HALF-YEAR FINANCIAL STATEMENTS

BayWa Group 2018

BayWa

Contents

Note
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.

Interim Management Report

OVERVIEW OF BUSINESS PERFORMANCE OF THE BayWa GROUP

Business performance on target with strong recovery effect in the second quarter – forecast for the year as a whole confirmed

in € million	Q2/2018	Q2/2017	Change in %	Q1-2/2018	Q1-2/2017	Change in %
Revenues	4,473.3	4,236.1	5.6	8,270.4	8,044.0	2.8
EBIT	73.1	64.7	13.0	32.1	72.8	- 56.0

After six months of the current financial year, consolidated revenues increased by 2.8% year on year to just under €8.3 billion. At €32.1 million in total, earnings before interest and tax (EBIT) were down year on year, as expected. The significant shortfall compared to the half-year result in 2017 was mainly due to the fact that – unlike in the previous year – project sales in the Renewable Energies business unit are not planned until the second half of the year. The earnings gap will close towards the end of the year, as a number of wind farms and solar parks are scheduled for sale, especially in the final quarter. In the second quarter of 2018, the result increased significantly year on year. Strong performance in the Agricultural Equipment business unit and international trade in agricultural commodities in the BayWa Agri Supply & Trade (BAST) business unit made a particularly significant contribution to this development. It was also possible to turn the shortfall in the Building Materials Segment into a significant gain following the weather-related late start to the season in the spring months.

In the first half of 2018, the Agriculture Segment generated a year-on-year increase in the operating result (EBIT) of 8.3%, bringing it to €52.4 million. Significant earnings growth in international trade involving agricultural commodities and the Agricultural Equipment business unit were more than able to compensate for the declines in the Agri Trade & Service and Global Produce business units. BayWa bucked the general market trend in the Agricultural Equipment business unit to record an extremely strong second quarter and return to the same profit levels as in previous record-breaking years. The favourable price development of grain and oilseed benefited existing trading positions in the BAST business unit. It was also possible to seize trading opportunities on a larger scale. The rising producer prices will probably continue to have a positive effect here as the year progresses. Sales in the domestic produce and operating resources business have so far failed to match the figures seen in the previous year due to the plants' weather-related short growing season. The declines in harvests unfolding primarily in the north and east due to the continued dry weather could result in rising demand for grain in southern Germany. As expected, the half-year result in the Global Produce business unit was diminished by the negative earnings contributions attributable to the national fruit business. However, significant recovery effects are expected through to the end of the year, as Germany is expected to see an above-average pome fruit harvest and international activities are also likely to post gains.

In the Energy Segment, the operating result (EBIT) after the first six months of the current financial year stood at €1.3 million and was therefore down significantly year on year, in line with expectations. So far, solar parks with a capacity of 25 megawatts (MW) in total have been sold in 2018, compared to 7 renewable energy plants with a total output of roughly 145 megawatts (MW) in the same period last year. The plan envisages global sales of further projects with a total output of around 415 MW between now and the end of the year, especially in the final quarter. Accordingly, BayWa r.e. is likely to once again match the previous year's result over the course of the year as a whole. As expected, the conventional energy business recorded a mainly price-related drop in sales of heating oil in the first half of 2018 and failed to match the high level of earnings seen in the previous-year period. In light of the winter months ahead, sales volumes of heat energy carriers in particular are likely to rebound as the year progresses.

The half-year results for 2018 in the Building Materials Segment reflect the continued upward trend in the construction sector. Thanks to a strong second quarter, the segment saw a roughly 8.8% year-on-year increase in the operating result (EBIT) after six months to €7.4 million. This positive trend is set to continue in the second half of the year, as it appears that the entire construction sector is operating at high capacity.

Additional earnings contributions are expected as a result of the majority stakes held in specialised wholesalers in the fields of natural stone and building materials for civil engineering.

Based on the business development to date and the current underlying conditions, the Group maintains its expectations for the year as a whole despite the earnings shortfall after six months. The consolidated result (EBIT) will be approximately on par with the level seen in the previous year and may see a slight increase in the financial year 2018. The non-recurring effect from the sale of the high-rise in the previous year will be offset by an operational improvement. The project sales in the field of renewable energies slated for the third quarter, and especially for the fourth quarter, will make a particularly significant contribution to this development. Furthermore, the growth momentum in the Agriculture and Building Materials Segments is likely to pick up further in the second half of the year.

BUSINESS PERFORMANCE BY SEGMENT IN THE FIRST HALF OF 2018

Agriculture Segment

Market and industry development

According to the most recent US Department of Agriculture (USDA) estimate, global production is expected to be stable year on year at around 2.07 billion tonnes (excluding rice) in the grain year 2018/19. A decline in wheat production will be offset by a rise in coarse grain production, mainly corn. With a global increase in consumption forecast, stocks are likely to decrease by around 11% year on year. Global production of soya is likely to rise by approximately 6% year on year to around 517 million tonnes, primarily due to increased production in the US and Brazil. At 36 million tonnes, Germany is expected to see the lowest grain harvest in ten years in 2018 for a decrease of around 9 million tonnes compared to the previous year's volume, which was already below average. This decline is attributable to the very short growing season owing to the delayed start to spring and the pronounced dryness in the months of May and June in many parts of Europe. Accordingly, it was necessary to harvest grain early, especially in northern and eastern Germany, which has had a negative impact on quality and quantity. Against this backdrop, the European grain harvest is also likely to be down 4% year on year at 290.7 million tonnes. Grain prices therefore saw an upward trend on the spot market leading up to the end of June. Wheat prices on the MATIF rose to over €200 a tonne by the end of July. Soybean prices on the market in Chicago increased to around €366 a tonne by the start of May. They have fallen by €46 since then, reaching €320 a tonne as at the end of July. This pronounced price pressure on the US market can be explained by the consequences of the trade dispute between the US and China, as Chinese import duties of 20% on US soya have significantly curbed demand. The development of the corn price on the CBoT was in line with the soya trend in the reporting period.

In the agricultural resources sector, activities were severely limited by freak weather in the first half of 2018. Sales of fertiliser have fallen in the current season due to the unfavourable weather conditions and the German Fertiliser Ordinance (DüMV). The late start to the season and the long period of dryness up to the end of the permitted application period prevented many applications of fertiliser. After falling at the start of the year, fertiliser prices have been rising again since mid-May, primarily due to the Chinese export duties on urea. The expectation of further price hikes has triggered a marked increase in demand recently, causing calcium ammonium nitrate (CAN) to be in short supply at the present time. Although demand recovered in April, crop protection sales are likely to be down year on year due to the dryness-related low level of susceptibility to disease. Demand for seed picked up noticeably in the second quarter, particularly in northern Germany, following a delay in sowing at the start of spring due to waterlogging.

Sentiment in the German agricultural industry has worsened somewhat since the start of the year, mainly due to the unfavourable weather conditions. In June 2018, the German agricultural industry's economic barometer fell slightly to 21.1 points compared to the figure recorded in spring. As a result, it was 10.3 points lower than in June 2017. At 12,598 tractors, the number of new registrations in Germany fell by 10.7% year on year between January and June 2018. In addition, farmers' planned investment volume for 2018 decreased by 21% year on year, especially in eastern Germany. Especially among farms that cultivate crops and raise livestock, the lower willingness to invest is attributable to higher energy, operating resources and feedstuff prices, as well as to lower pork and beef prices, along with the unfavourable harvest prospects. By contrast, willingness to invest is higher in vineyard and fruit cultivation and in the dairy industry due to good harvest forecasts and adequate milk prices. Sentiment in the European agricultural equipment industry is likely to remain positive on the whole, according to the industry association CEMA, which expects a 4% rise in revenues in 2018.

Optimistic harvest prospects predominate for 2018 in fruit cultivation due to the favourable weather conditions throughout Europe and positive flower development. In some regions, the German berry harvest for 2018 began earlier than in a normal year. A similar scenario is expected for the apple harvest. The apple harvest volume in Germany is likely to be above average and therefore up significantly on the very low level seen in the previous year. According to expert opinions, the European apple harvest is also expected to increase by 42% compared to 2017 and stand at 13.3 million tonnes. The first imported apples from the southern hemisphere hit the market starting in April, as stocks of domestic apples had been nearly exhausted towards the end of the first quarter. In particular, overseas produce from Chile and New Zealand, where apple production is likely to increase by 3.3% year on year to 560 ktonnes in 2018, was able to close the supply gap, as favourable growth conditions made it possible to get an early start to the harvest. Against this backdrop, apple prices in Germany reached a provisional high of 95 euro cents a kilo at the end of March and remained at this level as spring progressed.

Business performance

The Agriculture Segment at the BayWa Group is divided into four business units: BAST (BayWa Agri Supply & Trade), Agri Trade & Service, Global Produce and Agricultural Equipment, covering the entire value chain from field to produce marketing. Effective 1 January 2018, the domestic marketing activities for the BAST business unit were transferred to the former BayWa Agricultural Sales (BAV) business unit, so that national produce trading can be managed in one place from recording through to marketing. In the course of these efforts, the BAV business unit was renamed the Agri Trade & Service business unit. The BAST business unit continues to include the international grain and oilseed trading activities. These changes result in a corresponding shift of revenues and earnings from BAST to the Agri Trade & Service business unit. In addition, the Fruit business unit was renamed Global Produce effective 1 January 2018.

	Revenues			EBIT		
in € million	Q1-2/2018	Q1-2/2017	Change in %	Q1-2/2018	Q1-2/2017	Change in %
BAST	2,800.8	2,966.7	- 5.6	14.5	- 1.8	> 100.0
Agri Trade &Service	1,817.5	1,595.4	13.9	11.7	25.7	- 54.5
Global Produce	401.3	386.5	3.8	10.6	15.1	- 29.8
Agricultural Equipment	794.9	666.1	19.3	15.6	9.3	67.7
Agriculture Segment	**5,814.5**	**5,614.8**	**3.6**	**52.4**	**48.3**	**8.3**

A minor year-on-year rise in revenues was recorded in the Agriculture Segment in the first half of 2018, which was primarily due to higher revenue contributions from the Agricultural Equipment and Global Produce business units. The segment's operating result (EBIT) in the first six months of the current financial year was up significantly on the previous year. Significant earnings growth in international trade involving grain and oilseed at BayWa Agri Supply & Trade (BAST) and in the Agricultural Equipment business unit was able to more than compensate for the declines in the Agri Trade & Service and Global Produce business units.

