Consolidated Financial Statements 2018

of BayWa AG

Consolidated Management Report of BayWa AG for the Financial Year 2018

Overview

The BayWa Group developed positively in 2018 and fully achieved all of the Group targets set for the reporting year. All three of the Group's core operating segments increased their earnings year on year. The Agriculture Segment improved its earnings primarily as a result of measures introduced in 2017 to improve profitability. The Energy Segment topped the high level of earnings from the previous year and set a new record. Earnings continued to develop favourably in the Building Materials Segment as well. Improvements in operating earnings in the segments were able to more than compensate for the absence of one-off income, including from the sale of the BayWa high-rise building in the previous year.

The Agriculture Segment experienced diverse development in the financial year 2018. All told, revenues increased by 1.7% to €11,015.9 million. Earnings before interest and tax (EBIT) in the segment improved significantly by €18.0 million to €100.1 million due to rises in earnings in the Agricultural Equipment and BayWa Agri Supply & Trade (BAST) business units. The revenues of the BAST business unit declined by 9.1% to €5,286.8 million in the reporting year. This decline was primarily due to the transfer of grain and oilseed marketing activities in Germany and those managed by the Austrian Group company RWA Raiffeisen Ware Austria Aktiengesellschaft (RWA) to the Agri Trade & Services business unit at the start of the year and the resulting decline in handling volume in the BAST business unit. Besides the structural optimisation in the previous year, the increased volatility of agricultural commodity prices also had a positive impact on earnings, since the company seized the resulting trading opportunities. The business unit's EBIT rose significantly by €24.1 million to €31.1 million. Since 1 January 2018, the Agri Trade & Service business unit (formerly: BayWa Agricultural Sales) has encompassed the grain and oilseed marketing activities of the BAST business unit in Germany as well as those managed by RWA, alongside the agricultural input business and the recording of agricultural produce. This increased revenues by 17.3% to €3,298.8 million in the reporting year. However, adjusted for this effect, revenues declined due to the fall in sales volumes in both the agricultural input and produce business on account of extreme weather conditions and extremely low harvest volumes. EBIT in the Agri Trade & Service business unit fell by €20.5 million year on year to €5.2 million. This decline in earnings was due in particular to substantial decreases in volumes and a rise in logistics costs. In the Global Produce business unit (formerly: Fruit), revenues were down marginally by 0.3% to €807.9 million. Growth abroad more than compensated for declines in Germany. EBIT in the Global Produce business unit fell by €2.2 million to €27.2 million in the reporting year. One reason for the decline was the negative impact of the trade conflict between the US and China on T&G Global Limited's international activities. Moreover, the earnings contribution from the German fruit business was lower in 2018 due to a lack of marketing volume in the first half of the year. Agricultural equipment business benefited in particular from significant growth in the sale of new machinery in Germany and Austria in 2018. Compared to the previous year, the Agricultural Equipment business unit saw its revenues rise by 15.9% to €1,622.4 million. EBIT in the business unit improved by a greater margin compared to revenues, rising by 83.9% to a new record of €36.6 million.

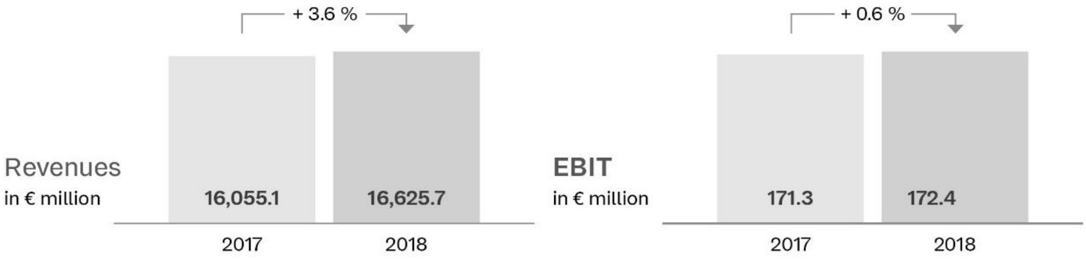
In the Energy Segment, positive business development in 2018 was fuelled by both business units. Overall, revenues increased by €373.7 million year on year to €3,968.4 million. EBIT was up by 12.9% to €96.0 million – its highest level to date. In the Renewable Energies business unit, revenues increased by 12.0% to €1,530.2 million primarily as a result of a significant rise in the volume of energy trade. EBIT reached a new record high at €72.5 million. This increase was primarily due to a rise in project sales and the growth in the service business. In 2018, the conventional energy business was influenced by the almost consistently higher price of oil compared to 2017, which was the primary reason for revenues rising by 9.4% to €2,438.3 million.

EBIT reached a new record high of €23.5 million, up 27.0% on the previous year. This was primarily due to improved margins in the fuel business.

The Building Materials Segment benefited from the ongoing boom in construction activity. Revenues rose by 0.7% to €1,617.5 million in 2018, primarily due to volume factors. The segment's EBIT rose more sharply compared to revenues, by 3.3% to €31.1 million. Above all, this was due to expansion of digital sales channels as well as positive sales development.

The Innovation & Digitalisation Segment increased its revenues in the reporting year to €10.7 million. As planned, the segment recorded negative EBIT of €12.3 million due to significant investment in the development of digital farming solutions and the new BayWa Portal online platform.

BayWa Group



The BayWa Group generated total revenues of €16,625.7 million in 2018, a 3.6% increase compared to the previous year. EBIT improved by 0.6% to €172.4 million. The consolidated net result for the year declined by 18.3% to €54.9 million due to an increase in tax on income and the rise in tax expenses caused by improvements in operating earnings. The Board of Management and the Supervisory Board will propose the same dividend distribution as the previous year, 90 cents per share, to the Annual General Meeting of Shareholders.

BayWa continued to pursue its strategic development in 2018: In the Agriculture Segment, the BAST business unit continued to develop its speciality strategy to expand its range of products with the addition of special types of grain and services by acquiring British company Premium Crops Limited and Dutch company Royal Ingredients Group International B.V. Activities in the Agri Trade & Service business unit centred on consolidating and optimising the location network. In addition, sales were geared towards integrated solutions, and organic produce, among other things, was added to the product range. The focus of the Global Produce business unit was on expanding the range of fruit and vegetable specialities. In addition, the German fruit operations have been carbon-neutral since June 2018. The Agricultural Equipment business unit increased its market share in core regions thanks to targeted expansion of its product range. It also expanded its presence in the Netherlands by taking over three Van Arendonk B.V. sites as at 1 January 2019.

The Energy Segment continued to expand its renewable energies activities globally as one of Europe's largest providers. In Spain, BayWa r.e. constructed Don Rodrigo, its largest solar power plant to date with a total output of 174.4 megawatts (MW) and also the first to be constructed without any government subsidies at all, in 2018. In the Netherlands, BayWa r.e. acquired 70% of the shares in GroenLeven, the leading solar power plant project developer, and became one of the world's ten largest solar project developers in early 2018. Further expansion followed in Latin America in October with the acquisition of DMSolar, the leading provider in the Mexican solar industry. A range of new electromobility services were introduced in the conventional energy business. Electric vehicle customers can now charge their vehicles at over 8,000 charging stations in Germany and approximately 35,000 throughout Europe using the BayWa filling station card. BayWa launched a new digital lubricant platform, Interlubes, in March 2018.

In the Building Materials Segment, BayWa acquired a 90% stake in Saxony Anhalt-based Bölke Tiefbaustoffe für Ver- und Entsorgung GmbH in July 2018, strengthening its civil engineering portfolio. The range of online services was expanded by linking together online and stationary sales channels through the Click & Collect function and the addition of the "Mr+Mrs Homes" property configurator as part of efforts to position the company as an integrated multi-specialist. In addition, BayWa created a seal of approval for low-pollutant building materials in 2018, the BauGesund seal.

In the Innovation & Digitalisation Segment, BayWa created the Agro Innovation Lab (AIL) together with RWA Raiffeisen Ware Austria Aktiengesellschaft (RWA). Start-ups with innovative business ideas for agriculture had the opportunity to apply for the acceleration programme organised by AIL. BayWa Venture GmbH invested in four start-ups in 2018 to help develop ideas into fully fledged products ready to be marketed.

The BayWa Group has a well-balanced, forward-thinking business portfolio to underpin its success in the future.

Background to the Group

BayWa Group Business Model

Group structure and business activities

The BayWa Group

2018	Revenues (in € million)	Employees (annual average)
Agriculture	11,015.9	10,428
Energy	3,968.5	2,407
Building Materials	1,617.5	4,211
Innovation & Digitalisation	10.7	183
Other Activities	13.1	775
Total	**16,625.7**	**18,004**

BayWa AG was established in 1923 and has its principal place of business in Munich. Through consistent growth and the continual expansion of its scope of services, BayWa has grown from its humble beginnings in agricultural cooperative trading into one of Europe's leading trade, services and logistics companies and an integrated solution provider. Its business focus is on Europe, but BayWa has also established an international trade and procurement network by maintaining important activities in the US and New Zealand and business relations from Asia to South America. The BayWa Group's business activities – divided into the three operating segments Agriculture, Energy and Building Materials, as well as the Innovation & Digitalisation Segment focused on development – encompass wholesale, retail and logistics, as well as extensive supporting services and consultancy. The BayWa Group has registered places of business in 41 countries, either through itself or through Group companies.

BayWa AG conducts its business in the three operating segments and the Innovation & Digitalisation development segment both directly and through its subsidiaries, which are included in the group of consolidated companies. Besides the parent company BayWa AG, the BayWa Group comprises 313 fully consolidated Group companies. Furthermore, 28 companies were included at equity in the financial statements of BayWa.

Agriculture Segment
The Agriculture Segment traditionally accounts for the largest share of revenues at the BayWa Group. In 2018, it accounted for approximately 66% of revenues. The segment is divided into four business units: BayWa Agri Supply & Trade (BAST), 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 resulted 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 Agriculture Segment is strongly influenced by natural phenomena, such as the weather, and the effect these phenomena have on harvests. These factors have a direct impact on the offering and pricing in the markets for agricultural commodities and produce. Globalisation means that international developments, such as record or failed harvests in other parts of the world or changes in exchange rates and transport prices, increasingly affect price development in regional markets. The extent to which the prices of individual agricultural commodities influence one another has increased significantly in recent years and prices have become more volatile. The price trend for agricultural produce is expected to remain stable or point slightly upwards over the medium to long term due to the growing global population and rising expectations regarding food, while land under cultivation per capita declines simultaneously. Supply and demand and prices for agricultural inputs such as fertilisers and crop protection products are also increasingly influenced by global and regulatory factors. What is more, changes in the legal conditions can trigger considerable adaptive reactions in the markets trading agricultural products. Finally, regulations – for instance, those issued by the European Union (EU) – exert a major influence on pricing and structures in a number of relevant markets.

BAST

BayWa assumes a leading position in grain and oilseed trade in Europe and has global reach. In the BayWa Agri Supply & Trade (BAST) business unit, BayWa acts as a supply chain manager, coving the entire value chain from procurement and logistics to sales and continuing to expand its international grain trading activities. It pools activities that are not tied to a specific location, particularly international grain trading, and is geared primarily towards grain or oil mills, producers of starch and feedstuffs, malt houses, breweries and biofuel manufacturers as its main customers. When it comes to the procurement and marketing of produce, BayWa possesses a global network comprising both inland and deep water ports. In February 2018, BayWa acquired grain trader Premium Crops Limited through its British subsidiary Cefetra Limited as part of its speciality strategy in trade with agricultural produce (see also Corporate Goals and Strategy section). Premium Crops is a major UK specialist crop contracting and supply business whose focus is on sustainable, traceable, and fully risk-managed supply chains for niche oilseeds and speciality grains. In December 2018, BayWa acquired – subject to approval by antitrust authorities – 60% of the shares in the specialist retailer Royal Ingredients Group International B.V. (Royal Ingredients) through its Dutch subsidiary BayWa Agri Supply & Trade B.V. Royal Ingredients is a leading provider of starch products, plant proteins, grain and seed cultivated using both conventional and organic methods for the global food and animal feed industry. The acquisitions are part of the BAST business unit's speciality strategy of further diversifying its portfolio to include special grains and services.

Agri Trade & Service

The Agri Trade & Service business unit covers all stages of farms' value chains: recording, sales and service. It supplies farmers with agricultural inputs such as seed, fertilisers, crop protection and feedstuffs throughout the entire agricultural year and takes responsibility for collecting and marketing the harvest regionally. For its recording activities, BayWa maintains a dense network of high-performance locations in its core regions with significant transport, processing and storage capacities This guarantees seamless goods delivery, quality inspection, processing, correct storage and handling of agricultural produce. BayWa sells products to local, regional, national and international companies in the foodstuff, wholesale and retail industries through its in-house trade departments.

BayWa's agribusiness is embedded in the agricultural cooperatives trading structure. In Germany, this business is focused on specific regions on account of historical structures. BayWa has 201 sites in its traditional core regions, particularly in Bavaria, Baden-Württemberg, Mecklenburg-West Pomerania, Thuringia, Saxony, Saxony-Anhalt and southern Brandenburg, which form part of an extensive and dense network. The focal point when it comes to developing agribusiness in Germany is on site modernisation, process optimisation in the logistics chain, the expansion of e-commerce activities and employee development. Just-in-time deliveries and direct supply to farms is becoming increasingly important, raising the requirements when it comes to sites' capacity for goods acceptance. The trend is moving towards fewer but larger sites with increased capacities, and preferred locations are gradually moving away from the centres of towns and cities and out towards peripheral locations with better transport infrastructure. Digitalisation is also opening the door to additional opportunities to improve the logistics chain for both sides in close collaboration with customers. Thanks to BayWa's omni-channel sales concept, customers can decide for themselves whether they prefer to do business in person at a BayWa site or online. By expanding its digital activities, BayWa is also acquiring new customers beyond its traditional regions. Relaying the necessary competences for new challenges in the digital world is at the forefront of BayWa's employee development activities. Through its Austrian subsidiary RWA Raiffeisen Ware Austria Aktiengesellschaft (RWA), which maintains close business relations across the whole of Austria with 469 cooperative warehouses, BayWa is represented throughout the country. Numerous privately owned medium-sized trading enterprises, mainly operating locally, make up the competitive environment for agricultural produce. In contrast, there are also a number of wholesalers operating nationwide that offer agricultural inputs. All in all, BayWa has established a leading market position for itself in the agricultural trade in Germany and Austria.

Global Produce

The Global Produce business unit is one of the BayWa Group's business units with the greatest international focus. In 2012, BayWa took over New Zealand company T&G Global Limited (T&G), which in turn acquired Apollo Apples Limited in 2014. Together with its subsidiary Apollo Apples, T&G is the leading provider of apples in New Zealand, with international trade links to the Americas, Asia, Australia and Europe. Through the reciprocal marketing of dessert pome fruit between the northern and southern hemispheres, BayWa is in the position to provide trade partners in Europe with fresh produce all year round, expand its product range and seize sales opportunities for German fruit on the international growth markets, which makes BayWa one of the most important pome fruit traders worldwide. The existing sales structures of T&G and its affiliates offer the potential to open up additional sales markets, particularly in Asia. In Germany, BayWa is the leading single seller of dessert pome fruit to wholesalers and retailers in the food industry and the largest supplier of organic pome fruit. BayWa also records, sorts, stores, packages and trades fruit for customers in Germany and abroad as a marketer under contract at its six sites in the Lake Constance, Neckar and Rhineland-Palatinate regions. BayWa expanded its portfolio in the growth market for exotic speciality fruits in the “ready-to-eat” sector in 2016 through the majority interest in the Dutch supplier TFC Holland B.V. (TFC), significantly strengthening its position as a leading international supplier of fruit and pome fruit. TFC has long-standing international trade relations in all procurement markets for tropical fruits – mainly for avocado, mango and citrus fruits – as well as with the European food retail industry. By taking this step, BayWa systematically continued its specialisation in the national and international fruit business. Using an attractive diversified product portfolio featuring specialities to set yourself apart from the competition is also playing an increasingly significant role in the German market, which is marked by a high concentration on the demand side.

As part of its speciality strategy, BayWa and Al Dahra Holding LCC, Abu Dhabi, a leading agricultural company in the Arab world, founded a joint venture in the United Arab Emirates (UAE) in March 2017 to self-sufficiently provide the region with premium vegetable fruits in an efficient manner that conserves resources. Total investment volume for the construction of state-of-the art climate-controlled greenhouses on a 10-hectare property totalled approximately €40 million at the end 2018. The facility has been operating in test mode since the second half of 2018. Once fully operational, up to 6,000 tonnes of premium tomatoes will be able to be produced per year in these greenhouses and marketed to the local food retail industry. The greenhouse’s controlled climate makes it possible to harvest produce all year long. Its innovative system cuts water consumption by around 60% compared to conventional greenhouses.

Agricultural Equipment

The Agricultural Equipment business unit offers a full line of machinery, equipment and systems for all areas of agriculture. The most important customer groups include those in agriculture and forestry, local government and industry. Aside from tractors and combine harvesters, the range of machinery also includes versatile municipal vehicles, road-sweeping vehicles, mobile systems for wood shredding and forklift trucks for municipal services and commercial operations. The range on offer for forestry extends from large machinery and equipment such as forestry tractors, wood splitting and chipping machinery, forest milling cutters and mulchers, cable winches, road and path construction machinery right through to small appliances such as chainsaws and brush cutters and the necessary protective clothing. In addition, an extensive network of 284 workshops and 671 mobile service vehicles provide maintenance and repair services for machinery and equipment. In January 2017, the Agricultural Equipment business unit was reorganised by dividing it into the Agricultural Equipment, CLAAS Affiliated Companies and Special Agricultural Equipment business divisions so as to better meet the varying needs of different customer groups and seize growth potential. The Agricultural Equipment business division comprises product management for new machinery, especially AGCO-brand machinery, as well as international activities. CLAAS sales and service through the joint affiliated companies are equally positioned form an organisational perspective. The Special Agricultural Equipment business division is divided into the product categories municipal services, forestry, indoor equipment and irrigation technologies.

BayWa is the world’s largest sales partner for products made by AGCO – with its brands Fendt, Massey Ferguson, Challenger and Valtra – and CLAAS. It maintains a closely linked network of in-house workshops in southern and eastern Germany, as well as the Netherlands, that are tailored to manufacturer brands. In Germany, BayWa has also significantly expanded sales structures for Massey Ferguson-branded products in recent years to increase their market share. This range is complemented by the sale of spare parts and the provision of mobile service vehicles for maintenance and repair services. BayWa also sells used machinery via online platforms.

In BayWa's traditional core regions, the market for agricultural equipment is focused primarily on replacement investments and the modernisation of machinery and systems. Against this backdrop, developing international markets with above-average growth potential is becoming increasingly more important. In Canada, for instance, BayWa has entered into a partnership with CLAAS. The partnership focuses on marketing CLAAS products in the province of Alberta. The first location opened in 2016, with another one opening in 2017 and 2018 each. In the Netherlands, BayWa also acquired the remaining 51% of the shares in the Agrimec Group B.V., a joint venture established together with the Royal Agrifirm Group B.V. in 2014, in July 2016. This company operates in agricultural machinery sales and service. Effective as at 1 January 2019, Abemec B.V., a wholly owned subsidiary of BayWa AG, acquired three sites of the Dutch company Van Arendonk B.V. in Dronten, Zeewolde and Ermelo. This company conducts agricultural equipment business with sales and service offerings in Flevoland and western Gelderland. The three agricultural equipment sites complement Abemec B.V.'s existing network of locations in the south of the country. BayWa is expanding its market position in the Netherlands with these acquisitions. In 2015, BayWa partnered with Barloworld Limited, Johannesburg, South Africa, to establish the joint venture BHBW Zambia Limited for distributing agricultural equipment in sub-Saharan Africa. This partnership resulted in a second joint venture, BHBW Holdings (Pty) Ltd, for agricultural equipment and logistics technology in South Africa and other neighbouring markets in January 2017. BayWa and Barloworld each hold a 50% stake in both joint ventures. BHBW Holding holds licences to distribute AGCO brands Fendt, Massey Ferguson and Challenger in the agricultural division and the Hyster and UTILEV brands with regard to lift trucks and materials handling equipment. The business unit is continuing on its path towards internationalisation with the aim of securing long-term growth opportunities.

Energy Segment

In the financial year 2018, the Energy Segment accounted for just under 24% of consolidated revenues. The segment's business activities are divided into the Renewable Energies business unit, which is pooled in BayWa r.e. renewable energy GmbH, and the conventional energy business.

Renewable Energies

The Group pools the lion's share of the renewable energies value chain in BayWa r.e. renewable energy GmbH (BayWa r.e.). BayWa r.e. pursues a three-pronged diversification strategy for its business portfolio: by country, by energy carrier and by business activity. Business activities are divided into four areas: project development/implementation, services, photovoltaic trade and energy trade. Worldwide, project development/implementation encompasses project planning, management and the construction of wind and solar power plants through to the sale of finished plants. In 2018, BayWa r.e. constructed the Don Rodrigo solar park on a 265-hectare site south of Seville, Spain, without the help of any government subsidies. A power purchase agreement was concluded with Norwegian energy group Statkraft for a term of 15 years for the power generated from the new plant. The share of the energy mix attributable to renewable energies is also increasing in the Netherlands. Against this backdrop, BayWa acquired 70% of the shares in the leading solar power plant project developer GroenLeven, with a project pipeline of over 2 gigawatts (GW), in early 2018. This makes BayWa one of the ten largest solar project developers worldwide. Services comprise planning and technical services, the provision of consumables, operational management and maintenance of the turbines and plants. By opening a new control centre for solar and wind power plants in Bangkok, Thailand, BayWa r.e. is in the position to offer its customers in the Asia-Pacific region the best monitoring, security and operations services. BayWa r.e.'s branches in Europe and South East Asia enable it to guarantee a 24-hour service for its international customers. It currently oversees facilities with a total installed output of approximately 5.7 GW worldwide. In addition, BayWa r.e. sells photovoltaic systems and components and is one of the world's leading wholesalers that is independent of a specific manufacturer in this sector. In October 2018, it acquired the leading provider in the Mexican solar industry, DMSolar, in order to further its expansion in Latin America. BayWa r.e.'s partnership with KOS Energie GmbH (KOS), an alliance of Bavarian municipal utilities providers, and its affiliated company Energieallianz Bayern GmbH & Co. KG (EAB) for the joint marketing of photovoltaic and energy storage systems was expanded in October 2018 with the additions of internet of things (IoT) experts ROCKETHOME. Thanks to the partnership, the range of products and services now includes intelligent smart home/energy IoT solutions to control connected devices and decentralised energy supply systems. In energy trading, BayWa r.e. markets electricity, gas and heat generated from renewable sources. By acquiring Clean Energy Sourcing (CLENS), a direct distributor of energy and operator of a virtual power plant, BayWa r.e. further expanded its portfolio in the field of direct marketing, supplying green electricity and flexibility management to 2.1 GW in 2018. The Renewable Energies business unit has had a strong international focus since its founding in order to reduce reliance on individual national markets. BayWa r.e. is now represented in all major European markets, in North America, in South East Asia, and in Australia, amounting to a total of 25 countries.

The market for renewable energies is a largely regulated market where energy is produced and fed into the grid at prices set by the government. Developments in the market are therefore largely determined by changes in the structure and size of state subsidies. In terms of wind and solar energy, BayWa r.e. operates in Australia, Austria, Croatia, Denmark, France, Germany, Greece, Hungary, Indonesia, Italy, Japan, Luxembourg, Malaysia, Mexico, the Netherlands, Poland, the Republic of Singapore, Romania, Spain, Sweden, Switzerland, Thailand, the UK, the US and Zambia. This ensures that BayWa r.e. is highly diversified both in terms of its range of energy carriers and its geographic distribution. By consolidating various Group companies in the umbrella brand BayWa r.e. renewable energy and setting up a clear business structure in the areas of wind energy, solar power and bioenergy, as well as in the Project Development/Realisation, Services, Photovoltaic Trade, and Energy Trading functional sections, the foundations have been laid to avoid overlapping activities, take advantage of synergies and thus participate in the expected market growth. Generally, investment incentives through guaranteed feed-in tariffs or tax breaks affect demand. In Germany, the structuring of subsidies in the German Renewable Energy Sources Act (EEG) is a major factor influencing demand for wind, solar and bioenergy plants, as the profitability of these turbines and plants is determined by the statutory feed-in tariffs. Similar subsidy mechanisms usually exist in foreign markets. Furthermore, regulatory intervention in free trade also influences prices for systems components. Changes to relevant legislation can therefore have significant effects on investments in renewable energies. That being said, investments in renewable energies are becoming increasingly attractive and less reliant on government subsidies as a result of falling component prices.

Conventional Energy

In its conventional energy business, BayWa predominantly sells heating oil, fuels, lubricants and wood pellets in Bavaria, Baden-Württemberg, Hesse, Saxony and Austria. In the heating business, heating materials are primarily sold through in-house offices. Diesel and Otto fuels, as well as AdBlue, are sold through a total of 247 Group filling stations and partner stations in Germany. In addition, BayWa supplies fuels to resellers and wholesalers. In Austria, more filling stations are managed by subsidiaries. The Group company GENOL Gesellschaft m.b.H. & Co KG acts as a wholesale fuel supplier to cooperative filling stations. In addition to its filling station operations, BayWa also offers a fleet filling station card that has also been accepted by filling station operator ALLGUTH in and around Munich since October 2018. This means that users of the BayWa filling station card can now take advantage of some 2,500 filling stations all over Germany. Electric vehicle customers can now charge their vehicles at over 8,000 charging stations in Germany and approximately 35,000 throughout Europe using the BayWa filling station card. BayWa sells lubricants to commercial and industrial customers, as well as to farmers and operators of combined heat and power plants. BayWa has also positioned itself as a market leader in lubricants for biogas CHP units and with regard to multifunctional oils. In March 2018, BayWa launched the new Interlubes digital platform. The platform is used for selling lubricants and operating resources online to B2B customers. It also offers B2B users in the areas of commerce, industry, municipal services, transportation, agriculture and forestry a wide range of lubricants encompassing multiple manufacturers and brands. The product range includes products and brands from all key manufacturers and retailers. The subsidiary BayWa Energie Dienstleistungs GmbH offers extensive and individual solutions for energy provision to residential properties, municipal and commercial buildings and the healthcare and industrial sectors.

Besides the large mineral oil trading companies, the competitive environment is shaped mainly by medium-sized fuel traders. Having developed over time, there is now a close connection with agribusiness, as farmers are among the largest customer groups. In the Energy Segment, conventional energy business is mainly shaped by volatile price trends in the crude oil markets. The prices of fossil-based fuels are subject to considerable fluctuations, which affect the demand for these products. From a structural perspective, demand for heating oil has been falling for years due to the increasingly widespread use of renewable energy sources and gas, as well as the improvement in energy efficiency in buildings.

Building Materials Segment

Just under 10% of consolidated revenues are generated in the Building Materials Segment. The segment primarily comprises building materials trading activities in southern and eastern Germany and Austria. In addition, BayWa serves a number of franchise partners in the building materials and retail business in Austria through its Austrian subsidiary AFS Franchise-Systeme GmbH. The BayWa Group is one of Germany's market leaders in the building materials trade with a total of 125 locations and also ranks among the leading suppliers in Austria with 31 sites. The number of franchise locations currently totals 993.

In the building materials trade, BayWa mainly caters to the needs of small and medium-sized construction companies, tradesmen, commercial enterprises and municipalities. Private developers and homeowners are also important customers. The key success factors in this business are physical proximity to the customer, the product mix, advisory services and close relations with commercial customers. BayWa takes these factors into account with a targeted focus on its customer groups when it comes to sales and customer consulting services. One example of this is the BayWa Building Materials Online portal, launched in January 2017, which enables business customers to place orders 24/7. Customers also have the option to schedule delivery dates online as well. If customers choose to collect the goods themselves, they can create their own delivery note after completing their order. This enables them to pick up the materials straightaway without any wait. The online range was also expanded by adding a room designer and the “Mr+Mrs Homes” property configurator. The property configurator allows private developers and construction firms to plan and calculate homes online in various configurations and realise them right through to the turnkey handover of the finished house by drawing on a connected network of partners. Further areas of focus in the Building Materials Segment include healthy construction and energy efficiency. BayWa offers a wide range of emissions-tested building materials plus solutions for energy-efficient construction or renovation. It has also created a quality seal for building materials that are not hazardous to health in the shape of the BauGesund seal. This is based on a database containing around 6,000 certified low-emission products from a variety of different manufacturers covering all trades. Products bearing the BauGesund seal are distinguished by the fact that they undergo a strict multiple-stage control process to prove that they are low in emissions and comply with the reference values for pollutants and compounds as recommended by the German Environment Agency (UBA). The BauGesund partnership programme is aimed at commercial customers and encompasses training courses and consultation on the topic of healthy construction and modernisation as well as support in marketing and sales. Thanks to its private brand lines casafino for construction components and landscaping; Formel Pro for structural and chemical products, as well as insulation materials; Formel Pro Green for healthy-living building materials and cleaning agents; and Valut for roofing accessories, BayWa is increasingly becoming an initiator of new products. In the case of conventional construction materials, being close to the customer is a significant competitive advantage. At the same time, the cost of transporting heavy or bulky construction materials with relatively low added value necessitates excellent location structures and optimum logistics.

The building materials market is strongly fragmented both in Germany and in Austria. In Germany, there are approximately 900 companies in total with around 2,300 locations specialised in the building materials trade. The majority of these are small or medium-sized enterprises, which often join forces in the form of procurement groups and similar organisations.

Changes in the economic and political environment in particular may have a positive or negative effect on the Building Materials Segment, especially in the case of subsidy programmes concerning energy-efficient renovation and residential construction. The development of the building materials trade generally follows overall building activity. Civil engineering and road construction depend greatly on public-sector spending. In the area of private construction, incentives such as government subsidies for renovation or refurbishment measures and favourable interest rates for financing play a major role in investment decisions. In addition, manifold regulations influence general investment propensity levels and the demand for certain products. Construction laws and directives, such as the German Energy Saving Ordinance (EnEV) or the introduction of energy certification for buildings, construction permits, public procurement law, as well as directives on fire and noise insulation are of particular significance. Finally, the building materials business depends on weather conditions. In particular, heavy precipitation and periods of frost can significantly limit construction activities.

Innovation & Digitalisation Segment

Digitalisation is changing agriculture as we know it. Nowadays, potential for increasing income and efficiency at farms is more about optimising whole processes instead of implementing individual measures. The market for digital applications in the farming industry (digital farming) largely comprises the business areas of precision farming and smart farming. Precision farming focuses on the automation of processes and the optimisation of the use of agricultural inputs. Information is processed digitally and made available from farm management systems, weather apps and online platforms to help farmers make decisions. Building on this, smart farming makes it possible to connect all areas of operations, from logistics to getting in contact with the customer via online interfaces for the electronic ordering of spare parts or agricultural inputs. Here, machines and systems process information independently and make decisions with at least some degree of autonomy. Examples of this include autonomous soil cultivation and harvesting machines, real-time soil analysis and site-specific farm management. This process optimisation not only results in cost savings, but also improves efficiency in the use of agricultural inputs. Machinery and system maintenance costs can also be reduced through the rapid collection, transmission and assessment of technical data. The best possible use of agricultural inputs ultimately boosts yields. The digital integration of supply chain partners, customers and suppliers also creates the possibility for new services and data-based business models. Interconnectivity between online stores and applications enables agricultural inputs and spare parts to be provided as and when needed or allows electronic troubleshooting to be carried out in the case of machine failure, with the results sent directly to the responsible service technician.

BayWa has plotted a clear course into the digital future through the independent Innovation & Digitalisation Segment, which is responsible for developing and marketing digital products and services for enhancing productivity in agriculture. It also pools the BayWa Group's e-commerce activities in the BayWa Portal. With its software product NEXT Farming OFFICE, the Group company FarmFacts GmbH offers farmers a future-oriented and interoperable farm management system. A number of modular tools and solutions are also available. The next innovative step is the networking of entire areas of farms and processes with upstream and downstream stages. To this end, FarmFacts offers an overall concept for medium-sized and small farms with the NEXT Farming LIVE product family. In addition, FarmFacts has teamed up with the agricultural equipment manufacturers AGCO, Krone, Kuhn, Lemken, Pöttinger and Rauch as part of the Agriculture Application Group (aag) partnership to develop the web-based, open NEXT Machine Management machine data management software as a new module for NEXT Farming LIVE that makes it possible to process all data generated by machinery and equipment regardless of the manufacturer. This enables farmers to seize the opportunities of smart farming across all types of machinery and agricultural inputs, irrespective of the type of farm or farm size. BayWa is striving to secure a leading market role in this field across Europe.

BayWa is also driving forward the assessment of satellite data in the farming industry in its partnership with the European Space Agency (ESA). The goal is to optimally incorporate satellite data into agriculture processes in order to create positive effects regarding the use of resources and water, as well as for harvest yields. For example, the Sentinel-2 satellite will provide images for monitoring plant growth and is capable of differentiating between various agricultural crops in the process. In addition, the BayWa Group obtained valuable expertise for the further development of digital solutions in 2017 by acquiring 51% of the shares in VISTA GmbH based in Munich. Using satellite data, VISTA develops digital solutions for agriculture, water management and the environment.

