United Arab Emirates will contribute to earnings again, having rebuilt the climate-controlled greenhouse following its destruction in a natural disaster in January 2020. The first tomatoes of the new season will be harvested from April.

The Agricultural Equipment business unit exceeded expectations, with new record sales of new and used machinery. Besides tractors, demand was particularly high for machinery designed for more-efficient and resource-conserving agricultural input use. Going forward, workshop service will continue to benefit from the high sales figures in the past year, whereas new machinery business will normalise after the record-breaking year.

Building Materials Segment records largest growth

The Building Materials Segment enjoyed an unusually strong financial year. Revenues climbed to €1.9 billion (2019: €1.7 billion), while EBIT far exceeded expectations to stand at €46.9 million (2019: €32.1 million).

These developments were driven by extremely strong demand from the building sector across the entire product

Date 25 March 2021
Page 7

range and changes in how consumers are spending their leisure time. With people largely spending their holidays at home due to the coronavirus pandemic, many invested more significantly in gardening and landscaping. As a provider of essential goods and services, BayWa's building materials sites were open and able to deliver products throughout the lockdown. Both online trade and bricks-and-mortar business saw a boom. The expansion of digital solutions will be a focal point at BayWa once again in the current financial year. BayWa Bau Projekt GmbH's business, which began in 2020 by marketing its first residential units, is also expected to grow, with further construction projects currently being implemented or scheduled to start in 2021.

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