In the BAST business unit, sales volumes of grain and oilseed were down 6% year on year in the first half of 2018 due primarily to the adjusted location structure and trading strategy in the wake of last year's reorganisation. Furthermore, the transfer of domestic marketing activities to the Agri Trade & Service business unit at the start of the year made itself felt. A decline in revenues was therefore reported for the first six months of the current calendar year. The structural optimisation and the increased volatility of agricultural commodity prices had a positive impact on earnings, since the company seized the resulting trading opportunities. In particular, the shift in the global flow of goods from the US to Brazil as a result of Chinese import duties on US soya benefited the existing trading positions. The strategic contract positioning also succeeded for wheat due to the price increases in the first half of the year. All told, the BAST business unit generated a significant rise in operating result (EBIT), thereby exceeding the previous year's figure significantly as at 30 June 2018.

In the first six months of the current calendar year, business development in the domestic produce and operating resources business was characterised by a very short growing season for crops due to the extreme weather conditions. The heat and continued dryness that followed the frost-related delay to the start of the season, especially in northern and eastern Germany, reduced demand for operating resources in the normally strong spring months. As a result, crop protection and fertiliser sales volumes were down year on year overall in the first half of 2018, despite a brief recovery in demand at the start of the second quarter of the year. The start to the new fertiliser season 2018/19 saw brisk early orders business accompanied by a recent rise in fertiliser prices. Sales of seed were also down year on year. Against this backdrop, the year-on-year increase in revenues in the Agri Trade & Service business unit was attributable solely to the national agricultural produce marketing business, which was reclassified from the BAST business unit in January 2018. Because these activities are characterised by strong pressure on margins and sales of operating resources were lower, the business unit's operating result (EBIT) was down significantly year on year as at 30 June 2018.

The Global Produce business unit saw inconsistent development in the first half of 2018. While the Group company T&G Global Limited recorded sales growth due to the strong marketing season for New Zealand apples, domestic apple volume was down significantly on account of last year's failed harvest in Germany. All told, higher prices for imported produce and for domestic dessert fruit led to a slight rise in revenues in the Global Produce business unit in the first six months of the current calendar year. The business unit's operating result (EBIT) reflects the short time introduced in Germany in the first half of 2018 due to the low availability of goods. Because the growth in international fruit trading was unable to offset the corresponding negative earnings contribution of the national fruit business, EBIT was still down overall year on year as at 30 June 2018, as expected. Recovery effects are expected as the year progresses, especially with regard to international activities. Furthermore, the forecast for this year's apple harvest in Germany is above average. Against this backdrop, the business unit is likely to be able to generate a substantial increase in earnings by the end of the year.

In the first half of 2018, the agricultural equipment business with the core Fendt and CLAAS brands benefited from a targeted expansion of the product range and was able to gain market share in the domestic sales regions. For example, the product portfolio was expanded to include Holder system vehicles, Fendt forage harvesters and Caterpillar skid steer loaders. The introduction of new John Deere products also resulted in increased demand in Austria. Accordingly, tractor sales bucked the market trend by rising. Sales of new machinery in particular was up significantly year on year by 26%, whereas the number of used tractors was nearly on par with the previous year. As a result, the revenues of the Agricultural Equipment business unit significantly exceeded the figure for the same period in 2017 in the first six months of the current financial year due to volume factors. The development of the operating result (EBIT) also benefited from high demand for repair work and services, allowing the business unit to generate a significant rise in earnings year on year as at 30 June 2018.

Energy Segment

Market and industry development

The German economy continued to disappoint expectations throughout spring on account of the slow start to the year due to the further global rise in uncertainty in view of factors such as the trade dispute between the US and China. Accordingly, Munich's ifo Institute recently lowered its 2018 growth forecast for the gross domestic product from 2.6% to just 1.8%. After fluctuating at the start of the year, the average crude oil price rose noticeably over the course of the second quarter and stood at around USD78 a barrel at the end of June for the first time since November 2014 due to a decline in oil exports from countries such as Venezuela, Iran and Libya. As a result, the Organization of the Petroleum Exporting Countries (OPEC) and Russia approved a significant increase in oil production volume to counteract further price hikes. Heating oil prices in Germany followed a similar trend: after reaching its provisional high for the year of more than 70 euro cents a litre in mid-May, it is currently fluctuating below this mark. Owing to the unfavourable development of the heating oil price from the consumer's point of view, sales of heating oil in Germany fell by 5.0% year on year between January and April 2018. Fuel sales volumes decreased by 2.0% compared to 2017 due to price factors, whereas demand for lubricants was up 2.9% year on year due in particular to rising AdBlue consumption in freight transport and commercial traffic.

The continued expansion of electricity generation from renewable energy in Germany led to a new high in production in the first six months of 2018. At 104 billion kilowatt-hours (KWh), roughly 9% more green energy was fed into the grid than in the same period in the previous year. Wind power, which benefited from last year's record-breaking expansion in particular, accounted for the lion's share of growth. The amount of electricity from water and photovoltaic power also increased slightly. While the growth of photovoltaic systems in Germany continues to pick up steam and was up nearly 44% year on year to stand at roughly 1 gigawatt (GW) in the first five months of 2018, onshore wind growth was around 28% lower than the high level seen in the previous year to stand at just under 1.5 GW in the current calendar year (January to May), in line with expectations. In 2017, wind turbines with a total output of 5.0 GW were connected to the grid in Germany as a result of regulation-related anticipatory effects. The appeal of wind turbines initially decreased due to the structure and oversubscription of the tender procedure for onshore wind introduced in early 2017. However, 2018 saw undersubscription and an associated increase in contracts being awarded. At the same time, the approval conditions worsened in several German states, which makes it appear unlikely that the politically envisaged growth targets will be achieved. The growth in the sector is therefore likely to increasingly take place outside of Germany. Installed wind power around the world is expected to increase by around 59 GW over the year as a whole, which corresponds to a growth of roughly 3%. Along with the two largest individual markets, China and the US, Australia is likely to act as a driver of growth, as wind energy capacity there is slated to nearly double. With regard to solar energy, newly installed capacity worldwide is likely to increase by 16% to around 113 GW this year. The lion's share of solar growth comes from the Asia-Pacific region, with China, India and Japan acting as the dominant markets. However, the growth expected in China in 2018 could fall by up to one-third to 35 GW, as the Chinese government made drastic cuts to programmes to fund the expansion of solar energy in early June. These measures have led to a substantial drop in national demand for photovoltaic components made by Chinese manufacturers that has triggered global oversupply and a continued decline in prices. As a result, the competitiveness of solar power continues to increase even without public funding and is likely to usher in a phase of sustained growth in Europe. In addition, the development of new growth markets for solar energy, such as Australia and Mexico, is likely to accelerate.

Business performance

	Revenues			EBIT		
in € million	Q1-2/2018	Q1-2/2017	Change in %	Q1-2/2018	Q1-2/2017	Change in %
Conventional Energy	1,105.0	1,088.0	1.6	4.9	7.8	- 37.2
Renewable Energies	539.9	576.0	- 6.3	- 3.6	41.4	> - 100.0
Energy Segment	**1,644.9**	**1,664.1**	**- 1.1**	**1.3**	**49.1**	**- 97.4**

The Energy Segment comprises the BayWa Group's trading activities in fossil and renewable heating fuels, fuels and lubricants as well as its business in renewable energies, which is pooled in BayWa r.e. renewable energy GmbH. In the first six months of the current reporting year, the segment reported a slight decline in revenues year on year, with the oil-price-related higher revenues in the conventional energy business unable to offset the lower contributions from renewable energies. The segment's operating result (EBIT) fell significantly year on year, as BayWa r.e. benefited in the same period of the previous year from exceptionally strong project business sales. In 2018, sales of renewable energy plants are mainly scheduled for the final quarter.

In the conventional trade and distribution business, revenues rose in the first half of 2018, in particular on account of the consistently higher oil price compared to the same period in 2017. Rising heating oil prices caused demand to fall substantially by 22% compared to 2017, whereas sales volumes of wood-based heat energy carriers increased slightly by 1% in the first half of 2018 as a result of the expansion of sales activities. It was also possible to attract new customers in the heat contracting business. For example, BayWa will act as the operator of a biomass heating plant from August to provide local heating for the Kraillinger Innovations Meile industrial estate. In the mobility business, fuel volume is roughly on par with the previous year, with the slight decrease in petrol sales being offset by higher quantities of diesel fuel. The increase in the number of locations accepting BayWa filling station cards and a rise in demand for supply activities for construction sites, commercial enterprises and farmers had a positive effect. In the lubricant business, the further increase in freight transport and commercial traffic also led to a rise in sales. With regard to the operating result (EBIT), however, the business unit was unable to match the high figure seen in the previous year as at 30 June 2018 due mainly to the decrease in heating oil volume.

In the Renewable Energies business unit, the first half of 2018 was characterised by the planning and start of construction on a wide range of wind and solar energy projects. Along with the US and European countries – where the Spanish project Don Rodrigo, for example, represents a solar park with an output of around 174 megawatts (MW) that is not dependent on government subsidies – an increased focus was placed on the Asia-Pacific region. There, wind farms and solar parks with a total output of roughly 245 MW are currently under construction, with projects accounting for approximately 415 MW more in planning. A project pipeline of around 2 GW for the construction of solar power plants in the Netherlands that will be realised in the years ahead was acquired by taking over a majority share in the Dutch GroenLeven Group. In addition, it was possible to expand the business involving commercial and technical operations. Plant capacity of over 5 GW around the world is therefore currently under management. However, the low project revenues so far resulting from the additional revenue contributions in connection with Clean Energy Sourcing (CLENS), a direct distributor of energy that was acquired in December 2017, have not been completely offset. As a result, revenues in the Renewable Energies business unit were still down year on year in the first six months of the current reporting year. The significantly lower output of the acquired plants year on year made itself felt in the operating result (EBIT). Whereas the sale of 5 wind farms and solar parks (total output: roughly 140 MW) and 2 biomethane plants (roughly 6.6 MW) was completed in the first half of 2017, most of the project sales for the current financial year are not planned until the second half of the year – and for the final quarter in particular. 5 solar power plants in the UK with a total output of 25 MW were sold in the first six months of 2018. Accordingly, the Renewable Energies business unit failed to match the previous year's high level of earnings as at 30 June 2018. As the sales process for some projects has already made substantial progress, the business unit is likely to generate a leap in earnings over the remaining course of the year, especially in the final quarter, and match or nearly match the level seen in the previous year.