To accelerate the development of innovative ideas for agriculture, BayWa and RWA Raiffeisen Ware Austria have created the Agro Innovation Lab (AIL). Start-ups with innovative business ideas for agriculture had the opportunity to apply for the acceleration programme organised by AIL. The third application process took place in 2018, and saw fledgling companies participate in similar numbers to 2017. A total of 252 start-ups from 53 submitted proposals, with the best six being selected to develop their concepts with the support of BayWa and RWA's international network.

Other Activities

Other activities encompass the Group's central management and administrative functions as well as peripheral activities.

Management, Monitoring and Compliance

BayWa is an Aktiengesellschaft (stock corporation) under German law with a dual management structure consisting of a Board of Management and a Supervisory Board.

As at 31 December 2018, the Board of Management consisted of six members: Prof. Klaus Josef Lutz (Chairman, responsible for the BayWa Agri Supply & Trade and Global Produce business units), Andreas Helber (responsible for Finance), Roland Schuler (responsible for the Agricultural Equipment business unit and the Innovation & Digitalisation Segment), Marcus Pöllinger (responsible for the Building Materials Segment and the Agri Trade & Service business unit), Matthias Taft (responsible for the Energy Segment) and Reinhard Wolf (responsible for RWA Raiffeisen Ware Austria Aktiengesellschaft).

Effective 1 January 2018, Marcus Pöllinger took over responsibility for the Building Materials Segment and, effective to the start of the agricultural year 2018/19 on 1 July 2018, for the Agri Trade & Service business unit as Senior Executive Vice President. Marcus Pöllinger joined the BayWa AG Board of Management on 1 November 2018, as Board of Management member Roland Schuler entered retirement at the end of 2018. From 1 January 2019, Marcus Pöllinger also assumed responsibility for the Agricultural Equipment business unit and the Digital Farming business unit, alongside the Building Materials Segment and the Agri Trade & Service business unit. Prof. Klaus Josef Lutz took over responsibility for innovation.

The Board of Management is solely responsible for managing the Aktiengesellschaft with the primary aim of increasing its value over the long term.

The BayWa AG Supervisory Board consists of 16 members. It monitors and consults the Board of Management in its management activities and regularly discusses business development, planning, strategy and risks together with the Board of Management. In accordance with the German Codetermination Act (MitbestG), shareholder and employee representatives also sit on the Supervisory Board of BayWa AG to ensure codetermination on the basis of parity. The Supervisory Board has formed six committees in order to boost its efficiency.

Details on cooperation between the Board of Management and the Supervisory Board and on corporate governance at BayWa AG are presented in the Supervisory Board report and the corporate governance declaration. These are available at: www.baywa.com/en/investor_relations/financial_reports/consolidated_ financial_ statements/.

The main task of the Corporate Compliance organisational section is to perform preventive duties. Corporate Compliance particularly draws on training courses and an extensive range of consultancy and information services to prevent breaches of the law. Its activities are focused on corruption prevention, antitrust law and combating money laundering. Comprehensive frameworks have been developed and implemented across the Group on these issues. Since 2017, Corporate Compliance has also been responsible for issues such as customs/export control, IT security and data protection and has implemented appropriate management systems.

A Group-wide code of conduct was introduced in 2015, creating a uniform set of values which apply to the entire BayWa Group. Employees who wish to report potential breaches of compliance regulations are now able to register their suspicions through an anonymous tip-off system in addition to existing possibilities, such as the ombudsman. Reported information is assessed and followed up in conjunction with Corporate Audit. Corporate Compliance and Corporate Audit work together closely in internal investigations of an antitrust or criminal nature. There is also an extensive range of compliance controls to review and guarantee adherence to compliance principles. Corporate Compliance is managed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer. Compliance Officers and Data Protection Officers are also appointed in BayWa's business units, as well as at all significant affiliated companies. They are available to employees as additional contact partners and act as conduits.

Corporate Goals and Strategy

The environment and the markets in which BayWa operates are subject to constant and increasingly serious changes. New technologies and advancing digitalisation in all areas of business and society are resulting in the appearance of new competitors on the market who are having a disruptive impact on a number of existing business models. At the same time, new data-driven business models are developing, which are prompting companies to transform their activities. Globalisation is increasing competitive pressure, on the one hand, while opening up access to international markets on the other. The independence of both producers and customers is on the rise, due in particular to the opportunities provided by digitalisation. Despite the existing framework of complex business structures, the pace of change in business is constantly accelerating. More and more frequently, young, flexible start-ups are developing new business ideas into fully fledged products ready to be marketed. As a result, company lifespan is dropping, as many new business forms are ousting established companies. Sustainability as regards climate protection and the conservation of natural resources is growing in social importance virtually all across the world. BayWa has set itself the target of taking on a pioneering role when it comes to sustainability and the development of green solutions across all of its business units. Since the start of the financial year 2018, BayWa r.e.'s business operations have been completely carbon-neutral. The carbon footprint of the entire BayWa r.e. Group was analysed, and measures to reduce carbon emissions were then identified and implemented. Certificates from high-quality carbon offset projects were then used to compensate for the remaining emissions. German sites in the Global Produce business unit have also been operating carbon-neutrally since June 2018 and there are plans to ensure that international sites follow suit in future.

BayWa remains true to its roots while continuing to evolve. The fundamental changes in the value chain call for adjustments or even entirely new business models. In keeping with the guiding principle "We meet basic needs through leading solutions for food, energy and shelter", BayWa is becoming a trusted partner to its customers when it comes to integrated solutions. The aim is to ensure the success of BayWa customers by combining products with advisory and other services and to make their work easier. As a strong partner to its customers, BayWa seeks to ensure that the company remains independent and competitive. True to the current motto, "United for success.", BayWa's corporate conduct has always had a long-term focus and been shaped by the company's responsibility towards customers, employees, other stakeholders and society as a whole.

BayWa is taking two market-driven approaches with regard to its further strategic development: ensuring business continuity by enhancing competitive strength and consequently maintaining its leading position in core business endeavours, as well as growth in new business areas by developing innovative, customer-focused business models.

The strategic pursuits at a functional level are fourfold: Within business models and the organisation, the objective is to press ahead with digitalisation. In operating business, the plan is to optimise management and expand the points of customer contact to strengthen Group brands. Particular focus is being placed at Group level on strengthening the BayWa umbrella brand across all segments and business units. Achieving an excellent organisational set-up marked by close collaboration across divisions and high-performing employees and managers will improve corporate performance. Finally, BayWa plans to continuously analyse its business portfolio for future growth and earnings potential with the aim of ensuring and sustainably increasing the profitability of the BayWa Group's business operations.

In the agricultural division, the Group is affirming its aim of becoming Europe's leading agricultural trade, distribution and logistics provider with global reach. BayWa aims to deepen existing customer ties and attract new customers by seizing opportunities to export to international markets, expanding the range through the addition of speciality produce such as malting barley, hops and legumes, and presenting new service offerings. By taking these steps, BayWa will be further developing its core business on a functional and cost-efficient basis. Another cornerstone of the speciality strategy is the expansion of the range of agricultural goods produced organically and regionally. BayWa AG has been a member of Biokreis e.V., the fourth-largest organic agriculture association in Germany, since October 2018. In future, it will record grain from 1,300 Biokreis farmers all over the country and has also been included in the "Bayerische Bio-Siegel" quality scheme. The Bayerische Bio-Siegel is a seal of approval for high-quality organic produce with full documentation of its origin. BayWa is also looking to diversify its portfolio through international partnerships. In the recording and agricultural input business, the location structure is undergoing consolidation and optimisation, and digital services are being added to the business model. Sales are being geared towards integrated solutions and the range of e-commerce activities expanded. Targeted diversification of the product portfolio and the expansion of the private brand business are helping to stabilise profitability.

In the Global Produce business unit, BayWa's objective is to offer retailers in Europe a diverse and attractive range of produce throughout the year by systematically expanding its procurement base in the southern hemisphere. The focus is on expanding the range of fruit and vegetable specialities. In addition, New Zealand Group company T&G Global Limited is being used as a platform for expanding exports to countries in Asia and tapping into new national markets. International marketing of the full range of produce in the Global Produce business unit through centralised, customer-centric responsibilities leverages synergies and attracts new customers. In Germany, activities are focused on expanding the range of organic produce and club apples such as Jazz and Kanzi.

In addition to already implemented measures to strengthen brand-specific sales organisations and the division by agricultural equipment and special equipment for municipalities, industry and forestry, the focus in the Agricultural Equipment business unit is on the development of cross-vendor digital interfaces and the development of a new Water Management business division.

The objective in the Energy Segment is to further advance the expansion of renewable energies as one of Europe's largest providers in the field of renewable energies. The focus for further growth here is also on scale, continued internationalisation and expanding the service business. Providing integrated energy solutions represents another strategic direction. Examples include the combination of installations for generating renewable energy with efficient energy storage systems, as well as the cross-segment development of innovative products and services, for example with regard to agrophotovoltaics. BayWa r.e. Energy Ventures GmbH invests in fledgling start-ups offering innovative solutions in the energy industry as a lead investor or co-investor.

The conventional energy business is driving the expansion of charging infrastructure for electromobility. In 2017, BayWa agreed partnerships with ladenetz.de and Hubject, who offer charging stations for electric vehicles. In addition, BayWa has had a distribution partnership with ubitricity GmbH since 2018 with regard to the SmartCable solution, which provides transparent power consumption data. Furthermore, BayWa also offers e-mobility solutions created on the basis of comprehensive fleet analysis and targeted at fleet operators. The driving profile analysis is used to derive recommendations as to whether a switch to electric vehicles makes sense, to what extent such a switch is worthwhile and what kind of charging infrastructure is required. When it comes to realisation, BayWa covers all the bases: from selecting and procuring the electric vehicles to planning, installing and maintaining the charging infrastructure at customer locations and advising on subsidy programmes. These efforts enhance the appeal of strategic partnerships in the filling station business and with regard to integrated energy solutions. In its lubricant business, BayWa has been marketing lubricants and operating resources to B2B customers online through its new Interlubes digital platform since March 2018. The aim here is to expand the platform to stock almost all lubricants and operating resources available in Germany.

In the Building Materials Segment, development activities are focused on measures to ensure continuous efficiency improvements and the expansion of online offerings. Thanks to the successful integration of bricks-and-mortar retail with the BayWa Building Materials Online portal in 2018, BayWa now offers a comprehensive multi-channel service covering its entire sales region. BayWa sites are digitally integrated with the online portal and can be selected as a location for collection by scanning for product availability. In this click & collect function, the system also takes into account all conditions applying to bricks-and-mortar retail. Another focal point is expansion in the area of attractive, high-margin speciality products and vertical integration in select areas. Effective as at 1 July 2018, BayWa acquired a 90% stake in Saxony Anhalt-based Bölke Tiefbaustoffe für Ver- und Entsorgung GmbH. The company operates three sites in Laucha, Queis and Zorbau, which are located strategically in the region between two existing BayWa building materials sites in Erfurt and Leipzig. The range of civil engineering services is to be expanded for customers in this area, and BayWa AG will also be offering a range of construction and dry construction services at the three sites belonging to the company, now remained Bölke Handel GmbH.

The Innovation & Digitalisation Segment encompasses the fields of digital farming and eBusiness. In terms of digital farming, BayWa's goal is to assume a leading role as a professional partner for agriculture. With its software products NEXT Farming OFFICE and NEXT Farming LIVE, the subsidiary FarmFacts is the market leader in Germany and serves as the driving force behind smart farming at the BayWa Group. In addition, FarmFacts is generating opportunities for growth on the international markets. Smart farming solutions go beyond the bounds of precision agriculture such as site-specific farm management. For example, just in time for the 2018 harvest, BayWa launched a pilot project with its subsidiary VISTA Geowissenschaftliche Fernerkundung GmbH, which used data provided by Sentinel 2 satellites in the ESA's Corpernicus programme to calculate yield potential for crops such as wheat, corn and rapeseed. The accuracy of these forecasts was 95% just two weeks before the harvest. BayWa is planning to expand this project to include other crops in 2019. After the successful conclusion of a two-year pilot phase in Zambia in Africa, BayWa started the worldwide launch of its satellite-assisted VariableRain irrigation solution in 2018. This solution includes the Promet plant growth model, which calculates the water requirements of agricultural crops using satellite and weather data and derives recommendations for irrigation. Furthermore, BayWa's joint innovation platform with RWA, Agro Innovation Lab (AIL), also provides countless ideas and catalysts for innovative agriculture solutions. BayWa supports selected AIL projects through various means. For example, BayWa Venture GmbH invested in four start-ups to help develop AIL's ideas into fully fledged products ready to be marketed. evja develops digital models to forecast plant growth and pest and disease damage, while evologic technologies researches growth- and yield-boosting seed additives. Bartsparts is creating a digital platform for the sale of replacement parts with a low turnover rate and FarmHedge is establishing an online platform for trade between farmers and agricultural retailers.

BayWa's eBusiness includes the BayWa Portal platform for online trade and plays a cross-cutting role when it comes to digitalising interfaces and processes between BayWa and its customers. The focus here is on an omni-channel approach and further development into a smart digital customers platform and the digitalisation of customer-centric processes.

The development of the BayWa Group is accompanied by a solid and proactive financing strategy. It is shaped by the caution traditionally exercised by companies in the cooperative and agricultural sectors, but also takes into account the changing requirements of an established international group. With its corporate financing, BayWa puts its faith in tried-and-tested, reliable partners in the cooperative federation. Furthermore, it makes sure that there is sufficient diversification in terms of financing sources, so as to guarantee its independence and limit risks. Efficient management of working capital is vital at the BayWa Group as it represents a net figure for current assets less current liabilities. BayWa aims to maintain a balanced capital structure.

Control System

Strategic controlling of the corporate divisions is based on value-oriented corporate governance and integrated risk management. Operational management of the corporate divisions is conducted based on targets; the key earnings figures EBITDA, EBIT and EBT are primarily used as the most significant financial performance indicators. The development of financial performance indicators in the financial year 2018 is described in the Financial Report in the section "Financial Performance Indicators". BayWa reports on its non-financial performance indicators in its separate Sustainability Report.

The value-driven management approach supports the medium- and long-term streamlining of the portfolio and the strategic orientation of capital allocation within the Group. This approach shows whether the ratio between the operating profit achieved and the risk-adjusted cost of capital is appropriate, i.e. whether the business units and the segments have earned their cost of capital. Interest on average capital invested in the business units is charged by applying the weighted average cost of capital (WACC) model. The return on invested capital (ROIC) of the business units is then measured against the respective cost of capital. There is economic profit if the return on invested capital is higher than the cost of capital specific to each business unit (see also "Economic profit" section). The further development of an efficient risk management system is particularly important in safeguarding long-term economic success, especially in international business. The risk management system is monitored and managed by a Risk Board established in 2009 and headed up by the Chief Executive Officer. In addition, the Global Book System (GBS) has been in place to coordinate trade management in grain, oilseed and co-product trade since 2014. The GBS reconciles and optimises trade and risk positions of individual product lines across the board for national and international divisions.

Research and development in the Innovation & Digitalisation Segment

	2018	2017
Non-capitalised research and development expenses (in €)	400,000	255,000
Number of employees	72	48
Own work capitalised (in €)	2,006,000	1,855,000

The BayWa Group's research and development activities relate primarily to the formation and further development of the new Innovation & Digitalisation Segment and take place at the subsidiaries FarmFacts GmbH and VISTA Geowissenschaftliche Fernerkundung GmbH.

Research focuses primarily on pilot projects on the topics of site-specific sowing and fertilisation, as well as satellite-based remote sensing services and applications for agriculture, water management and the environment. Development pertains mainly to software and digital applications for digital farming.

FarmFacts GmbH focuses first and foremost on software modules for controlling agricultural processes, as well as telematic applications and management software for the automated steering of agricultural machinery. In the reporting year, FarmFacts continued to develop the web-based, open NEXT Machine Management machine data management software as a new module for NEXT Farming LIVE in collaboration with agricultural equipment manufacturers AGCO, Krone, Kuhn, Lemken, Pöttinger and Rauch. This software makes it possible to process all data generated by machinery and equipment regardless of the manufacturer. This interface is also open to other agricultural equipment manufacturers to allow farmers to digitally connect their machinery in future despite a growing number of manufacturers. The module is likely to be ready to market in the second quarter of 2019. VISTA Geowissenschaftliche Fernerkundung GmbH implements the latest scientific methods in operational services and applications and develops digital solutions on the basis of satellite data, including hydrology, agriculture and environmental applications such as accurate local forecasts of nutrient and water requirements or harvest forecasts for research and commercial applications. To do so, optical and radar satellite images in various resolutions, as well as additional geodata, are combined.

As at 31 December 2018, 72 employees worked in research and development. The BayWa Group's research and development expenses totalled €400,000 in the financial year 2018. Own work capitalised with regard to new digital farming products amounted to €2.0 million.

Financial Report

Operative Business Development

Agriculture Segment

Market and industry development 2018/19

Development of grain and oilseed

Global balance of grain (excluding rice) in millions of tonnes	Grain year			Change	
	2016/17	2017/18	**2018/19**	2018/19 compared to 2017/18	
Production					
World	2,170.2	2,120.0	**2,106.8**	- 13.2	- 0.6%
thereof: wheat	756.5	763.2	**734.7**	- 28.5	- 3.7%
thereof: coarse grain	1,413.7	1,356.8	**1,372.1**	15.3	1.1%
Consumption					
World	2,118.6	2,115.5	**2,152.4**	36.9	1.7%
thereof: wheat	739.8	744.2	**747.2**	3.0	0.4%
thereof: coarse grain	1,378.7	1,371.3	**1,405.2**	33.9	2.5%
Inventory changes					
World	51.6	4.5	**- 45.6**		
thereof: wheat	16.6	19.0	**- 12.5**		
thereof: coarse grain	35.0	- 14.5	**- 33.1**		

European balance of grain (excluding rice) in millions of tonnes	Grain year			Change	
	2016/17	2017/18	**2018/19**	2018/19 compared to 2017/18	
Production					
EU	298.2	303.8	**284.5**	- 19.3	- 6.4%
thereof: Germany	45.4	45.6	**38.0**	- 7.6	- 16.7%
Consumption					
EU	288.8	293.1	**290.8**	- 2.3	- 0.8%
thereof: Germany	44.2	43.5	**43.5**	0.0	0.0%
Inventory changes					
EU	9.4	10.7	**- 6.3**		
thereof: Germany	1.2	2.1	**- 5.5**		

Sources: USDA, Grain: World Markets and Trade, 2019, pp. 17, 23; BLE, Bericht zur Markt- und Versorgungslage Getreide 2018, p. 35; DBV, Situationsbericht 2018/19, p. 166

Global grain harvest yields were around 2% down on the high levels recorded in the previous year in grain year 2017/18. However, harvest volumes were marginally higher than expected at the start of 2018. The current harvest season was able to cover worldwide consumption in full and inventories increased marginally, with wheat inventories rising while inventories of coarse grain fell. In the European Union, the 2018 grain harvest was some 6% down on the previous year due to the hot and dry summer. The self-sufficiency rate fell below 100% (USDA, Grain: World Markets and Trade, 2019, pp. 17, 23). The grain harvest in Germany declined by 17% year on year and was around 21% down on the average for the years 2012 to 2017, making it the worst harvest for 24 years. The reasons for the extremely poor harvest were poor hectare yields as a result of the extremely short vegetation period and the pronounced dryness in many parts of Europe in the summer months. Grain had to be harvested at an early stage of ripeness, particularly in the north and east of Germany, to the detriment of harvest quality and volume (DBV, Situationsbericht 2017/18, p. 165 et seq.). At 576 million tonnes, the global oilseed harvest in harvest year 2017/18 was marginally up on the previous year and in line with harvest volume expectations (USDA, Oilseeds: World Markets and Trade, 2019, p. 9). However, the trade dispute between the US and China resulted in significant shifts in demand for soya, as China is the world's largest importer and increasingly turned to South American soya to cover its demand. This cut demand for North American soya.

According to the latest forecasts from the U.S. Department of Agriculture (USDA), global grain production in 2018/19 – excluding rice – is likely to be down slightly on the previous year's volume. The wheat harvest volume is expected to be around 4% lower, while the harvest volume of coarse grain is anticipated to rise by around 1%. Worldwide consumption is forecast to climb, meaning that inventories will decline and the coverage of global inventory stocks will decrease marginally. This is particularly due to the fact that the consumption of wheat and corn is expected to exceed production. The supply situation is also set to deteriorate in the EU and in Germany in 2019, particularly in the case of wheat and corn. This will lead to increased demand for imports (USDA, Grain: World Markets and Trade, 2019, pp. 17, 23). In terms of oilseed, global production is expected to grow by roughly 3% to 593 million tonnes in harvest year 2018/19. This should be able to cover the further rise in demand (USDA, Oilseeds: World Markets and Trade, 2019, p. 9; DBV, Situationsbericht 2018/19, p. 171).

International grain prices, measured according to the grain price index of the Food and Agriculture Organization of the United Nations (FAO), rose by as much as 13.3% in 2018 compared to the end of 2017 due to the significant deterioration in the supply situation in certain areas. However, prices remained significantly lower than the record highs seen in the years 2011 to 2013. At an average of 165.2 points during the year, the grain price index saw a 9.0% improvement on the previous year's average (FAO, Monthly Food Price Indices, 2019). The prices for milling wheat on the MATIF commodity futures exchange rose from €159.25 per tonne at the beginning of 2018 to a high for the year of €216.75 per tonne in August due to lower harvests, increased consumption and regional shortages of supply. However, prices fell again by the end of the year to €203.25 per tonne. The price of grain maize developed largely in parallel to the price of wheat; starting at €157.00 per tonne at the beginning of the year, the price on the MATIF exchange rose to €180.25 per tonne by the end of 2018. In the case of feedstuff grain, the drought-related shortage of staple feed resulted in a significant increase in demand, which also resulted in rising prices (DBV, Situationsbericht 2018/19, p. 168). The development of oilseed prices is primarily based on the price of soya. This declined by just under 4% to €281.98 per tonne on the Chicago Board of Trade (CBoT) commodity futures exchange in 2018. This was primarily due to the significant decline in demand for US soya as a result of import duties being imposed in China (DBV, Situationsbericht 2018/19, pp. 172, 175).

Prices of wheat and coarse grain are expected to remain largely stable in 2019, or at least in the first half of the year, due to the low grain volumes in Germany and in the EU. In the case of oilseed, on the other hand, there is only limited potential for price rises due to the ongoing positive global supply situation (DBV, Situationsbericht 2018/19, pp. 168 et seq., 175).

Development of agricultural inputs

Demand for agricultural inputs is highly dependent on the weather, among other factors. At the beginning of 2018, the winter weather and severe frost that extended into March resulted in the fertiliser season being delayed throughout Germany. As the year progressed, spring fertilisation was hampered by the lack of rain in the time periods permitted under the German Fertiliser Application Ordinance (DüV). Fertiliser prices fell at the start of the year, but proceeded to rise again from May onwards primarily as a result of Chinese export duties on urea and higher production costs caused by rising energy prices. However, expectations of further price rises led to demand increasing (DBV, Situationsbericht 2018/2019, p. 211 et seq.). Autumn fertilisation was only possible to a limited extent in many regions due to the extended drought in the summer months. Overall, just under 3% less fertiliser was sold in Germany in 2018 than in the previous year (Destatis, Düngemittelversorgung, 2019). On average, prices for all types of fertiliser climbed by 2.9% in 2018 compared to the previous year (Destatis, Landwirtschaftliche Betriebsmittel, 2019). In 2019, sales of nitrogen and phosphate fertilisers are expected to fall further due to the requirements of the German Fertiliser Application Ordinance and declining demand caused by the poor previous-year harvest. Assuming that weather and vegetation conditions are normal, prices of fertilisers – which are driven by the development of prices on international markets – are expected to rise slightly in 2019 (DBV, Situationsbericht 2018/19, p. 211 et seq.). Sales of crop protection products fell in 2018 by 7.4% year on year, despite being forecast to rise by a small margin (IVA, Der Deutsche Pflanzenschutzmarkt 2018). Crops' susceptibility to disease was low due to the drought, which reduced the use of fungicides. In addition, weed growth remained low, which lowered consumption of herbicides. Prices for crop protection products were stable year on year in 2018 (Destatis, Landwirtschaftliche Betriebsmittel, 2019). Assuming largely unchanged cultivation structure, normal weather conditions and stable prices, the use of crop protection is expected to increase marginally year on year in 2019. The seed market is mainly influenced by the development of land under cultivation for grain, corn and rapeseed. Demand for seed picked up noticeably in the spring of 2018, particularly in the north of Germany, as summer grain was able to be sown on land that had not been used in the previous year due to wet weather. In addition, much more significant resowing was required due to more considerable winter kill compared to the previous year. In autumn 2018, demand for seed was likely to have been up on the previous-year level as land under cultivation for winter grain increased by just under 9% year on year in 2018 (Destatis, Aussaat zur Ernte 2019: Mehr Wintergetreide, 2018). Overall, seed sales in the industry are likely to have increased in 2018 in Germany as forecast. Seed prices increased by an average of 2.6% year on year in 2018 (Destatis, Landwirtschaftliche Betriebsmittel, 2019). In 2019, sales of seed are expected to remain stable year on year assuming there are no changes in land under cultivation and weather conditions remain normal. Due to the prevailing shortage of staple feed in parts of Germany and difficulties in relation to autumn rapeseed sowing in 2018, spring business is expected to be lively in 2019. The feedstuff industry produced 23.9 million tonnes of mixed feed throughout Germany in the harvest year 2017/18, which was on a par with the previous year (BLE, Gesamterzeugung der Mischfutterhersteller, 2018). The tense staple feed supply situation and the scarce supply of feedstuff grain and rapeseed bolstered demand in the second half of 2018 and resulted in significant price rises, particularly when it comes to protein components (DBV, Situationsbericht 2018/19, p. 214). Overall, feed prices in Germany in 2018 rose by an average of 5.5% year on year in Germany (Destatis, Landwirtschaftliche Betriebsmittel, 2019). The market is forecast to decline slightly in 2019 as a whole, as animal stocks are expected to fall. Key influencing factors include the effects of the drought, the spread of African swine fever and the further development of the trade conflict between the US and China (DRV, Erste Raiffeisenbilanz 2018 – Perspektiven 2019, p. 5). Fundamentally, the prices of seed, as well as of staple and mixed feed, follow the grain and oilseed markets, meaning that the price trend over the course of the year will be increasingly influenced by the harvest expectations for the grain year 2018/19.

Development of fruit cultivation

The weather conditions in 2018 were largely favourable to fruit cultivation in Europe and Germany. The fruit harvest in Germany resulted in above-average yields, as had been forecast after the previous year's failed harvest (DRV, Erste Raiffeisenbilanz 2018 – Perspektiven 2019, p. 10 et seq.). Soft and stone fruit yields were significant higher than the previous year. The volume of apples harvested in Germany more than doubled, from 596,666 tonnes in the previous year to a new record volume of 1,198,517 tonnes in 2018 (Destatis, Land- und Forstwirtschaft, Baumobst, 2019, p. 7). The harvest volume in 2018 also hit a new record in the EU, climbing by approximately 42% to €13.2 million year on year. Poland, the largest apple producer in the EU, increased its production by a particularly large margin, by approximately 2 million tonnes to 4.8 million tonnes (WAPA, EU 28 apple production by country, 2018). Apple prices rose significantly over the first half of 2018 due to the scarcity of supply from the previous year's harvest. In July 2018, prices in the EU and in Germany were up by some 53% and 95% respectively on the five-year average. As 2018 produce began to be harvested, the abundant supply levels caused prices to fall dramatically (EU apple dashboard, 2019). Polish apple deliveries in particular applied additional pressure to the European market. Furthermore, the hot summer weather shortened the storage periods of dessert apples, which meant that they had to be marketed more quickly. Due to the high pome fruit harvest in 2018, the supply of domestic apples in the first half of 2019 is expected to be high. We are also likely to see significant supplies of overseas apples. As a result, prices are not expected to recover over the course of the year. Assuming normal weather conditions and largely unchanged land under cultivation, harvest yields for applies – Germany's most important type of pome fruit – are expected to be average in 2019.

In the southern hemisphere, the harvest volume of apples declined by around 3% year on year to just under 5.2 million tonnes in 2018, a level which was slightly below expectations. Brazil and South Africa recorded particularly significant declines. In New Zealand, the 2018 apple harvest rose by just under 14% to 576,000 tonnes, marginally exceeding the forecast of 573,000 tonnes made at the start of 2018 (WAPA, Southern hemisphere apple production, 2019). The unusually warm and wet weather was favourable to fruit growth, and so most types are up to 10% larger. Exports of New Zealand apples increased by just under 9% year on year to 375,000 tonnes; the export ratio came to 66% in 2018. Deliveries to Europe rose by a particularly significant margin due to the attractive prices offered there in the first half of 2018 on account of the poor previous-year harvest (USDA, GAIN Report Number NZ1831, 2018, pp. 4, 8). Based on the current status of fruit development, the World Apple and Pear Association (WAPA) forecasts that the apple harvest in the southern hemisphere will increase by just under 2% to approximately 5.3 million tonnes in 2019 (WAPA, forecast apple production, 2019). In New Zealand, apple production is expected to rise by nearly 3% to reach a new record harvest of 583,000 tonnes due to new plantations entering production and good weather conditions. Exports are anticipated to rise to 390,000 tonnes and therefore grow faster than the volume of production (USDA, GAIN Report, Number NZ1831, 2018, pp. 4, 8). Exports to China are expected to rise in particular in 2019, as the apple harvest there was impacted by severe frost in 2018. This opens up the possibility of the price of New Zealand apples rising (Fruchthandel, China: Rückgang der Apfelproduktion, 2018).

Development of agricultural equipment

The revenue and income situation of German farmers improved further in the harvest year 2017/18. Farming income improved by some 19% on average across all sizes and forms of farms. The development of different types of farms was extremely varied: Dairy cattle and beef farms continued their economic recovery, whereas crop farms and meat processing operations came under pressure (DBV, Situationsbericht 2018/19, p. 145 et seq.). Against this backdrop, sentiment in the agricultural sector remained in moderate territory and trended sideways with few fluctuations in 2018 (DBV, Konjunkturbarometer Agrar, 2018, p. 1 et seq.). According to estimates from the VDMA (German Mechanical Engineering Industry), revenues in the agricultural equipment sector rose by around 10% to €8.6 billion in 2018, as compared to the expectation at the beginning of 2018 that they would increase by only 4%. Growth was recorded across all product categories, from cultivation equipment to harvest machines (VDMA, Landtechnikindustrie erreicht neues Allzeithoch, 2019). Adequate producer prices, particularly for milk and forage crops, resulted in strong demand for harvest machines, especially for herbage and hay (Agrarzeitung, Futtertechnik profitiert von Milchpreis, 2018). New tractor registrations declined by just under 18% year on year to 27,670 machines in Germany in 2018. This fall was primarily due to the fact that a large number of tractors had to be registered in the previous year as stricter regulations governing machines were introduced at a European level and these tractors would not have been able to be registered in 2018 (VDMA, Traktoren-Zulassungen in Deutschland, 2019). At 34%, the propensity of farmers to make investments in the first half of 2019 is up slightly on the previous-year figure of 32%. The planned investment volume has risen significantly from €4.0 billion in the previous year to €4.3 billion. The strongest growth was attributable to farm and animal equipment, followed by machinery and equipment. By contrast, investment in farm buildings and renewable energies are likely to be down on the previous year (DBV, Konjunkturbarometer Agrar, 2018, p. 5 et seq.). Against this backdrop, the VDMA expects further growth in 2019 fuelled primarily by the export business. That being said, high inventories among agricultural equipment dealers may hamper development (VDMA, Landtechnikindustrie erreicht neues Allzeithoch, 2019).

Business performance

BAST business unit

The BAST business unit comprises international grain and oilseed trading activities. Trading volumes with grain and oilseed fell by 6.8 million tonnes to 26.6 million tonnes in the financial year 2018. The anticipated decline in handling volume was attributable to two factors: First, domestic marketing activities, as well as those managed by the Austrian Group company RWA, were reclassified to the Agri Trade & Service business unit with effect from 1 January 2018. Second, the decline was attributable to the adjusted location structure and trading strategy as a result of last year's reorganisation. Adjusted for these influences, the handling volume of grain and oilseed was down 5.4% year on year in total. Trading volume with oilseed and additional products increased. The shortage in staple feed caused by the drought led to a considerable rise in demand in the feed industry, which was increasingly served by the Dutch Group company Cefetra. By contrast, the quantity of grain traded fell significantly due to harvest-related reasons. Overall, the revenues of the BAST business unit decreased by 9.1% to €5,286.8 million in the reporting year due to volume factors and were therefore in line with expectations. 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. Among other things, 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. With regard to wheat, the Group – with its existing trade contracts and stocks – benefited from the strong price rally in July and August due to the expected decline in harvests. All told, the BAST business unit generated a significant increase in earnings before interest and tax (EBIT) of €24.1 million in 2018, bringing EBIT up to €31.1 million and allowing the business unit to confirm the forecast.

