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BayWa AG sees tremendous growth momentum in first half of 2022 – full-year guidance raised to between €400 million and €450 million

Group secures strong ability to deliver and benefits from high global demand for renewable energies

Munich, 4 August 2022 – BayWa AG has followed up on an extraordinarily strong first quarter by posting further gains during a successful second quarter. In the first half of 2022, the Group generated revenues of €12.9 billion (H1/2021: €9.3 billion). Earnings before interest and tax (EBIT) climbed to €328.5 million (H1/2021: €144.6 million). All operating segments contributed to this development, with some seeing tremendous earnings growth. “In a highly volatile market environment characterised by scarce resources and disruptions to supply chains, we reliably lived up to the trust of our customers in BayWa’s ability to deliver,” says Prof. Klaus Josef Lutz, Chief Executive Officer of BayWa. The company is also benefiting from the international efforts to achieve greater independence from fossil energy, which are gaining further momentum due to the energy crisis. As a result, the very good development of business in the Renewable Energies Segment will continue in the remaining months of the financial year, Lutz explains, adding: “Thanks to the strong first half of the year, we are

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Date 4 August 2022

Page [2](#)

entering the second half with tremendous momentum. We have therefore raised our guidance for the year and expect to see full-year EBIT of €400 million to €450 million in 2022.”

Alongside project business involving renewable energy plants and increased sales of photovoltaic (PV) components and inverters, the marketing of electricity from own plants as an independent power producer (IPP) also contributed to earnings. Heat energy carriers were in high demand, and sales of agricultural inputs also increased by a large margin despite a sharp rise in prices. In trade involving agricultural products, BayWa benefited from high demand for specialities and was able to take advantage of price development in commodities. The higher prices for grain and oilseed fuelled greater willingness to invest among farmers, which had a positive effect on BayWa’s agricultural equipment business. The Global Produce Segment compensated for the inflation-related dip in fruit and vegetable consumption in Europe through stable business in the southern hemisphere. Earnings in the Building Materials Segment increased by just under 30% year on year, thanks in no small part to BayWa’s unaffected delivery capability and further specialisation in the building materials business.

Date 4 August 2022

Page 3

Renewable Energies Segment

Revenues in the Renewable Energies Segment came to €2.7 billion in the first half of the year (H1/2021: €1.4 billion). EBIT stood at €85.0 million (H1/2021: €50.8 million). BayWa r.e. AG, in which BayWa's renewable energies business is pooled, sold wind farms and solar parks with a total output of 350 megawatts (MW) in the first six months of 2022. Sales of PV modules once again climbed by a remarkable 77%, with business involving inverters gaining 52%. The new IPP business entity also developed positively thanks to the sharp rise in electricity prices.

Energy Segment

High demand coupled with rising prices had a favourable effect on trade involving fuels and heating products. Revenues climbed to €1.5 billion (H1/2021: €892.4 million) in the reporting period, while EBIT rose by a clear margin to stand at €20.6 million (H1/2021: €6.5 million). Fear of further price hikes and future supply bottlenecks are motivating customers to stock up on heating oil. BayWa expects this trend to continue in the second half of the year, albeit at a lower level.

Cefetra Group Segment

The Cefetra Group Segment, which includes international agricultural business, reported revenues of €3.1 billion (H1/2021: €2.6 billion) after six months. EBIT stood at

Date 4 August 2022

Page 4

€36.6 million (H1/2021: €20.1 million). Earnings were mainly driven by specialities trading, which benefited from strong demand for proteins and starch products. As specialities trading has proved to be fairly crisis-proof, BayWa expects positive business development to continue in this segment. Volatility on international exchanges is also likely to remain high due to a tight supply from European cultivation regions and a slight decline in global grain stocks. The availability of transport capacity will play a decisive role in the months ahead, as will logistics and energy costs.

Global Produce Segment

Business performance in the Global Produce Segment, in which BayWa has pooled its fresh fruit and vegetable business, was characterised by both positive and negative developments in the reporting period. In the northern hemisphere, robust availability of goods in the market coincided with inflation-related constraints on demand among consumers, who increasingly chose less expensive products when making their purchases. This stood in contrast to higher apple marketing volumes in the southern hemisphere and the successful licensing business involving the Envy apple variety. Overall, the Global Produce Segment recorded revenues of €458.8 million (H1/2021: €461.0 million) in the first six months of 2022. At €16.4 million, earnings were up year on year (H1/2021: €14.5 million). While the market

Date 4 August 2022

Page 5

environment should remain challenging in Germany, BayWa expects stable sales in the international apple business. The successful closing of the climate-controlled greenhouse project in the United Arab Emirates and its sale will also have a positive effect on earnings.

Agri Trade & Service Segment

The Agri Trade & Service Segment generated revenues of €3.0 billion in the reporting period (H1/2021: €2.1 billion). EBIT stood at €134.2 million (H1/2021: €39.0 million). The higher prices made it possible to market the grain inventories at above-average margins. The tremendous willingness among farmers to stockpile agricultural inputs, particularly fertilizer, led to stable demand in the face of high prices. In seed business, the broad product range and the expansion of the private brand strategy had a positive effect on earnings. BayWa expects sales of agricultural inputs to decline in the second half of the year due to anticipatory effects and the dry conditions in recent weeks. The supply of fertilizer on the global market will remain scarce. Through active inventory and risk management, BayWa will continue to ensure the supply for the agriculture sector in the upcoming fertilizer season. Grain contracts currently being signed for the harvest will have an impact on earnings in the first half of 2023.

Date 4 August 2022

Page 6

Agricultural Equipment Segment

With revenues of €1.0 billion (H1/2021: €880.8 million) and EBIT of €35.1 million (H1/2021: €14.7 million), the Agricultural Equipment Segment recorded a strong first half of 2022. BayWa started the reporting year with a high order backlog yet succeeded in serving customers even at short notice thanks to its ability to deliver. While sales of new machinery increased by 19%, service and spare parts business saw stable capacity utilisation.

Fundamentally, the outlook for the agricultural equipment business remains positive. Following the very good first half of 2022, BayWa expects demand to normalise in the second half of the year.

Building Materials Segment

The Building Materials Segment received momentum from the consistent stability in construction activity in the first half of the year. Revenues increased to €1.2 billion (H1/2021: €994.6 million). EBIT came to €43.5 million (H1/2021: €33.6 million). In a market environment characterised by the low availability of products, BayWa benefited from its good inventories and stable network of suppliers. As a result, the company was able to meet the high demand for building materials with virtually no restrictions. While Bau Projekt GmbH marketed additional residential units from the projects in Schrobenhausen and Traunstein, the implementation of the multi-specialist strategy also bore fruit. Given the high order backlogs,

Date 4 August 2022

Page 7

BayWa's outlook for the second half of the year is positive. Even if construction activity were to slow down, the company believes it is well positioned thanks to its broad range of products and solutions.

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