Building Materials Segment

Market and industry development

After weather conditions had plagued the construction industry in the first quarter of 2018, especially in higher-altitude regions, business picked up in the spring months nationwide. As a result, revenues in the construction industry in Germany from January to April were up by 8.2% in nominal terms on the already high figure from 2017. Order intake surpassed the level from the previous year by 6.8%. Orders on hand accordingly set new records most recently, and building construction and civil engineering operations are running at full capacity for an average of three and a half months. As demand for housing continues to go up, particularly in metropolitan areas, the number of building permits also increased in the first four months of 2018. In light of these developments, May saw the highest jump in prices for new residential buildings in over 10 years at 4.1% compared to 2017. Due to the ongoing heavy price increases for building sites, real estate and rents, the Bavarian government adopted a set of housing subsidy measures in mid-May for the state worth billions. For example, these measures provide for additional funding for residential construction by the state and municipalities and for the introduction of a first-time buyers' allowance already in 2018. Owing to the order backlog of construction companies and favourable future prospects, industry association Hauptverband der Deutschen Bauindustrie recently increased its 2018 growth forecast for revenues from construction activities from 4.0% in nominal terms to a total of 6.0%. Consequently, with an expected increase of 7.0%, residential construction is once again the main driver of the construction industry, followed by public-sector and commercial construction with gains of 6.0% and 5.0% respectively.

Business performance

	Revenues			EBIT		
in € million	Q1-Q2/2018	Q1-Q2/2017	Change in %	Q1-Q2/2018	Q1-Q2/2017	Change in %
Building Materials Segment	**797.7**	**753.6**	**5.9**	**7.4**	**6.8**	**8.8**

The Building Materials Segment mainly comprises the Group's trading activities involving building materials in Germany and Austria. The largely dry and warm spring months made it possible to offset the weather-related shortfall in revenues from the first quarter and transform it into greater volume sales. With the depth and diversity of its range, the building materials trade benefited from the ongoing boom in construction activity across all trades. Accordingly, demand rose in the reporting period for the entire product portfolio. In the DIY business, the decision to pool expertise under the "Zuhause von BayWa Baustoffe" brand and the increased focus on certified low-emission building materials had a noticeably favourable impact. In addition, the special distribution of timber for construction, which was successfully launched at the beginning of 2018, also contributed to sales. Against this backdrop, revenues in the first six months of the current financial year rose compared to the same period of last year. The segment also exceeded the previous year's figure, particularly on account of volume, in terms of its operating result (EBIT) as at 30 June 2018. Over the rest of the year, the majority interests in specialised wholesalers of natural stone and building materials for civil engineering purposes are likely to additionally support earnings development.

Innovation & Digitalisation Segment

Market and industry development

Digital applications are now an integral part of agriculture in terms of assisting with everyday work. According to a survey by the German Farmers' Association (Deutscher Bauernverband – DBV), around 53% of farmers in Germany are already using digital technology. Digitalisation in the farming industry largely comprises precision farming and smart farming. While precision farming focuses on the automation of agricultural processes, smart farming goes one step further by building on this technology with the aim of connecting all aspects of farming operations, from the barn and field work to harvest marketing. Here, machines and systems process information often independently and make decisions with at least some degree of autonomy. In the process, satellites are playing an increasing role as sources of data. The combination of satellite data with plant growth models makes it possible to determine the potential of every field, estimate the economic benefits of working specific parts of fields and coming up with concrete recommendations for field operations. If this information is linked with the technology in the tractor and attached implement by way of relevant control software, farmers have the possibility of sowing or fertilising specific parts of fields, for example. Greater use is being made of farm management systems to connect all these work steps, which not only make the related administrative tasks easier for farmers, but also provide opportunities for analysis. Given the tougher requirements regarding documentation obligations and data protection as a result of new laws, such as the EU General Data Protection Regulation, experts expect to see double-digit growth rates in the years ahead, particularly for software solutions concerning these issues.

Business performance

	Revenues			EBIT		
in € million	Q1-Q2/2018	Q1-Q2/2017	Change in %	Q1-Q2/2018	Q1-Q2/2017	Change in %
Innovation & Digitalisation Segment	**4.9**	**3.0**	**63.3**	**- 6.0**	**- 5.4**	**- 11.1**

The new Innovation & Digitalisation Segment, which was set up in the second half of 2016, pools together all of the BayWa Group's digital farming, e-business and Agro Innovation Lab activities. The first six months of the current financial year saw a significant year-on-year increase in revenues due to a heavy influx of new customers as a result of an intensification of sales activities. Among other things, the segment benefited from the further development of NEXT Farming software modules as well as the expansion of the online service portfolio through the addition of new features, such as the corn-sowing system 4.0 and a calculation of nutrient requirements. In addition, efforts are under way to advance digital farming solutions for grassland farms with the Smart4Grass project, which seeks to make optimum use of the feed potential of farmers' own land. In terms of the operating result (EBIT), however, this growth is neutralised by the year-on-year increase in investments, particularly for software development. Accordingly, the segment reports negative EBIT down on the previous year in the reporting period, as expected.

Other Activities

EBIT resulting from Other Activities encompasses, in addition to earnings contributions from peripheral activities, a major part of the Group's administrative costs and consolidation effects and amounted to €–23.0 million as at 30 June 2018 (H1/2017: €–26.1 million).

ASSETS, FINANCIAL POSITION AND EARNINGS POSITION OF THE BayWa GROUP

Asset position as at 30 June 2018

At the end of the first half of 2018, the BayWa Group had total assets of €6,993.7 million, an increase of €505.7 million or 7.8% compared to the end of the financial year 2017. Apart from the €29.6 million rise in non-current assets to €2,426.5 million in the first six months of the financial year 2018, the increase pertains to current assets in particular, which rose by €484.6 million, or 11.9%, to €4,562.0 million. A decisive factor behind this change was first and foremost the typical seasonal rise in current trade receivables due to increased business activities following the winter months in the Agriculture and Building Materials Segments. Another contributing factor was the €348.8 million expansion of business activities in the Renewable Energies business unit to €1,273.9 million. In addition, receivables from affiliated companies also increased by €132.1 million.

The equity of the BayWa Group decreased by €71.7 million, from €1,435.5 million as at 31 December 2017 to €1,363.8 million as at 30 June 2018. Dividend payments of €42.9 million were the main drivers behind this trend. Other considerations also negatively impacted equity, in particular, changes in the values of financial instruments for which the fair value OCI option was chosen with the introduction of IFRS 9 – and which were therefore measured at fair value in other comprehensive income – as well as effects of transitioning to IFRS 9 totalling €21.7 million.

Non-current liabilities stood at €2,093.5 million at the end of the reporting period, up €27.8 million compared to 31 December 2017, which is largely the result of the rise in non-current financial liabilities at project companies in the Renewable Energies business unit and for financing larger multi-year investments in Austria.

Current liabilities increased in the reporting period by €549.6 million, from €2,986.8 million to €3,536.4 million. Apart from the typical seasonal rise in trade payables, this is mainly due to increased current financial liabilities for financing operations.

Financial position in the first half of 2018

With a €28.6 million decline in the net result for the period to €–1.1 million, cash earnings decreased year on year by €46.3 million to €40.1 million. While inventory levels were down slightly in the first half of the current financial year, rises in trade payables and other liabilities not attributable to investment and financing activities more than offset the rises in trade receivables and other assets not attributable to investment and financing activities. The cash flow from operating activities therefore stood at €157.4 million after the first six months of the financial year 2018. Cash inflows from operating activities in the same period of the previous year came to €296.7 million, which is €139.3 million higher than the figure for the current reporting period.

The BayWa Group's investment activity resulted in cash outflows of €59.8 million in the first half of the financial year 2018. Of this amount, €13.5 million were attributable to the acquisition of Premium Crops Limited in Hampshire, UK, as part of an asset deal. Funds of €95.5 million were also raised for the acquisition of intangible assets and property, plant and equipment. By contrast, cash inflows of €49.6 million resulted from the disposal of intangible assets and property, plant and equipment. The disposal of financial assets resulted in cash inflows of €8.6 million in the first half of the year, whereas the addition of financial investments led to cash outflows of €15.2 million.
Cash flow from financing activities amounted to €–76.0 million and was attributable to dividend payouts by BayWa AG and other Group companies of €42.9 million and the repayment of financial liabilities. In 2017, cash flow from financing activities stood at €–115.5 million.

Total cash and cash equivalents have increased by €20.7 million since 31 December 2017 to €126.2 million due to the incoming and outgoing cash payments from operating, investment and financing activities, with funds from changes in the group of consolidated companies and exchange rates of €–0.9 million also being taken into account.

Earnings position in the first half of 2018

The BayWa Group's revenues in the first half of the financial year 2018 came to €8,270.4 million, marking a year-on-year increase of €226.4 million, or 2.8%. The Agriculture Segment saw the biggest gains of €199.8 million, or 3.6%. The Agricultural Equipment and Global Produce business units in particular contributed higher revenues to the segment. The Agri Trade & Service business unit also reported increased revenues, which correlate, however, with a fall in revenues in the BAST business unit due to the reclassification of agricultural produce marketing activities. Revenues rose by €44.1 million to €797.7 million in the Building Materials Segment, and by €1.9 million to €4.9 million in the Innovation & Digitalisation Segment. Decreased revenues of €19.1 million were only reported in the Energy Segment. This trend was due to two opposing developments: while the Renewable Energies business unit recorded a €36.1 million decline, revenues in Conventional Energy rose by €17.0 million. At €8.4 million, Other Activities Segment revenues were virtually on a par with the previous year.