Agri Trade & Service business unit

The Agri Trade & Service business unit (formerly: BayWa Agricultural Sales [BAV]) comprises the agricultural input business and the recording of agricultural produce. With effect from 1 January 2018, it was expanded to include the BAST business unit's domestic grain and oilseed trading activities, as well as those managed by the Austrian Group company RWA. Due to this expansion, grain and oilseed trading volume rose in the Agri Trade & Service business unit by 22.7% year on year to just under 6.5 million tonnes, thereby exceeding the volume expected at the start of 2018. This volume effect would have been even stronger had the harvest volumes matched the average values seen in recent years. Adjusted for the activities reclassified from the BAST business unit, recording volumes fell compared to 2017 on account of very low grain harvests due to the drought. Furthermore, rivers' low water levels so severely restricted and increased the expense associated with marketing that the execution of some existing sales contracts was postponed from the final quarter of 2018 to 2019. By contrast, the drought-related scarcity of staple feed led to strong demand for feedstuffs. Including a reclassification effect resulting from a change in product group classification, which led to the reclassification of around 0.8 million tonnes in sales volume from oilseed to feedstuffs, sales here increased by roughly 29% in 2018. A drop in fertiliser sales had been forecast for 2018 in the agricultural input business. At 25%, that decline was sharper than expected, bringing fertiliser sales down to around 1.8 million tonnes. The decline was due to the frost-related significant shortening of the application period in spring. The long period of dryness in the second half of the year also prevented many applications of fertiliser. Crop protection sales were also down year on year and fell short of expectations due to the weather-related lower incidence of disease. Seed sales declined by a good 5% in the reporting year, thereby falling short of the forecast of stable sales volumes. The main reason for this decline was the limited ability to sow winter grains in many regions due to the dry soil. Overall, revenues increased by 17.3% to €3,298.8 million in the reporting year, as expected. The rise was due solely to the newly added marketing business of the BAST business unit. At €5.2 million, earnings before interest and tax (EBIT) for the Agri Trade & Service business unit were €20.5 million lower year on year in 2018 and fell significantly short of expectations. This decline in earnings was due in particular to the substantial drop in volume in agricultural inputs. Adjusted for the activities added from the BAST business unit, lower volume was also seen in the produce business. Furthermore, a significant rise in logistics costs due to low-water surcharges and a lack of drying income weighed down earnings.

Global Produce business unit

The Global Produce business unit (formerly: Fruit) saw inconsistent development in 2018. While sales increased in international fruit trading, domestic dessert pome fruit trading volume fell significantly. Overall, the BayWa Group's fruit sales increased by just under 1% year on year to 351,843 tonnes in 2018. The primary reason for the slight increase was the roughly 15% rise in apple and pear marketing volume attributable to the New Zealand Group company T&G Global. Sales of soft fruit, stone fruit and tropical fruit, which primarily benefited from a rise in volume at the Dutch subsidiary TFC, increased in 2018. By contrast, dessert pome fruit volume was down more than 53% year on year in Germany due to the poor harvest in 2017. Consequently, BayWa's domestic fruit operations were forced to introduce short time from January to July 2018. All told, because international business growth more than compensated for the drop in domestic volume, the Global Produce business unit's revenues increased slightly by 0.3% to €807.9 million in 2018, as forecast. Earnings before interest and tax (EBIT) were down by €2.2 million year on year to €27.2 million in 2018 and were therefore lower than expected. One reason for the decline was the negative impact of the trade conflict between the US and China on the positive development of T&G Global's international activities. As a result of the Chinese import duties on US apples, the fruit earmarked for export remained in the American market, which was correspondingly oversupplied and characterised by low prices. Moreover, the earnings contribution from the German fruit business was lower in 2018 due to a lack of marketing volume in the first half of the year.

Agricultural Equipment business unit

BayWa's agricultural equipment business, with the core Fendt and CLAAS brands, benefited in 2018 from an increased willingness to invest, particularly in the dairy industry (due to adequate milk prices) and among winegrowers and fruit farmers (due to good harvests). A targeted expansion of the product range also contributed to this development. For example, the product portfolio was expanded to include Holder system vehicles, Fendt forage harvesters and Caterpillar skid steer loaders, helping fuel an increase in market share in the domestic sales regions. The introduction of a new John Deere series also resulted in significantly increased demand in Austria. As expected, BayWa saw particularly strong growth in the tractor business. Whereas the used equipment business fell by 6.0% in 2018 to 1,760 tractors, BayWa sold 31.6% more new machines than in the previous year. At 4,815 new tractors, the Group fell just short of the previous record set in 2013. A portion of these sales was due to the very mild weather until the end of 2018, which led many customers to take receipt of the new machinery they had ordered ahead of schedule. The increase in new machinery sales also led to corresponding rises in revenues in the service business and in spare parts sales. In the international business, the Dutch Group company Agrimec in particular recorded very positive development. The Agricultural Equipment business unit generated total revenues of €1,622.4 million in 2018, which equates to a year-on-year increase of 15.9%. Earnings before interest and tax (EBIT) saw disproportionate growth in relation to revenues of 83.9% to €36.6 million, setting a new record high and significantly exceeding expectations.

Overall, the Agriculture Segment's grain and oilseed handling volume was down just under 1% year on year to 33.1 million tonnes in the financial year 2018. The segment's revenues increased slightly by 1.7% to €11,015.9 million. Earnings before interest and tax (EBIT) improved significantly by €18.1 million to €100.1 million. As a result, revenues and earnings developed as forecast on the whole despite some developments to the contrary in the individual business units.

Energy Segment

Market and industry development 2018/19

Development of renewable energies

In 2018, global investments in renewable energies stood at USD332.1 billion, a decline of 8% year on year. Investments in solar energy fell by 24% to USD130.8 billion, primarily due to the decreasing cost of investing in solar systems and the reversal of Chinese solar policy mid-year. By contrast, global investments in wind energy increased by 3% to USD128.6 billion, USD100.8 billion of which was attributable to onshore wind projects (BNEF, Clean Energy Investment Trends 2018).

Given a further increase in installed capacity, global investments in renewable energies are expected to be on par with the previous year or slightly lower in 2019 due to the constant decline in the cost of investment (BNEF, Predictions for 2019).

Approximately 48.5 GW of onshore wind power was installed in 2018, corresponding to an increase of 2.5%. As in the previous year, more than half of these capacities were added in the Asia-Pacific region. North and Central America accounted for 26%, while Europe, the Middle East and Africa (EMEA) together accounted for 23%. By country, China leads the pack, accounting for 20 GW and 40% of total expansion, followed by the US with 8 GW and a share of 17%. As a result, investments were stagnant in the US following a significant decline in the previous year on account of the political situation. With an increase of 3 GW, Germany accounted for roughly 7% of global growth, whereas France accounted for roughly 1 GW, or 3%. Compared to the previous year (5 GW), expansion was therefore significantly lower in Germany (BNEF, Global Wind Market Outlook, Q4 2018).

The decline was primarily due to a large number of slated projects that were postponed due to a lack of building permits. In addition, the waiting times for permits have generally increased, and the supply of approved land and regions has decreased. More importantly, many projects are encountering mounting difficulties in gaining acceptance among the local populace and are subject to litigation-related delays (Windpower Monthly, German installation slump, 2019). With a roughly 700 MW increase in capacity in 2018, the United Kingdom played a significantly less important role than in previous years. By contrast, certain markets in the Asia-Pacific region are seeing strong growth. Those markets include India, which accounted for around 2 GW and 4% of global growth, and Australia, which doubled capacity expansion year on year to 1.4 GW (BNEF, Global Wind Market Outlook, Q4 2018; BNEF, expansion figures for 2018).

For 2019, Bloomberg New Energy Finance (BNEF) forecasts global onshore wind energy capacity expansion of roughly 63 GW, corresponding to an increase of just under 31%. Expansion within Europe is expected to accelerate to 14 GW, mainly on account of Spain and a few major projects in Sweden and Norway. France and Germany are expected to continue growing at a slow pace. In France, the low level of growth is attributable to delays resulting from the restrictive conditions of the most recent auctions and the correspondingly low level of participation. In Germany, the sluggish growth is due to a variety of factors, including the aforementioned delay effects related to the awarding of contracts for projects without prior official approval in 2017. According to the latest forecasts, the German market will not see stronger growth again until 2020. On the American continent, capacity expansion will increase to around 17 GW in 2019, primarily fuelled by the US (9.5 GW), as well as Mexico (2.8 GW) and Brazil (1.5 GW). The Asia-Pacific region will remain the leader in global growth, with forecast expansion of 30 GW, attributable mainly to China (21.7 GW) and India (4.2 GW). With an expected expansion of 2.5 GW, nearly twice the capacity compared to 2018, Australia is also gaining importance (BNEF, Global Wind Market Outlook, Q4 2018; BNEF, expansion figures for 2018).

Global photovoltaic installation capacities increased by 6%, or 105 GW, in 2018. Accounting for 64% of that growth, or 67 GW, the lion's share was attributable to the Asia-Pacific region, with 42 GW coming from China alone. However, growth in China was lower than forecast on account of massive changes in the regulatory framework. Other countries with a strong expansion of capacities in the Asia-Pacific region were India (10.7 GW), Japan (6.6 GW) and Australia (3.7 GW). Led by the US (9.4 GW) and Mexico (2.5 GW), the Americas were a distant second, with an expansion of roughly 15 GW. Europe, the Middle East and Africa increased their share of global growth to around 13%. In Europe, Germany (expansion of roughly 3.1 GW), Turkey (roughly 2 GW), France (1.3 GW) and the Netherlands (just under 1 GW) were the main driving forces (BNEF, Global PV Market Outlook, Q4 2018; BNEF, expansion figures for 2018).

Global photovoltaic installation expansion of 125 to 140 GW is expected in 2019. Of that growth, some 60% will be attributable to the Asia-Pacific region, led by China, India, Japan and Australia, followed by South Korea and Vietnam as a new growth market. The Americas, as well as Europe, the Middle East and Africa (EMEA), will each account for roughly half of the remaining global expansion. The US and Mexico, followed by Argentina and Brazil, will continue to lead the charge in the Americas. In the EMEA region, growth will be fuelled by Germany and France. A sharp rise is also expected in the Netherlands and Spain. Egypt, Israel and the United Arab Emirates are expected to exceed the 1 GW mark when it comes to expansion (BNEF, Global PV Market Outlook, Q4 2018; BNEF, expansion figures for 2018).

With regard to capacity expansion, the German biogas sector remains stable at a low level. Following the cuts to subsidies from the German Renewable Energy Sources Act (EEG) in 2014 and the introduction of auctions in 2017, feed-in tariffs have fallen to such an extent that economic operation is no longer possible in many cases (Handelsblatt, Die Biogasbranche kämpft ums Überleben, 2018). Still, the German Biogas Association forecasts the addition of around 160 plants, or 280 MW, for 2018 (Fachverband Biogas, Prognose der Branchenentwicklung 2018). For existing plants, the focus is on continued operation by achieving a subsidy extension through a reorientation towards peak power requirements and the use of heat energy, boosting efficiency, increased flexibility and nutrient management (Fachverband Biogas, Biogasbranche rechnet 2018 mit mehr Geschäft, 2017).

Development of conventional energy

In the field of conventional energy, the price of crude oil plays a key role in the development of demand and the prices of various fossil energy carriers. The extension of production cuts by the Organization of the Petroleum Exporting Countries (OPEC) and certain non-OPEC countries (including Russia), a continued decline in

Venezuela's oil production and the global dynamic increase in demand for oil and oil products pushed global stocks below the five-year average starting in March 2018. Supply tightened further following the reintroduction of US sanctions against Iran's oil sector in the wake of the US exit from the international nuclear agreement. Starting from a level of roughly USD65 per barrel at the start of the year, these factors led to a sharp rise in crude oil prices to just under USD85 per barrel that continued until early October. From October on, however, the market saw a marked change in sentiment that resulted in the price of oil falling to below USD52 per barrel by the end of the year (TECSON, Rohölpreise, 2019). The main causes of this decline were an increase in stocks as a result of higher than expected global oil production and concerns regarding the further development of the global economy against the backdrop of the trade dispute between the US and China (DZ Bank, Rohstoffmärkte, 2018, p. 12). Overall, the price of oil was significantly higher than the forecast average of USD62 per barrel throughout much of the year (EIA, Short-Term Energy Outlook, 2019, pp. 1, 24). The price of heating oil largely followed this trend and exceeded 2017 levels virtually throughout 2018 (TECSON, Heizölpreise, 2019). In the German heating market, heating oil sales fell year on year by 16.2% in 2018 (BAFA, Amtliche Mineralöldaten, 2019). The main reason for this decline in sales was a reluctance to buy among consumers, as the lower prices in the previous year had been used for stockpiling. Generally speaking, demand for fossil fuels in the heating business is subject to fluctuations in consumption determined by weather conditions. Purchasing behaviour is also influenced by the price trend. Forecasts made by the US Energy Information Administration (EIA) about the development of crude oil prices predict that the oil price will hover around USD61 per barrel in 2019. In general, prices will be very volatile in the short term subject to the development of inventories. Based on the current forecasts, oil production can be expected to exceed global consumption for 2019 as a whole (EIA, Short-Term Energy Outlook, 2019, p. 24). Higher oil production in non-OPEC states could lead to price-lowering effects. Structural factors such as the rise of renewable energies, the increased use of gas, and cuts to consumption due to modern technologies and energy-efficient building renovations have resulted in a long-term decline in heating oil consumption in Germany. This trend is also likely to continue going forward. However, catch-up effects due to consumers' reluctance to buy in the previous year could have a positive effect on demand for heating oil in 2019. For years now, wood pellet sales have been benefiting from a continuous increase in the number of wood pellet-based heating systems being installed. In 2018, the consumption of wood pellets in Germany increased by just over 1% to 2.13 million tonnes. With the installation of pellet heating systems likely to continue, increased growth of 12% to 2.38 million tonnes is expected for 2019 (DEPV, Pelletmarkt 2018 und Prognose 2019, p. 3). Total fuel sales in Germany fell by 2.6% in 2018. Sales of Otto fuels decreased by 1.4%, while sales of diesel decreased by 3.1%. Total lubricant sales decreased slightly by 1.5% in 2018. Base oils and hydraulic oils in particular saw double-digit sales percentage decreases (BAFA, Amtliche Mineralöldaten, 2019). As a result, sales volumes of fuels and lubricants fell short of the forecast, which had anticipated a slight increase. Generally speaking, demand for fuels and lubricants is primarily dependent on factors such as vehicle stock, mileage and the development of the economy as a whole. In light of expected overall economic growth of 1.3% in Germany, a moderate increase in demand is expected in 2019 (IMF, World Economic Outlook, 2019).

Business performance

The Renewable Energies business unit once again saw highly positive development in 2018 and fully executed the project developments and sales planned for the year as a whole. Completed systems with an installed capacity of 453.0 MW in total (2017: 414.5 MW) were sold, thereby setting a new record. Eleven free-standing solar power plants with a total output of 324.0 MW were sold. In Spain, Don Rodrigo was built and sold in 2018. With an output of 174.4 MW, the project is BayWa r.e.'s largest solar power plant to date, and the first one that is not dependent on any government subsidies. The other national markets in which plants were sold in the reporting year were the US (48.0 MW), France (41.2 MW), the Netherlands (30.7 MW) and the United Kingdom (29.7 MW). In addition, BayWa r.e. installed a total of 14 roof solar systems on industrial buildings in various European countries. Six wind power plants with a total output of 116.7 MW were sold: of those, 18.5 MW was accounted for by the United Kingdom, 16.2 MW by Germany and 10.3 MW by France. Furthermore, project rights for wind farms with an output of 48.3 MW were sold in Austria, and a wind farm with an output of 23.4 MW was built and handed over to the owner in Sweden. Sales also included a biogas plant with 7.4 MW of electrical output in Germany and a plant with 4.9 MW in the United Kingdom. BayWa r.e. will also assume responsibility for the commercial and technical management and maintenance of most of these plants going forward. The service business was further expanded by opening a new control centre for solar and wind power plants in Bangkok, Thailand. Worldwide, the total plant capacity under the management of BayWa r.e. grew to over 5.7 GW in 2018, thereby nearly doubling compared to the previous year's figure of 3.0 GW. In the photovoltaic module trade, sales in the reporting year increased by just over 28% to 544.1 megawatt peak power output (MWp) due, in particular, to newly added locations in Europe, South America and the Asia-Pacific region. The collaboration agreements with German public utilities companies on the marketing of PV storage systems and components also contributed to the increase in sales. In the reporting year, the increase in the Renewable Energies business unit's revenues resulted largely from the acquisition of Clean Energy Sourcing (CLENS) in December 2017, which pushed green electricity direct marketing volume up to 2,135 MW. All told, revenues increased by 12.0% in 2018 to €1,530.2 million. Following €66.6 million in the previous year, earnings before interest and tax (EBIT) reached a new high of €72.5 million in the reporting year. This increase was primarily due to a rise in project sales and the growth in the service business.

In 2018, the conventional energy business was influenced by the almost consistently higher price of oil compared to 2017. Due primarily to this factor, the business unit's revenues increased by 9.4% to €2,438.3 million in the reporting year. Earnings before interest and tax (EBIT) set a record of €23.5 million in 2018 and were up 27.0% year on year. The main reason behind this rise was improved margins in the fuel business. Rivers' low water levels and the stoppage at the Bayernoil refinery in Vohburg, Germany, in the second half of the year led to a tense supply situation and marked price increases in Germany. In this environment, the BayWa Group was able to benefit from long-term supply contracts and its own logistics fleet. Overall, Group fuel sales increased by 12.8% year on year, remaining within the forecast range. Increased diesel sales played the main role in this growth due to supply activities for construction sites, commercial enterprises and farmers. The acceptance of additional filling station cards at BayWa filling stations also had a positive effect on the fleet business with freight forwarders. Sales of heating oil fell as expected by 8.7% as a result of price-related reluctance to buy among consumers and for structurally related reasons. As forecast, sales volumes of wood pellets increased further and rose by 1.4%; volume growth was already well above the market average in the previous year. BayWa was also able to acquire new properties in the heat contracting business in 2018; as part of a public tender, for example, the Group succeeded in winning a 20-year contract to provide local heating to an industrial estate in Krailling, Germany. Lubricant sales fell by 2.3% due to the initial slowdown in economic growth, thereby disappointing expectations of a slight increase.

At €3,968.4 million, the Energy Segment's total revenues for the financial year 2018 were up year on year by €373.7 million. Earnings before interest and tax (EBIT) increased by 12.9% to €96.0 million, thereby setting a new record.

Building Materials Segment

Market and industry development 2018/19

In 2018, the German construction industry saw stronger growth than forecast at the beginning of the year. Companies in the construction sector recorded revenue growth of 6.0% to €120.8 billion; the forecast had anticipated growth of 4%. Residential construction continued to drive developments, with revenue growth of 6.5% to €44.5 billion exceeding the forecast of 3.5%. Growth was primarily due to strong activity in the construction of new multi-storey residential properties. In 2018, building completions rose by 9.4% year on year (Heinze, Monatspräsentation Februar 2019, p. 26). At roughly 300,000 completed residential units, however, the figure fell short of the politically desired target of 375,000 new units per year (ZDB & HDB, Entwicklung der baugewerblichen Umsätze im Bauhauptgewerbe, 2018). Although the redevelopment, renovation and modernisation business also saw higher growth rates in 2018 than in the previous year (Heinze, Monatspräsentation Februar 2019, p. 15), growth was hampered by high capacity utilisation in the construction industry and bottlenecks in the building trade due to the good employment situation. In the commercial construction sector, revenues increased by 7.0% to around €43.0 billion, thereby experiencing much stronger growth than the growth rate of 4.0% forecast at the beginning of the year. Construction activity benefited for the second year in a row from a sharp rise in industrial building permits. Within the commercial construction sector, service providers – including retailers – have become the most important client group in Germany and are benefiting from stable domestic demand. Revenues in public construction increased by 5.0% to €33.3 billion, also outperforming the 4.0% forecast at the beginning of the year (ZDB & HDB, Entwicklung der baugewerblichen Umsätze im Bauhauptgewerbe, 2018). After years of a reluctance to invest in the public sector, construction activity at the federal, state and local government level saw substantial growth. Roughly €1 billion was earmarked for investments or investment grants in trunk roads, state-owned railways, federal waterways and combined transport in 2018 (ZDB & HDB, Jahresabschluss-Pressekonferenz, 2018).

Revenues in the construction industry are expected to rise by a nominal 6.0% to €127.9 billion in 2019. Residential construction revenues are expected to rise by 5.5% to €47.0 billion. Growth will continue to be supported by the boom in multi-storey residential construction, with the number of completed residential units expected to rise to 320,000. By contrast, conventional owner-occupied home construction will stagnate at the level seen in the previous year. Despite the deterioration in the general economic development outlook, a further 6.0% rise in revenues to €45.6 billion is anticipated in commercial construction, fuelled primarily by solid domestic demand. The conditions for public sector construction will also remain favourable in 2019. Nominal revenue growth of 6.0% to €35.3 billion is forecast for public sector construction in 2019. Along with the German federal government's infrastructure projects, an expansion in investment at state level, supported by the improved household financial situation, is also expected (ZDB & HDB, Entwicklung der baugewerblichen Umsätze im Bauhauptgewerbe, 2018). The extension of the Local Authority Investment Fund until 2020, and the doubling of its volume to €7 billion, will continue to have a positive effect at the local level (ZDB & HDB, Jahresabschluss-Pressekonferenz, 2018).

In Austria, the positive development of the construction sector continued in 2018. However, the upward trend lost a certain degree of momentum, with construction volume posting a 2.6% rise in real terms following 3.6% in the previous year. The slower growth was primarily due to the fact that the construction of detached houses, which accounts for roughly 30% of total construction volume, increased only slightly year on year. By contrast, the construction of new multi-storey residential properties in particular saw double-digit percentage growth rates due to the continued high demand for housing in major urban areas. In non-residential construction, a rise in investment activity by industrial and commercial enterprises, as well as by the public sector, led to significantly stronger growth. Civil engineering benefited from investments in transport infrastructure and in pipeline and cable network expansion (BDI, Die Österreichische Bauwirtschaft 2018–2019, p. 9 et seq.).

Growth is expected to slow further in the Austrian construction sector in 2019. Construction volume is expected to grow by just 2.0% in real terms. Growth momentum should slow noticeably compared to 2018, especially in multi-storey residential construction (BDI, Die Österreichische Bauwirtschaft 2018–2019, p. 9 et seq.).

Business performance

In Germany, the building materials business reaped the rewards of positive developments in construction activity and mild weather conditions lasting until December 2018. However, the high capacity utilisation at construction companies led to transport capacity bottlenecks and long waiting times for deliveries from building materials manufacturers. In this environment, BayWa succeeded in Germany in growing at a faster pace than the market thanks to its location infrastructure, high availability of goods and high-performance in-house logistics capacities. As expected, sales volumes increased significantly, with a focus on prefabricated elements such as systems basements and construction components, as well as special flat-roof, natural stone and wood ranges. In addition, a focus was also placed on linking digital and bricks-and-mortal retail, as well as on healthy building and modernisation. Click & Collect capabilities were rolled out at all of the business unit's locations. In the B2C business, product range additions made it possible to markedly expand online sales. In the bricks-and-mortar DIY business, competences were pooled in the Zuhause brand. As part of the BauGesund partnership programme, BayWa advises and trains commercial customers on health building and modernisation on the basis of the roughly 6,000 tested low-emission products with the BauGesund seal. The increase in the repairs and modernisations being performed on motorways, bridges and tunnels also buoyed demand for the product ranges for civil engineering and road construction. In 2018, the Building Materials Segment's revenues increased by 0.7% year on year to €1,617.5 million, primarily due to volume factors. Earnings before interest and tax (EBIT) for the segment increased by 3.3% to €31.1 million and therefore to a greater extent than revenues. Alongside the positive sales development, the successful expansion of the high-margin range of private brands and the expansion of digital sales channel contributed to the improvement in earnings.

Innovation & Digitalisation Segment

Market and industry development 2018/19

According to the German Federal Ministry of Food and Agriculture (BMEL), the agricultural sector has been taking advantage of every opportunity to make its processes as efficient and precise as possible (precision farming) and to further optimise them through intelligent control systems (smart farming) for roughly two decades now. Its ratio of investment to annual revenues of roughly 10% puts agriculture in the top one-third of all industries, according to PricewaterhouseCoopers (PwC) (PwC, Quo vadis, agricola, 2016). According to a representative survey carried out by Bitkom and the German Farmers' Association (Deutscher Bauernverband – DBV), around 53% of German farmers were already using digital technologies in 2016, while 6% of the farmers surveyed were planning investments and about 24% were still considering them. The focus was on high-tech agricultural machinery, feeding machines and intelligent control software (Bitkom, Digitalisierung in der Landwirtschaft, 2016). A survey as part of DLG-Agrifuture Insights in early 2017 revealed that improving production efficiency and simplifying operational documentation were particularly important areas of focus for German farmers (DLG, Positionspapier Digitale Landwirtschaft, 2018, p. 7).

There is a wide range of statements being made about the global market volume for digital farming. Differences between these statements mean that market observers have differing opinions about how to define the market. For 2016, figures were somewhere between USD6.6 billion and USD11.3 billion. Similarly, 8 to 10-year forecasts also diverge greatly, ranging from USD23.4 billion to USD40.0 billion (Bharat Book Bureau, Smart Agriculture Market to 2025, 2017; Transparency Market Research, Global Smart Agriculture Market, 2017; Prognostix, Smart Agriculture: 13 trends to watch out for, 2017). In light of this, BayWa expects a global market value to stand at a mean value of around USD11 billion in 2018, with growth of at least 10% a year in the medium to long term. The market volume for precision farming technology stood at around USD1,273 million in Europe in 2018, of which roughly 64% was attributable to hardware, with just over 20% going to services and a good 15% to software. With a volume of around USD442 million and a roughly 35% share of total investments in precision farming, Germany was the largest single market in Europe. Investment volume is expected to rise to around USD695 million by 2022, corresponding to an average annual growth rate of over 12% (Handel & Service Agrartechnik, Ausgabe 9, 2017, p. 3). Alongside potential cost advantages, drivers of growth include further consolidation in the agriculture sector, which is leading to ever-larger farms. At the same time, qualified personnel are in ever-shorter supply, resulting in the need to manage larger farms with fewer staff. The provider structure in this market is highly fragmented. On the one hand, every manufacturer of agricultural equipment already offers a wide range of electronic components to support farmers. On the other hand, new companies – software start-ups – that are making it possible to professionally use the opportunities offered by information technology in agriculture are joining established IT providers in the market. Here, the spectrum ranges from satellite-based soil analysis for precision agriculture to business analysis software. Combining satellite data and physical plant growth models makes it possible to provide farmers with specific field work recommendations. Satellite data can be used to carry out vitality analyses for each field in order to determine a location’s potential. This makes it possible to assess the economic advantages of site-specific farming. The challenge is to connect the technological possibilities to create an overall system. Continuing high investment costs, insufficient internet access and some aspects of data security are proving to be obstacles (Bitkom, Digitalisierung in der Landwirtschaft, 2018).

In Germany, market volume in interactive retail (online and mail-order retail) and e-commerce grew by 9.4% in 2018, reaching around €85.5 billion for all goods and services. With an increase of 11.4% to €65.1 billion, e-commerce saw even stronger growth than anticipated at the start of 2018, according to estimates by Bundesverband E-Commerce und Versandhandel Deutschland e.V. (German e-commerce and distance selling trade Association – bevh). Pure players – e-commerce companies that do not own bricks-and-mortar stores and offer their products and services solely on their own websites – saw the highest growth rates. At €9.77 billion, their sales rose roughly 14% year on year. Pure players were followed by multi-channel retailers, whose revenues increased by just under 13% to €22.7 billion. Online marketplaces recorded growth of nearly 10% in 2018; at €30.6 billion in revenues, they remained by far the largest sales channel in the German e-commerce sector. For 2019, bevh expects the e-commerce market to grow by 10.5% to €71.9 billion in Germany (bevh, Auch in 2018 zweistelliges E-Commerce-Wachstum, 2019).

Business performance

The Innovation & Digitalisation Segment pools all of the BayWa Group’s activities in the fields of Digital Farming and eBusiness. eBusiness brings together all of the BayWa Group's online activities. However, the revenues and income from the activities are attributed to the business unit or segment responsible for the respective sold product. The offerings in Digital Farming include the NEXT Farming OFFICE and NEXT Farming LIVE software products, digital map material from the Group company VISTA, analyses and advisory services, as well as hardware components. The latter is also offered and sold through the Agricultural Equipment business unit’s sales structures. In the reporting year, the German Fertiliser Application Ordinance – which is associated with an optimisation of fertiliser volumes and stricter documentation obligations – led to increased interest in digital farming and farm management products among farmers, as well as a marked increase in sales of the NEXT Farming LIVE software package. Accordingly, the Innovation & Digitalisation Segment’s revenues increased by €3.8 million to €10.7 million in 2018. At 49%, the largest share came from software licences and software maintenance contracts, followed by digital map material, including analyses and advice, and soil sampling, with a share of 34%. Sensors, measurement systems and soil analysis programs, such as Greenseeker and other hardware, accounted for 17% of revenues. As predicted, the Innovation & Digitalisation Segment recorded negative earnings before interest and tax (EBIT) of €12.3 million (2017: minus €10.8 million). The main reason for this was, on the one hand, a high level of investment in the development of digital farming solutions such as new software modules and hardware components. On the other hand, the segment also carries out a service role for the operating business units by hosting and further developing the BayWa Portal, which does not generate any direct income. The year-on-year decline in earnings was primarily the result of the costs related to AIL and RWA’s smart farming activities, which were incurred for the full year for the first time.

Development of Other Activities in 2018

At €13.1 million, the Other Activities Segment’s revenues in the reporting year were essentially on par with 2017 (€10.9 million). Earnings before interest and tax (EBIT) resulting from Other Activities consist of the Group’s administration costs, as well as consolidation effects; in 2018, this came to minus €42.5 million following minus €15.2 million in the previous year. Last year, earnings benefited from the sale of shares in BayWa Hochhaus GmbH & Co. KG, Grünwald, among other things.

Assets, Financial Position and Earnings Position of the BayWa Group

Asset position

Composition of assets

in € million	2014	2015	2016	2017	**2018**	Change in % 2018/17
Non-current assets	2,261.7	2,287.2	2,355.8	2,396.9	2,476.9	3.3
thereof: land and buildings	814.4	845.4	850.4	854.6	827.2	- 3.2
thereof: financial assets	181.5	168.2	189.1	232.6	204.5	- 12.1
thereof: investment property	72.8	55.9	41.6	40.9	38.2	- 6.6
Non-current asset ratio (in %)	40.2	37.9	36.4	36.9	33.0	–
Current assets	3,371.8	3,739.7	4,094.2	4,077.4	5,030.4	23.4
thereof: inventories	1,986.3	2,141.5	2,380.3	2,322.7	2,909.5	25.3
Current asset ratio (in %)	59.5	61.9	63.2	62.8	67.0	–
Assets/disposal groups held for sale	18.5	9.8	24.9	13.7	4.2	- 69.3
Total assets	**5,652.0**	**6,036.7**	**6,474.9**	**6,488.0**	**7,511.5**	**15.8**

The rise in non-current assets from €2,396.9 million to €2,476.9 million in the financial year 2018 was primarily due to the addition of intangible assets in the Renewable Energies business unit, which acquired the GroenLeven Group, the leading project developer for solar power plants in the Netherlands, in the first half of 2018. Following preliminary purchase price allocation, this acquisition led to the capitalisation of the acquired companies' brand name in the amount of €21.3 million and to the addition of goodwill in the amount of €55.7 million.

The modernisation and expansion of the Group's network of locations led to investments in land and buildings in the amount of €31.9 million, which were offset by the sale of orchards for the cultivation of kiwi fruits in New Zealand and the sale of locations no longer required in the amount of €25.7 million. Taking into account the depreciation of buildings in the amount of €35.0 million, the book value of land and buildings at the Group fell by €27.4 million to €827.2 million. The reduction in technical facilities and machinery was attributable to the sale of production sites in New Zealand for the processing of fruit, among other factors, along with investments for the purpose of repair and maintenance in the amount of €23.3 million and depreciation in the amount of €35.1 million. By contrast, prepayments and assets under construction increased as part of the construction of a greenhouse for tomato cultivation in the United Arab Emirates. Investments in the modernisation of the vehicle fleet additionally led to an increase in fixtures and office equipment. Overall, additions to property, plant and equipment associated with investment activities in the amount of €158.4 million was offset by depreciation in the amount of €100.2 million. Disposals of property, plant and equipment stood at €62.0 million in the financial year. Together with the reclassification of land and buildings to assets held for sale, as well as exchange rate differences, property, plant and equipment fell year on year by €9.0 million, from €1,408.9 million to €1,399.9 million.

The €28.1 million decline in financial assets was attributable in particular to credit balances with cooperatives, which were down €30.8 million year on year due primarily to the lower market value of the shares in Raiffeisen Bank International AG, Vienna, Austria, compared to the financial year 2017. At €214.6 million, shares in companies recognised at equity were on par with the previous year.

Investment property was down €2.7 million year on year due to the reclassification of land and buildings to assets held for sale and stood at €38.2 million. Non-current liabilities and other assets declined by €5.7 million, whereas deferred tax assets were up by €18.1 million.