At €74.1 million, the BayWa Group's other operating income was approximately on a par with the previous year. Taking into account the €79.2 million increase in inventories and the virtually unchanged situation in other own work capitalised, the BayWa Group's overall performance increased year on year by €309.6 million, or 3.8%, to €8,519.1 million.

With an increase in the cost of materials of €336.6 million, or 4.6%, gross profit decreased by €27.0 million, or 3.1%, to €836.0 million. The €20.5 million increase in personnel expenses to €483.4 million in the first half of the reporting period was largely the result of the business activities of the companies newly acquired in the previous and current financial years, which were included for the first time in the first half of 2018. At €64.7 million, depreciation and amortisation of property, plant and equipment and intangible assets were virtually on a par with the previous year, while other operating expenses increased by €4.2 million, or 1.2%, to €268.7 million. Higher rents in particular were the reason for the increase, which was offset by decreases in currency-induced losses and IT expenses.

These changes led to the result of operating activities decreasing by €50.6 million to €19.2 million at the end of the first half of 2018.

At €12.9 million, the result of participating interests was up year on year by €10.1 million. Both the income from shares recognised at equity (€4.9 million increase) and other income from participating interests (€5.2 million increase) rose substantially.

This resulted in EBIT of €32.1 million for the BayWa Group for the first half of the financial year 2018, which is €40.7 million, or 55.9%, below the figure achieved in the same period the previous year.

Net interest in the first six months of the financial year 2018 improved by €2.2 million year on year to €–33.7 million. Including tax income of €0.5 million, this resulted in a negative consolidated net result for the first half of the financial year 2018 of €1.1 million, which is a year-on-year decrease of €28.5 million.

Employees

At the end of the reporting period, the BayWa Group had a workforce of 18,092, which is 769 more employees than at the end of 2017. The number of employees in the Agriculture Segment increased by a total of 350 to 10,573. While the number of employees decreased by 102 people to 437 in the BAST (BayWa Agri Supply & Trade) business unit, headcount in the Agri Trade & Service business unit (formerly the BayWa Agricultural Sales business unit) has increased since the beginning of the year by 88 people to 3,544 employees. The number of employees in the Agricultural Equipment business unit dropped slightly by 3 to 3,674. In the Global Produce business unit (formerly the Fruit business unit), the number of employees increased – as is typical for the season – by 367 people to 2,918, largely due to the harvest period in New Zealand. The number of employees in the Energy Segment rose by 145 people in total compared to the end of the financial year 2017. The workforce in this segment now totals 2,349 employees. While the number of employees in the Renewable Energies business unit increased by 165 to 1,395, headcount in the Conventional Energy business unit decreased by 20 to 954 employees. In the Building Materials Segment, the number of employees rose by 70 compared to the end of 2017 and stood at 4,183 as at 30 June 2018. Headcount in the Innovation & Digitalisation Segment grew by 14 to 191 employees. The number of employees attributable to the Other Activities Segment rose by 190 to 796 due to a change in the assignment of administrative staff.

OUTLOOK

Despite the earnings shortfall after the first six months, the Group continues to adhere to its expectations for the year as a whole. Consolidated earnings (EBIT) for the financial year 2018 are slated to be approximately on a par with the previous year and potentially improve on that level slightly. The non-recurring effect from the sale of the high-rise in the previous year will be offset by an operational improvement. In particular, the planned sale of several projects related to renewable energies in the third and especially the fourth quarters are expected to contribute to this. Growth momentum in the Agriculture and Building Materials Segments is likely to pick up further in the second half of the year.

The Agri Trade & Service business unit fell short of expectations in the first half of the year due to weather conditions. An ambivalent trend is beginning to emerge for the second half of 2018: On the one hand, the smaller projected harvest yields will likely mean lower recording levels and lower marketing potential. On the other hand, demand for grain is high, especially in the northern and eastern sections of Germany, as the crop losses have been greatest there due to the drought. This might generate additional demand in BayWa's core regions, paired with rising producer prices at the same time. While demand for operating resources might benefit from a potential increase in the sowing of winter grains, it would not fully offset the shortfall from the first half of the year.

In the international grain and oilseed trade, increased price volatility due to the trade dispute between China and the United States is likely to provide more opportunities for the soya business of the Group company Cefetra B.V. in the Netherlands. In addition, the current increase in grain prices is generating upside revaluation potential for existing trade contracts and inventories. As last year's structural optimisation measures are also increasingly having an effect, the BAST business unit's strong earnings development is likely to continue through to the end of the year.

The upcoming pome fruit harvest stands to benefit the fruit business in Germany in the second half of the year. Provided the weather conditions continue to remain normal, forecasts project higher-than-average apple yields in BayWa's cultivation regions. In addition, starting the harvest ahead of schedule could make it possible to commence marketing earlier than planned. The earnings contribution from international activities might surpass the previous year's figure, as a majority of the income from the promising marketing season of apples from abroad is generated in the subsequent quarters. The expansion of the South African avocado business of the Group company TFC Holland B.V. from the Netherlands is likely to create additional momentum, such that significant recovery effects are expected in the Global Produce business unit.

The positive development in the Agricultural Equipment business unit should continue to hold in the second half of the year. This optimism, which bucks the general market trend, is based on a higher year-on-year level of incoming orders on the books after the first six months. The farmers in BayWa's sales regions in southern Germany have been impacted less so far from the effects of the persistent drought in the northern and eastern parts of the country and are poised to benefit from rising dairy and grain prices. In addition, the Landwirtschaftliches Hauptfest (LWH) agricultural trade show, which will take place in early October in Stuttgart, could trigger new sales.

The Energy Segment is poised for a significant jump in earnings in the second half of the year. The Renewable Energies business unit in particular is expected to contribute to this development, as global sales of projects with a total output of some 415 MW have been planned through to the end of the year. At around 75% of the turbines and plants intended for disposal, the sales process is likely to be completed in the final quarter. This also includes several solar power plants from the 2 GW project pipeline in the Netherlands acquired as part of the majority takeover of GroenLeven. In addition, global sales from trading in PV components will likely benefit from the continued drop in PV module prices due to subsidy cutbacks in China. Overall, BayWa r.e. is therefore expected to once more reach the previous year's result in the current financial year.

Slight increases in sales volumes are expected in the Conventional Energy business in the second half of the year. Fuel volumes will likely benefit from a partnership with a German automaker that went into effect in March 2018, among other things. It includes supplying the automaker's factories in Germany with petrol and diesel. In terms of trade in heat energy carriers, the additional wood pellet marketing volumes of a plant in Wunsiedel are likely to stimulate further growth beginning in autumn. With regard to heating oil, increased opportunistic purchasing decisions are expected depending on the price of heating oil, although they may not reach the high level seen in the previous year.

The Building Materials Segment is expected to improve considerably in the second half of the year, as is typical of the season. High order backlog at the sector companies executing the orders and the ongoing construction boom point to strong demand for building materials. In addition, the residential construction subsidy measures adopted by the government will likely generate tailwind. Due to the additional earnings contributions of the wholesaler Bölke Tiefbaustoffe für Ver- und Entsorgung GmbH in Saxony-Anhalt, which the Group acquired a majority stake in as at 1 July 2018, the Building Materials Segment is expected to increase its earnings in the current financial year compared to 2017.

Overall, the BayWa Group's business development in the second half of 2018 is set to pick up significantly. This optimistic expectation is due in particular to the pending project sales in the Renewable Energies business unit. For 2018 as a whole, management confirms that the Group will achieve EBIT on a par with the previous year and potentially improve slightly on that level.

Please note: The statements and figures forecast in this document are based on assumptions and are subject to unforeseeable risk. In as much as the assumptions of the company should prove to be inaccurate, or should other unforeseeable risks occur, the possibility of the actual assets, financial position and earnings position of the Group diverging negatively from the forecast target figures cited in this report should not be discounted.

Condensed Interim Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018

Assets

in € million		30/06/2018	31/12/2017
Non-current assets			
Intangible assets		235.6	230.7
Property, plant and equipment		1,410.3	1,408.9
Participating interests recognised at equity		219.6	214.6
Other financial assets		230.8	232.6
Investment property		39.2	40.9
Income tax claims		0.0	0.0
Other receivables and other assets		42.4	34.7
Deferred tax assets		248.6	234.5
		2,426.5	**2,396.9**
Current assets			
Securities		1.9	1.9
Inventories		2,307.3	2,322.7
Biological assets		5.4	16.1
Income tax claims		78.2	74.1
Financial assets		203.6	139.7
Other receivables and other assets		1,839.4	1,417.4
Cash and cash equivalents		126.2	105.5
		4,562.0	**4,077.4**
Non-current assets held for sale/disposal groups		**5.2**	**13.7**
Total assets		**6,993.7**	**6,488.0**

Shareholders' equity and liabilities

in € million		30/06/2018	31/12/2017
Equity			
Subscribed capital		89.6	89.6
Capital reserve		111.5	111.5
Hybrid capital		296.3	296.3
Revenue reserves		536.0	557.2
Other reserves		6.6	53.0
Equity net of minority interest		**1,040.0**	**1,107.6**
Minority interest		323.8	327.9
		1,363.8	**1,435.5**
Non-current liabilities			
Pension provisions		630.7	635.8
Other non-current provisions		85.8	87.8
Financial liabilities		924.2	884.4
Financial lease obligations		154.5	157.9
Trade payables and liabilities from inter-group business relationships		5.3	3.1
Income tax liabilities		0.3	0.1
Financial liabilities		23.7	3.9
Other liabilities		94.8	112.1
Deferred tax liabilities		174.2	180.6
		2,093.5	**2,065.7**
Current liabilities			
Pension provisions		29.3	29.5
Other current provisions		238.6	198.4
Financial liabilities		1,481.2	1,438.9
Financial lease obligations		8.4	8.0
Trade payables and liabilities from inter-group business relationships		1,253.2	904.0
Income tax liabilities		35.1	28.0
Financial liabilities		177.8	113.0
Other liabilities		312.8	267.0
		3,536.4	**2,986.8**
Liabilities from non-current assets held for sale/disposal groups		–	–
Total shareholders' equity and liabilities		**6,993.7**	**6,488.0**

CONSOLIDATED INCOME STATEMENT FROM 1 JANUARY TO 30 JUNE 2018

Continued operations

in € million		Q1-2/2018	Q1-2/2017
Revenues		**8,270.4**	**8,044.0**
Inventory changes		171.2	92.0
Other own work capitalised		3.4	3.6
Other operating income		74.1	70.0
Cost of materials		- 7,683.1	- 7,346.5
Gross profit		**836.0**	**863.1**
Personnel expenses		- 483.4	- 462.8
Depreciation and amortisation		- 64.7	- 65.8
Other operating expenses		- 268.7	- 264.5
Result of operating activities		**19.2**	**70.0**
Income from participating interests recognised at equity		6.7	1.8
Other income from shareholdings		6.2	1.0
Interest income		5.1	3.1
Interest expenses		- 38.8	- 39.1
Financial result		**- 20.8**	**- 33.2**
Earnings before tax (EBT)		**- 1.6**	**36.8**
Income tax		0.5	- 9.4
Net income/loss for the period		**- 1.1**	**27.4**
of which: due to minority interest		15.9	12.3
of which: due to shareholders of the parent company		- 17.0	15.1
EBIT		**32.1**	**72.8**
EBITDA		**96.8**	**138.6**
Basic earnings per share (in €)		**- 0.49**	**0.43**
Diluted earnings per share (in €)		**- 0.49**	**0.43**

CONSOLIDATED INCOME STATEMENT BY QUARTER

Continued operations

in € million	Q1/2018	Q2/2018	Q1/2017	Q2/2017
Revenues	**3,797.1**	**4,473.3**	**3,807.9**	**4,236.1**
Inventory changes	65.6	105.6	118.5	- 26.5
Other own work capitalised	1.5	1.9	1.9	1.7
Other operating income	33.3	40.8	29.0	41.0
Cost of materials	- 3,534.7	- 4,148.4	- 3,567.0	- 3,779.5
Gross profit	**362.8**	**473.2**	**390.3**	**472.8**
Personnel expenses	- 231.7	- 251.7	- 223.3	- 239.5
Depreciation and amortisation	- 33.5	- 31.2	- 32.0	- 33.9
Other operating expenses	- 142.0	- 126.7	- 127.8	- 136.7
Result of operating activities	**- 44.4**	**63.6**	**7.2**	**62.8**
Income from participating interests recognised at equity	1.9	4.8	0.1	1.7
Other income from shareholdings	1.5	4.7	0.7	0.2
Interest income	1.8	3.3	1.4	1.7
Interest expenses	- 17.8	- 21.0	- 18.6	- 20.4
Financial result	**- 12.6**	**- 8.2**	**- 16.3**	**- 16.8**
Earnings before tax (EBT)	**- 57.0**	**55.4**	**- 9.2**	**46.0**
Income tax	13.3	- 12.8	2.4	- 11.8
Net income/loss for the period	**- 43.7**	**42.6**	**- 6.7**	**34.2**
of which: due to minority interest	- 0.8	16.7	2.4	9.9
of which: due to shareholders of the parent company	- 42.9	25.9	- 9.1	24.2
EBIT	**- 41.0**	**73.1**	**8.0**	**64.7**
EBITDA	**- 7.5**	**104.3**	**40.0**	**98.6**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – TRANSITION FROM 1 JANUARY TO 30 JUNE 2018

in € million	Q1-2/2018	Q1-2/2017
Net income/loss for the period	**- 1.1**	**27.4**
Reclassification from other income to revenue reserves at the start of the period due to the transition to IFRS 9	- 0.8	–
Net gain/loss from the revaluation of financial assets in the “at fair value through other comprehensive income” category (known as the fair value OCI option) recognised in the reporting period	- 11.4	–
Actuarial gains/losses from pension obligations and provisions for severance pay recognised in the reporting period	- 0.1	- 0.1
Sum of items not subsequently reclassified in the income statement	**- 12.3**	**- 0.1**
Net gain/loss from the revaluation of financial assets in the “available for sale” category recognised in the reporting period and other income from interests accounted for using the equity method	–	18.6
Net gain/loss from hedging instruments with a clear hedging relationship recognised in the reporting period	- 6.5	5.1
Reclassifications of net gain/loss from hedging instruments with a clear hedging relationship in the income statement in the reporting period	0.1	- 0.9
Differences from currency translation in the reporting period	- 1.4	- 8.1
Cash flow hedges	- 0.1	–
Sum of items subsequently reclassified in the income statement	**- 7.9**	**14.6**
Gains and losses recognised directly in equity	**- 20.2**	**14.6**
of which: due to minority interest	- 9.0	10.1
of which: due to shareholders of the parent company	- 11.2	4.4
Consolidated total result for the period	**- 21.3**	**42.0**
of which: due to minority interest	6.9	22.4
of which: due to shareholders of the parent company	- 28.2	19.6

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY TO 30 JUNE 2018

in € million	**Q1-2/2018**	Q1-2/2017
Cash earnings	**40.1**	**86.4**
Cash flow from operating activities	157.4	296.7
Cash flow from investment activities	- 59.8	- 52.2
Cash flow from financing activities	- 76.0	- 115.5
Cash-effective changes in cash and cash equivalents	**21.6**	**129.0**
Cash and cash equivalents at the start of the period	105.5	104.4
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	- 0.9	1.1
Cash and cash equivalents at the end of the period	**126.2**	**234.6**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF OF 2018

in € million	Subscribed capital	Capital reserves
As at 31/12/2017 (as previously reported)	**89.6**	**111.5**
Effects of the application of IFRS 9	–	–
As at 01/01/2018	**89.6**	**111.5**
Differences resulting from changes in the group of consolidated companies	–	–
Capital increase against cash contribution/share-based payments	–	–
Changes in the assets measured at fair value through other comprehensive income in accordance with the fair value OCI option and derivative financial instruments as well as other income from interests accounted for using the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Inter-company profits from elimination with associates recognised in equity	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Cash flow hedges	–	–
Hybrid capital issued	–	–
Hybrid capital dividends	–	–
Transfer to/withdrawal from revenue reserve	–	–
Net income/loss for the period 01/01 - 30/06/2018	–	–
As at 30/06/2018	**89.6**	**111.5**
As at 01/01/2017	**89.3**	**108.2**
Differences resulting from changes in the group of consolidated companies	–	–
Capital increase against cash contribution/share-based payments	–	–
Changes in the fair value of assets classified as “available for sale” and derivative financial instruments as well as other income from other interests accounted for using the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Inter-company profits from elimination with associates recognised in equity	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Transfer to/withdrawal from revenue reserve	–	–
Net income for the period 01/01 - 30/06/2017	–	–
As at 30/06/2017	**89.3**	**108.2**

Hybrid capital	Valuation reserve	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
296.3	**29.4**	**527.8**	**53.0**	**1,107.6**	**328.0**	**1,435.6**
–	**–**	**- 3.0**	**–**	**- 3.0**	**- 0.2**	**- 3.2**
296.3	**29.4**	**524.8**	**53.0**	**1,104.6**	**327.8**	**1,432.4**
–	–	- 13.9	8.9	- 5.0	0.6	- 4.4
–	–	–	–	–	–	–
–	- 10.9	–	–	- 10.9	- 7.8	- 18.6
–	–	- 0.1	–	- 0.1	–	- 0.1
–	–	–	–	–	–	–
–	–	–	- 31.4	- 31.4	- 11.5	- 42.9
–	–	–	- 0.2	- 0.2	- 1.2	- 1.4
–	- 0.1	–	–	- 0.1	–	- 0.1
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	6.6	- 6.6	–	–	–
–	–	–	- 17.0	- 17.0	15.9	- 1.1
296.3	**18.4**	**517.5**	**6.6**	**1,040.0**	**323.8**	**1,363.8**
–	**13.2**	**523.8**	**69.9**	**804.3**	**294.0**	**1,098.3**
–	–	4.2	–	4.2	4.9	9.1
–	–	–	–	–	–	–
–	12.0	–	–	12.0	10.7	22.7
–	–	–	–	–	–	- 0.1
–	–	–	–	–	–	–
–	–	–	- 29.6	- 29.6	- 8.4	- 37.9
–	–	–	- 7.6	- 7.6	- 0.5	- 8.1
–	–	5.4	- 5.4	–	–	–
–	–	–	15.1	15.1	12.3	27.4
–	**25.3**	**533.3**	**42.5**	**789.5**	**313.0**	**1,111.6**

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies and valuation methods

This Interim Report of the BayWa Group as at 30 June 2018 was drawn up in compliance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. The condensed consolidated interim financial statements are in compliance with IAS 34 (Interim Financial Reporting). All new or amended IFRS and interpretations by the IFRS Interpretations Committee that were applicable for the BayWa Group for the first time as at 1 January 2018 were observed. For preexisting or unamended IFRS, the accounting, measurement, consolidation and disclosure principles, with the exception of the changes listed below, comply with those that were applied when preparing the consolidated financial statements as at 31 December 2017. In this regard, reference is made to the consolidated financial statements of BayWa AG as at 31 December 2017. BayWa's reporting currency is the euro.

The following new or amended standards and interpretations became applicable at the start of the financial year 2018:

IFRS 9 Financial Instruments
In accordance with the transitional regulations of IFRS 9 Financial Instruments, the BayWa Group has waived the requirement to adjust previous-year figures and has recorded the aggregated transitional effects as at 1 January 2018 in the revenue reserves. Under IFRS 9, financial instruments are now to be divided into three measurement categories. As part of this classification, the equity instruments that have previously been measured at fair value without effect on income were measured at fair value through profit or loss with the exception of the securities issued by Raiffeisen Bank International AG, Vienna, Austria, which were subject to the option of recording changes in fair value through other comprehensive income in the other reserves item (known as the fair value OCI option). Derivative financial instruments and commodity futures continue to be measured at fair value through profit or loss. As under IAS 39, loans, receivables and other assets are recognised at amortised cost. The impairment requirements under IFRS 9 mandate the creation of separate risk provisions for debt instruments (known as expected credit loss). The effect of initial application as at 1 January 2018 in the amount of €3.2 million (after tax) was recorded without effect on income in the revenue reserves.