Current assets fell by €953.0 million year on year, or 23.4%, totalling €5,030.4 million at the end of the reporting period. Along with a significant €586.8 million rise in inventories, the Group also recorded a

€191.0 million increase in trade receivables and a €174.8 million increase in other current assets. The main reason for the increase in unfinished goods lies in the business activities in the Renewable Energies business unit, where projects that had yet to be completed had to be disclosed as inventories at the end of the year. As a result, the value of unfinished goods and services – almost entirely project-driven – stood at €844.9 million, corresponding to a €366.8 million year-on-year increase. By contrast, the €221.4 million rise in finished services and merchandise was attributable to a variety of segments. In particular, the Agri Trade & Service, BAST and Agricultural Equipment business units reported a year-on-year increase of inventories at the end of the year. Barring slight positive and/or negative deviations, finished goods and services in the Global Produce, Conventional Energy, Renewable Energies and Building Materials business units were on par with the prior year. The rise in trade receivables was due to the business performance in the final quarter. In particular, the project sales in the Renewable Energies business unit at the end of the year, as well as the agricultural equipment and conventional energy business, contributed to an increase in said receivables. The increase in other current assets was due to the higher positive market values from derivatives in the BAST group year on year, as well as the year-on-year rise in other assets, especially in the Renewable Energies business unit.

By contrast, receivables from income taxes decreased by €19.9 million to €54.2 million, with non-current assets and disposal groups held for sale also declining by €9.5 million to €4.2 million. As at the reporting date, this item predominantly contained real estate inventories, which are intended to be sold in the subsequent year.

BayWa places an emphasis on ensuring matching maturities in the financing of assets. Current liabilities of €4,047.7 million – consisting of current financial debt, trade payables, financial liabilities, tax, other liabilities along with current provisions and liabilities from disposal groups – were offset by current assets and assets held for sale/disposal groups of €5,030.4 million. By the same token, there is roughly 140% coverage for non-current assets amounting to €2,476.9 million through equity and long-term borrowing of €3,463.8 million. Ensuring matched maturities in financing is an important quality criterion for the financing partners of BayWa in the context of raising short-term funds.

Financial position

Financial management

The aim of financial management within the BayWa Group is to provide the cash and cash equivalents required for the purpose of conducting regular business at all times. This task includes hedging against interest rate risk, currency risk and merchandise-related market risks by using suitable derivative instruments.

Forward exchange transactions and swaps are used selectively to hedge receivables and liabilities denominated in a foreign currency. These forward exchange transactions and swaps serve exclusively to hedge existing and future receivables and liabilities from underlyings in the purchase and sale of merchandise within the scope of customary business operations. Hedging transactions in the BayWa Group are designed to reduce the risks associated with fluctuating exchange rates. The volume of open positions arising from the respective underlyings and the resulting cash flows form the basis for currency hedges. Terms reflect those of the underlyings.

Within the BayWa Group, financial management has been set up as a service centre for the operating units and not as a profit centre in its own right. In accordance with this conservative approach to providing services, the use of fungible financial products to generate original profit contribution in financial operations has been waived. In particular, there are no speculative risk positions in our financial operations.

Day-to-day financial management is focused on liquidity management through cash pooling within the whole Group and the same-day provision of liquidity. Corporate Treasury uses suitable IT systems and appropriate treasury management software for this purpose.

The procurement of funds is organised centrally, with the exception of the activities in New Zealand, the Netherlands and Eastern Europe. Corporate Treasury is responsible for the centralised monitoring of Group-wide financial exposures.

Financial management is subject to the most stringent requirements imposed by an internal control system, which includes the documentation of transactions, a hierarchy of approval and resolution procedures, comprehensive application of the principle of dual control as well as the segregation of Treasury front, middle and back offices.

The most important financing principle of the BayWa Group consists in observing the principle of matching maturities. Short-term debt is used to finance the working capital. Investments in property, plant and equipment, as well as acquisitions, are funded from equity, bonded loans and other long-term loans. This includes issued bonded loans, long-term loans from banks and associated companies as well as the hybrid bond issued in October 2017. Capital market measures replace financing from short-term credit lines, but without clearing or terminating them, and therefore diversify the refinancing portfolio.

In addition, the project companies in the Renewable Energies business unit have access to separate non-recourse financing (without the lenders having access to the BayWa Group's assets and cash flows).

The management of working capital is a focal point at BayWa and comprises the optimisation of working capital as a net figure for current assets less current liabilities. For years, BayWa has placed great importance on the best possible working capital performance. Furthermore, a Group-wide project to further optimise working capital management began in 2013. The aim of the project is to continue to drive forward the ongoing reduction of the current assets deployed within the company and the resulting release of liquidity without jeopardising the company's profitability. Consistent process management along the entire turnover chain is the key to success. To this end, working capital responsibilities have been redefined, the systematic inclusion of relevant parameters has been anchored in internal reporting systems, specific training and coaching programmes have been carried out and existing guidelines and process descriptions have been adapted.

Interest rate risks inherent in short-term debt are covered by BayWa in the context of its risk management through the use of simple derivative instruments. Long-term interest rates were hedged naturally by issuing bonded loans in 2018, 2015 and 2014, as both fixed-interest and variable-interest rate tranches were issued and the interest rate risk was reduced as a result. The fixed coupon of the hybrid bond that was issued led to an increase in the hedge ratio by means of natural hedging.

Around 50% of the total borrowing portfolio is to be secured against interest rate risk through the respective hedging instruments. This partial hedging takes account of the strong, seasonally induced fluctuations in financing requirements.

BayWa evolved from the cooperatives sector, with which it remains closely connected through its shareholder structure, as well as through the congruent regional interests of the cooperative banking sector and commerce. These historical ties form the basis for a special kind of mutual trust. Particularly in the face of the great uncertainty still prevailing in the financial markets, both sides benefit from this partnership. The cooperative banks boast a particularly strong primary customer and deposit portfolio, which is made available for the preferential financing of stable business models.

Along with its integration into the cooperative financial association, the broad transnational diversification of the bank portfolio and the financial instruments, in particular, lower the financing risk within the BayWa Group.

Capital structure

in € million	2014	2015	2016	2017	**2018**	Change in % 2018/17
Equity	1,050.4	1,075.9	1,098.3	1,435.5	1,389.1	- 3.2
Equity ratio (in %)	18.6	17.8	17.0	22.1	18.5	–
Short-term borrowing[1]	2,493.5	2,769.3	3,084.4	2,986.8	4,047.7	35.5
Long-term borrowing	2,108.1	2,191.5	2,292.2	2,065.7	2,074.7	0.4
Debt	4,601.6	4,960.8	5,376.6	5,052.5	6,122.4	21.2
Debt ratio (in %)	81.4	82.2	83.0	77.9	81.5	–
Total capital (equity plus debt)	**5,652.0**	**6,036.7**	**6,474.9**	**6,488.0**	**7,511.5**	**15.8**

1 Including liabilities from non-current assets held for sale

The BayWa Group's total assets stood at €7,511.5 million on 31 December 2018 and were therefore €1,023.5 million, or 15.8%, higher than the previous year's figure. The €46.4 million decrease in equity stood in contrast to a rise in short-term borrowing, whereas long-term borrowing was approximately on par with the previous year.

The rise in current assets also led to an increase in total assets. There was an inverse development for equity and debt compared with the previous year. Despite a rise in current assets, driven by the increase in inventories, equity was down slightly due in particular to the change in valuation reserves and the reduction in minority interests from the valuation of shares in a listed affiliated company in the banking sector.

Capital management

The capital structure of the Group is made up of liabilities and equity. Equity capital came to 18.5% (2017: 22.1%) of total equity at the end of the reporting period. Adjusted for the recognised reserve for actuarial gains and losses from provisions for pensions and severance pay (including minority interests) in the amount of minus €230.4 million (2017: minus €234.0 million), the equity ratio is 21.6% (2017: 25.7%). As this reserve results from a change of parameters not within the company's control when calculating personnel provisions, BayWa's capital management uses an adjusted equity ratio. For trading companies such as BayWa Group, a fixed equity ratio is only of limited relevance as a key business figure. In particular, the change in current assets with the storage of inventories in the form of agricultural commodities, as well as the acquisition of project licences in the fields of renewable energies, has a direct influence on the balance sheet total – and therefore also on the equity ratio – but actually forms the basis for trading activities in the subsequent year. As a result, the BayWa Group uses equity-to-fixed-assets ratio II as a target in its capital management process. Equity and long-term borrowing should cover at least 90% of non-current assets. As at 31 December 2018, the equity-to-fixed-assets ratio II was approximately 140%.

The increase in the debt ratio, despite a reduction in long-term borrowing, resulted primarily from the increase in short-term borrowing. Short-term borrowing is used exclusively to finance short-term funds tied up in working capital. The status of short-term borrowing disclosed at year-end regularly reflects the highest level of utilisation on account of the warehousing of agricultural commodities and/or increasingly on account of unfinished products in the fields of renewable energies. The rise in short-term borrowing related primarily to the increase in current financial liabilities (up €793.3 million to €2,232.2 million) and trade liabilities (up €112.7 million to €1,016.7 million) associated with the rise in inventories.

At €2,074.7 million, long-term borrowing was roughly on par with the previous year-end figure of €2,065.7 million.

Gearing

The BayWa Group's management assesses and manages the capital structure in regular intervals via factors such as the key indicators "adjusted net debt", "adjusted equity" and "adjusted net debt/EBITDA".

Cash and cash equivalents are deducted from current and non-current financial liabilities at banks. Non-recourse financings are also deducted despite them carrying interest. They pertain to loans extended to project companies in the Renewable Energies business unit that are solely based on project cash flow instead of the BayWa Group's credit rating. Lenders have no access whatsoever to the BayWa Group's assets and cash flows outside each project company. EBITDA generated by the project companies during the reporting year came to €39.5 million (2017: €44.6 million). Grain inventories for immediate use are also deducted. These inventories could be converted into cash and cash equivalents as soon as they are recognised due to their highly liquid and current nature as well as their daily prices listed on international markets and stock exchanges. Any price risk is fully eliminated by a physical asset for sale, either through concluding a sales agreement with a highly solvent business partner or through a forward contract on the stock exchange. On account of the highly liquid nature of these inventories, the BayWa Group deems it to be appropriate to deduct them as cash and cash equivalents when calculating net debt and the related financial key figures.

in € million	31/12/2018	31/12/2017
Non-current and current liabilities at banks	3,115.3	2,323.3
./. less cash and cash equivalents	- 120.6	- 105.5
Net debt	**2,994.7**	**2,217.8**
./. less non-recourse financing	- 95.0	- 107.9
./. less inventories for immediate use	- 930.4	- 773.6
Adjusted net debt	**1,969.3**	**1,336.3**
Annualised EBITDA	315.3	318.4
Adjusted equity	1,619.5	1,669.5
Net debt (adjusted)/equity (adjusted) (in %)	**121.6**	**80.0**
Net debt (adjusted)/EBITDA	**6.2**	**4.2**

Given the different business models (trade and project development), gearing is subject to differences in recognition, reporting and review. The use of the borrowed funds for project financing in the Renewable Energies business unit is different from the traditional trade-related business fields. Furthermore, borrowing as part of project development is accrued over a longer period of time before before the corresponding inflows result from the sale of the projects. This is taken into account in the calculation of adjusted net debt for the trading business. The Renewable Energies business unit's financial liabilities, cash and cash equivalents, and EBITDA generated in the financial year are deducted in the process. The value of the key indicator "adjusted net debt/EBITDA" should lie between 3.0 and 4.5 and is determined using the following approach:

in € million	31/12/2018	31/12/2017
Non-current and current liabilities at banks	1,932.6	1,621.2
less cash and cash equivalents	- 73.6	- 71.5
Net debt	**1,859.0**	**1,549.70**
less non-recourse financing	–	–
less inventories for immediate use	- 930.4	- 773.6
Adjusted net debt	**928.6**	**776.1**
Annualised EBITDA	219.5	224.2
Net debt (adjusted)/EBITDA	**4.2**	**3.5**

Cash flow statement and development of cash and cash equivalents

in € million	2014	2015	2016	2017	2018
Cash flow from operating activities	- 90.6	19.0	208.6	- 170.2	- 452.2
Cash flow from investment activities	- 227.6	- 143.5	- 123.6	- 60.5	- 243.0
Cash flow from financing activities	334.4	98.7	- 63.0	235.9	710.8
Cash and cash equivalents at the end of the period	108.4	84.5	104.4	105.5	120.6

The cash flow from operating activities came to minus €452.2 million in the financial year 2018, a year-on-year decline of €282.0 million. With consolidated net income down €12.3 million year on year, this decline was primarily the result of an increase in inventories, trade receivables and other assets not allocable to investing and financing activities. Around one-quarter of this cash outflow was compensated for by the cash inflow from the increase in trade payables and other liabilities not allocable to investing and financing activities.

Cash flow from investing activities decreased year on year by €182.5 million following cash outflow of €243.0 million in the reporting year. Payments for company acquisitions came to €144.8 million (2017: €21.5 million) and can mainly be attributed to the acquisition of the GroenLeven Group in the Renewable Energies business unit. In the financial year 2018, investments of €212.4 million were made in intangible assets, property, plant and equipment, and financial assets (2017: €248.8 million), which were offset by incoming payments from the disposal of intangible assets, property, plant and equipment, and financial assets of €104.3 million (2017: €198.5 million). Furthermore, the dividend received, other income assumed and interest received led to cash inflows of €4.4 million (2017: €9.2 million).

Cash flow from financing activities in the financial year 2018 stood at €710.8 million and was attributable in particular to the issuing of a BayWa bonded loan in the amount of €203.0 million and the assumption of further borrowing to finance project business in the Renewable Energies business unit. This was offset by cash outflows from dividend payments at BayWa AG and its subsidiaries totalling €58.2 million, as well as interest payments of €40.9 million.

In an overall analysis of the cash flow from operating activities, investment and financing activities, and in consideration of changes to the group of consolidated companies and changes in foreign exchange rates, cash outflow from operating activities and investment activities was fully compensated by the incoming cash flow from financing activities. As a result, cash and cash equivalents at the end of the reporting period came to €120.6 million, which was €15.1 million higher than in the previous year.

Financial base and capital requirements

The BayWa Group’s financial base is replenished by funds from the short-term debt for working capital and by funds from operating activities. Investment financing and the ongoing financing of operations have a considerable impact on the capital requirements of BayWa AG, as do the repayment of financial liabilities and ongoing interest payments. The overall view of liquidity and debt is determined through the calculation of adjusted net liquidity or net debt and used for internal financial management as well as for external communication with financial investors and analysts. Net liquidity and net debt is calculated from the sum total of cash and cash equivalents less bank debt and outstanding loans, as reported in the balance sheet.

Along with short-term borrowing, the Group finances itself by way of a multi-currency Commercial Paper Programme, which received its most recent top up of €500.0 million in 2017, taking it to a total volume of €1,000.0 million. As at the balance sheet date, securities were issued in various currencies in the amount of €626.0 million (2017: €318.5 million) with an average weighted residual term of 58 days (2017: 45 days). At the end of the reporting period, €154.9 million (2017: €111.8 million) in receivables had been financed at their nominal value from the ongoing Asset-Backed Securitisation Programme.

Investments

In the financial year 2018, the BayWa Group invested a total of €202.0 million in intangible assets (€43.5 million) and property, plant and equipment (€158.5 million) in addition to its acquisitions (2017: €179.5 million). The investments made in the financial year 2018 were primarily for the purpose of repair and maintenance of buildings, facilities (in construction) and office fixtures and fittings, as modern locations and seamlessly operating facilities are a precondition for efficient logistics processes.

BayWa will continue to invest in modern site infrastructure in future. This includes investments in land and buildings, wherever such investments are expedient and prudent. By contrast, real estate no longer used for operations is consistently sold off. The proceeds accruing from these transactions are used to reduce debt or to finance the Group’s growth.

Including company acquisitions, roughly 43.3% of total investments in non-current assets at the BayWa Group were accounted for by the Energy Segment, where the lion’s share was attributable to the Renewable Energies business unit. The acquisition of the GroenLeven Group had a particular impact in this regard. Aside from the aforementioned segment, 29.3% of investments were attributable to the Agriculture Segment, with 8.3% going to the Building Materials Segment, and 2.3% earmarked for the Innovation & Digitalisation Segment. The remaining 16.8% are accounted for by investments in Other Activities.

Earnings position

in € million	2014	2015	2016	**2017**	**2018**	Change in % 2018/17
Revenues	15,201.8	14,928.1	15,409.9	16,055.1	16,625.7	3.6
EBITDA	279.8	288.3	272.6	318.4	315.3	- 1.0
EBITDA margin (in %)	1.8	1.9	1.8	2.0	1.9	–
EBIT	152.1	158.1	144.7	171.3	172.4	0.6
EBIT margin (in %)	1.0	1.1	0.9	1.1	1.0	–
EBT	80.4	88.1	69.6	102.4	92.6	- 9.6
Net income for the period	80.7	61.6	52.7	67.2	54.9	- 18.3

The revenues of the BayWa Group rose by 3.6%, or €570.6 million, to €16,625.7 million in the financial year 2018. The sharpest rise in revenues was recorded in the Energy Segment, with the Renewable Energies business unit growing by €163.5 million to €1,530.2 million and the Conventional Energies business unit by €210.2 million to €2,438.3 million. The Agriculture Segment also delivered a rise in revenues. This increase was due to two opposing developments: while revenues were up €485.9 million to €3,298.8 million in the Agri Trade & Services business unit and were up €222.1 million to €1,622.4 million in the Agricultural Equipment business unit, revenues in the BAST business unit were down €531.0 million and stood at €5,286.8 million in the financial year 2018. At €807.9 million, revenues in the Global Produce business unit were on par with the previous year. Revenues were up slightly in the Building Materials Segment and stood at €1,617.5 million, equating to a €11.4 million increase year on year. A slight increase in revenues was also achieved in the Innovation & Digitalisation Segment (€3.8 million) and in Other Activities (€2.2 million).

Other operating income increased by a total of €4.4 million in the reporting year to €211.3 million. Along with higher income from the release of provisions in the amount of €25.8 million (2017: €14.2 million), the main drivers of this development were write-ups in the amount of €7.0 million attributable to two wind farms in the Renewable Energies business unit and increased price gains in the amount of €14.2 million (2017: €9.7 million). By contrast, gains from the disposal of assets decreased by €18.7 million to €43.4 million in the financial year 2018. In the previous year, the Group benefited in this regard from one-off income related to the sale of the BayWa high-rise. At €6.6 million, the reversal of value adjustments on receivables and receivables written down was also down year on year (2017: €13.0 million).

The €217.0 million increase in inventories recorded in the financial year can be attributed in particular to the wind and solar energy projects in the fields of renewable energies not yet completed in the financial year 2018.

Along with the increase in revenues, the cost of materials also increased, rising by €791.4 million, or 5.5%. Gross profit recorded an improvement of €104.2 million, or 5.8%, to €1,889.1 million.

Personnel expenses climbed year on year by 5.8%, or €54.4 million, to €990.6 million. This was largely a result of the business activities of the companies acquired the previous year, which were included in full for the first time in the reporting year, but also the company acquisitions in the financial year 2018 itself as well as the further expansion of business activities in the Renewable Energies business unit.

At €599.0 million, other operating expenses were up by €28.9 million, or 5.1%, on the previous year’s figure of €570.1 million in the financial year 2018. Other operating expenses primarily consisted of vehicle fleet costs in the amount of €84.5 (2017: €79.5 million); rental and leasing costs of €66.8 million (2017: €56.5 million); maintenance expenses of €55.8 million (2017: €54.6 million); advertising expenses of €51.2 million (2017: €46.2 million); consultancy, auditing and legal fees of €47.4 million (2017: €49.8 million); and other expenses of €68.4 million (2017: €70.3 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) fell by €3.1 million, or 1.0%, to €315.3 million in the financial year 2018 (2017: €318.4 million).

Scheduled depreciation and amortisation at the BayWa Group decreased by €4.3 million, or 19%, to €142.9 million in the reporting year. This decrease was caused by unscheduled value adjustments that were primarily attributable to intangible assets in the previous year.

All in all, the BayWa Group's earnings before interest and tax (EBIT) rose by €1.1 million, or 0.6%, to €172.4 million in the financial year 2018.

The financial result comprises income from participating interests, which is allocated to EBITDA and EBIT, and-net interest. At €15.8 million, income from participating interests was significantly lower in the reporting year than the €39.9 million seen in the previous year. Whereas the equity result increased by €6.5 million to €9.0 million – due primarily to the positive effect attributable to the development of earnings at AHG-Autohandelsgesellschaft mbH and AUSTRIA JUICE GmbH – other income from participating interests fell by €30.6 million to €6.8 million. In the previous year, other income from participating interests included income from the sale of shares in Raiffeisen Bank International AG, Vienna, Austria. Due to high net interest resulting from an increase in financial liabilities, net interest deteriorated by €10.9 million, totalling a balance of minus €79.8 million (2017: minus €68.9 million).

The BayWa Group's earnings before tax (EBT) decreased by €9.8 million, or 9.6%, to €92.6 million. The increases of €15.4 million in the Agriculture Segment, €6.2 million in the Energy Segment and €1.0 million in the Building Materials Segment stood in contrast to a decline in the Innovation & Digitalisation Segment (minus €1.6 million). The Other Activities Segment, together with the consolidation effects presented in the transition, had a negative impact on the development of earnings before tax (EBT). These came to minus €55.4 million in the reporting year, down by €30.6 million on the previous year's figure of minus €24.8 million.

Income tax expense for the BayWa Group amounted to €37.7 million in the financial year 2018, which corresponds to a year-on-year increase of €2.6 million. The tax rate therefore amounted to 40.7% in the reporting year (2017: 34.3%).

Taking income tax into account, the BayWa Group generated net income of €54.9 million in the financial year 2018, a year-on-year decrease of 18.4% (2017: €67.2 million). The share in profit due to shareholders of the parent company decreased by 17.8% from €39.3 million in the previous year to €32.3 million in the reporting year.

Earnings per share (EPS), which is calculated from the portion of the result attributable to the shareholders of the parent company in relation to the average number of shares outstanding of 35,012,806 (dividend-bearing shares less treasury shares), fell from €1.13 in the previous year to 92 cents for the financial year 2018.

Comparison of forecast business development with actual business development

A noticeable overall rise in revenues and a stable or slightly positive development in earnings in the financial year 2018 were forecast for the BayWa Group in the Outlook section of the 2017 Group Management Report. On account of the outlined developments in the business units, revenues at Group level rose by 3.6% and therefore fell somewhat short of expectations. Earnings before interest and tax (EBIT) increased by 0.6%, therefore developing within the scope of the forecast.

Agriculture Segment

A significant increase in revenues and a substantial improvement in earnings were forecast for the BAST business unit in 2018. The business unit's revenues fell by 9.1%, and earnings before interest and tax (EBIT) improved by €24.1 million to €31.1 million. Both figures therefore confirm the forecast.

The Agri Trade & Service business unit was expected to see a substantial rise in revenues and a significant improvement in earnings in 2018. The business unit's revenues rose by 17.3%, or just under €486 million, therefore living up to the forecast. By contrast, earnings before interest and tax (EBIT) fell sharply, contrary to expectations. At €5.2 million, the business unit's EBIT was down €20.5 million year on year.
A slight, 0.3% increase in revenues to €807.9 million was forecast for the fruit business. On account of a 7.5% decrease to €27.2 million, however, earnings before interest and tax (EBIT) fell short of the significant increase that had been forecast.

Revenues in the agricultural equipment business were expected to rise slightly, with a noticeable decrease in earnings before interest and tax (EBIT). The actual revenue development and EBIT exceeded the forecast: revenues increased markedly by 15.9% to €1,622.4 million, and EBIT improved significantly by 83.9% to €36.6 million.

All told, the Agriculture Segment's revenues increased slightly by 1.7% to €11,015.9 million in the reporting year. Earnings before interest and tax (EBIT) improved substantially, increasing by 21.9% to €100.1 million; a significant increase had been forecast. Both figures therefore confirm the forecast.

Energy Segment
According to the forecast, revenues in the Renewable Energies business unit were set to rise by a substantial margin in 2018. At 12.0%, revenue growth was somewhat weaker than anticipated. Earnings before interest and tax (EBIT), which had been predicted to decrease slightly, outperformed the forecast at the beginning of the year by posting a significant 8.9% rise to €72.5 million.

Revenues from the conventional energy business were forecast to increase slightly year on year in 2018, with a moderate decrease in earnings before interest and tax (EBIT). The actual developments outperformed the forecast thanks to a 9.4% rise in revenues to €2,438.3 million and a significant 27.1% increase in earnings before interest and tax (EBIT) to €23.5 million.

All told, the Energy Segment's revenues were within the forecast range, having increased 10.4% to €3,968.5 million. Earnings before interest and tax (EBIT) exceeded the noticeable decline that had been forecast, increasing by 12.4% to €95.6 million.

Building Materials Segment
A moderate increase in revenues had been expected in the Building Materials Segment in 2018. With revenues increasing by 0.7% to €1,617.5 million, the actual development was within the forecast range. Earnings before interest and tax (EBIT), which had been expected to improve moderately, exceeded expectations with a significant increase of 6.4% to €31.1 million.

Innovation & Digitalisation Segment
A significant increase in revenues had been predicted in the forecast for the Innovation & Digitalisation Segment at the beginning of 2018, which was confirmed by a 55.1% rise to €10.7 million. At minus €12.3 million, earnings before interest and tax (EBIT), for which a negative result in the low eight-digit range had been expected, developed as anticipated.

It is not possible to make a forecast for the Other Activities Segment, as revenue and earnings development in this business area is primarily driven by opportunism in capitalising on market opportunities within the scope of BayWa's portfolio management system.

General statement on the business situation of the Group

Overall, the Board of Management considers the business performance of the BayWa Group in 2018 to have been positive. The corporate goals for the reporting year were achieved in full. All three core segments of the Group further increased their earnings year on year. The Agriculture Segment's earnings improved substantially, primarily due to the measures to enhance profitability taken in 2017. The Energy Segment once again topped the high level of earnings from the previous year and set a new record. Earnings also continued to develop well in the Building Materials Segment. In 2018, the BayWa Group once again profited from its heavily diversified business activities, its strategic orientation towards international markets and the development of new areas of business and business models. The BayWa Group has a well-balanced, forward-thinking business portfolio to underpin its success in the future. The focus will be on continuing to develop the Group into an integrated provider of sustainable solutions in all business areas and optimising the portfolio.

Financial Performance Indicators

BayWa orients the short-term management of its corporate divisions with the development of key earnings indicators EBITDA, EBIT and EBT. Key earnings indicators for the segments of the BayWa Group developed as follows in the financial year 2018:

Key financial earnings figures

	Earnings before interest, tax, depreciation and amortisation (EBITDA)			Earnings before interest and tax (EBIT)			Earnings before tax (EBT)		
in € million 2018		Change (absolute)	Change (in %)		Change (absolute)	Change (in %)		Change (absolute)	Change (in %)
BAST	35.6	25.1	> 100	31.1	24.1	> 100	24.0	25.4	> 100
Agri Trade & Service	34.1	- 19.3	- 36.1	5.2	- 20.5	- 79.8	- 9.9	- 22.5	> - 100
Global Produce	41.6	- 4.1	- 9.0	27.2	- 2.2	- 7.5	21.9	- 2.2	- 9.1
Agricultural Equipment	48.3	16.2	50.5	36.6	16.7	83.9	27.1	14.8	> 100
Agricultural Segment	**159.5**	**17.9**	**12.6**	**100.1**	**18.0**	**21.9**	**63.1**	**15.4**	**32.3**
Conventional Energy	32.6	5.1	18.5	23.5	5.0	27.0	21.7	3.4	18.6
Renewable Energies	95.8	1.9	2.0	72.5	5.9	8.9	53.5	2.8	5.5
Energy Segment	**128.4**	**7.0**	**5.8**	**96.0**	**10.9**	**12.9**	**75.2**	**6.2**	**9.0**
Building Materials Segment	**47.2**	**1.4**	**3.1**	**31.1**	**1.0**	**3.3**	**22.2**	**1.0**	**4.7**
Innovation & Digitalisation Segment	**- 10.3**	**- 1.6**	**- 18.4**	**- 12.3**	**- 1.5**	**- 13.9**	**- 12.4**	**- 1.6**	**- 14.8**

The difference in the contributions from each segment to the total earnings of the BayWa Group in all three key earnings indicators, EBITDA, EBIT and EBT, is calculated from the earnings contribution of the Other Activities Segment as well as on the basis of economic influence factors at Group level. BayWa does not perform any entrepreneurial management in the Other Activities Segment, as this segment encompasses peripheral activities that are of secondary importance in the BayWa Group. Group-wide economic influence factors are circumstances not attributable to the operational management of the segments.

Medium- to long-term portfolio optimisation in the BayWa Group is carried out through value-oriented management. Using economic profit as a basis, this system calculates the surplus return on invested capital (ROIC) of the corporate divisions by means of their risk-weighted costs of capital.

Economic profit

in € million 2018	BAST	Agri Trade & Service	Global Produce	Agricultural Equipment	Energy	Renewable Energies	Building Materials	Innovation & Digitalisation
Net operating profit	31.1	5.2	27.2	36.6	23.5	72.5	31.1	- 12.3
Average invested capital [1]	782.5	1,150.4	375.8	534.2	53.4	1,086.6	432.5	12.8
ROIC (in %)	3.97	0.45	7.24	6.85	43.96	6.67	7.19	- 96.08
Weighted average cost of capital (WACC) (in %)	5.7	5.6	5.0	6.0	5.0	4.6	6.5	6.0
Difference (ROIC less WACC) (in %)	- 1.73	- 5.15	2.24	0.85	38.96	2.07	0.69	- 102.08
Economic profit by business unit	- 13.5	- 59.3	8.4	4.5	20.8	22.5	3.0	- 13.1
				Agriculture		Energy	Building Materials	Innovation & Digitalisation
Economic profit by segment				- 59.9		43.3	3.0	- 13.1

1 Intangible assets + property, plant and equipment + net working capital

In the financial year 2018, the Energy and Building Materials Segments, as well as the Global Produce and Agricultural Equipment business units of the Agriculture Segment, achieved positive economic profit (in other words, positive net income after respective capital costs). In the Energy Segment, the Renewable Energies business unit was able to generate an economic profit of €22.5 million (2017: €19.8 million) thanks mainly to strong international project business, thereby exceeding the already high level from the previous year. In the Conventional Energy business unit, the economic profit was able to be increased in the reporting year primarily through a positive margin trend in the fuel business to €20.8 million (2017: €16.3 million). The Energy Segment's economic profit totalled €43.3 million. The Building Materials Segment was able to expand its economic profit in the financial year 2018 to €3.0 million (2017: €0.1 million). Within the Agriculture Segment, the Global Produce business unit generated an economic profit of €8.4 million following €8.8 million in the previous year. The decline is mainly attributable to the lack of marketing volumes for dessert pome fruit in the first half of 2018 due to the poor harvest in 2017. The Agricultural Equipment business unit's economic profit improved by €18.2 million year on year to €4.5 million (2017: minus €13.7 million). The very good sales figures for new machinery in Germany and Austria in particular contributed to this result. Although the BAST business unit saw significant year-on-year improvement of €26.8 million, economic profit remained negative in 2018 at minus €13.5 million. Economic profit of minus €59.3 million was recorded in the Agri Trade & Service business unit (2017: minus € 34.0 million), which was mainly attributable to lower volumes in the produce and agricultural input business as a result of the drought in Germany. The Agriculture Segment as a whole recorded economic profit of minus €59.9 million in 2018 (2017: minus €79.2 million). The Innovation & Digitalisation Segment posted economic profit of minus €13.1 million, as expected in its planning.

Employees

The number of employees at BayWa rose once again in 2018. By the end of the year, the BayWa Group employed 17,864 employees (2017: 17,323). In terms of an annual average, the number of employees rose year on year by 454 to 18,004, equating to an increase of 2.6%. In addition to the expansion in Building Materials, the increase is due to a number of strategic acquisitions in Renewable Energies, Agricultural Equipment and Agri Trade & Service. The Innovation & Digitalisation development segment, which was established in 2016, was also expanded further. While the number of employees in the Conventional Energy business unit remained stable year on year, the number of employees at BAST and Global Produce fell slightly due to structural adjustments. As regards personnel as a whole, digitalisation was the focus in 2018 and was advanced with a range of different measures.

Development of the average number of employees in the BayWa Group

					Change	
	2015	2016	2017	**2018**	2018/17	in %
Agriculture	9,997	10,212	10,613	10,428	- 185	- 1.7
Energy	1,825	1,911	2,079	2,407	328	15.8
Building Materials	4,093	4,081	4,113	4,211	98	2.4
Innovation & Digitalisation	97	126	158	183	25	15.8
Other Activities	597	630	587	775	188	32.0
BayWa Group	**16,609**	**16,960**	**17,550**	**18,004**	**454**	**2.6**

ONE HR strategy

Building on the Group's strategy, working in close consultation with managers from various corporate divisions and companies, and including current issues such as digitalisation, Human Resources (HR) adopted the first Group-wide "ONE HR 2018+" strategy in the 2018 reporting year. Seven strategic fields of action are based on a joint ONE HR mission: HR 2022 – We are business; Recruiting – Get the best; Employer Branding – BayWa Group makes sense; Talent Management – Our talents create success; Leadership Culture – Leadership is the difference; Inclusion & Diversity – Valuing individuality, living as a community; Connectedness – Forward thinking and collaboration with FeedForward.