IFRS 15 Revenue from Contracts with Customers
The BayWa Group has applied IFRS 15 pursuant to the modified retrospective approach since 1 January 2018. The initial application of IFRS 15 has not resulted in an effect on revenue reserves. For reasons of materiality, further disclosures will be made solely in the consolidated financial statements as at 31 December 2018.

In addition, the following revised and/or newly issued standards adopted by the EU were applicable to the BayWa Group from 1 January 2018:
- Amendments to IFRS 2 – Share-based Payment
- Various improvements to IFRS – Annual Improvements 2014–2016 Cycle
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40 – Investment Property

These amendments are not of importance for BayWa or are only of secondary importance.

Assumptions and estimates

In as much as assumptions and estimates were made in the context of reporting, they have remained unchanged as to the methodology used during the financial year and between financial years. There are no reportable changes which have had a material impact on the current reporting period.

Seasonal and economic influences on business activity

Seasonal influences typical to the business have an impact on almost all the core activities of the Group. Over the course of the year, these lead to fluctuations in revenues and profit which partly offset one another. In the Agriculture Segment, the main activities take place in the first three quarters of the financial year, with the focus on the second quarter. Conventional energy is impacted more by economic influences which cause fluctuations in business. The price trend exerts a major impact on consumer behaviour and therefore on the development of the business unit's revenues. The backlog in demand subsequently evens out over a number of years. The Renewable Energies business unit is subject to fluctuations depending on project sales. Business development may also be impacted by political factors as a result of changes in promotion measures. In the Building Materials Segment, business picks up after the first quarter and slows in the fourth quarter due to the weather.

Changes in the group of consolidated companies

Along with BayWa AG, the consolidated financial statements include all major companies over which it can exercise direct or indirect control via subsidiaries. The fully consolidated group changed as follows in the first half of 2018:

	Share in capital in %	Previous year's share in capital in %	Comment
Affiliated companies so far not included in the consolidated financial statements for reasons of materiality			
AGROMED AUSTRIA GMBH, Kremsmünster, Austria	80.0	80.0	Initial consolidation on 01/01/2018
RWA Immobilien GmbH, Vienna, Austria	100.0	100.0	Initial consolidation on 01/01/2018
Windpark Bella GmbH, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2018
Windpark Sien GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2018
Windpark Straelen GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2018
Acquired companies included in the consolidated financial statements for the first time due to exertion of control			
Energy System Services S.r.l., Milan, Italy	100.0	–	Acquisition Initial consolidation on 01/01/2018
Becon PM & Consulting Ltd., Stirling, UK	100.0	–	Acquisition Initial consolidation on 11/05/2018
Rinnovabili Melfi S.r.l., Rovereto, Italy	100.0	–	Acquisition Initial consolidation of wind project on 10/04/2018
ALM Regio 8 B.V., Veghel, Netherlands	100.0	–	Founding Initial consolidation on 01/01/2018
Companies no longer included in the consolidated financial statements due to mergers			
BayWa Agrar Beteiligung Nr. 2 GmbH, Munich, Germany	–	100.0	Merged with BayWa Agrar Beteiligungs GmbH, Munich, Germany
BayWa Agri GmbH & Co. KG, Munich, Germany	–	100.0	Merged with BayWa Agrar Beteiligungs GmbH, Munich, Germany
BayWa r.e. 203. Projektgesellschaft mbH, Gräfelfing, Germany	–	100.0	Merged with BayWa r.e. Solar Projects GmbH, Munich, Germany
BayWa r.e. 205. Projektgesellschaft mbH, Gräfelfing, Germany	–	100.0	Merged with BayWa r.e. Solar Projects GmbH, Munich, Germany
Companies no longer included in the consolidated financial statements due to loss of control			
Cosmos Power S.L.U., Barcelona, Spain	–	100.0	Deconsolidation on 18/01/2018
Berthllwyd Solar Project Limited, Milton Keynes, UK	–	100.0	Deconsolidation on 02/03/2018
Bodwen Solar Project Limited, Milton Keynes, UK	–	100.0	Deconsolidation on 02/03/2018
Ebnal Lodge Solar Project Limited, Milton Keynes, UK	–	100.0	Deconsolidation on 06/04/2018
Hunger Hill Solar Project Limited, Milton Keynes, UK	–	100.0	Deconsolidation on 25/06/2018
Sandhutton Solar Project Limited, Milton Keynes, UK	–	100.0	Deconsolidation on 25/06/2018
BayWa r.e. 148. Projektgesellschaft mbH, Gräfelfing, Germany	–	100.0	Deconsolidation on 30/06/2018
BayWa r.e. 206. Projektgesellschaft mbH, Gräfelfing, Germany	–	100.0	Deconsolidation on 30/06/2018
BayWa r.e. Solarsystemer ApS, Svendborg, Denmark	–	100.0	Deconsolidation on 30/06/2018
BayWa r.e. Solar Systems Ltd., Machynlleth, UK	–	100.0	Deconsolidation on 30/06/2018
BayWa r.e. Windpark Guasila GmbH, Gräfelfing, Germany	–	100.0	Deconsolidation on 30/06/2018
BayWa r.e. Windpark Tuscania GmbH, Gräfelfing, Germany	–	100.0	Deconsolidation on 30/06/2018
Solarpark Homestead GmbH, Gräfelfing, Germany	–	100.0	Deconsolidation on 30/06/2018
Sunshine Movement GmbH, Munich, Germany	–	100.0	Deconsolidation on 30/06/2018

Additions to the group of consolidated companies in the first half of 2018

Addition: Energy System Services S.r.l., Milan, Italy
BayWa AG, Munich, Germany, took over 100% of the shares in Energy System Services S.r.l., Milan, Italy, through Group company BayWa r.e. renewable energy GmbH, Munich, Germany, by way of a share deal. The acquisition is part of the expansion of the service business in the Renewable Energies business unit in Italy. BayWa r.e. renewable energy GmbH, Munich, Germany, has had a controlling influence since 3 November 2017. The initial consolidation of the company took place on 1 January 2018 within the scope of full consolidation, as the company was still unable to provide any valid figures as at 31 December 2017. The cost of the acquisition amounted to €1.6 million. In accordance with the preliminary purchase price allocation, the transaction resulted in no material goodwill. According to preliminary figures, no material transaction costs were incurred in connection with the acquisition.

Addition: Becon PM & Consulting Ltd., Stirling, UK
BayWa AG, Munich, Germany, took over 100% of the shares in Becon PM & Consulting Ltd., Stirling, UK, through Group company BayWa r.e. renewable energy GmbH, Munich, Germany, by way of a share deal. By way of this acquisition, the Renewable Energies business unit has expanded its services in the maintenance of high-voltage electricity grids and switching technology as well as in rural conservation and civil engineering technology in the UK. BayWa r.e. renewable energy GmbH, Munich, Germany, has had a controlling influence since 11 May 2018. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. The purchase price amounted to €3.4 million. A (preliminary) purchase price allocation was not available at the time of this interim financial report. According to preliminary figures, no material transaction costs were incurred in connection with the acquisition.

Disposals from the group of consolidated companies

The total effect of the loss of control resulting from the disclosed sales on the consolidated financial statements is as follows (preliminary figures):

Consideration received

in € million	
Consideration received in the form of cash and cash equivalents for the sold shares	4.0

Assets and liabilities derecognised owing to control relinquished

in € million	
Non-current assets	
Intangible assets	–
Property, plant and equipment	–
Financial assets	0.0
Deferred tax assets	0.9
	0.9
Current assets	
Inventories	27.0
Receivables and other assets	1.8
Cash and cash equivalents	0.4
	29.2

in € million	
Non-current liabilities	
Non-current provisions	0.0
Financial liabilities	12.3
Trade payables and other liabilities	–
Deferred tax liabilities	0.4
	12.7
Current liabilities	
Current provisions	0.2
Financial liabilities	0.0
Trade payables and other liabilities	19.3
	19.5
Net assets on the disposal date	**- 2.1**

Gains/losses from the disposal of Group companies

in € million	
Consideration received for the sold shares	4.0
Net assets relinquished	2.1
Disposal result	**6.1**
of which: attributable to minority shareholders	–
of which: attributable to shareholders of the parent company	6.1

In the case of project companies in the Renewable Energies business unit, disposals are disclosed in the income statement under revenues and changes in inventories, while tax components are disclosed under tax expenses, as the disposal of these companies following the completion of the corresponding asset is the primary component of operating activities.

Incoming net cash and cash equivalents from the disposal of Group companies

in € million	
Purchase price settled through cash and cash equivalents	4.0
Less cash and cash equivalents paid out in connection with the disposal	- 0.4
	3.6

As at 30 June 2018, a total of 315 companies were included in the consolidated financial statements in accordance with the standards applicable to full consolidation; as at 31 December 2017, 324 companies were included in the consolidated financial statements. In addition, 30 associated companies and joint ventures were included in the consolidated financial statements in accordance with the equity method set out under IAS 28. As at 31 December 2017, that figure stood at 31.

It was not yet possible to include GroenLeven Group, which was acquired with effect from 23 April 2018, in these financial statements as at 30 June 2018 due to the ongoing accounting-related integration measures.