ONE HR structure

The new Group-wide ONE HR structure is derived from the ONE HR strategy. Within the scope of this structure, new reporting channels were introduced to connect international HR managers to the head of Corporate HR. In addition, the two core divisions, HR Germany and HR Transformation & International, were established:

HR Germany

Thinking and acting globally is becoming increasingly important for the BayWa Group. This also impacts the requirements in the Group's core and home market of Germany. The HR Germany division was established to ensure these requirements are met in the best possible way in the future, by consolidating those functions with a primary focus on Germany: HR business partners, labour law and basic policies, training and training marketing.

HR Transformation & International

The HR Transformation & International division was established to enable the ONE HR team, together with the business units, to act faster and more efficiently worldwide. The focus here is on bundling HR competencies and establishing HR standards to support the business units around the world, and will cover the fields of Strategic Recruiting, Leadership & Development, Inclusion & Diversity and Group Systems & Policies.
The main emphasis will be on intensifying communication between global HR departments with the aim of promoting global cooperation. For example, monthly conference calls will be held between the HR managers from Germany (BayWa AG and BayWa r.e.), Austria, New Zealand and the Netherlands. The extended HR

teams from these countries will take part in the calls on a quarterly basis. Once a year, a global ONE HR conference will be held with around 90 participants.

Chatbots and time-lapse videos for trainee recruitment

BayWa once again placed great importance on the recruitment of young people for vocational training in the reporting year 2018. With 1,350 trainees at the end of the year, the Group is an important training company. A large-scale online trainee campaign launched in the summer of 2018 placed its main focus on the Instagram and Facebook social networks. Short time-lapse videos were used to mainly advertise industrial and technical apprenticeships. This year saw the addition of a Facebook Messenger Chatbot that offered assistance with career orientation and made it possible to find the right technical apprenticeship through automated, intelligent questioning. Thanks to the many and varied elements of the campaign, BayWa was once again able to attract attention as a training provider in the social media sector. Both the online trainee campaign and regional marketing activities ensured that just under 50% of the 2019 trainee positions in Germany were filled by the end of the year.

Promoting diversity and equal opportunities

Promoting diversity within the Group is one of the key success factors in BayWa’s competitiveness. As a result of continued growth and internationalisation, the BayWa Group now employs around 18,000 employees at over 3,000 locations in 41 countries. In the 2018 reporting year, the Leadership College management conference focused on, among other things, the topic of Inclusion & Diversity. The conference featured workshops for some 320 managers designed to help sensitise BayWa’s managers to the issues of the future. Corporate HR employees led various workshops, dealing with the topics of corporate culture, team strength through diversity, gender equality, inclusion and generational diversity. Practical approaches to improving decision making and other business processes were presented, highlighting their application and the concrete business benefits offered by diversity. The topic of Inclusion & Diversity also provides an important contribution in the area of compliance, as uncovering subconscious biased perceptions and attitudes is a necessary precondition for avoiding unfair treatment and discrimination against individual groups of people. Inclusion & Diversity was incorporated into the ONE HR structure as a new department. BayWa’s diversity concept is part of the Corporate Governance Report / Statement on Corporate Governance as required by Section 315d in conjunction with Section 289f German Commercial Code (HGB).

Progress report on the digital annual employee assessment

The digital annual employee assessment was launched in 2018. The new tool was very well received by management, commercial and industrial employees. As in previous years, the focus is on face-to-face reviews. However, the digital process has simplified and accelerated the preparation and follow-up of the reviews. On the basis of the optimisation proposals from the workforce, the review sheet was adjusted and shortened. Since the beginning of 2019 there have been adapted sheets for both the commercial and industrial employee target groups. These will be systematically integrated and further developed for the digitalisation of succession planning in 2019.

Employee development

The ongoing vocational development of employees remained a key issue for BayWa in 2018: in the reporting year, employees completed 33,284 days of training, the equivalent of 1.8 days per employee. The number of employees participating in e-learning training courses was 28,659, which was a year-on-year increase of 24%.

BayWa Foundation: educational projects to promote healthy eating and renewable energies

The BayWa Foundation was established in 1998 to fulfil and further develop the Group's commitment to society. BayWa AG covers the Foundation's administrative costs and doubles donations so that 200% of the money received goes towards the projects that it funds. The BayWa Foundation celebrated its 20th anniversary in 2018 – since its establishment, it has overseen the successful implementation of 63 projects in 10 countries. Through the realisation of educational projects, the BayWa Foundation makes a significant contribution to five of the sustainability targets adopted by the United Nations: Good Health and Well-Being (#3), Quality Education (#4), Affordable and Clean Energy (#7), Climate Action (#13) and Life on Land (#15).

In 2018, the Foundation funded more than 20 long-term educational projects worldwide, which aim to improve children's nutrition and teach practical knowledge about renewable energy. In Germany, the focus is on education: for example, the BayWa Foundation annually awards 100 scholarships as part of the Germany Scholarship. In addition, the targeted training of individual strengths and practical job application coaching made it easier for many young people to start their careers. The BayWa Foundation also focuses on healthy nutrition to raise awareness for this issue at an early age and to promote children's health. As part of the hands-on nutritional education programme, "Planting vegetables. Harvesting health.", schoolchildren plant their own vegetables, prepare them as healthy snacks and use the text and activity book "Der Ernährungskompass" (the nutrition compass; in German only) to discover what nutrients the foods contain. Over 130 gardens for around 10,000 children have already been planted at schools since the project launched in 2013. Some 40,000 children at 1,400 primary schools in Bavaria received "Der Ernährungskompass" in 2018.

The BayWa Foundation also focuses on a practical approach to sharing knowledge when it comes to renewable energies. Launched in 2018, the "Die Waldschule" (forest school) project promotes environmental awareness and encourages children to learn more about the forest ecosystem. For example, during excursions into the forest the children plant their own tree.
More than 80,000 children and young people in Germany were supported by projects of the BayWa Foundation in 2018.

The international projects are aimed at helping people to help themselves, in order to improve their quality of life in the long term. In 2018, the expansion of the biogas project in Tanzania was a groundbreaking project in this respect. With the establishment of a centre for biogas competence and the corresponding technical support, the foundation was laid for the sustainable creation of clean cooking fuel, jobs and the prevention of deforestation. The next step of the project is the granting of microloans according to the cooperative idea, with the aim of creating a long-term perspective for the residents in association with biogas as an energy source.

In addition, the BayWa Foundation is also active in other parts of Africa. This includes supporting the "Teenage Mother Empowerment Program" in Zambia, where young mothers in need receive training and childcare. The programme thereby gives young women a chance to lead a self-determined life. More information about these projects is available at www.baywastiftung.de/en.

Sustainability at BayWa

The consolidated non-financial report is part of the 2018 Sustainability Report. This report is published on the website at: www.baywa.com/en/sustainability/news_publications/publications/.

Takeover-relevant Information – Reporting pursuant to Section 315a German Commercial Code (HGB)

Composition of subscribed capital

The subscribed capital of BayWa AG amounted to €89,953,658.88 as at the reporting date and is divided up into 35,138,148 registered shares with an arithmetical portion of €2.56 each in the share capital. Of the shares issued, 33,769,555 are registered shares with restricted transferability and 125,342 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2019 onwards). 1,243,251 shares are registered shares not subject to restricted transferability. With regard to the rights and obligations granted by the shares (e.g. the right to a portion of the unappropriated retained earnings or to participate in the Annual General Meeting of Shareholders), reference is made to the provisions laid down under the German Stock Corporation Act (AktG). There are no special rights or preferences.

Restrictions on voting rights and the transfer of shares

Pursuant to Section 68 para. 2 of the German Stock Corporation Act (AktG), in conjunction with Article 6 of BayWa AG's Articles of Association, the purchase of shares with restricted transferability by individuals and legal entities under civil and public law requires the approval of the Board of Management of BayWa AG. BayWa holds a small portfolio of registered shares (19,500 units), which, pursuant to Section 71b of the German Stock Corporation Act (AktG), do not carry voting rights as long as they are in BayWa's possession. There are no other restrictions that relate to the voting rights or the transfer of shares.

Affiliated companies with over 10% of voting rights

On the reporting date, the following shareholders held stakes in the capital that exceeded 10% of the voting rights:
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany
- Raiffeisen Agrar Invest AG, Vienna, Austria

Legal requirements and provisions of the Articles of Association on the appointment or dismissal of members of the Board of Management and on amendments to the Articles of Association

Supplemental to Sections 84 et seq. of the German Stock Corporation Act (AktG), Article 9 of the Articles of Association of BayWa AG on the appointment or dismissal of members of the Board of Management also requires members of the Board of Management to be appointed by the Supervisory Board. Members of the Board of Management are appointed for a maximum term of five years, and reappointment is permitted. The Supervisory Board appoints the Chairman of the Board of Management.

Pursuant to Section 179 of the German Stock Corporation Act (AktG) in conjunction with Article 21 of the Articles of Association of BayWa AG, amendments to the Articles of Association are always passed by the Annual General Meeting of Shareholders.

Authorisation of the Board of Management relating in particular to the option of issuing or buying back shares

Subject to the approval by the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 18 May 2020 by up to a nominal amount of €3,783,221.76 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to specify the further content of the share rights and conditions under which the shares are to be issued.

Subject to approval by the Supervisory Board, the Board of Management is also authorised to raise the share capital one or several times on or before 31 May 2021 by up to a nominal amount of €12,500,000 through the issuance of new registered shares with restricted transferability against contributions in kind. The authorisation can be used in partial amounts. Shareholders' subscription rights are excluded. Subject to approval by the

Supervisory Board, the Board of Management is authorised to specify the further content of the share rights and conditions under which the shares are to be issued.

Furthermore, subject to approval by the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 31 May 2023 by a nominal amount of up to €10,000,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in partial amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to specify the further content of the share rights and conditions under which the shares are to be issued.

Furthermore, the Board of Management is authorised to offer held shares to third parties within the framework of the acquisition of or investment in companies or of mergers and to withdraw part or all of the shares without requiring a further resolution to be passed by the Annual General Meeting of Shareholders.

The Board of Management has not been further authorised by the Annual General Meeting of Shareholders to buy back shares. There are no agreements within the meaning of Section 315a para. 1 items 8 and 9 of the German Commercial Code (HGB).

Remuneration Report

The Remuneration Report is part of the Management Report and explains the system of remuneration for members of the Board of Management and the Supervisory Board.

Remuneration of the Board of Management

The remuneration system, including the main contractual components, is reviewed by the Supervisory Board once a year and adjusted if necessary.

Since 1 January 2010, the remuneration of members of the Board of Management has comprised an annual fixed salary, a short-term variable component (annual bonus) and a long-term variable component (known as the bonus bank). The ratio of fixed to variable short-term remuneration and long-term variable remuneration is roughly 50 to 20 to 30 based on full (100%) achievement of goals. The non-performance-related component comprises an annual fixed salary and benefits, such as the use of a company car and contributions to accident and health insurance. Short-term variable remuneration takes the form of an annual bonus. The amount of this bonus depends on the extent to which objectives, determined by the Supervisory Board and geared to individually agreed goals and to the successful development of the company's business (earnings before tax), are achieved. If the targets are achieved, the agreed bonuses are paid out in full. If the targets are exceeded, the bonus will be increased, but only up to a maximum amount (cap) of 150%. If the targets are not fulfilled, the bonus will be reduced proportionately. Both negative and positive developments are therefore taken into account in calculating short-term variable remuneration.

The long-term variable component takes the form of what is known as a bonus bank. The bonus bank will be supplemented or charged on a yearly basis depending on the extent to which objectives, linked to the success of the company (earnings before tax) and determined by the Supervisory Board for three years in advance, have been achieved, exceeded or undershot. If objectives are exceeded, the amount which can be transferred to the bonus bank is capped at 150% of the target figure. If there is a credit balance on the bonus bank, one third will be provisionally paid out for the financial year 2018 to the members of the Board of Management. The remaining two thirds of the credit balance on the bonus bank remain in the bonus bank. The amount is paid linearly; meaning, the amount carried in the bonus bank will be paid out provisionally to members of the Board of Management in equal instalments across three financial years, in dependence of the length of service on the Board of Management, provided there is a sufficient credit balance in the bonus bank and after calculating negative bonuses. If, owing to payments made in previous years or a charge reducing the bonus bank, there is a negative balance in the bonus bank, the respective Board of Management members are obliged to pay back the provisional payments made in the two preceding years. Both negative and positive developments are therefore also taken into account in calculating long-term variable remuneration. Alongside the agreed cap on both components of remuneration, there is also a cap imposed for extraordinary developments.

In addition, there are pension commitments for the members of the Board of Management. These commitments can either take the form of an agreed fixed amount, or are based partly on the most recent fixed salary (30%) and partly on the number of years of service to the company (with increases limited to 50% of the salary most recently received). Employees do not reach retirement age before they turn 66. Since 1 December 2012, all obligations from pension commitments have been transferred to an external pension fund in the form of an earned entitlement, or to a provident fund. Running payments made to the pension fund or provident fund are included in the overall remuneration disclosed for the Board of Management.

There are no commitments in the employment contracts of the Board of Management members if service to the company is prematurely terminated. There are also no Change of Control clauses.

The total remuneration of the Board of Management for the financial year 2018 came to €7.8 million (2017: €6.6 million); of this amount €2.1 million (2017: €1.4 million) is variable. Contributions amounting to €2.1 million (2017: €1.8 million) were paid in benefits after termination of the employment contract (pensions). An amount of €3.4 million (2017: €4.4 million) has been paid out to former members of the Board of Management of BayWa AG and their dependants.

The remuneration of the Board of Management is not itemised. Instead, it is divided up into fixed and variable/performance-related amounts and disclosed once a year in the Notes to the Consolidated Financial Statements. The relevant resolution was passed by the Annual General Meeting of Shareholders in accordance with Section 286 para. 5 of the German Commercial Code (HGB) on 19 May 2015 (Code Item 4.2.4 sentence 3). More information concerning other remuneration can be found in the Notes to the Financial Statements and Consolidated Financial Statements.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board was changed by the Annual General Meeting of Shareholders on 5 June 2018.

Until 30 June 2018, the remuneration of the Supervisory Board was based on the responsibilities and the scope of tasks of the members of the Supervisory Board, as well on as the Group’s financial position and performance.

Members of the Supervisory Board received fixed remuneration of €10,000, payable after the conclusion of the respective financial year, plus variable remuneration of €250 for each cash dividend portion of €0.01 per share approved by the Annual General Meeting of Shareholders which was distributed to shareholders in excess of a share in profit of €0.10 per share. Variable remuneration was due and payable at the end of that Annual General Meeting of Shareholders which had passed the resolution on the aforementioned cash dividend portion.

The Chairman of the Supervisory Board would receive three times the amount and the Vice Chairman twice the amount of remuneration paid as described in the paragraph above. Additional fixed annual remuneration of €2,500 was paid for committee work. The chairmen would each receive three times the respective amount.

Supervisory Board members who had served on the Supervisory Board and/or its committees for only part of the financial year received remuneration on a proportionate basis.

On 5 June 2018, the Annual General Meeting of Shareholders resolved with the required majority to amend Article 19 of the Articles of Association of BayWa AG and to change the remuneration of the Supervisory Board. As of 1 July 2018, the remuneration of the Supervisory Board is based on the responsibilities and the scope of tasks of the members of the Supervisory Board.

Since the third quarter of 2018, Supervisory Board members have received a fixed annual remuneration of €45,000 payable in four equal amounts after the end of the quarter for the respective quarter. The variable remuneration, as based on the dividend, has not been paid since.

The Chairman of the Supervisory Board receives three times the amount and the Chairmen twice the amount of remuneration paid. The members of the Supervisory Board also receive an additional fixed annual remuneration of €3,000 for committee work. The committee chairmen receive three times this amount.

Supervisory Board members who serve on the Supervisory Board and/or its committees for only part of the financial year will receive remuneration on a proportionate basis.

There was no change in the reimbursement of expenses for activities as a member of the Supervisory Board in 2018: Members of the Supervisory Board are reimbursed for their expenses and value added tax which falls due on account of their activities as member of the Supervisory Board or its committees. In addition, members of the Supervisory Board are also included in the company's group accident insurance policy. The company also maintains an insurance policy against legal proceedings and pecuniary losses and a D&O insurance and legal protection policy on behalf of its Supervisory Board members and in the interests of the company. The company pays the insurance premiums.

The total remuneration of the Supervisory Board comes to €0.9 million (2017: €0.7 million); of which €0.2 million were variable (2017: €0.3 million).

Disclosure of remuneration paid to the members of the Supervisory Board in the Notes to the Consolidated Financial Statements has not been itemised (reason given in the Declaration of Conformity).

Opportunity and Risk Report

Opportunity and risk management

The corporate policy of BayWa Group is geared towards weighing up the opportunities against the risks of entrepreneurship in a responsible way. The management of opportunities and risks is an ongoing area of entrepreneurial activity, which is necessary to ensure the long-term success of the Group. This enables BayWa Group to innovate, secure and improve what is already in place. The management of opportunities and risks is closely aligned to BayWa Group's long-term strategy and medium-term planning. The decentralised regional organisation and management structure of operating business enables the Group to identify trends, requirements, and the opportunities and risk potential of frequently fragmented markets at an early stage, analyse them and take action which is both flexible and market oriented. Internationalisation also allows BayWa to tap into new business opportunities, which in turn reduces its dependence on the individual country markets and their risks. Moreover, the systematically intense screening of the markets and of peer competitors is carried out with a view to identifying opportunities and risks. This is flanked by ongoing communication and the targeted exchange of information between the individual parts of the Group, which leverages additional opportunities and synergy potential.

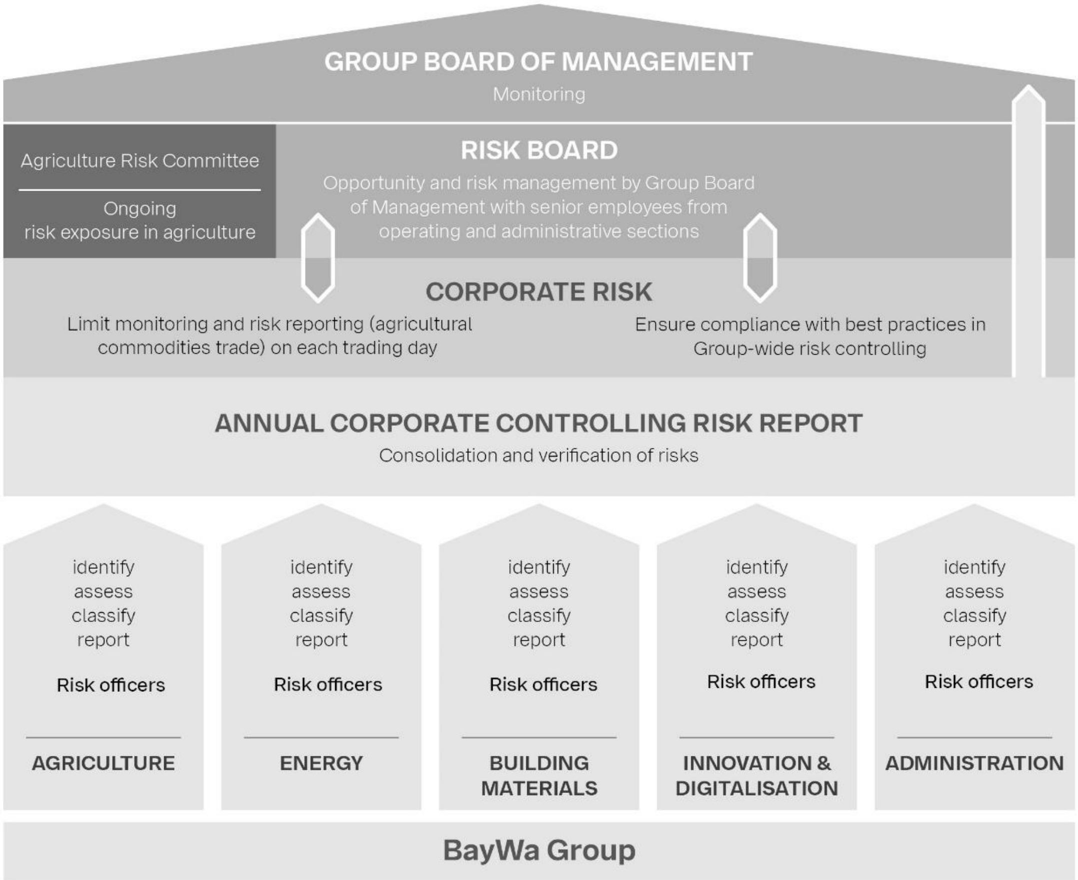
Principles of opportunity and risk management

BayWa makes use of opportunities that arise in the context of its business activities while, at the same time, also entering into entrepreneurial risks. The identification of entrepreneurial opportunities, the safeguarding of the assets and the enhancing of enterprise value therefore necessitate an opportunity and risk management system. The systematic development of existing and new systems with a built-in early warning component makes an indispensable contribution to further strengthening and consistently building up a Group-wide opportunity and risk culture.

The principles underlying the system set in place within BayWa Group to identify and monitor risks specific to the business have been described in a risk management manual approved by the Board of Management. In addition, the Internal Audit Department regularly audits the internal risk management system which supports the processes. ISO certifications for the standardisation of workflows and for risk avoidance, as well as the conclusion of insurance policies, supplement the Group's management of risk.

Moreover, BayWa Group has established binding goals and a code of conduct in its corporate policy and ethical principles as well as the Code of Conduct which have been implemented throughout the Group. They regulate individual employee actions when applying the corporate values as well as their fair and responsible conduct towards suppliers, customers and colleagues.

Structure of opportunity and risk management within BayWa Group



At the BayWa Group, opportunity and risk management is an integral component of the planning and management and control processes. A comprehensive risk management system based on the German Control and Transparency in Business Act (KonTraG) records and monitors both the development of the Group and any existing weak points on an ongoing basis. The risk management system covers all segments and is included as a key component of reporting. A particularly important task of risk management is to guarantee that risks to the Group as a going concern are identified and kept to a minimum. This enables the management of Group companies to react swiftly and effectively. All units have risk officers and risk reporting officers who are responsible for implementing the reporting process.

A key component of the opportunity and risk management set-up is the Risk Board, which has been in place since the financial year 2009. Presided over by the Chief Executive Officer, the Risk Board, which consists of operations managers and support staff, meets regularly to discuss and assess operating opportunities and risks. Minuted meetings are used to develop an understanding of the opportunities and risks and form the basis of the measure of risk applied to operational decisions.

The Agriculture Risk Committee is part of Risk Governance and acts as the highest decision-making body for trading activities concerning agricultural commodities. It is composed of members of the Board of Management and others and meets regularly and when warranted. The Committee decides on risk guidelines and limit systems for the agricultural trade activities and, where necessary, implements risk-controlling and mitigating measures. A form of risk controlling that is independent of trading was established at both the level of the Corporate Risk organisational unit and in the individual agriculture trading companies to ensure that the provisions of the Agriculture Risk Committee are implemented in full, including adherence to limits. The Risk Officer's responsibility in the trading companies covers all risk processes within the company, including limit monitoring and reporting.

The Corporate Risk organisational unit's tasks are to execute risk controlling for the trading activities with agricultural commodities and to operate and develop the risk management system to monitor risks on each trading day. In addition, the unit also serves as a Group-wide competence centre to ensure compliance with best practices in relation to risk controlling methods, processes and systems in commodities trading as well as to guarantee adherence to financial market regulations on commodity derivatives.

Risk management process in the BayWa Group

In the Group-wide risk reporting process, risks are classified into categories, and estimates are made as to their probability of occurrence and potential financial impact. The risk management system is based on individual observations, supported by the relevant management processes, and forms an integral part of the core activities. It starts with strategic planning and proceeds through to procurement, sales and distribution and, finally, to the management of counterparty risk. As an extension of the planning process that takes place in the business units and in procurement, sales organisations and centralised functions, the risk management system serves to detect and assess potential divergences from expected developments. In addition to identifying and assessing key developments influencing business, this system facilitates the prioritisation and implementation of activities. This allows for risks to be avoided or reduced.

The risk reports, which are regularly prepared by the business units, are a cornerstone of the risk management system. These reports are consolidated into the annual risk management report by the Corporate Controlling department and are subject to evaluation by the Board of Management and by the heads of the business units. This includes all individual risks that could have an impact on the business activities of the BayWa Group, assigned to one of the seven risk categories – compliance risks, risks pertaining to organisational structure and workflow, operating risks, market risks, financial risks, legal risks and strategic risks – and their respective subcategories. The significance of each individual risk results from the potential impact on the assets, financial position and earnings of the BayWa Group in the event that the risk materialises, weighted by the likelihood of that risk materialising. The product of these two values is referred to as the expected value of damages. The expected value of damages per risk category is calculated by adding the expected value of damages of all subcategories assigned to the risk category. Their expected value of damages are formed by the sum of the expected value of damages of all individual risks contained. The sum of the expected value of damages form the basis for the classification of the risk categories in the BayWa Group.

A further risk management system is in place for the trading activities with agricultural commodities, including the associated hedging transactions, which encompasses the relevant business activities of BayWa AG, BayWa Agrarhandel GmbH and BayWa Agri Supply & Trade B.V. The Minimum Requirements for Risk Management (MaRisk) published by the German Financial Supervisory Authority (BaFin) serve as the benchmark for this risk management system. MaRisk includes arrangements governing the identification, assessment, management and monitoring of all material risk types, including counterparty risks as well as operating risks, such as quality and logistics risks. BayWa adapted the standards established in the financial services sector and leading trading companies for its agricultural trade activities due to the flexible and practical framework of the material regulations. Appropriate and effective risk management pursuant to MaRisk comprises in particular the formulation of strategies and the establishment of internal control procedures in consideration of the risk-bearing capacity. The internal control system consists in particular of:

- Arrangements governing the organisational structure and workflow
- Processes for identifying, evaluating, managing, monitoring and reporting risks (risk management and control processes)
- The establishment of a risk controlling function

In order to manage market risks on each trading day, the positions, including the spreads (underlying risks), are determined and monitored for the associated agricultural trading companies. Value-oriented procedures, in addition to the volume limits, serve to ensure that the positions are managed in a manner that is appropriate for the risks. These procedures include the regular mark-to-market valuation of pending agricultural transactions and the determination of the trading results derived from this, as well as the portfolio-based value-at-risk procedure. In addition, scheduled and ad hoc stress tests are performed to recognise the effect that extra-ordinary market price changes have on earnings and, where necessary, implement measures to reduce risks. The trading positions as well as the risks these pose are reported to the business units and the local risk management officer on a daily basis as well as to the Board of Management in the form of the Risk Board.

These control mechanisms are supported by a standardised IT system solution for risk management, which has been in place for a number of years and has been certified by an external auditor.

The Global Book System (GBS) is used to coordinate trade management activities; it is responsible for the overarching coordination and optimisation of the trading and risk positions of the individual product lines in the trading of grain, oilseed and co-products for the national and international sectors. Fundamental market analyses are performed within the scope of the market research activities to estimate the global supply and demand situation. An additional focus is placed on implementing quantitative portfolio and risk analysis procedures, the results of which are discussed in weekly meetings with the trading departments. Given the volatility in the markets for agricultural produce, BayWa works with specialists in the area of algorithm-controlled trading strategies in order to limit the effects of fluctuations in the market triggered by high-frequency trading on BayWa's positions.

Identification of opportunities in the BayWa Group

A dynamic market environment also gives rise to opportunities. The BayWa Group continuously monitors both macroeconomic trends, and the development of industry-specific and general environments and structures. These include government regulations, suppliers, customers and other stakeholders as well as competitors. The identification of opportunities is integrated into the BayWa Group's strategy and planning processes. The focus of the product and service portfolio is permanently reviewed on the basis of these analyses. The identified opportunities are predominantly implemented on a decentralised basis in the business units.

Classification of risks and opportunities in the BayWa Group

The seven risk categories in the BayWa Group are divided into several sub-categories. The risks in these sub-categories are classified as low, noticeable, considerable, significant or substantial on the basis of the theoretical expected value of damages. The theoretical expected value of damages is the amount that would result in the very unlikely event that all of the individual risks in a subcategory materialise at the same time. Risks are classified by taking into account the risk reduction measures (net view). The significance of the opportunities for the BayWa Group are assessed by way of a qualitative classification into material or immaterial. The following table provides a general overview of all risks and opportunities and depicts their significance for the BayWa Group.

		Risks		Opportunities	
		Risk classification	**Y/y change**	**Opportunity classification**	**Y/y change**
Market risks & opportunities					
	Sales market	significant	reduced	material	increased
	Procurement	significant	increased	immaterial	constant
	Competition	considerable	increased	immaterial	constant
	Image	noticeable	increased	immaterial	constant
	Price	substantial	increased	material	constant
	Loss of customers	low	increased	/	/
Operating risks & opportunities					
	Sales	noticeable	increased	material	increased
	Environmental impact	significant	reduced	immaterial	constant
	Production	noticeable	increased	immaterial	constant
	Inventory	noticeable	reduced	material	constant
	Product quality	considerable	increased	material	increased
	Case of damage	noticeable	reduced	/	/
	Project	considerable	reduced	immaterial	constant
Risks pertaining to organisational structure & workflow					
	IT	significant	increased	immaterial	constant
	Quality	significant	reduced	immaterial	constant
	Personnel	considerable	reduced	immaterial	constant
	Organisation	considerable	reduced	immaterial	constant
Financial risks & opportunities					
	Financial market	considerable	reduced	immaterial	constant
	Group companies	low	reduced	immaterial	constant
	Default on receivables	considerable	reduced	/	/
	Interest	low	constant	immaterial	constant
	Liquidity	noticeable	increased	immaterial	constant
	Currency	noticeable	increased	immaterial	constant
	Taxes	noticeable	increased	/	/
Strategic risks & opportunities					
	Corporate strategy	considerable	reduced	immaterial	constant
	Investments	low	reduced	immaterial	constant
	Acquisitions & disposals	low	increased	immaterial	constant
	Market development	noticeable	reduced	immaterial	constant
	Innovation & technology	noticeable	reduced	material	reduced
Legal risks & opportunities					
	Contracts	noticeable	reduced	/	/
	Changes in legislation	significant	increased	immaterial	constant
	Liability & insurance	low	increased	/	/
	Violations of the law	substantial	increased	/	/
Compliance risks & opportunities					
	Corruption/fraud	noticeable	reduced	/	/
	Product safety/standards	low	reduced	/	/
	Data protection	low	reduced	/	/
	Compliance with laws & guidelines	significant	increased	/	/

Risk classification (potential implications on earnings) according to expected value of damages		Assessment of the opportunities
low =	≤ €1.0 million	Qualitative classification / Categorisation into “material” and “immaterial”
noticeable =	≤ €2.5 million	
considerable =	≤ €5.0 million	
significant =	≤ €10.0 million	
substantial =	> €10.0 million	

Overall, at the time of the risk inventory carried out at the end of 2018 the BayWa Group was not exposed to any risks that could endanger its existence as a going concern.

Composition of the risk and opportunities categories in the BayWa Group

Key individual risks are described below.

Compliance risks

Group companies are and will continue to be faced with legal disputes and proceedings in relation to their operating business activities. For example, these can result from breaches of compliance regulations by individual employees. This can lead to individual Group companies having to pay compensation or financial penalties or being imposed with other civil or criminal sanctions. These risks are continuously monitored by corresponding specialist areas of the Group.

BayWa AG is currently involved in antitrust investigations concerning the area of crop protection wholesale operations. Based on the assessment of our legal advisers and a legal opinion, we assume that no fines will be imposed on BayWa AG in this regard. Therefore, the Board of Management of BayWa AG considers this to be a contingent liability for which no separate balance sheet risk provisioning is required.

BayWa forms provisions for legal and litigation risks if the occurrence of an obligation is probable and the amount can be adequately estimated. In individual cases, actual utilisation may exceed the amount of the provisions. The Board of Management believes that suitable provisions have been accounted for.

BayWa's data protection risk relates to the incorrect handling of personal or customer-related data as well as the unlawful disclosure or use of said data. This risk is increasing due to the digital transformation of many business activities and increased awareness of the issue due to new legal regulations. Advice and awareness programmes, as well as process controls, are in place to ensure compliance with data protection regulations within the Group. Generally speaking, BayWa ensures that customers retain sovereignty over their data.

Operating risks & opportunities

In the Agricultural Segment, changes in the political framework, such as changes to the regulation of markets for individual agricultural products and agricultural inputs or tax-related government subsidies of energy carriers, in addition to volatile markets, create risks. At the same time, however, they open up new prospects. Extreme weather conditions can have a direct impact on offerings, quality, pricing and trading in agricultural products as well as downstream on the agricultural input business. This is offset by the rise in product and geographical presence diversification in the Agriculture Segment, as this has reduced the dependence on individual markets and increased procurement and marketing flexibility. In addition, BayWa also combats quality risks by performing samplings and checks. Risks posed by a deterioration in the quality of inventories are reduced by professional warehousing standards. New opportunities could arise from BayWa's inclusion in the Bayerische Bio-Siegel (Bavarian organic seal) quality scheme. This seal confirms that BayWa meets the highest quality standards with regard to the collection and sale of agricultural products. Logistics risks resulting from a lack of transport capacities due to weather conditions or strikes are identified and managed early on by the early warning systems. Global climate change will also have a long-term effect on agriculture. The global demand for agricultural products, particularly grain, continues to grow. This may give rise to a sustained price uptrend. Price increases can give rise to opportunities through upside revaluation potential for existing trading contracts and inventories. The fruit- and vegetable-growing activities pose a financial risk to the Group, which arises from the delay between cash outflow for buying, growing and maintaining the crops as well as the costs of the harvest and cash inflow from the sale of the fruit. This risk is managed by actively monitoring net working capital. The development of income in the agriculture sector filters through directly to investment capacity and propensity and therefore to the sale of agricultural inputs and high-end agricultural machinery.

In the energy business, the Renewable Energies business unit is particularly affected by changes in incentives and subsidy measures. For example, BayWa r.e.'s business activities in the US could slow down slightly as the funding measures for investments in solar power plants and wind farms lose appeal due to the general reduction in the tax rate as part of the tax reform in December 2017. Against this backdrop, revenue and earnings development is stabilised by means of geographic diversification. Diversification across various energy carriers – especially wind energy, solar energy and biomass – mitigates risk in certain markets that remain strongly dependent on subsidisation. Climatic risks (wind, sunshine) also play a role for BayWa's electricity-generating Group companies in the Renewable Energies business unit. Long-term surveys mean that average wind and sunshine are relatively easy to forecast in the medium term, although both positive and negative deviations can occur at short notice. The availability of turbines and installations also poses a risk, though this is greatly reduced by the assortment of proven components provided by well-known manufacturers. The conclusion of full-service maintenance contracts ensures that maintenance and repair work is performed within defined time periods. The conventional energy business largely comprises trading in crude oil-based products such as fuels and lubricants as well as heating oil. Generally speaking, the development of demand for heat energy carriers such as heating oil also depends on the level of consumption, which is significantly influenced by weather conditions. Apart from the default risk on trade receivables, these business activities are subject to little risk due to the Group's pure distribution function.

Political and economic factors exert the main influence on demand in the construction sector. In addition to a decline in private consumption, an economic impact on demand can be caused in particular by a decline in demand on the part of the public sector. The development of public finances has a direct impact here. Political factors of influence include, for instance, special depreciation for listed buildings, measures to promote improved energy efficiency and the construction of social housing. In general terms, ageing housing stock in Germany will encourage growing demand for modernisation and renovation. In the Building Materials Segment, BayWa Group is the franchiser for DIY and garden centres. After the inclusion of BayWa Bau- und Gartenmärkte in a joint venture with Hellweg, the newly established BayWa Bau- und Gartenmärkte GmbH & Co. KG operational management was transferred to Hellweg. In light of this, there is a risk that the franchise company in BayWa Group will no longer meet its contractual obligations to the franchisees in the previous way and of the previous quality. Among other things, this may lead to claims for damages on the part of franchisees. This risk was counteracted by the Group concluding long-term agreements with Hellweg.

Market risks & opportunities

General economic factors have an influence on consumer behaviour and investment patterns in BayWa's core markets. In the agricultural industry in particular, there is a trend towards ever larger agricultural operations that are conducting their business more professionally, particularly with regard to the customer structure. These environmental factors exert less of an influence on BayWa's business activities than on other companies. BayWa Group's business model is largely geared to satisfying fundamental human requirements, such as the need for food, mobility, the supply of energy and shelter. Accordingly, the impact of cyclical swings in demand are likely to be less strong than in other sectors. As a result, BayWa is even able to turn certain opportunities arising in times of crisis to its advantage through, for instance, the identification and acquisition of suitable companies with a view to building up or expanding existing or new areas of business. However, BayWa is unable to fully decouple itself from severe setbacks to international economic development that result from, for example, slumps in global commodity prices.

BayWa trades in merchandise that displays very high price volatility, such as grain, oilseeds, fertilisers, mineral oil, biomethane, electricity, gas, and solar components, especially in its Agriculture and Energy Segments. The warehousing of the corresponding merchandise and the conclusion of supply contracts governing the acquisition of goods in future means that BayWa is also exposed to the risk of price fluctuations. Whereas the risk inherent in mineral oils and biomethane is relatively low due to BayWa's pure distribution function, fluctuations in the price of grain, oilseeds, fertilisers, electricity, gas or solar components may incur greater risks if there is no matching in the agreements on the buying and selling of merchandise. What is more, activities by financial investors and technical market mechanisms can sometimes exacerbate price volatility considerably. In addition to absolute price risks, business developments may be influenced by various developments in local mark-ups, for example concerning logistics services, in forward rates as well as different quality grades If no hedging transactions exist at the time when agreements are signed, the ensuing risk is monitored on an ongoing basis by the respective executive bodies. Whenever necessary, appropriate measures to limit risk are initiated.

The BayWa Group uses a portfolio-based value-at-risk method to measure and control risks from commodity futures, which are treated as financial instruments as defined under IFRS 9 (International Financial Reporting Standard). The value-at-risk used by BayWa aims to quantify the negative changes in the value of a portfolio, which – with a certain degree of probability (95%) – will not be exceeded during a defined period of time

(5 trading days). The value-at risk calculated as at 31 December 2018 amounted to €2.5 million and indicates that the potential loss from the commodity futures considered will, with a probability of 95%, not exceed €2.5 million within the next five trading days.

On 23 July 2016, UK citizens voted in favour of exiting the EU in a referendum (Brexit). The negotiations between EU member states and the UK on the terms of Brexit are still ongoing. The date of the UK's departure from the EU has been set at 29 March 2019, after which a transitional period of at least two years is to come into force, according to the current state of discussions. Within this transitional period, EU regulations on free movement of people and the trading of goods and services will be replaced by bilateral regulations between the EU and the UK. This transitional period means that Brexit will have no effect on BayWa Group companies based in the UK in the short term. The companies concerned will review the consequences of new regulations on freedom of movement and trade once legally binding decisions on such subjects have been made. However, the departure itself is still uncertain as current debates have seen the increased call for a second referendum. The Group's 2018 business activities in the UK took place in the BAST, Global Produce and Renewable Energies business units. Around 6% of the Group's revenues and EBIT were generated in UK. In the event of a departure from the EU, BayWa does not expect Brexit to have any significant negative effects on the Group as a whole, even in the event that restrictions are imposed on free international trade, due to the volume of business in the UK and the Group structure.

On 22 December 2017, the US enacted a new tax law in the form of the Tax Cuts and Jobs Act. The changes contained in this act, such as the lowering of the corporate tax rate to 21%, were applied to the affected Group companies, most of which are part of the Renewable Energies business unit, during the preparation of the financial statements as at 31 December 2018. This did not result in any material changes The new tax law is not expected to have any considerable impact on the BayWa Group in future financial years either.

Financial risks and opportunities

Within the BayWa Group, financial risks and opportunities are divided into a number of different risk types that are described separately in the following.

Opportunities and risks from financial instruments

In addition to fixed- and variable-rate financial instruments, which are subject to varying degrees of interest rate risks, BayWa Group also uses derivative hedging instruments such as options and futures contracts to hedge its commodity futures. In addition to interest rate risk, these derivative hedging instruments are also subject to risks posed by changes to the prices of underlying transactions as well as, depending on the base currency in which the derivative instrument is denominated, currency risks. Transactions that were not conducted via a stock exchange are also subject to counterparty risk. However, due to the measures taken by BayWa described below, there is only a slight chance that these risks will materialise. By the same token, changes to interest rates, currency exchange rates or forward market prices can lead to unplanned opportunities.

Foreign currency opportunities and risks

BayWa's business activities are largely located in the euro zone. If foreign currency positions arise from goods and services transactions or projects, they are always hedged without delay. Other payment obligations or receivables denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing of financial resources denominated in foreign currencies is prohibited.

Interest rate opportunities and risks

Interest rate risk positions arise from the Group's floating-rate financing activities, especially from the issuing of short-term commercial papers, short-term loans as well as variable-interest bonded loans. Short-term debt is used mainly to finance working capital. To reduce the interest rate risk, which is not hedged using a natural hedge, BayWa uses derivatives instruments in the form of futures, interest rate caps and swaps. In the financial year 2018, the average interest rate for variable-interest financial liabilities stood at 1.185% (2017: 1.133%).

Credit and counterparty risks or risks of default on receivables

As part of its entrepreneurial activities, BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of what are known as cultivation contracts, the Group is exposed to a financing risk arising from the upfront financing of agricultural inputs, the repayment of which is made through acquiring and selling the harvest. In addition, BayWa grants financing to commercial customers particularly in the construction sector in the form of payment terms of a considerable scope. Beyond this, there are the customary default risks inherent in trade receivables. Risks are kept to a minimum by way of an extensive debtor monitoring system that spans all business units. To this end, credit limits are defined through a documented process of approval and monitored on an ongoing basis.

In addition to credit risks, counterparty risks are also regularly monitored in agricultural trade; consequently, market value changes to open selling and buying contracts are measured so as to monitor the risk of the non-fulfilment of contract obligations. There is currently no discernible concentration of default risk from business relationships with individual debtors or groups of debtors.

Liquidity risks

The liquidity risk is the risk that the BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. In BayWa Group, funds are generated by operations and by borrowing from external financial institutions. In addition, financing instruments such as multi-currency commercial paper programmes or asset-backed securitisation are used as well as bonded loans. Existing credit lines are therefore measured to an extent deemed sufficient to guarantee business performance at all times, even in the event of growing volume. The financing structure therefore accounts for the pronounced seasonality of business activities. Owing to the diversification of the sources of financing, BayWa Group does not currently have any risk clusters in liquidity. BayWa Group's financing structure with its mostly matching maturities ensures that interest-related opportunities are reflected within the Group.

Rating

BayWa AG enjoys a positive rating among banks. This achievement is due to the solidity as well as to the long and successful history of the company and its high enterprise value, underpinned by assets such as real estate. In 2018, the BayWa Group was once again able to raise the total amount of its credit facilities. For reasons of cost effectiveness, BayWa AG deliberately dispenses with the use of external ratings.

Legal risks

Group companies are and will continue to be faced with legal disputes and proceedings in relation to their operating business activities. These can, for example, relate to the assertion of claims based on services and deliveries that are not up to standard or to payment disputes. This may lead to individual Group companies having to pay compensation or financial penalties or being imposed with other civil or criminal sanctions. The Group's business activities in more than 40 countries means that its companies can also be exposed to political and legal risks to a small extent. Accordingly, legally existing claims of the Group could ultimately not be enforceable due to weak state structures or underdeveloped legal systems. These risks are continuously monitored by corresponding specialist areas of the Group.

BayWa forms provisions for legal and litigation risks if the occurrence of an obligation is probable and the amount can be adequately estimated. In individual cases, actual utilisation may exceed the amount of the provisions. The Board of Management believes that suitable provisions have been accounted for.

Changes to the regulatory environment can influence Group development. In particular, this includes government intervention in the general framework conditions for the agricultural industry and the renewable energies business. Negative impacts emanate from the adjustment, reduction or abolition of funding measures. Conversely, new regulatory and legislative developments influencing bioenergy can also result in opportunities. In the construction sector, changes to building or fiscal regulations may also have an impact on the development of business.

Plant efficiency in terms of energy generation using renewable energy carriers is strongly reliant on regulatory frameworks and government subsidies. Politically motivated changes to subsidy parameters, in particular the retroactive cuts to or abolition of feed-in tariffs, can significantly impact the value of such facilities: either in the form of lower future disposal prices or lower cash inflows from the operation of the facilities. BayWa combats the potential implications of such risks on earnings by pursuing a threefold diversification strategy in its Renewable Energies business unit. The portfolio is diversified in terms of countries, energy carriers and business units (projects and service on the one hand, and trading on the other).

As a result of the financial crisis in 2008, a whole series of new laws were introduced to increase regulation of the financial market. Derivative markets were a particular focal point of these measures. In addition, efforts were taken at a European level to limit speculative trading in the raw materials and, in particular, agricultural sectors. Of this significant number of new regulations, the European Market Infrastructure Regulation (EMIR) and the revision of the Markets in Financial Instruments Directive (MiFID II) are particularly relevant to BayWa's business activities. Trading on the Chicago Board of Trade (CBoT) is subject to the US regulations of the Commodity Exchange Act (CEA), which are monitored by the Commodity Futures Trading Commission (CFTC). Besides additional costs, these new regulations also increase the risk of violating new rules. Compliance with all financial regulatory measures is guaranteed in a cost-efficient manner by the operation of a Group-wide risk management software program on every trading day.

Strategic risks and opportunities

Through its strategical development into a provider of integrated solutions, the BayWa Group is expanding its role in the value chain and entering the project business more strongly. The resources necessary for the design and development of such solutions vary significantly in type and scope depending on the segment. In the Global Produce business unit, for example, there is a risk that the investments required within the context of vegetable cultivation in climate-controlled greenhouses could exceed their planned investment volume. BayWa also operates as a project developer within the scope of the Renewable Energies business unit. This business activity also harbours certain risks, for instance, that the planning and building of solar power plants, wind farms and biogas plants are delayed and that they may be connected to the grid later than originally planned. In such cases, if the deadline for the further reduction in feed-in tariffs is not adhered to, there is a risk that the low feed-in and electricity income could result in the profitability of the projects being lower than planned.

Risks and opportunities of the organisational structure and workflow

In the area of organisational structure and workflow, the BayWa Group differentiates between a number of different risk types that are described separately in the following.

Opportunities and risks associated with personnel: As regards personnel, BayWa Group competes with other companies for highly qualified managers as well as for skilled and motivated staff. The Group companies continue to require qualified personnel in order to secure future success. Excessively high employee fluctuation, brain drain and failure to win junior staff loyalty may have a detrimental effect on the Group's business performance. BayWa counteracts these risks by offering its employees extensive training and continuous professional development in order to secure expertise. Management based on trust, the tasking of employees in line with their natural talents and abilities, as well as the definition and adherence to our ethical principles create a positive working environment. At the same time, BayWa AG promotes the ongoing vocational training and development of its employees. With 1,350 trainees at the end of 2018, the Group ranks among the largest companies offering training specifically in rural areas. BayWa recruits a large majority of its future specialist and managerial employees from the ranks of these trainees. Long years of service to the company are a testament to the high-level of loyalty that employees display towards BayWa. This helps create an environment of stability and continuity and also secures the transfer of expertise down the generations.

IT opportunities and risks: The use of cutting-edge information technology characterises the entire business activity of the BayWa Group. All key business processes are supported by IT and mapped using state-of-the-art software solutions. In a trading company with high numbers of employees, having work processes supported electronically is imperative. The continuous monitoring and reviewing of processes mapped electronically, however, involves more than the mere implementation of new IT components. It is always accompanied by an optimisation of process workflows, as a result of which opportunities in the form of synergy and cost-savings potential can be identified and implemented. At the same time, the risk inherent in the system rises in tandem with the growing complexity and dependency on the availability and reliability of the IT systems. The implementation of new IT systems inherently entails the risk of additional time and personnel costs as well as initially limited functionalities, which may make it necessary to operate legacy systems longer than planned. To realise the opportunities and minimise the risks, the IT skills and expertise of the BayWa Group are always kept up to date. The resources are pooled in RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, a company belonging to the Group that provides the Group companies with IT services at the highest standard. Extensive precautionary measures, such as firewalls, virus protection updated on a daily basis, disaster recovery plans and training in data protection, serve to safeguard data processing. Segregated in organisational terms, a data protection officer monitors compliance with security and data protection standards.

Quality risks: The BayWa Group, as an agricultural supplier, a global purveyor and marketer of grain, oilseed and fruit as well as a trader of energy carriers and building materials, is confronted with a wide range of national quality and safety standards. Compliance with the quality and safety requirements is guaranteed through the quality management teams of the respective business units. In addition, various certifications document the fulfilment of the relevant legal requirements, for example, the quality management standard ISO 9001:2015 in the Conventional Energy business unit.

Overall assessment of the opportunity and risk situation by Group management

An overall assessment of the current opportunity and risk situation shows that there are no risks which could endanger the Group as a going concern. There are currently no such risks discernible for the future either. All in all, the risks to the BayWa Group are limited and manageable.

Along with potentially non-influenceable or only indirectly influenceable geopolitical risks and macroeconomic risks, operational risks are also the focus of monitoring. As far as the latter are concerned, the BayWa Group has taken appropriate measures to manage and control these risks.

Internal Control System and Risk Management System in Relation to the Group Accounting Process

The Internal Control System (ICS), which monitors accounting processes, is a key component of opportunity and risk management. BayWa Group has set in place a professional control system, which has been certified in many areas, comprising measures and processes to safeguard its assets and to guarantee the presentation of a true and fair view of the result of operations.

The consolidated financial statements are drawn up through a centralised process. Compliance with legal provisions and regulations pertaining to the Articles of Association during this process is guaranteed by the prescribed accounting standards. Corporate Accounting acts as a direct point of contact for the managers of the subsidiaries in matters pertaining to reporting and the annual and interim financial statements. Corporate Accounting prepares the consolidated financial statements pursuant to IFRS.

A control system which monitors the accounting process ensures the complete and timely capturing of all business transactions in accordance with the statutory provisions and the regulations laid down under the Articles of Association. Moreover, it serves to guarantee that stocktaking is duly and properly performed and that assets and liabilities are recognised, valued and disclosed appropriately. The control system uses both automatic and manual control mechanisms to fully ensure the regularity and reliability of accounting. Beyond this, suitable control mechanisms, such as strict compliance with the principle of dual control and analytical reviews, have been implemented in all processes relevant for accounting. In addition, accounting-relevant processes are also monitored regularly by Internal Audit.

All subsidiaries included in this process are obliged to submit their figures on an IFRS basis in a standardised reporting form to BayWa. This allows for the prompt identification of deviations from planned targets with the opportunity to respond quickly.

As part of quarterly reporting, Corporate Accounting monitors all processes relating to the consolidated financial statements in coordination with the Group companies – this includes capital, liabilities, expenses and income consolidation, and the elimination of inter-company results, among others.

The departments and units of the Group involved in the accounting process are suitably equipped in terms of quantity and quality, and training courses are regularly conducted.

The integrity and responsibility of all employees in respect of finance and financial reporting is ensured through taking each employee under obligation to observe the BayWa Code of Conduct.

The employment of highly qualified personnel, targeted and regular training and continuous professional development, along with the stringent separation of duties in financial accounting in the preparation, booking and controlling of vouchers is guaranteed through compliance with local and international accounting principles in preparing the annual financial statements and the consolidated financial statements.

Outlook

Outlook for the BayWa Group

Prospects for the BayWa Group are positive overall for 2019 on the basis of the expected underlying conditions in the operational segments. Group revenues are likely to increase moderately in consideration of anticipated price developments and volatilities. Earnings before interest and tax (EBIT) are likely to rise considerably in 2019. A significant improvement in earnings is expected for the Agriculture Segment, stable earnings development is expected in the Building Materials Segment and the Energy Segment is expected to see a slight drop in earnings. The research and development investments in the Innovation & Digitalisation Segment in 2019 will be slightly higher than the previous year as planned.

Outlook for the Agriculture Segment

In the BAST business unit, the handling volume of grain and oilseed is expected to increase slightly in 2019. On the one hand, this will be due to the acquisition of Dutch specialist retailer Royal Ingredients at the beginning of 2019 and the first full-year inclusion of British grain trader Premium Crops, which was acquired in February 2018. On the other hand, an increase in import trade volumes for grain and oilseed is expected in 2019 due to the poor grain harvest in Europe and the staple feed shortage in the previous year. In view of the as yet unknown consequences of the UK's departure from the EU, the diversified location structure is unlikely to have any significant impact on Group activities as a whole. Based on the assumption of largely stable prices, revenues in the BAST business unit are likely to grow moderately in line with the increased turnover. Earnings before interest and tax (EBIT) are expected to remain stable in 2019 as the supply situation in the German and European grain and oilseed markets normalise, making price volatility and trading opportunities comparable to last year unlikely. In addition, income from transactions with Iran are not included, as these will probably no longer be possible due to uncertain underlying conditions. A resulting decline in earnings should be offset by the additional earnings contributions from the acquisitions described above.

Following the negative impact of the extreme weather conditions on the development of the Agri Trade & Service business unit in 2018, volume increases are expected in both the agricultural input business and trade in produce for 2019. Assuming a normal harvest with average yields per hectare in Germany, the collection and marketing volumes of grain and oilseed are expected to increase compared to 2018. The marketing of the produce not delivered in 2018 due to the low water level of the rivers as well as the expansion of trading with organic produce should also contribute to an increase in sales in the financial year 2019. Due to the shortage of staple feed, strong demand for animal feed is expected for at least the first half of 2019. Furthermore, sales in this area are likely to benefit from the newly introduced sales organisation. In the agricultural input business, sales of fertilisers and crop protection should at least reach the previous year's level, given normal weather conditions. The expansion of the product range to include agricultural inputs for organic cultivation should also have a positive effect here. Sales of seed are expected to remain stable. Overall, revenues in the Agri Trade & Service business unit should increase significantly in 2019 as a result of volume factors. The increases in sales volumes and revenues will also have a positive impact on the earnings of the Agri Trade & Service business unit. Additionally, cost savings can be expected from the structural optimisation measures implemented in previous years, which will also contribute to improved earnings. On the whole, operating earnings before interest and tax (EBIT) in the Agri Trade & Service business unit are expected to rise significantly year-on-year in 2019.

In the fruit business, the entire marketing volume of the BayWa Group is likely to increase considerably in 2019. This expectation is based partly on the record apple harvest in Germany in 2018 and a forecast higher apple harvest in New Zealand, and partly on the first-time contribution to sales of the marketing of premium tomatoes grown in greenhouses by BayWa's joint venture with Al Dahra Holding in the United Arab Emirates. In Germany, however, prices for apples are expected to fall further due to the high supply of domestic and imported goods. In New Zealand, on the other hand, prices are expected to rise due to an anticipated higher export demand – especially from China due to the poor harvest there in 2018. Due to the management of international activities by the New Zealand subsidiary T&G Global, which is represented in Europe by branches in Belgium and the UK, no significant effects on Group activities as a whole are to be expected from UK in view of the as yet unknown consequences of their departure from the EU. Overall, the Global Produce business unit will be able to significantly increase revenues in 2019 compared to 2018, primarily due to volume factors. Earnings before interest and tax (EBIT) are likely to significantly outperform the level recorded in the previous year. Both national and international activities are contributing to the expected increase in earnings. The German fruit business is forecast to achieve significant growth in 2019 after the previous year's result was severely impacted by a lack of marketing volumes. Significantly higher earnings contributions are expected from the international fruit trade, resulting not only from the improved earnings of T&G Global but also from the development of additional collection and distribution channels for tropical fruit by TFC.

In the Agricultural Equipment business unit, orders in sales of new machinery at the end of 2018 were below the previous year's level, as many customers ordered their tractors ahead of schedule due to mild weather conditions lasting until the end of December. Accordingly, sales of new machinery in Germany are expected to decline in 2019. This decline will probably not be offset by growth in Austria due to John Deere's expanded model range as well as the portfolio expansion in speciality areas such as equipment for local authorities and forestry. Stable sales development can be expected for international activities. As a result, sales in the

Agricultural Equipment business unit are expected to decline significantly in 2019. The decline in sales will likely have a negative impact on earnings. In addition, considerable cost increases are to be expected, in particular as a result of higher standard wages. International activities and the service business are also unlikely to fully reach the exceptionally high earnings level of 2018. Considering these conditions, the Agricultural Equipment business unit's earnings before interest and tax (EBIT) in 2019 are expected to fall significantly short of the record level set in 2018.

On the whole, BayWa anticipates a slight revenue growth and a significant rise in the earnings before interest and tax (EBIT) in the Agriculture Segment in financial year 2019 on the basis of anticipated developments in the individual business units.

Outlook for the Energy Segment

The Renewable Energies business unit will continue on its growth in 2019. Overall, the commissioning and turbine/plant sales project pipeline in the areas of wind energy, solar energy and bioenergy currently totals approximately 660 MW for 2019. Of this amount, approximately 409 MW is attributable to solar plants, approximately 250 MW to wind turbines and approximately 1 MW to bioenergy projects. The focus of solar activities will be on new projects in the US, Malaysia, the Netherlands and Germany. In the Netherlands, growth will primarily be driven by GroenLeven, the project development company for solar plants acquired in March 2018, with a project pipeline for solar parks of more than 2 GW. Activities relating to wind turbines are mainly centred on the US, Italy, the UK, France, Austria, Australia, Croatia and Germany. In terms of bioenergy, three plants in Germany are up for sale in 2019. The focus here is on the repowering of existing plants, consultancy and services as well as the management of raw materials. In service, the opening of a new control centre for the operation of solar and wind plants in autumn 2018 in Bangkok, Thailand, will contribute to sales and earnings throughout 2019 and to the further expansion of business in the Asia-Pacific region. Trading in photovoltaic components should benefit from rising demand for new system solutions and falling prices for photovoltaic modules. In addition, the market entry in Mexico in September 2018 and the expansion of activities in Spain with a new location in Madrid are having a positive effect. In energy trading, strong growth is expected in the direct marketing of green electricity. Direct marketing agreements with a total capacity of 3,270 MW had already been signed at the beginning of 2019, representing an increase of more than 50% compared with 2018. In view of the as yet unknown consequences of the UK's departure from the EU, the insignificant volume of business in this unit means that no significant effects on this business unit are to be expected. The Renewable Energies business unit's revenues are expected to significantly increase, primarily due to growth in the direct marketing of green electricity, the expansion in trading with photovoltaic components and the solid project pipeline. Earnings before interest and tax (EBIT) in 2019 are likely to be significantly higher than the level recorded in 2018. The sale of BayWa r.e.'s biomethane trading business in February 2019 will also contribute to this.

In the Conventional Energy business unit, the low level of inventories in heating oil in the previous year could animate a renewal in demand. In addition, BayWa's own vehicle fleet offers new opportunities in terms of delivery logistics for third parties due to the increase in bottlenecks in the forwarding industry. Sales of wood pellets are likely to rise due to the increased number of installed pellet heaters and the year-round availability of the marketing quantities of the new WUN Energie GmbH pellet plant. The sales volume of fuels is expected to continue to grow as a result of the increasing acceptance of the BayWa fuel card and the expansion of diesel delivery logistics. The most important target groups for BayWa in this regard are the agricultural and construction industries, meaning that any potential driving bans on older diesel vehicles in German city centres are likely to only have a minor impact on sales. Sales of lubricants are forecast to increase slightly in 2019 through the Interlubes online portal as well as an expected increase in AdBlue volume due to the discussion surrounding particulate matter. However, due to the predicted decline in oil prices, revenues in the trade of heating fuels, fuels and lubricants in 2019 are expected to be slightly below the level of 2018 despite the expected sales increase. Earnings before interest and tax (EBIT) in the Conventional Energy business are expected to decline significantly as the exceptionally positive margin development in the fuel business in 2018 is not reflected in the budget.

Overall, revenue in the Energy Segment for 2019 as based on the forecast developments is likely to remain at the previous year's level. The Energy Segment's earnings before interest and tax (EBIT) are likely to be slightly below the value of the previous year.

Outlook for the Building Materials Segment

The BayWa building materials trade is likely to benefit from the continued positive development of the construction sector in 2019 thanks to its broad range of products. However, given the high capacity utilisation in the industry, the scope for expanding sales is limited and further growth can only be achieved through increases in efficiency. In can be expected that BayWa will benefit from the growing trend towards increased industrial pre-fabrication through the further expansion of specialisation in distribution activities. Against the background of a scarcity in transport capacities within the industry, BayWa also has a competitive advantage thanks to its own logistics resources. Additional opportunities are opening up beyond the existing sales region through the expansion of e-commerce. Moreover, BayWa has become the B2B market leader among the building materials suppliers offering Click & Collect through the BayWa Building Materials Online portal. A further innovative solution is offered in the "Mr+Mrs Homes" property configurator. In 2019, this platform will be used to implement the "Wohnen am Lerchenberg" project in a joint venture with a construction firm. Revenues in the Building Materials Segment are expected to see a slight increase in 2019. The increase is expected to result primarily from higher prices and only to a minor extent from rising sales volumes. Earnings before interest and tax (EBIT) should reach the levels achieved in 2018, despite increases in standard wages. Bölke, the wholesaler of building materials for civil engineering purposes, which the Group acquired a majority stake in on 1 July 2018, is also contributing factor to this.

Outlook for the Innovation & Digitalisation Segment

In the Innovation & Digitalisation Segment, the revenues are minor in size. The segment's activities are mainly based around investments and development costs for future digital product and service offerings. Growth will be supported by the international expansion of the distribution of the NEXT Farming OFFICE and NEXT Farming LIVE software packages and by newly developed applications such as the satellite-based VariableRain irrigation solution. Another example is the GPS-controlled Leitspurmanager software which, coupled with digitalised field databases, enables seed to be sown and fertiliser and crop protection to be applied automatically and without any overlap. In addition, FarmFacts has developed a manufacturer-independent machine data management system for the Agrar Application Group (aag), in which six respected agricultural equipment companies have joined forces to create open software solutions. Known as "NEXT Machine Management by aag", the software solution will be integrated as a module into the NEXT Farming LIVE farm management software and launched on the market in the first half of 2019. This will allow machines from different manufacturers to be networked and information to be digitally processed. In addition, the online service offering was expanded to include new functions for precise field measurement and monitoring. The new German Fertiliser Application Ordinance (DüV) is also likely to have a positive impact on demand for farm management software and digital farming solutions, as the increased documentation requirements and the optimisation of nutrient quantities in fertiliser can be met with the "NEXT Fertilisation" software module. Revenues from BayWa's eBusiness activities are set to increase through the further development of the BayWa Portal. However, revenues and income from these activities are attributed to the respective business unit or segment responsible for the individual product sold. Revenues reported in the Innovation & Digitalisation Segment are expected to increase moderately and at a low level in 2019. Due to administrative costs and start-up costs for investments in new developments, the segment's earnings before interest and tax (EBIT) are likely to post a negative result in the low two-digit million euro range in 2019 and thereby finish slightly below the previous year's figure.

Other Activities

No revenue forecast was made for Other Activities as the size of such activities is insignificant in terms of the business development of the Group. As compared to 2018, the development of earnings before interest and tax (EBIT) in 2019 is likely to be characterised, among other things, by rising expenses for IT infrastructure, equipment and security. This could be offset by higher non-operating income from holdings. Overall, EBIT for Other Activities in 2019 is expected to be slightly below that of 2018.

Consolidated Financial Statements of BayWa AG for the Financial Year 2018

Consolidated Balance Sheet

Assets

In € million	Note	31/12/2018	31/12/2017
Non-current assets			
Intangible assets	(C.1.)	338.1	230.7
Property, plant and equipment	(C.2.)	1,399.9	1,408.9
Participating interests recognised at equity	(C.3.)	214.6	214.6
Other financial assets	(C.3.)	204.5	232.6
Investment property	(C.5.)	38.2	40.9
Income tax assets	(C.6.)	0.0	0.0
Other receivables and other assets	(C.8.)	29.0	34.7
Deferred tax assets	(C.9.)	252.6	234.5
		2,476.9	**2,396.9**
Current assets			
Securities	(C.3.)	1.9	1.9
Inventories	(C.10.)	2,909.5	2,322.7
Biological assets	(C.4.)	16.5	16.1
Income tax assets	(C.6.)	54.2	74.1
Financial assets	(C.7.)	221.6	139.7
Other receivables and other assets	(C.8.)	1,706.1	1,417.3
Cash and cash equivalents	(C.11.)	120.6	105.6
		5,030.4	**4,077.4**
Non-current assets held for sale/disposal groups	(C.12.)	**4.2**	**13.7**
Total assets		**7,511.5**	**6,488.0**

Shareholders' equity and liabilities

In € million	Note	31/12/2018	31/12/2017
Equity	(C.13.)		
Subscribed capital		89.9	89.6
Capital reserve		114.8	111.5
Hybrid capital		296.3	296.3
Revenue reserves		536.4	557.2
Other reserves		49.4	53.0
Equity net of minority interest		**1,086.8**	**1,107.6**
Minority interest		302.3	328.0
		1,389.1	**1,435.5**
Non-current liabilities			
Pension provisions[1]	(C.14.)	657.2	672.7
Other non-current provisions[1]	(C.15.)	52.8	50.9
Financial liabilities	(C.16.)	883.1	884.4
Financial lease obligations	(C.17.)	164.5	157.9
Trade payables and liabilities from inter-group business relationships	(C.18.)	6.1	3.1
Income tax liabilities	(C.19.)	0.4	0.1
Financial liabilities	(C.20.)	5.2	3.9
Other liabilities	(C.21.)	85.7	112.0
Deferred tax liabilities	(C.22.)	219.7	180.6
		2,074.7	**2,065.7**
Current liabilities			
Pension provisions[1]	(C.14.)	31.4	30.0
Other current provisions[1]	(C.15.)	188.5	197.9
Financial liabilities	(C.16.)	2,232.2	1,438.9
Financial lease obligations	(C.17.)	11.2	8.0
Trade payables and liabilities from inter-group business relationships	(C.18.)	1,016.7	904.0
Income tax liabilities	(C.19.)	12.4	28.0
Financial liabilities	(C.20.)	186.1	113.0
Other liabilities	(C.21.)	369.2	267.0
		4,047.7	**2,986.8**
Total shareholders' equity and liabilities		**7,511.5**	**6,488.0**

1 Previous year's figures adjusted due to the reclassification of provisions for severance pay from other current provisions to pension provisions.