Further acquisitions in the form of asset deals

Premium Crops Limited, Hampshire, UK
In addition, BayWa AG, Munich, Germany acquired assets of Premium Crops Limited., Hampshire, UK, through Group company Cefetra Limited, Glasgow, UK, by way of an asset deal with effect from 2 February 2018. The acquisition is part of the specialisation strategy of the BayWa Agri Supply & Trade (BAST) business unit. The preliminary cost of the acquisition comes to €13.5 million. The transaction costs incurred to date in connection with the acquisition of the shares amount to €0.5 million. In the financial year 2018, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the takeover of operations, measured at fair value, break down as follows (preliminary figures):

in € million	Fair value
Intangible assets	4.7
Property, plant and equipment	–
Financial assets	–
Inventories	3.2
Financial assets	–
Receivables and other assets	1.7
Deferred tax assets	–
Cash and cash equivalents	–
Non-current liabilities	–
Current liabilities	2.6
Deferred tax liabilities	–
	7.0
Goodwill (preliminary)	6.5
Total purchase price (preliminary)	**13.5**

As the transaction is classified as an asset deal and the resulting lack of availability of information, BayWa dispensed with the disclosure of revenues and allocable consolidated profit that would have been presented had the acquired business activities been included since the date of acquisition.

Financial instruments

The financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy as at the reporting date, 30 June 2018, are as follows:

in € million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative financial instruments and commodity futures, including derivatives designated as hedging instruments for cash flow hedge accounting	60.2	143.4	–	203.6
Securities and investments	6.5	–	33.7	40.2
Financial assets at fair value without effect on income				
Securities (OCI option)	101.0	–	–	101.0
Sum total of financial assets	167.7	143.4	33.7	344.8
Financial liabilities measured at fair value				
Derivative financial instruments and commodity futures, including derivatives designated as hedging instruments for cash flow hedge accounting	47.0	154.5	–	201.5
Sum total of financial liabilities	47.0	154.5	–	201.5

Level 1: Prices are identical to those quoted in active markets for identical assets or liabilities.

Level 2: Input factors which are not synonymous with the prices assumed at Level 1 but which can be observed either directly (i.e. as prices) or indirectly (i.e. derived from prices) for the respective asset or liability.

Level 3: Factors not based on observable market data for the measurement of the asset or a liability (non-observable input factors).

Bonds/equity instruments

The short-term bonded loan in the amount of €75.0 million issued in the previous year fell due on 9 May 2018. For this reason, BayWa AG issued another bonded loan at that time in the same amount that will fall due on 11 June 2019 and will bear interest at the 1-month Euribor rate plus 0.40%. Otherwise, there were no further issues, share buy-backs or repayments, neither for bonded loans nor for other equity instruments, in the first half of 2018. The treasury share portfolio has remained unchanged since the financial year 2003 and comprises 19,500 shares, which correspond to €49,920, or the equivalent of 0.06% of the share capital.

Appropriation of 2017 retained earnings

On 5 June 2018, the Annual General Meeting of Shareholders approved the following appropriation of BayWa AG's unappropriated retained earnings in the financial year 2017:

in €	
Dividend of €0.90 per dividend-bearing share	31,411,066.50
Carried forward to new account	4,198,114.76
Profit available for distribution	**35,609,181.26**

The dividend was paid out on 8 June 2018. The amount distributed to the shareholders was reduced by the portion of the shares owned by BayWa AG at the time when the resolution on profit appropriation was made, as these shares are not entitled to dividends pursuant to Section 71b German Stock Corporation Act (AktG). This portion was transferred to other revenue reserves.

Earnings per share

Basic earnings per share (EPS) are calculated by dividing the profit for the period attributable to shares (net of minority interest) by the average number of shares. So-called potential shares (above all share options and convertible bonds), which can dilute earnings per share, were not issued, which means that diluted and basic earnings per share are the same.

Transactions and events to be reported

Interim reporting must contain information on transactions and events which affect the assets, liabilities, equity, result for the period under review or the cash flow, and which, due to their type, scope or frequency, are unusual. In the period under review, there were no matters requiring reporting. In respect of effects from the acquisition and disposal of companies, reference is made to the explanations above.

Tax computation

Tax computation is carried out by using the weighted average annual income tax rate for each separate region. The deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the periods ahead, the realisation of which is assured with sufficient probability.

Contingent liabilities and contingent receivables

There are no contingent receivables. There were no major changes in contingent liabilities as against 31 December 2017.

Cash flow statement

The cash flow statement has been drawn up pursuant to IAS 7 by applying the indirect method, and broken down into cash flows from operating, investing and financing activities.

Other transactions and events to be reported

Since the reporting date, 30 June 2018, there have been no transactions or events to be reported that have had a material effect on the assets, financial position and earnings position of the BayWa Group.

Audit of the Interim Report

The Interim Report was not subject to any audit review.

Segment report

The BayWa Agri Supply & Trade (BAST) business unit's domestic marketing activities were transferred to the BayWa Agricultural Sales (BAV) business unit effective 1 January 2018 so as to make it possible to manage national trade in produce, from recording to marketing, under one roof. In the course of these efforts, the BAV business unit was renamed the Agri Trade & Service business unit. The BAST business unit comprises international grain and oilseed trading activities. These changes result in a corresponding shift of revenues and earnings from BAST to the Agri Trade & Service business unit. In addition, the Fruit business unit was renamed Global Produce effective 1 January 2018. The comparable figures for the same period in the previous year were not adjusted, as the changes merely concern transfers within the reportable segment (Agriculture) as defined by IFRS 8.

Condensed segment information by business unit (income statement)

in € million Q1-2/2018	BAST	Agri Trade & Service	Global Produce	Agricultural Equipment	**Agriculture**
Revenues generated through business with third parties	2,800.8	1,817.5	401.3	794.9	5,814.5
Intra-segment revenues	299.6	125.3	–	18.0	442.9
Inter-segment revenues	14.2	37.8	–	1.3	53.3
Total revenues	**3,114.6**	**1,980.6**	**401.3**	**814.2**	**6,310.7**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**16.5**	**26.3**	**17.8**	**21.4**	**82.0**
Depreciation and amortisation	- 2.0	- 14.6	- 7.2	- 5.8	29.6
Earnings before interest and tax (EBIT)	**14.5**	**11.7**	**10.6**	**15.6**	**52.4**
Earnings before tax (EBT)	**9.9**	**1.7**	**6.7**	**9.0**	**27.3**
Income tax					
Net income/loss for the period					

Condensed segment information by business unit (income statement)

in € million Q1-2/2017	BayWa Agri Supply & Trade	BayWa Agricultural Sales	Fruit	Agricultural Equipment	**Agriculture**
Revenues generated through business with third parties	2,966.7	1,595.4	386.5	666.1	5,614.8
Intra-segment revenues	161.5	148.6	–	11.4	321.6
Inter-segment revenues	26.6	41.4	–	0.6	68.7
Total revenues	**3,154.9**	**1,785.4**	**386.5**	**678.2**	**6,005.1**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**0.0**	**38.9**	**23.3**	**15.1**	**77.4**
Depreciation and amortisation	- 1.8	- 13.2	- 8.2	- 5.9	- 29.1
Earnings before interest and tax (EBIT)	**- 1.8**	**25.7**	**15.1**	**9.3**	**48.3**
Earnings before tax (EBT)	**- 7.0**	**15.9**	**3.2**	**11.2**	**23.2**
Income tax					
Net income/loss for the period					

	Conventional Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities**	Transition	**Group**
	1,105.0	539.9	1,644.9	797.7	4.9	8.4	–	8,270.4
	105.6	37.5	143.1	14.8	0.2	26.7	- 627.7	–
	4.3	1.4	5.7	0.6	–	3.1	- 62.7	–
	1,214.9	**578.8**	**1,793.7**	**813.1**	**5.1**	**38.2**		**8,270.4**
	9.5	**3.2**	**12.7**	**15.4**	**- 4.9**	**32.7**	**- 41.1**	**96.8**
	- 4.9	- 6.8	- 11.4	- 8.0	- 2.9	- 8.3	- 6.3	- 64.7
	4.9	**- 3.6**	**1.3**	**7.4**	**- 6.0**	**24.4**	**- 47.4**	**32.1**
	4.7	**- 12.4**	**- 7.7**	**1.0**	**- 6.1**	**32.0**	**- 48.1**	**- 1.6**
								0.5
								- 1.1

	Conventional Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities**	Transition	**Group**
	1,088.0	576.0	1,664.1	753.6	3.0	8.5	–	8,044.0
	111.4	17.7	129.1	18.4	0.1	23.4	- 492.6	–
	3.2	0.9	4.2	0.7	–	1.8	- 75.5	–
	1,202.7	**594.6**	**1,797.3**	**772.7**	**3.2**	**33.7**	**- 568.0**	**8,044.0**
	12.0	**54.0**	**66.0**	**14.5**	**- 4.4**	**8.6**	**- 23.5**	**138.6**
	- 4.3	- 12.7	- 16.9	- 7.7	- 0.9	- 7.2	- 4.0	- 65.8
	7.8	**41.4**	**49.1**	**6.8**	**- 5.4**	**1.4**	**- 27.5**	**72.8**
	7.7	**30.8**	**38.5**	**0.3**	**- 5.4**	**8.7**	**- 28.5**	**36.8**
								- 9.4
								27.4

Condensed segment information by business unit (balance sheet)

in € million 30/06/2018	BAST	Agri Trade & Service	Global Produce	Agricultural Equipment	**Agriculture**
Assets	1,713.4	1,301.2	620.4	841.0	3,936.0
of which: participating interests recognised at equity	4.6	19.1	23.9	20.4	68.0
of which: non-current assets held for sale	–	–	–	–	–
Inventories	330.0	439.0	109.7	495.8	1,374.5
of which: non-current assets held for sale	–	–	–	–	–
Liabilities	866.9	1,125.2	367.4	1,044.6	3,404.1
of which: liabilities from non-current assets held for sale	–	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	12.3	9.6	20.0	5.7	47.6
Employees (annual average)	439	3,561	3,137	3,694	10,831

Condensed segment information by business unit (balance sheet)

in € million 31/12/2017	BayWa Agri Supply & Trade	BayWa Agricultural Sales	Fruit	Agricultural Equipment	**Agriculture**
Assets	1,615.0	1,322.3	516.5	723.2	4,177.0
of which: participating interests recognised at equity	21.6	1.0	25.0	19.9	67.6
of which: non-current assets held for sale	–	–	–	–	–
Inventories	460.5	660.2	45.3	382.3	1548.3
of which: non-current assets held for sale	–	–	–	–	–
Liabilities	1,268.4	713.0	255.9	650.4	2,887.7
of which: liabilities from non-current assets held for sale	–	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	26.9	49.7	49.1	12.7	138.4
Employees (annual average)	563	3,496	2,925	3,629	10,613