Consolidated Income Statement

Continued operations

In € million	Note	2018	2017
Revenues	(D.1.)	**16,625.7**	**16,055.1**
Inventory changes		217.0	- 101.0
Other own work capitalised		10.8	8.2
Other operating income	(D.2.)	211.3	206.9
Cost of materials	(D.3.)	- 15,175.7	- 14,384.3
Gross profit		**1,889.1**	**1,784.9**
Personnel expenses	(D.4.)	- 990.6	- 936.2
Depreciation/amortisation		- 142.9	- 147.2
Other operating expenses	(D.5.)	- 599.0	- 570.1
Result of operating activities		**156.6**	**131.4**
Income from participating interests recognised at equity	(D.6.)	9.0	2.5
Other income from shareholdings	(D.6.)	6.8	37.4
Interest income	(D.7.)	12.0	7.6
Interest expenses	(D.7.)	- 91.8	- 76.5
Financial result		**- 64.0**	**- 29.0**
Earnings before tax (EBT)		**92.6**	**102.4**
Income tax	(D.8.)	- 37.7	- 35.2
Consolidated net result for the year		**54.9**	**67.2**
thereof: profit share of minority interest	(D.9.)	22.6	27.9
thereof: due to shareholders of the parent company		32.3	39.3
EBIT		**172.4**	**171.3**
EBITDA		**315.3**	**318.4**
Basic earnings per share (in €)	(D.10.)	**0.92**	**1.13**
Diluted earnings per share (in €)	(D.10.)	**0.92**	**1.13**

Consolidated Statement of Comprehensive Income – Transition

In € million	2018	2017
Consolidated net result for the year	**54.9**	**67.2**
Amount taken from other income at the beginning of the period due to IFRS 9 transition (reclassification measurement effects of OCI in revenue reserves – without future recycling)	- 0.8	–
Net gain/loss recognised in the reporting period from financial assets attributed to the fair value through other comprehensive income category (OCI option – without recycling) RBI	- 23.3	–
Actuarial gains/losses from pension obligations and provisions for severance pay recognised in the reporting period	3.6	11.5
Sum of items not subsequently reclassified in the income statement	**- 20.5**	**11.5**
Net gain/loss from the revaluation of financial assets in the "available for sale" category recognised in the reporting period and other income from participating interests included under the equity method	–	36.0
Reclassifications to the income statement due to the disposal of financial assets in the "available for sale" category and participating interests included under the equity method during the reporting period	–	- 6.3
Net gain/loss from hedging instruments with a clear hedging relationship recognised in the reporting period	- 6.1	- 3.0
Reclassifications of net gain/loss from hedging instruments with a clear hedging relationship in the income statement in the reporting period	4.1	3.7
Differences from currency translation in the reporting period	- 2.8	- 24.3
Reclassifications of differences from currency translation in the income statement in the reporting period	- 0.5	–
Cash flow hedges	- 1.9	1.4
Sum of items subsequently reclassified in the income statement	**- 7.1**	**7.5**
Gains and losses recognised directly in equity	**- 27.6**	**19.1**
thereof: due to minority interest	- 13.8	11.4
thereof: due to shareholders of the parent company	- 13.8	7.7
Consolidated total result for the year	**27.3**	**86.3**
thereof: due to minority interest	8.8	39.3
thereof: due to shareholders of the parent company	18.5	47.0

Consolidated Cash Flow Statement

Notes (E.1.)

In € million	2018	2017
Consolidated net result for the year	**54.9**	**67.2**
Income tax expenses	37.7	35.1
Financial result	64.0	29.0
Write-downs/write-ups of non-current assets		
Intangible assets	32.9	35.7
Property, plant and equipment	101.5	109.8
Other financial assets	1.8	1.1
Investment property	0.9	1.6
Other non-cash related expenses/income		
Expenses relating to share-based payment through profit and loss	1.5	1.5
Other	- 5.6	- 9.3
Increase/decrease in non-current provisions	- 27.5	- 27.3
Cash effective expenses/income from special items		
Gain/loss from the disposal of financial assets	- 2.4	- 33.7
Income tax paid	- 19.7	- 62.4
Interest received	–	6.6
Interest paid	- 16.4	- 41.8
Other financial result	15.1	21.4
	238.7	**134.5**
Increase/decrease in current and medium-term provisions	- 8.0	21.0
Gain/loss from assets disposals	- 32.6	- 55.8
Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	- 828.1	141.8
Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	177.8	- 411.8
Cash flow from operating activities	**- 452.2**	**- 170.3**
Outgoing payments for company acquisitions (Note B.1.)	- 144.8	- 21.5
Incoming payments from the divestiture of companies	8.5	2.2
Incoming payments from the disposal of intangible assets, property, plant and equipment and investment property	90.0	89.7
Outgoing payments for investments in intangible assets, property, plant and equipment and investment property	- 203.9	- 177.3
Incoming payments from the disposal of other financial assets	14.3	108.8
Outgoing payments for investment in other financial assets	- 8.5	- 71.5
Interest received	–	0.9
Interest paid	- 3.0	–
Dividends received and other income assumed	4.4	8.3
thereof: dividends from participating interests in joint ventures and associated companies recognised at equity	4.4	6.6
thereof: other income from holdings	–	1.7
Cash flow from investment activities	**- 243.0**	**- 60.5**

In € million	2018	2017
Incoming payments from equity contributions	7.9	2.0
Dividend payments	- 58.2	- 40.9
Hybrid capital contributions	–	295.2
Incoming payments from borrowing of (financing) loans	829.0	145.7
Outgoing payments from redemption of (financing) loans	- 27.0	- 141.6
Interest paid	- 40.9	- 24.6
Cash flow from financing activities	**710.8**	**- 235.8**
Payment-related changes in cash and cash equivalents	15.5	5.3
Cash and cash equivalents at the start of the period	105.6	104.4
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	- 0.5	- 4.1
Cash and cash equivalents at the end of the period	**120.6**	**105.6**
Outgoing payments for company acquisitions included in the cash flow from investing activities are as follows:		
Purchase price of company acquisitions	- 156.6	- 34.0
Purchase prices paid in the financial year (including contingent purchase price components from company acquisitions in previous years)	- 155.0	- 25.8
Cash and cash equivalents assumed from company activities	10.2	4.3
Net cash flow from the acquisition of companies	- 144.8	- 21.5

Please see Note B.1. of the Consolidated Financial Statements for details on the assets and liabilities of the subsidiaries and/or operating units over which control is obtained or lost, summarised by each major category. As one of the primary business purposes in the Renewable Energies business unit is the disposal of project companies once a project has been completed, incoming payments from the disposal of project companies from the group of consolidated companies are allocated to cash flow from operating activities and not cash flow from investing activities.

Consolidated Statement of Changes in Equity

Notes (E.1.)

In € million	Subscribed capital	Capital reserve
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	0.3	3.3
Changes in the fair value of assets classified as “available for sale” and derivative financial instruments as well as other income from participating interests included under 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 reserves	–	–
Consolidated net result for the year	–	–
As at 31/12/2017 (as reported)	**89.6**	**111.5**
Effects from the first-time 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	0.3	3.3
Change in financial assets measured at fair value through other comprehensive income (FVTOCI option), derivative financial instruments and other income from participating interests included under the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Cash flow hedges	–	–
Hybrid capital dividends	–	–
Transfer to/withdrawal from revenue reserve	–	–
Consolidated net result for the year	–	–
As at 31/12/2018	**89.9**	**114.8**

	Hybrid capital	Valuation reserve	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
	–	**13.2**	**523.8**	**69.9**	**804.3**	**294.0**	**1,098.3**
	–	–	3.6	- 0.7	2.9	6.2	9.0
	–	–	–	–	3.6	- 0.2	3.5
	–	14.8	–	–	14.8	15.6	30.4
	–	–	11.7	–	11.7	- 0.2	11.5
	–	–	- 17.0	–	- 17.0	–	- 17.0
	–	–	–	- 29.6	- 29.6	- 11.3	- 40.9
	–	–	–	- 20.2	- 20.2	- 4.1	- 24.3
	–	1.4	–	–	1.4	–	1.4
	296.3	–	–	–	296.3	–	296.3
	–	–	–	–	–	–	–
	–	–	5.8	- 5.8	–	–	–
	–	–		39.3	39.3	27.9	67.2
	296.3	**29.4**	**527.8**	**53.0**	**1,107.6**	**328.0**	**1,435.5**
	–	–	- 2.0	–	- 2.0	- 0.6	- 2.6
	296.3	**29.4**	**525.8**	**53.0**	**1,105.6**	**327.4**	**1,432.9**
	–	0.0	- 3.5	3.2	- 0.3	- 24.2	- 24.5
	–	–	5.4	–	9.1	3.5	12.6
	–	13.2	–	- 0.7	-13.9	- 13.2	- 27.1
	–	–	3.3	–	3.3	0.3	3.6
	–	–	–	- 32.5	- 32.5	-12.9	- 45.5
	–	–	–	- 2.1	- 2.1	- 1.1	- 3.2
	–	- 1.9	–	–	- 1.9	–	- 1.9
	–	–	–	- 12.8	- 12.8	–	- 12.8
	–	–	- 9.1	9.1	0.0	0.0	0.0
	–	–	–	32.3	32.3	22.6	54.9
	296.3	**14.4**	**522.0**	**49.4**	**1,086.8**	**302.3**	**1,389.1**

Notes to the Consolidated Financial Statements[1]

(A.) Background to the BayWa Consolidated Financial Statements

(A.1.) General information, accounting and valuation methods

BayWa Aktiengesellschaft (for short: BayWa AG) is the parent company of the BayWa Group and is a publicly listed stock corporation under German law. Its principal place of business is in Arabellastrasse 4, 81925 Munich, Germany. The company is entered in the commercial register of the district court of Munich, Germany, under registration number HRB 4921. The BayWa Group's business activities – divided into the three operating segments Agriculture, Energy and Building Materials, as well as the Innovation & Digitalisation Segment focused on development – encompass wholesale, retail and logistics, as well as extensive supporting services and consultancy.

There have been no material changes in the accounting policies and valuation methods applied to the consolidated financial statements as against 31 December 2017. A number of editorial changes have been implemented with regard to the amounts reported in this report: For the first time, all figures are stated in millions of euros to one decimal point – unless otherwise stated. In addition, all expense items in tables have been reported as negative amounts. The previous year's figures have been adjusted accordingly.

The consolidated financial statements as at 31 December 2018 were drawn up in compliance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. The standards of the International Accounting Standards Board (IASB), London, UK, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date were fully taken into account. The consolidated financial statements therefore give a true and fair view of the assets, financial position and earnings position of the BayWa Group and were prepared under the assumption that the company will continue as a going concern.

Moreover, the consolidated financial statements comply with the supplementary provisions set out under Section 315e para. 1 of the German Commercial Code (HGB).

The financial year of the BayWa Group covers the period from 1 January to 31 December. The financial statements of BayWa AG and its Group companies are generally prepared in accordance with the balance sheet date of the consolidated financial statements. The financial statements of Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany, BRB Holding GmbH, Munich, Germany, LWM Austria GmbH, Hollabrunn, Austria, AUSTRIA JUICE GmbH, Allhartsberg, Austria, Baltanás Cereales y Abonos, S.L., Baltanás, Spain, Transhispania Agraria, S.L., Torquemada, Spain, Allen Blair Properties Limited, Wellington, New Zealand, and Mystery Creek Asparagus Limited, Hamilton, New Zealand, constitute an exception, as these companies are accounted for using the equity method. All of the above companies have different reporting dates, which are 31 January, 28 February, 31 March, 30 June, 31 July, or 30 September, depending on the companies' respective seasonal business development. The interim financial statements of all companies as at 30 November or 31 December form the basis for consolidation.

The accounting implemented within the Group of BayWa AG is carried out in accordance with the accounting and valuation principles uniformly applied by the whole Group; they are described under Notes C. and D. in the notes to the balance sheet and the income statement. Individual items have been disclosed separately in the balance sheet and in the income statement to enhance transparency. They are broken down and explained in the Notes to the Consolidated Financial Statements. The consolidated financial statements have been prepared in euros. Unless otherwise indicated, amounts are shown in millions of euros (€ million; rounded off to one decimal point).

1 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.

(A.2.) Estimates and assumptions by management

The preparation of the consolidated financial statements necessitates that, to a certain extent, assumptions are made and estimates used which have an impact on the valuation of assets, liabilities capitalised, the income and expenses and the contingent liabilities. Estimates are necessary, particularly in respect of the measurement of property, plant and equipment and intangible assets, as well as inventories, in connection with purchase price allocation, the recognition and measurement of deferred tax assets, the recognition and measurement of pension provisions and other reserves, as well as the carrying out of impairment tests in accordance with IAS 36.

In the case of pension provisions, the discount factor, along with wage and salary and pension trends, are important parameters for estimates. An increase or decrease in the discount factor affects the net present value of the obligations arising from pension plans. Likewise, changes to anticipated wage, salary and pension trends and expected employee fluctuation also impact the defined benefit obligation (DBO).

In terms of the recognition and measurement of other provisions, assumptions are to be made to a significant extent on the probability of occurrence, maturity and level of risk. The assessment as to whether a present obligation exists is usually based on evaluations by internal and external appraisers. The amount of the provisions is based on anticipated expenses that are calculated on the basis of a case-by-case assessment of the circumstances drawing on empirical figures, the results of similar estimates and ranges of potential utilisations. They can also be calculated by appraisers. Due to the uncertainty associated with such assessments, actual expenses can deviate from estimated expenses.

Impairment tests on goodwill are based on future-oriented assumptions. From today's standpoint, justifiable changes to these assumptions would not result in the book values of the cash-generating unit (CGU) exceeding their recoverable amount, thereby triggering impairment. The underlying assumptions are influenced primarily by the market situation of the CGU. Please refer to Note C.1. of the Consolidated Financial Statements for information on the extent to which justifiable changes to the underlying assumptions for material goodwill could result in the book values of the respective CGU exceeding their recoverable amount.

Deferred tax assets on loss carryforwards are recognised, provided that future tax advantages are likely to be realised within the next five years (maximum). The actual taxable profits in future periods, and thus the actual usability of deferred tax assets, may differ from the estimate at the time when the deferred tax is capitalised.

In respect of property, plant and equipment, assumptions were made relating to the Group-wide establishment of useful economic lives. Deviations from the actual economic life are, therefore, possible but are estimated to be fairly low. Assumptions made in relation to the definition of useful economic lives are reviewed at regular intervals and, if necessary, modified.

Estimates of the future revenues, growth and the inflation-adjusted margins, as well as the location and variety are required for determining the fair value of the biological assets.

Estimates have been made in respect of inventories, especially in the context of write-downs on the net realisable value. Estimates of the net realisable value are based on the substantive information available at the time when the likely recoverable amounts of inventories were estimated. These estimates take account of changes in prices and costs, which are directly associated with events after the reporting period, in as much as these events serve to elucidate the conditions already prevailing at the end of the reporting period.

The assessment of the recoverability of receivables is also subject to assumptions which are based in particular on empirical values on recoverability.

Finally, operating expenses related to "investment property" are also subject to estimates based on empirical values.

All assumptions and estimates are based on the conditions prevailing and judgements made on the reporting date. In addition, particular consideration is given to economic developments and the business environment of the BayWa Group. If, in future business periods, framework conditions should develop otherwise, there may be differences between actual and estimated amounts. In such cases, the assumptions and, if necessary, the book value of the assets and liabilities affected will be adjusted on subsequent reporting dates. At the time when the consolidated financial statements were prepared, there were no indications to suggest a material change in the underlying assumptions and estimates.

(A.3.) Impact of new accounting standards

Accounting standards, interpretations and amendments applicable for the first time in the financial year 2018

In financial year 2018, the following standards and interpretations revised or issued by the International Accounting Standards Board (IASB) were applicable for the first time for the BayWa Group:

Standard	Applicable from	Likely changes	Impact on financial reporting
Amendments to IAS 40 Transfers of Investment Property	01/01/2018	These amendments govern the conditions in which a property under construction or development, that was previously recognised under inventories, can be reclassified as a property held as a financial investment (and vice-versa) in the event of a change in use.	No material impact
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01/01/2018	This interpretation clarifies which exchange rate should be used to translate a foreign currency translation if a company pays or receives an advance consideration. If the underlying asset or income or expense item is recognised at a later date, the amount of the advance consideration is to be translated at the exchange rate applicable on the date on which the advance payments was first recognised.	No material impact
Amendment to IFRS 2 Share-based Payment	01/01/2018	These amendments concern a variety of clarifications regarding the recognition of share-based transactions, particularly in terms of classification and measurement.	No material impact
IFRS 9 Financial Instruments	01/01/2018	This new standard supersedes the provisions concerning the classification and measurement of financial assets previously contained in IAS 39 and includes new regulations on hedge accounting. Requirements concerning the recognition of impairment losses have been replaced by the expected loss model.	The impact of IFRS 9 is presented below.
IFRS 15 Revenue from Contracts with Customers	01/01/2018	IFRS 15 combines requirements on revenue realisation that were previously spread across a number of different standards and interpretations. It also defines standard basic principles to govern the amount and point in time or period of time in which revenue transactions across all sectors and categories are to be realised. IFRS 15 supersedes the IAS 18 Revenue and IAS 11 Construction Contracts standards in particular.	The impact of IFRS 15 and the associated clarification is presented below.
Clarification of IFRS 15 Revenue from Contracts with Customers	01/01/2018	The amendments concern clarifications of the identification of contractual obligations, the classification of a company as a principal or an agent, as well as the realisation of revenue from issued licences at a particular point in time or over a specific period of time. In addition, it specifies the transitional requirements for the simplification of first-time application.	
Various improvements to IFRS (2014–2016)	01/01/2018	The amendments from the annual improvement cycle 2014–2016 concern minor changes and adjustments to the IAS 28 and IFRS 1 standards, with first-time application from 01/01/2018.	No material impact

First-time application of IFRS 9 Financial Instruments as at 1 January 2018

IFRS 9 Financial Instruments was published by the International Accounting Standards Board (IASB), London, UK, on 24 July 2014 and is mandatory for financial years beginning on or after 1 January 2018. The standard was endorsed by the European Union in November 2016. In particular, the standard includes requirements for the classification and measurement of financial instruments, fundamental changes regarding the recognition of impairments on certain financial assets as well as revised regulations concerning hedge accounting.

Classification and measurement

IFRS 9 retains the two valuation models used in IAS 39 – amortised cost and fair value – and draws the usual distinction between changes in fair values recognised through profit or loss and change recognised through other comprehensive income. The four measurement categories for financial assets previously defined in IAS 39 – held for trading, held for sale, loans and receivables and held to maturity – are replaced by the following three measurement categories in IFRS 9:

- Measurement at amortised cost (based on the effective interest rate method)
- Measurement at fair value through profit or loss
- Measurement at fair value through other comprehensive income

Financial assets are allocated to these categories on the basis of the underlying business model and the properties of the contractual cash flows resulting from the financial asset. Specifically, the BayWa Group applies the “hold” business model to all items relevant to IFRS 9. In the cash flow characteristics test, it was found that almost all debt instruments were associated with “solely payments for principal and interest” (SPPI). The majority of equity instruments are recognised at fair value through profit or loss, the option is exercised to measured them at fair value through other comprehensive income.

For the BayWa Group, the new classification requirements do not have any material measurement effects and therefore also no material effects on the balance sheet or equity. Almost all financial assets recognised at amortised cost under IAS 39 can also be recognised at amortised cost under IFRS 9. Equity instruments previously allocated to the “held for sale” measurement category, whose fair value changes were recognised directly in equity, have generally been recognised at fair value through profit or loss since the financial year 2017. The amounts resulting from the changes in the value of these instruments, which were recognised under other reserves up to 31 December 2017, were added directly to the revenue reserve (€0.2 million). The only exception to this are instruments for which the fair value through other comprehensive income option has been chosen.

The introduction of IFRS 9 did not have any impact on the recognition of liabilities at the BayWa Group.

Overall, the first-time application of IFRS 9 as at 1 January 2018 resulted in shifts between the measurement categories of IAS 39 applicable up to 31 December 2017 and the new categories under IFRS 9, as presented in the transition table.

in € million	Book value pursuant to IAS 39 on 31/12/2017	IFRS 9 measurement categories applicable from 1 January 2018: Amortised cost (AC)		Fair value through profit or loss (FVPL)	
IAS 39 measurement categories applicable until 31/12/2017		Reclassification[1]	Remeasurement	Reclassification[1]	Remeasurement
Available-for-sale financial assets (AfS)					
Non-current marketable securities	5.8	–	–	5.8	–
Other financial assets	178.2	0.2	–	60.2	–
Loans and receivables					
Loans	48.5	48.5	–	–	–
Other non-current receivables and other assets	32.9	32.9	–	–	–
Trade receivables	8.7	8.7	–	–	–
Other assets	24.2	24.2	–	–	–
Other current receivables and other assets	1,369.0	1,369.0	- 2.9	–	–
Trade receivables and receivables from inter-group business relationships	972.5	972.5	- 2.9	–	–
Other assets	396.5	396.5	–	–	–
Financial assets held for trading (FAHfT)					
Non-current marketable securities	1.9	–	–	1.9	–
Current financial assets	139.7	–	–	139.7	–
Hedging	- 4.7	–		- 4.7	–
Financial liabilities measured at amortised cost (FLAC)					
Non-current financial liabilities	- 884.4	- 884.4	–	–	–
Trade payables and liabilities from inter-group business relationships	- 3.1	- 3.1	–	–	–
Other non-current liabilities	- 38.4	- 38.4	–	–	–
Current financial liabilities	- 1,438.9	- 1,438.9	–	–	–
Current trade payables and liabilities from inter-group business relationships	- 815.7	- 815.7	–	–	–
Other current liabilities	- 197.5	- 197.5	–	–	–
Financial liabilities held for trading					
Non-current financial liabilities	- 3.9	–	–	- 3.9	–
Current financial liabilities	- 113.0	–	–	- 113.0	–
Hedging	2.3	–	–	2.3	––

1 All movements between the measurement categories pursuant to IAS 39 applicable until 31 December 2017 and the measurement categories pursuant to IFRS 9 applicable from 1 January 2018 are shown as reclassifications. For example, trade receivables attributable to the "loans and receivables" category under IAS 39 are reclassified into the IFRS 9 measurement category "amortised cost". The reclassifications in this table in relation to the introduction of IFRS 9 vary from the standard wording otherwise used in IFRS 9, whereby a change in the measurement (category) of a financial instrument is displayed using a reclassification.

2 €0.5 million in deferred taxes attributable to initial adjustment effects due to the introduction of IFRS 9.

	IFRS 9 measurement categories applicable from 1 January 2018					
	Fair value through other comprehensive income (FVOCI)		Fair value through other comprehensive income option (FVTOCI option)		Book value pursuant to IFRS 9 on 01/01/2018	Effects on revenue reserves
	Reclassification[1]	Remeasurement	Reclassification[1]	Remeasurement		
	–	–	–	–	5.8	0.2[1]
	–	–	117.9	–	178.2	–
	–	–	–	–	48.5	–
	–	–	–	–	32.9	–
	–	–	–	–	8.7	–
	–	–	–	–	24.2	–
	–	–	–	–	1,366.1	2.9[2]
	–	–	–	–	969.6	2.9
	–	–	–	–	396.5	–
	–	–	–	–	1.9	–
	–	–	–	–	139.7	–
	–	–	–	–	- 4.7	–
	–	–	–	–	- 884.4	–
	–	–	–	–	- 3.1	–
	–	–	–	–	- 38.4	–
	–	–	–	–	- 1,438.9	–
	–	–	–	–	- 815.7	–
	–	–	–	–	- 197.5	–
	–	–	–	–	- 3.9	–
	–	–	–	–	- 113.0	–
					2.3	–

Impairment
The introduction of IFRS 9 saw the expected credit loss model replace the previous incurred loss model. As a result, expected impairment losses are now recognised at an earlier stage – at addition – through profit or loss. The BayWa Group applies the simplified impairment model to trade receivables, under which risk provisions are recognised in the amount of the expected losses over the remaining term irrespective of the credit rating of the counterparty. Expected losses for trade receivables are calculated on the basis of historical default ratios and, if necessary, adjusted for estimates on the part of the management (risk provisions for stage 2 expected credit losses). If there are specific indications of the irrecoverability of a receivable, such as the insolvency of a debtor, a separate risk provision for stage 3 expected credit loss is formed.

Calculations found that, due to materiality considerations at the level of the individual companies and at Group level, all other financial assets do not have to be recognised on the balance sheet at the current time.

The following table shows the transition of value adjustments from 1 January 2017 to 1 January 2018 in the context of the first-time application of IFRS 9 at the beginning of the financial year 2018:

in € million	
Status of value adjustments on 01/01/2017	**29.2**
Currency translation differences	- 0.2
Changes in specific value adjustments	2.8
Changes in specific value adjustments calculated on a flat rate basis	- 7.4
Status of value adjustments on 31/12/2017	**24.4**
Reversal of specific value adjustments calculated on a flat rate basis	- 3.0
Initial transfer of risk provisions for stage 2 expected credit losses	5.6
Status of value adjustments on 01/01/2018	**27.0**

Value adjustments as at 31 December 2017 exclusively relate to the former IAS 39 category “loans and receivables”. Pursuant to IFRS 9, these value adjustments or rather risk provisions for expected credit loss are attributable to the “at amortised cost” category. On 1 January 2018, €21.4 million of the total value adjustments are attributable to risk provisions for stage 3 expected credit loss and €5.6 million to risk provisions for stage 2 expected credit loss.

Hedge accounting and disclosures in the notes to the consolidated financial statements
IFRS 9 – 7.2.16 includes an option to continue to recognise hedge accounting pursuant to the regulations of IAS 39 instead of the regulations defined in Section 6 IFRS 9 at the point of first-time application. BayWa exercises this option and will likely only apply IFRS 9 to hedge accounting from the financial year 2019. No changes with a material impact on the BayWa Group are expected in relation to this transition.

Extensive new disclosures in the notes to the consolidated financial statements resulting from the application of IFRS 9 in conjunction with IFRS 7, which particularly concern credit risk and expected loss and its development, were implemented by the BayWa Group in an adequate manner in these consolidated financial statements.

Methods of first-time application and effects on revenue reserves
IFRS 9 was applied in the BayWa Group for the first time as at 1 January 2018 using the modified retrospective method. This method does not involve the adjustment of previous-year figures, which continue to be presented in these consolidated financial statements pursuant to the regulations of IAS 39.

As part of the transition to IFRS 9 as at 1 January 2018, an amount of €3.1 million was added to revenue reserves as a result of the reclassification and remeasurement of financial assets and financial liabilities. This effect was the result of the reclassification of non-current marketable securities (€0.2 million) and also the initial formation of risk provisions for stage 2 expected credit losses for trade receivables of €5.6 million, although this amount was offset by the reversal through other comprehensive income of the specific value adjustment calculated on a flat rate basis recognised up to 31 December 2017 in the amount of €2.7 million. Overall, the initial formation of risk provisions for stage 2 expected credit losses and the reversal of specific value adjustment calculated on a flat rate basis resulted in an effect on revenue reserves of €2.9 million.

First-time application of IFRS 15 Revenue from Contracts with Customers as at 1 January 2018

IFRS 15 Revenue from Contracts with Customers was published by the International Accounting Standards Board (IASB), London, UK, on 28 May 2014 and is mandatory for financial years beginning on or after 1 January 2018. The standard was endorsed by the European Union in September 2016.

IFRS 15 was applied in the BayWa Group for the first time as at 1 January 2018 using the modified retrospective method. This method does not involve the adjustment of previous-year figures, which continue to be presented in these consolidated financial statements pursuant to the regulations of IAS 11 and 18. The application of IFRS 15 did not result in any adjustment to revenue reserves.

Under IFRS 15, revenue is realised when the customer receives control over the agreed goods and services and is able to benefit from them. IFRS 15 introduces a single, principles-based five-step model to be applied to all contracts with customers. The steps are as follows:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the total consideration
- Step 4: Allocate the total consideration to the performance obligations in the contracts
- Step 5: Recognise revenue when (or as) the performance obligation is satisfied

Control can be transferred at a particular point in time or over time. For the most part, performance obligations resulting from contracts with BayWa customers are performed at a particular point in time. In such cases, revenue is recognise when control of the goods is passed on to the customer; usually this is case when the goods or services are provided to the customer. In some cases revenue is recognised over time, particularly in the Agricultural Equipment business unit (e.g. newly constructed animal equipment), the Building Materials business unit (e.g. turnkey house construction) as well as in the Renewable Energies business unit (e.g. construction of wind and solar parks). Pursuant to IFRS 15, revenue recognition over time in accordance with the percentage of completion is mandatory for these kinds of projects and similar projects, with percentage of completion defined according to costs incurred (cost-to-cost method). For the BayWa Group, this input-based method constitutes an appropriate measures of percentage of completion of performance obligations pursuant to IFRS 15. As permitted under IFRS 15, no information is provided regarding remaining performance obligations as at 31 December 2018 that have an expected original term of one year or less.

In this context, the Group is entitled to invoice the customer for instalments if a series of performance-related milestones in the construction process have been reached. Once a particular milestone has been reached, the customer receives a corresponding invoice for the associated milestone payment. A contract asset is capitalised for all services performed up to a milestone being reached. These capitalised amounts are reclassified into trade receivables on the date on which they are invoiced to the customer. If the milestone payment is greater than the revenue recognised to date under the cost-to-cost method, the Group recognises a contract liability in the amount of this difference. The contracts in question do not contain any material financing components as the period of time between revenue recognition under the cost-to-cost method and the respective milestone payment is customarily less than one year.

The introduction of IFRS 15 did not have any material impact on the balance sheet and income statement of the BayWa Group. First-time application only resulted in the introduction of two new balance sheet items: contract assets and contract liabilities. Contract liabilities are equal to liabilities to customers to transfer goods or services for which the consideration has already been paid. Contract assets are to be recognised if goods or services have been transferred to or rendered for the customer but the consideration for said goods or services has not yet been paid and the right to consideration is conditional on something other than the passage of time.

Payments received on orders of €88.2 million were reclassified to contract liabilities as at 1 January 2018. These were recognised as revenue in full in the financial year 2018. Contract liabilities as at 31 December 2018 amounted to €81.6 million. There were no contract assets as at the first-time application of IFRS 15. Contract assets amounted to €23.2 million at the end of the financial year. Of this amount, €9.8 million is attributable to a major solar project that was sold in 2018. The outstanding amount is expected to be received in the second half of 2019.

Under former and existing regulations, BayWa acts as an agent in relation to issuing filling station cards and also in certain areas of fruit trading. Warranties, refund obligations that could arise from the sale of goods with a right of return, contract initiation costs and financing components that are potentially included as part of the consideration, only play a minor role at the BayWa Group both in terms of the number of cases and the total volume of such elements and can therefore be considered immaterial. The impairment model defined in accordance with IFRS 9 is also applicable to contract assets formed pursuant to IFRS 15. No such assets have been recognised, also for reasons of materiality.

Standards, interpretations and amendments which have been published but not yet applied

Standards which have been published and adopted by the EU

The following standards and interpretations revised or issued by the International Accounting Standards Board (IASB) have been adopted by the EU but are only applicable to the BayWa Group from 31 December 2018:

Standard	Applicable from	Likely changes	Impact on financial reporting
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	01/01/2019	These amendments clarify that an entity applies IFRS 9, including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	No material impact expected
IFRIC 23 Income tax risk positions	01/01/2019	This interpretation adds to the requirements under IAS 12 concerning the recognition of actual taxes and deferred taxes regarding uncertainty over the income-tax treatment of matters and transactions by tax and revenue authorities or financial courts.	No material impact expected
Amendments to IFRS 9 Financial Instruments Prepayment Features with Negative Compensation	01/01/2019	These amendments aim to allow IFRS adopters that hold debt instruments with prepayment features in which a party receives or pays appropriate compensation in the event of termination to measure said instruments at amortised cost or at fair value through other comprehensive income. Prior to this amendment, such instruments were to be measured at fair value through profit or loss.	No material impact expected
IFRS 16 Leases	01/01/2019	IFRS 16 supersedes IAS 17 and its associated interpretations. For lessees, IFRS 16 removes the distinction between financial leases and operating leases. Instead, leases are recognised according to the right of use concept. Here, assets from rights of use concerning leased objects are to be recognised in the balance sheet, as are liabilities for payment obligations that have been entered into. This does not apply to short-term leases and leasing of low-value assets. Recognition on the part of the lessor remains largely unchanged. As before, the lease is classified according to the criteria defined in IAS 17. IFRS 16 also includes a number of other new requirements, including the requirement on lease definition, on sale-and-lease-back transactions and on the recognition of sub-leases.	The impact of IFRS 16 is presented below.

Expected impacts of the application of IFRS 16 as at 1 January 2019

IFRS 16 provides for a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. BayWa will make use of this simplification option and not recognise short-term leases and leases for low-value assets in accordance with IFRS 16.

The previous distinction between operating leases and financial leases no longer applies from the lessee's perspective; in the case of all leases, the lessee recognises the right of use resulting from the leased object and the associated lease liability. This corresponds to the present value of the remaining lease payments under the incremental borrowing rate. The incremental borrowing rate is calculated at the BayWa Group using a two-step model and reflects in particular the term of the lease, the credit rating of the lessee and the economic situation in the jurisdiction in which the lease was concluded. Financing and service components are recognised separately. The lease payments previously recognised as rental expense are to be reported under interest expense in future.