	Conventional Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities**	Transition	**Group**
	309.1	3,387.0	3,696.1	663.5	15.6	4,361.9	- 5,679.4	6,993.7
	–	2.4	2.4	0.1	–	149.1	–	219.6
	–	1.2	1.2	–	–	4.0	–	5.2
	49.7	579.8	629.5	181.8	1.6	1.9	118	2,307.3
	–	–	–	–	–	–	–	–
	315.3	2,820.0	3,135.3	774.2	17.6	2,257.7	- 3,959.0	5,629.9
	–	–	–	–	–	–	–	–
	5.0	31.5	36.5	9.1	2.6	16.6	–	112.4
	964	1,341	2,304	4,198	179	713	–	18,226

	Conventional Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities**	Transition	**Group**
	269.0	2,866.6	3,135.7	581.1	17.2	3,979.1	- 5,402.1	6,488.0
	–	2.3	2.3	0.2	–	144.5	–	214.6
	–	1.2	1.2	–	–	12.5	–	13.7
	45.1	461.5	506.6	151.3	1.9	1.1	113.5	2,322.7
	–	–	–	–	–	–	–	–
	372.3	2,288.6	2,660.9	613.6	17.7	2,392.1	- 3,519.6	5,052.5
	–	–	–	–	–	–	–	–
	12.4	19.6	32.0	20.7	6.4	32.9	–	230.4
	978	1,101	2,079	4,113	158	587	–	17,550

Condensed segment information by region

	External sales		Non-current assets	
in € million	**Q1-2/2018**	Q1-2/2017	**30/06/2018**	31/12/2017
Germany	3,492.0	3,122.0	1,463.7	1,427.1
Austria	1,238.5	1,243.5	456.3	459.3
Netherlands	721.2	–	–	–
New Zealand	–	–	251.8	274.1
Other international operations	2,818.7	3,678.6	254.7	236.4
Group	**8,270.4**	**8,044.0**	**2,426.5**	**2,396.9**

Condensed segment report by business segment (income statement) – by quarter

in € million	Q1/2018	Q2/2018	Q1-2/2018	Q1/2017	Q2/2017	Q1-2/2017	Change Q1-Q2 in %
Revenues generated through business with third parties							
BAST (2017: BayWa Agri Supply & Trade)	1,420.1	1,380.7	2,800.8	1,546.6	1,420.1	2,966.7	- 5.6
Agri Trade & Service (2017: BayWa Agricultural Sales)	813.4	1,004.1	1,817.5	739.2	856.2	1,595.4	13.9
Agricultural Equipment	309.0	485.9	794.9	261.9	404.2	666.1	19.3
Global Produce (2017: Fruit)	185.7	215.6	401.3	194.1	192.4	386.5	3.8
Agriculture	**2,728.2**	**3,086.3**	**5,814.5**	**2,741.8**	**2,873.0**	**5,614.8**	**3.6**
Conventional Energy	514.4	589.6	1,105.0	518.6	569.4	1,088.0	1.6
Renewable Energies	260.4	279.5	539.9	251.8	324.2	576.0	- 6.3
Energy	**775.8**	**869.1**	**1,644.9**	**770.4**	**893.6**	**1,664.1**	**- 1.1**
Building Materials	**287.9**	**509.8**	**797.7**	**290.7**	**462.8**	**753.6**	**5.9**
Innovation & Digitalisation	**2.0**	**2.9**	**4.9**	**1.5**	**1.5**	**3.0**	**63.3**
Other Activities	**3.2**	**5.2**	**8.4**	**3.3**	**5.1**	**8.5**	**- 1.2**
Total	**3,797.1**	**4,473.3**	**8,270.4**	**3,807.9**	**4,236.1**	**8,044.0**	**2.8**
Earnings before interest, tax, depreciation and amortisation (EBITDA)							
BAST (2017: BayWa Agri Supply & Trade)	8.7	7.8	16.5	2.9	- 2.8	0.0	> 100
Agri Trade & Service (2017: BayWa Agricultural Sales)	1.0	25.3	26.3	16.6	22.3	38.9	- 32.4
Agricultural Equipment	2.0	19.4	21.4	2.4	12.7	15.1	41.7
Global Produce (2017: Fruit)	0.2	17.6	17.8	3.9	19.4	23.3	- 23.6
Agriculture	**11.9**	**70.1**	**82.0**	**25.7**	**51.7**	**77.4**	**6.1**
Conventional Energy	3.9	5.6	9.5	5.1	7.0	12.0	- 20.8
Renewable Energies	0.2	3.0	3.2	26.9	27.1	54.0	- 94.1
Energy	**4.1**	**8.6**	**12.7**	**32.0**	**34.1**	**66.0**	**- 80.8**
Building Materials	**- 11.7**	**27.1**	**15.4**	**- 7.6**	**22.1**	**14.5**	**6.2**
Innovation & Digitalisation	**- 2.5**	**- 2.4**	**- 4.9**	**- 2.5**	**- 1.9**	**- 4.4**	**11.4**
Other Activities	**7.3**	**25.4**	**32.7**	**- 0.8**	**9.4**	**8.6**	**> 100**
Transition	- 16.6	- 24.5	- 41.1	- 6.8	- 16.7	- 23.5	74.9
Total	**- 7.5**	**104.3**	**96.8**	**40.1**	**98.4**	**138.5**	**- 30.1**
Earnings before interest and tax (EBIT)							
BAST (2017: BayWa Agri Supply & Trade)	8.0	6.5	14.5	1.9	- 3.7	- 1.8	> 100
Agri Trade & Service (2017: BayWa Agricultural Sales)	- 6.2	17.9	11.7	10.0	15.7	25.7	- 54.5
Agricultural Equipment	- 1.0	16.6	15.6	- 0.5	9.8	9.3	67.7
Global Produce (2017: Fruit)	- 3.5	14.1	10.6	- 0.2	15.3	15.1	- 29.8
Agriculture	**- 2.7**	**55.1**	**52.4**	**11.3**	**37.1**	**48.3**	**8.3**
Conventional Energy	1.6	3.3	4.9	3.0	4.8	7.8	- 37.2
Renewable Energies	- 5.1	1.5	- 3.6	21.4	20.0	41.4	> - 100
Energy	**- 3.5**	**4.8**	**1.3**	**24.3**	**24.8**	**49.1**	**- 97.4**
Building Materials	**- 15.7**	**23.1**	**7.4**	**- 11.4**	**18.2**	**6.8**	**8.8**
Innovation & Digitalisation	**- 3.0**	**- 3.0**	**- 6.0**	**- 3.0**	**- 2.4**	**- 5.4**	**- 11.1**
Other Activities	**3.2**	**21.2**	**24.4**	**- 4.4**	**5.8**	**1.4**	**> 100**
Transition	- 19.4	- 28.0	- 47.4	- 8.7	- 18.8	- 27.5	72.4
Total	**- 41.1**	**73.2**	**32.1**	**8.0**	**64.7**	**72.8**	**- 56.0**
Earnings before tax (EBT)							
BAST (2017: BayWa Agri Supply & Trade)	5.9	4.0	9.9	- 0.9	- 6.1	- 7.0	> 100
Agri Trade & Service (2017: BayWa Agricultural Sales)	- 11.2	12.9	1.7	4.7	11.2	15.9	- 89.3
Agricultural Equipment	- 4.3	13.3	9.0	- 3.7	6.9	3.2	> 100
Global Produce (2017: Fruit)	- 5.1	11.8	6.7	- 2.0	13.2	11.2	- 40.2
Agriculture	**- 14.7**	**42.0**	**27.3**	**- 1.9**	**25.2**	**23.3**	**17.2**
Energy	1.5	3.2	4.7	2.9	4.8	7.7	- 39.0
Renewable Energies	- 9.0	- 3.4	- 12.4	17.3	13.5	30.8	> - 100
Energy	**- 7.5**	**- 0.2**	**- 7.7**	**20.2**	**18.3**	**38.5**	**> - 100**
Building Materials	**- 18.8**	**19.8**	**1.0**	**- 14.7**	**15.0**	**0.3**	**> 100**
Innovation & Digitalisation	**- 3.0**	**- 3.1**	**- 6.1**	**- 3.0**	**- 2.4**	**- 5.4**	**13.0**
Other Activities	**7.2**	**24.8**	**32.0**	**- 0.7**	**9.4**	**8.7**	**> 100**
Transition	- 20.2	- 27.9	- 48.1	- 9.1	- 19.4	- 28.5	68.8
Total	**- 57.0**	**55.4**	**- 1.6**	**- 9.2**	**46.1**	**36.9**	**> - 100**

Affirmation by the Legally Authorised Representatives

We hereby affirm that, to the best of our knowledge and in accordance with the generally accepted accounting principles applicable to interim reporting, the interim consolidated financial statements for the first half of the year give a true and fair view of the net assets, financial position and the result of operations of the Group, and the Interim Report of the BayWa Group presents a true and fair description of the development of the Group's business, including its performance, and of the material risks and opportunities inherent in the prospective development of the Group over the remainder of the financial year.

Munich, 7 August 2018

The Board of Management

Prof. Klaus Josef Lutz (Chief Executive Officer)
Andreas Helber
Roland Schuler
Matthias Taft
Reinhard Wolf

Financial Calendar

Dates in 2018

Publication of figures for the third quarter of 2018
8 November 2018, 8.30 am – Analysts' Conference Call
8 November 2018, 10.30 am – Press Conference Call

Dates in 2019

Consolidated financial statements for 2018
28 March 2019, 10.30 am – Annual Results Press Conference
29 March 2019, 11.00 am – Analysts' Conference, Frankfurt am Main

Publication of figures for the first quarter of 2019
9 May 2019, 8.30 am – Analysts' Conference Call
9 May 2019 – Press release

Annual General Meeting 2019
28 May 2019, 10.00 am – ICM, Munich

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