As a result, we expect that the new requirements – particularly those concerning the recognition of leases by the lessee – will have a material effect both on the individual components of the consolidated financial statements and on the BayWa Group's assets, financial position and earnings position.

In the financial year 2018, a central project analysed the implementation of IFRS 16 and its potential impacts on the consolidated financial statements. Assets and liabilities are already recognised in the case of financial leases in which the BayWa Group is the lessee. Assessments have shown that these obligations meet the criteria defined in IFRS 16 and that corresponding right of use assets and lease liabilities were to be recognised. Here, the BayWa Group does not believe that the application of IFRS 16 will have any material effects on the consolidated financial statements.

All in all, assets and financial liabilities will increase by €630.0 million as at 1 January 2019. At the same time, the equity ratio will decline by approximately 1.4%. As expected, the introduction of IFRS 16 will also result in the operating result rising while the financial result is set to decline to a moderate extent. As a consequence, the EBIT and EBITDA key figures will improve.

In terms of the cash flow statement, repayments of lease liabilities and payments resulting from interest on lease liabilities are to be attributed to cash flow from financing activities in future. Only payments not included in the calculation of lease liabilities and payments from short-term leases and leases of low-value assets are attributable to cash flow from operating activities. This change away from the current approach of recognising operating lease expenses will result in an improvement in cash flow from operating activities and a deterioration in cash flow from financing activities.

Compared to the provisions of IAS 17, the new requirements also result in significantly more comprehensive disclosures in the notes to the financial statements at both lessees and lessors.

The BayWa Group has initiated a project to assess the effects in detail and to implement the new requirements. An IT software solution that is able to record contract data is being introduced in relation to this standard.

The BayWa Group has opted for the modified retrospective approach in terms of the transition to IFRS 16. First-time application of the standard is compulsory for financial years starting on or after 1 January 2019. The BayWa Group did not utilise the option to implement the standard at an earlier stage together with the simultaneous application of IFRS 15.

Standards which have been published but not yet adopted by the EU

The following standards and interpretations revised or issued by the International Accounting Standards Board (IASB) have not yet been adopted by the EU and are only applicable to the BayWa Group from 31 December 2018:

Standard	Applicable from	Likely changes	Impact on financial reporting
Changes to IAS 19 Employee Benefits	01/01/2019	The amendments to IAS 19 mean that, in future, any amendment, curtailment or settlement to a defined benefit plan results in the remeasurement of the current service cost and the net interest for the remaining period using revised actuarial assumptions. The effect of the asset ceiling is not to be taken into account in the calculation of profit or loss from settlement and is recorded separately in other comprehensive income.	No material impact expected
Various improvements to IFRS (2015-2017)	01/01/2019	The amendments from the annual improvement cycle 2015–2017 concern minor changes and adjustments to the IAS 12, IAS 23, IFRS 3 and IFRS 11 standards	No material impact expected
Amendments to the Conceptual Framework	01/01/2020	The revised Conceptual Framework includes new definitions of assets and liabilities as well as revised guidelines regarding measurement and derecognition, recognition and disclosure. References in existing standards to the Conceptual Framework will also be updated. The revised Conceptual Framework is not part of the endorsement process.	No material impact expected
Amendments to IAS 1 and IAS 8	01/01/2020	Materiality is an important concept in preparing financial statements under IFRS. The amendments clarify the definition of “material” and also how materiality should be applied. In addition, the amendments also ensure that the definition of “material” is consistent throughout all standards.	No material impact expected
Amendments to IFRS 3 Definition of a business	01/01/2020	The amendments to IFRS specify the definition of a business and help companies to judge whether a transaction constitutes a business or a group of assets.	No material impact expected
Amendments to IFRS 10/IAS 28 Sales or contributions of assets between an investor and its associate/joint venture	n/a	The amendments clarify that, in the case of transactions with an associate or a joint venture, the extent of the gain or loss depends on whether the sold or contributed assets constitutes a business as defined in IFRS 3.	No material impact expected
IFRS 17 Insurance Contracts	01/01/2021	IFRS 17 supersedes the previous transitional standard IFRS 4 and governs the recognition of insurance contracts. Its scope covers insurance contracts, reinsurance contracts and investment contracts with discretionary participation features.	No material impact expected

Applying IFRS 9 Financial Instruments with IFRS 4 dated 12 September 2016, which was adopted as part of European law on 3 November 2017 with first-time application from 1 January 2021 as well as IFRS 17 Insurance Contracts, which was published by the IASB on 18 May 2017 are not relevant to the BayWa Group.

(B.) Information on Consolidation

(B.1.) Group of consolidated companies – fully consolidated companies pursuant to IFRS 10

Under the principles of full consolidation, all domestic and foreign companies on which BayWa can exercise direct or indirect control within the meaning of IFRS 10 and where the subsidiaries are not of secondary importance have been included in the consolidated financial statements of BayWa AG, alongside BayWa AG itself. Control exists when BayWa AG has power over significant activities, has exposure, or rights, to variable returns and is able to use its power to affect the amount of the returns. Usually, control is established through an indirect or direct majority of voting rights. A comment is included in the table below in cases in which, despite the absence of a direct or indirect majority of voting rights, control still exists due to contractual or other agreements.

	Share in capital in %	Previous year's share in capital in %*	Comment
Agriculture Segment			
"BIOCORE ORGANIC" LLC, Žytomyr, Ukraine	100.0	100.0	
Abemec B.V., Veghel, Netherlands	100.0	100.0	
Agrar- und Transportservice Kölleda GmbH, Kölleda, Germany	62.3	58.0	Acquisition of additional 4.35% of shares on 01/09/2018
Agrarhandel Züssow Bohnhorst / Naeve Beteiligungs GmbH, Züssow, Germany	100.0	100.0	
Agrimec Group B.V., Apeldoorn, Netherlands	100.0	100.0	
AGROMED AUSTRIA GMBH, Kremsmünster, Austria	80.0	–	Initial consolidation on 01/01/2018
ALM Regio 1 B.V., Veghel, Netherlands	100.0	100.0	
ALM Regio 2 B.V., Veghel, Netherlands	100.0	100.0	
ALM Regio 3 B.V., Veghel, Netherlands	100.0	100.0	
ALM Regio 4 B.V., Veghel, Netherlands	100.0	100.0	
ALM Regio 5 B.V., Veghel, Netherlands	100.0	100.0	
ALM Regio 6 B.V., Veghel, Netherlands	100.0	100.0	
ALM Regio 7 B.V., Veghel, Netherlands	100.0	100.0	
ALM Regio 8 B.V., Veghel, Netherlands	100.0	–	Initial consolidation on 09/02/2018
B O R , s.r.o., Choceň, Czech Republic	100.0	100.0	
Baltic Logistic Holding B.V., Rotterdam, Netherlands	100.0	100.0	
Bayerische Futtersaatbau Gesellschaft mit beschränkter Haftung, Ismaning, Germany	79.2	79.2	
BayWa AG Centre Ltd., Vancouver, Canada	90.0	90.0	
BayWa Agrarhandel GmbH, Nienburg, Germany	100.0	100.0	
BayWa Agri Supply & Trade B.V., Rotterdam, Netherlands	100.0	100.0	
BayWa Agro Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0	100.0	
BayWa Canada Ltd., Vancouver, Canada	100.0	100.0	
BayWa Finanzservice GmbH, Munich, Germany	100.0	100.0	
BayWa Fruit B.V., Maasdijk, Netherlands	100.0	100.0	
BayWa Marketing & Trading International B.V., Rotterdam, Netherlands	100.0	100.0	
BayWa Obst Beteiligung GmbH, Munich, Germany	100.0	100.0	
BayWa Obst GmbH & Co. KG, Munich, Germany	100.0	100.0	
BayWa Rus LLC, Moscow, Russia	100.0	100.0	
BayWa Ukraine LLC, Kiev, Ukraine	100.0	100.0	
BGA Bio Getreide Austria GmbH, Vienna, Austria	100.0	100.0	
BioCore B.V., Oosterhout, Netherlands	100.0	100.0	
Burkes Agencies Limited, Glasgow, UK	100.0	100.0	
Cefetra B.V., Rotterdam, Netherlands	100.0	100.0	
Cefetra Feed Service B.V., Rotterdam, Netherlands	100.0	100.0	
Cefetra Hungary Kft., Budapest, Hungary	100.0	100.0	
Cefetra Ibérica S.L.U., Pozuelo de Alarcón, Spain	100.0	100.0	
Cefetra Limited, Glasgow, UK	100.0	100.0	
Cefetra Polska Sp. z o.o., Gdynia, Poland	100.0	100.0	
Cefetra S.p.A., Rome, Italy	100.0	100.0	
Cefetra Shipping B.V., Rotterdam, Netherlands	100.0	100.0	
CLAAS Main-Donau GmbH & Co. KG, Gollhofen, Germany	90.0	90.0	
CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany	90.0	90.0	

	Share in capital in %	Previous year's share in capital in %*	Comment
CLAAS Südostbayern GmbH, Töging am Inn, Germany	90.0	90.0	
CLAAS Württemberg GmbH, Langenau, Germany	80.0	80.0	
EUROGREEN AUSTRIA GmbH, Mondsee, Austria	100.0	100.0	
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic	100.0	100.0	
EUROGREEN GmbH, Betzdorf, Germany	100.0	100.0	
Evergrain Germany GmbH & Co. KG, Hamburg, Germany	100.0	100.0	
F. Url & Co. Gesellschaft m.b.H., Lannach, Austria	100.0	100.0	
Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0	100.0	
InterSaatzucht GmbH, Hohenkammer, Germany	100.0	100.0	
Lagerhaus Technik-Center GmbH & Co KG, Korneuburg, Austria	51.9	51.9	
Landhandel Knaup GmbH, Borchen, Germany	51.0	51.0	
LHD Landhandel Drebkau Import- und Export GmbH, Drebkau, Germany	100.0	100.0	
LTZ Chemnitz GmbH, Hartmannsdorf, Germany	90.0	90.0	
PARGA Park- und Gartentechnik Gesellschaft m.b.H., Aderklaa, Austria	100.0	100.0	
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck, Germany	52.0	52.0	
RIVEKA BVBA, Boom, Belgium	100.0	100.0	
RWA Hrvatska d.o.o., Zagreb, Croatia	100.0	100.0	
RWA Magyarország Kft., Ikrény, Hungary	100.0	100.0	
RWA Raiffeisen Agro Romania S.r.l., Orțișoara, Romania	100.0	100.0	
RWA SLOVAKIA, spol. s r.o., Bratislava, Slovakia	100.0	100.0	
RWA Slovenija d.o.o., Lavrica, Slovenia	100.0	100.0	
RWA Srbija d.o.o., Belgrad, Serbia	100.0	100.0	
Shieldhall Logistics Limited, Glasgow, UK	100.0	100.0	
Sinclair Logistics Limited, Glasgow, UK	100.0	100.0	
TechnikCenter Grimma GmbH, Mutzschen, Germany	70.0	70.0	
TFC Holland B.V., Maasdijk, Netherlands	73.4	68.4	Acquisition of additional 5% of shares on 01/03/2018
Thenergy B.V., Oosterhout, Netherlands	100.0	100.0	
Tracomex B.V. (formerly: Thegra Tracomex B.V.), Oosterhout, Netherlands	100.0	100.0	
URL AGRAR GmbH, Premstätten, Austria	100.0	100.0	
Wessex Grain Ltd., Templecombe, UK	100.0	100.0	
T&G Global Group			
Delica Australia Pty Ltd, Tullamarine, Australia	100.0	100.0	
Delica Domestic Pty Ltd, Tullamarine, Australia	80.0	80.0	
Delica Limited, Auckland, New Zealand	100.0	100.0	
Delica (Shanghai) Fruit Trading Company Limited, Shanghai, People's Republic of China	100.0	100.0	
Delica North America, Inc., Torrance, USA	50.0	50.0	With 60% majority of voting rights and rights to the returns
ENZAFOODS New Zealand Limited, Auckland, New Zealand	100.0	100.0	
ENZAFRUIT New Zealand (Continent) NV, Sint-Truiden, Belgium	100.0	100.0	
ENZAFRUIT New Zealand International Limited, Auckland, New Zealand	100.0	100.0	
ENZAFRUIT New Zealand (U.K.) Limited, Luton, UK	100.0	100.0	
ENZAFRUIT Peru S.A.C., Lima, Peru	100.0	100.0	
ENZAFRUIT Products Inc., Wilmington (Delaware), USA	100.0	100.0	
Fruit Distributors Limited, Auckland, New Zealand	100.0	100.0	
Fruitmark Pty Ltd, Mulgrave, Australia	100.0	100.0	
Fruitmark USA Inc., Seattle, USA	100.0	100.0	
Frutesa Chile Limitada, Santiago de Chile, Chile	100.0	100.0	
Status Produce Favona Road Limited, Auckland, New Zealand	100.0	100.0	
Status Produce Limited, Auckland, New Zealand	100.0	100.0	
T&G Fruitmark HK Limited, Hong Kong, People's Republic of China	100.0	100.0	
T&G Global Limited, Auckland, New Zealand	74.0	74.0	
T&G Insurance Limited, Auckland, New Zealand	100.0	100.0	
T&G Japan Ltd., Tokyo, Japan	100.0	100.0	
T&G South East Asia Ltd., Bangkok, Thailand	100.0	100.0	

	Share in capital in %	Previous year's share in capital in %*	Comment
T&G Vizzarri Farms Pty Ltd, Tullamarine, Australia	50.0	50.0	Operational management as well as majority representation in management body
Taipa Water Supply Limited, Kerikeri, New Zealand	65.0	65.0	
Turners & Growers (Fiji) Limited, Suva, Republic of Fiji	70.0	70.0	
Turners & Growers Fresh Limited, Auckland, New Zealand	100.0	100.0	
Turners & Growers New Zealand Limited, Auckland, New Zealand	100.0	100.0	
Turners and Growers Horticulture Limited, Auckland, New Zealand	100.0	100.0	
Worldwide Fruit Limited, Spalding, UK	50.0	50.0	Operational management and control through executive board mandate
Building Materials Segment			
AFS Franchise-Systeme GmbH, Vienna, Austria	100.0	100.0	
Bad und Heizung Krampfl GmbH, Plattling, Germany	100.0	100.0	
BayWa Handels-Systeme-Service GmbH, Munich, Germany	100.0	100.0	
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0	51.0	
Bölke Handel GmbH, Landsberg (formerly: BayWa Agrar Verwaltungs GmbH, Munich), Germany	90.0	–	Initial consolidation on 16/07/2018
Peter Frey GmbH, Wartenberg, Germany	51.0	51.0	
Plapperer Projekt GmbH, Schrobenhausen, Germany	51.0	–	Initial consolidation on 09/04/2018
Energy Segment			
AMUR S.L.U., Barcelona, Spain	100.0	100.0	
Åshults Kraft AB, Malmö, Sweden	100.0	100.0	
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany	100.0	100.0	
Aufwind Schmack Első Biogáz Szolgáltató Kft., Szarvas, Hungary	100.0	100.0	
AWS Entsorgung GmbH Abfall und Wertstoff Service, Luckau, Germany	100.0	100.0	
BayWa Energie Dienstleistungs GmbH, Munich, Germany	100.0	100.0	
BayWa Ökoenergie GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. (Thailand) Co., Ltd., Bangkok, Thailand	100.0	100.0	
BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Republic of Singapore	100.0	100.0	
BayWa r.e. Australia Pty Ltd, Melbourne, Australia	100.0	100.0	
BayWa r.e. Bioenergy GmbH, Regensburg, Germany	100.0	100.0	
BayWa r.e. Clean Energy Sourcing GmbH (formerly: C.E.T. Clean Energy Trading GmbH), Munich, Germany	100.0	100.0	
BayWa r.e. Clean Energy S.r.l., Milan, Italy	100.0	–	Initial consolidation on 27/04/2018
BayWa r.e. Energy Ventures GmbH (formerly: Solarpark Lynt GmbH), Gräfelfing, Germany	100.0	100.0	
BayWa r.e. España S.L.U., Barcelona, Spain	100.0	100.0	
BayWa r.e. Global Services GmbH, Munich, Germany (formerly: Solarpark Aston Clinton GmbH, Gräfelfing, Germany)	100.0	100.0	
BayWa r.e. Green Energy Products GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Italia Assets GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Italia S.r.l., Milan, Italy	100.0	100.0	
BayWa r.e. Japan K.K., Tokyo, Japan	100.0	100.0	
BayWa r.e. Nordic AB, Malmö, Sweden	100.0	100.0	
BayWa r.e. Operation Services GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Operation Services S.r.l., Milan, Italy	100.0	100.0	
BayWa r.e. Polska Sp. z o.o., Warsaw, Poland	100.0	100.0	
BayWa r.e. Progetti S.r.l., Milan, Italy	100.0	100.0	
BayWa r.e. renewable energy GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Rotor Service GmbH, Basdahl, Germany	100.0	100.0	
BayWa r.e. Rotor Service Vermögensverwaltungs GmbH, Basdahl, Germany	100.0	100.0	
BayWa r.e. Scandinavia AB, Malmö, Sweden	76.0	76.0	
BayWa r.e. Solar B.V., Heerenveen, Netherlands	70.0	–	Initial consolidation on 07/03/2018
BayWa r.e. Solar Energy Systems GmbH, Tübingen, Germany	100.0	100.0	
BayWa r.e. Solar Energy Systems International Cooperations GmbH, Tübingen, Germany	100.0	100.0	

	Share in capital in %	Previous year's share in capital in %*	Comment
BayWa r.e. Solar Projects LLC, Wilmington (Delaware), USA	100.0	100.0	
BayWa r.e. Solar Projects Pty Ltd, Melbourne, Australia	100.0	100.0	
BayWa r.e. Solar Pte. Ltd., Singapore, Republic of Singapore	100.0	100.0	
BayWa r.e. Solar Systems Co., Ltd., Bangkok, Thailand	100.0	100.0	
BayWa r.e. Solar Systems LLC, Wilmington (Delaware), USA	100.0	100.0	
BayWa r.e. Solar Systems Pty Ltd, Adelaide, Australia	100.0	100.0	
BayWa r.e. Solar Systems S.à r.l., Wemperhardt, Luxembourg	100.0	100.0	
BayWa r.e. Solar Systems SAS, Lormont, France	100.0	100.0	
BayWa r.e. Solar Systems S. de R.L de C.V., Mexico City, Mexico	100.0	–	Initial consolidation on 01/03/2018
BayWa r.e. Solar Systems S.r.l., Bozen, Italy	100.0	100.0	
BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. USA LLC, Wilmington (Delaware), USA	100.0	100.0	
BayWa r.e. Wind Pte. Ltd., Singapore, Republic of Singapore	100.0	100.0	
BayWa r.e. Wind Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0	100.0	
Biomethananlage Welbeck GmbH, Gräfelfing, Germany	100.0	100.0	
BMH Biomethan GmbH, Munich, Germany	100.0	–	Initial consolidation on 30/07/2018
Daipur HoldCo Pty Ltd, Richmond (formerly: Nhill HoldCo Pty Ltd, Collingwood), Australia	100.0	100.0	
Daipur Wind Farm Pty Ltd, Richmond (formerly: Nhill Wind Farm Pty Ltd, Collingwood), Australia	100.0	100.0	
Diermeier Energie GmbH, Munich, Germany	100.0	100.0	
Energia Rinnovabile Pugliese S.r.l., Milan, Italy	100.0	100.0	
Energy System Services S.r.l., Milan, Italy	100.0	100.0	Initial consolidation on 01/01/2018
Ferguson HoldCo Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0	100.0	
Ferguson Wind Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0	100.0	
Furukraft AB, Malmö, Sweden	100.0	100.0	
GENOL Gesellschaft m.b.H. & Co KG, Vienna, Austria	71.0	71.0	
GroenLeven B.V., Heerenveen, Netherlands	100.0	–	Initial consolidation on 23/04/2018
GroenLeven Invest B.V., Heerenveen, Netherlands	100.0	–	Initial consolidation on 23/04/2018
Hughenden Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0	100.0	
Hughenden Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0	100.0	
Hughenden Solar Trust, Richmond, Australia	100.0	–	Initial consolidation on 21/11/2018
Interlubes GmbH, Würzburg, Germany	100.0	100.0	
Iraak Sun Farm Pty Ltd, Melbourne, Australia	100.0	100.0	
Karadoc Solar Farm FinCo Pty Ltd., Melbourne, Australia	100.0	100.0	
Karadoc Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0	100.0	
Kelsey Creek Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0	100.0	
Kelsey Creek Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0	100.0	
Lyngsåsa Kraft AB, Malmö, Sweden	100.0	100.0	
Mid West SF No1 Pty Ltd, Melbourne, Australia	100.0	100.0	
Mozart Wind, LLC, Wilmington (Delaware), USA	100.0	100.0	
OneShore Energy GmbH, Berlin, Germany	100.0	100.0	
Ouyen HoldCo Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0	100.0	
Ouyen Solar Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0	100.0	
r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg, Germany	100.0	100.0	
r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG, Regensburg, Germany	100.0	100.0	
r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany	100.0	100.0	
r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany	100.0	100.0	
renerco plan consult GmbH, Munich, Germany	100.0	100.0	
Rinnovabili Melfi S.r.l., Trento, Italy	100.0	–	Initial consolidation 10/04/2018
Rock Power S.L.U., Barcelona, Spain	100.0	100.0	
Ryfors Vindkraft AB, Malmö, Sweden	100.0	100.0	
SBU Power Holdings Pte. Ltd., Singapore, Republic of Singapore	100.0	100.0	
SBU Power Sdn. Bhd., Petaling Jaya, Malaysia	25.0	25.0	100% of voting rights
Schradenbiogas GmbH & Co. KG, Gröden, Germany	94.5	94.5	
Sjönnebol Kraft AB, Malmö, Sweden	100.0	100.0	

	Share in capital in %	Previous year's share in capital in %*	Comment
Solarmarkt GmbH, Aarau, Switzerland	100.0	100.0	
Stormon Energi AB, Malmö, Sweden	100.0	100.0	
Sun Power Sicilia S.r.l., Milan, Italy	80.0	–	Initial consolidation on 18/07/2018
TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany	100.0	100.0	
Timboon West HoldCo Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0	100.0	
Timboon West Wind Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0	100.0	
Trinity Holding B.V., Heerenveen, Netherlands	100.0	–	Initial consolidation on 23/04/2018
Tuscania Energy S.r.l., Milan, Italy	100.0	100.0	
WAV Wärme Austria VertriebsgmbH, Vienna, Austria	89.0	89.0	
Windpark Bella GmbH, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2018
Wingenfeld Energie GmbH, Hünfeld, Germany	100.0	100.0	
Yatpool Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0	100.0	
Yatpool Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0	100.0	
Yatpool Sun Farm Pty Ltd, Melbourne, Australia	100.0	100.0	
Yawong HoldCo Pty Ltd, Richomond (formerly: Collingwood), Australia	100.0	100.0	
Yawong Wind Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0	100.0	
Zonnepark B.V., Heerenveen, Netherlands	100.0	–	Initial consolidation on 23/04/2018
Zonnepark Drenthe B.V., Heerenveen, Netherlands	100.0	–	Initial consolidation on 23/04/2018
Zonnepark Friesland B.V., Heerenveen, Netherlands	100.0	–	Initial consolidation on 23/04/2018
Zonnepark Woldjerspoor B.V., Heerenveen, Netherlands	100.0	–	Initial consolidation on 23/04/2018
Zonnepark XXL B.V., Heerenveen, Netherlands	87.5	–	Initial consolidation on 23/04/2018
Zonneparken Nederland B.V., Heerenveen, Netherlands	100.0	–	Initial consolidation on 23/04/2018
BayWa r.e. Asset Holding Group			
Aludra Energies SARL, Paris, France	100.0	100.0	
Arlena Energy S.r.l., Rovereto (formerly: Trento), Italy	100.0	100.0	
BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Asset Management GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. France SAS, Paris, France	100.0	100.0	
BayWa r.e. Hellas MEPE, Athens, Greece	100.0	100.0	
BayWa r.e. Operation Services Limited, London, UK	100.0	100.0	
BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. UK Limited, London, UK	100.0	100.0	
BayWa r.e. Wind GmbH, Munich, Germany	100.0	100.0	
BayWa r.e. Wind Verwaltungs GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Windpark Arlena GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Windpark Gravina GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Windpark San Lupo GmbH, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Zambia Ltd., Lusaka, Zambia	100.0	100.0	Initial consolidation on 01/01/2018
Becon Project Management & Consultancy Ltd., Stirling, UK	100.0	–	Initial consolidation on 11/05/2018
Bishopthorpe (Holdings) Limited, London, UK	100.0	100.0	
Breathe Energia in Movimento S.r.l., Rovereto (formerly: Trento), Italy	50.0	50.0	Control by appointing management
BW Solar 216 G.K., Tokyo, Japan	100.0	100.0	Initial consolidation on 01/01/2018
Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Eol d'Aunis SAS, Paris, France	100.0	–	Initial consolidation on 04/07/2018
Eolica San Lupo S.r.l., Trento, Italy	100.0	100.0	
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0	100.0	
GK. UR Solar, Osaka, Japan	90.0	–	Initial consolidation on 22/06/2018
Le Grand Champ Energies SARL, Paris, France	100.0	–	Initial consolidation on 09/03/2018
Les Landes Energies SARL, Paris, France	100.0	100.0	
Parc Eolien du Chemin du Roy SARL, Paris, France	100.0	100.0	
Parco Solare Smeraldo S.r.l., Bozen, Italy	100.0	100.0	
Parque Eólico La Carracha S.L., Zaragoza, Spain	74.0	74.0	
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	74.0	74.0	

	Share in capital in %	Previous year's share in capital in %*	Comment
Quilly Guenrouet Energies SARL, Paris, France	100.0	100.0	
Regeneratives Land GmbH (formerly: BayWa r.e. 206. Projektgesellschaft mbH), Gräfelfing, Germany	100.0	100.0	
RENERCO GEM 1 GmbH, Gräfelfing, Germany	100.0	100.0	
RENERCO GEM 2 GmbH, Gräfelfing, Germany	100.0	100.0	
Ruschberg Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Solarpark Aquarius GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Solarpark Aries GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Solarpark Vine Farm GmbH, Gräfelfing, Germany	100.0	100.0	
SPM Solarpark Möhlau GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Sun Energy No.1 G.K., Tokyo, Japan	100.0	100.0	
Tessennano Energy S.r.l., Rovereto (formerly: Trento), Italy	100.0	100.0	
Tralorg Wind Farm Limited, London, UK	100.0	–	Initial consolidation on 15/11/2018
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windfarm Fraisthorpe GmbH, Gräfelfing, Germany	100.0	100.0	
Windpark Berschweiler GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windpark Finkenbach-Gersweiler GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windpark Kamionka GmbH, Gräfelfing, Germany	100.0	100.0	
Windpark Melfi GmbH, Gräfelfing, Germany	100.0	100.0	
Windpark Pferdsfeld GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windpark Straelen GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2018
Windpark Uphuser Mark GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	
BayWa r.e. Wind Group			
Amadeus Wind, LLC, Wilmington (Delaware), USA	100.0	100.0	
BayWa r.e. Wind, LLC, Wilmington (Delaware), USA	95.0	95.0	
Chopin Wind, LLC, Wilmington (Delaware), USA	100.0	100.0	
Ravel Wind, LLC, Wilmington (Delaware), USA	100.0	100.0	
Schumann Wind, LLC, Wilmington (Delaware), USA	100.0	100.0	
Strauss Wind, LLC, San Diego, USA	100.0	100.0	
ECOWIND Group			
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	100.0	100.0	
ECOwind d.o.o., Zagreb, Croatia	100.0	100.0	
Eko-En Polanow 1 Sp. z o.o., Warsaw, Poland	100.0	100.0	
Eko-En Polanow 2 Sp. z o.o., Warsaw, Poland	100.0	100.0	
Eko-En Skibno Sp. z o.o., Koszalin, Poland	75.0	75.0	
Park Eolian Limanu S.r.l., Sibiu, Romania	99.0	99.0	
Samsonwind Wirtsnock GmbH, Thomatal, Austria	100.0	80.0	Acquisition of additional 20.0% of shares on 25/05/2018
SC Puterea Verde S.r.l., Sibiu, Romania	75.3	75.3	
Vjetroelektrana Orjak d.o.o., Zagreb, Croatia	100.0	100.0	
Windpark Bärofen GmbH, Kilb, Austria	100.0	100.0	
Windpark Fürstkogel GmbH, Kilb, Austria	100.0	100.0	
Windpark Hiesberg GmbH, Kilb, Austria	100.0	100.0	
Windpark Kraubatheck GmbH, Kilb, Austria	100.0	100.0	
Innovation & Digitalisation Segment			
FarmFacts GmbH, Pfarrkirchen, Germany	100.0	100.0	
FarmFacts Holding GmbH, Munich, Germany	100.0	–	Initial consolidation on 23/11/2018
VISTA Geowissenschaftliche Fernerkundung GmbH, Munich, Germany	51.0	51.0	

	Share in capital in %	Previous year's share in capital in %*	Comment
Other Activities Segment (including financial participations)			
Bautechnik Gesellschaft m.b.H., Vienna, Austria	100.0	100.0	
BayWa Agrar Beteiligungs GmbH, Munich, Germany	100.0	100.0	
BayWa Haustechnik GmbH, Kösching (formerly: Karl Theis GmbH, Munich), Germany	100.0	100.0	
BayWa Pensionsverwaltung GmbH, Munich, Germany	100.0	100.0	
DRWZ-Beteiligungsgesellschaft mbH, Munich, Germany	64.3	64.3	
Frucom Fruitimport GmbH, Hamburg, Germany	100.0	100.0	
Immobilienvermietung Gesellschaft m.b.H., Traun, Austria	100.0	100.0	
Jannis Beteiligungsgesellschaft mbH, Munich, Germany	100.0	100.0	
Raiffeisen-Lagerhaus Investitionsholding GmbH, Vienna, Austria	100.0	100.0	
RI-Solution Data GmbH, Vienna, Austria	100.0	100.0	
RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany	100.0	100.0	
RUG Raiffeisen Umweltgesellschaft m.b.H., Vienna, Austria	75.0	75.0	
RWA Immobilien GmbH, Vienna, Austria	100.0	–	Initial consolidation on 01/01/2018
RWA International Holding GmbH, Vienna, Austria	100.0	100.0	
RWA Invest GmbH, Vienna, Austria	100.0	100.0	
Unterstützungseinrichtung der BayWa Aktiengesellschaft in München GmbH, Munich, Germany	100.0	100.0	
WealthCap Portfolio Finanzierungs-GmbH & Co. KG, Grünwald, Germany	100.0	100.0	
Cross-segment subsidiaries			
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (for short: UNSER LAGERHAUS) (Segments: Agriculture, Energy, Building Materials)	51.1	51.1	
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria (Segments: Agriculture, Energy, Building Materials)	89.9	89.9	
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (for short: RWA AG) (Segments: Agriculture, Energy, Building Materials; Other Activities)	50.0	50.0	Majority of voting rights

* The presentation of the group of consolidated companies does not include the 42 companies deconsolidated in 2018.

Additions due to acquisitions in the financial year 2018

Addition: GroenLeven Group

BayWa AG acquired 70% of shares in BayWa r.e. Solar B.V., Heerenveen, Netherlands, which was established in the financial year 2018, through BayWa r.e. GmbH in order to expand its business activities in the fields of renewable energies. In turn, BayWa r.e. Solar B.V. acquired 100% of shares in GroenLeven, a project developer for solar plants with a project pipeline of over 2 gigawatts (GW), as part of a share deal effective as at 23 April 2018. The principal place of business of the parent company of the GroenLeven Group, Trinity Holding B.V. and all of its subsidiaries is Heerenveen, Netherlands. BayWa r.e. GmbH, has had a controlling influence over Trinity Holding B.V. and its subsidiaries GroenLeven B.V., GroenLeven Invest B.V., Zonneparken Nederland B.V., and companies belonging to the GroenLeven Group, since 23 April 2018, the date on which the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The preliminary cost of the shares in BayWa r.e. Solar B.V. came to €153.8 million and includes the contractually agreed purchase price component of €26.4 million, which will be disbursed in 2019. The transaction costs incurred in connection with the acquisition of the shares amount to €0.8 million. In the financial year 2018, these costs are included in the income statement under other operating expenses.

The net assets acquired at fair value in connection with the purchase of Trinity Holding B.V. and its subsidiaries include, on the basis of the preliminary purchase price allocation, intangible assets of €22.9 million, the majority of which are attributable to the GroenLeven brand, and inventories in the form of project rights amounting to €126.4 million. Goodwill arising at the Group due to the 70% stake in BayWa r.e. Solar B.V. amounts to €55.7 million.

The preliminary goodwill resulting from the transaction includes non-separable intangible assets such as employee expertise and anticipated synergy effects. Goodwill is not tax deductible. The gross amount of the receivables amounted to €12.0 million as at the time of acquisition; the amount is considered recoverable in full.

No final purchase price allocation was available at the time of writing due to the size of the transaction and the complexity of the acquired group of companies. For this reason, the allocation of the goodwill of €55.7 million to the GroenLeven cash-generating unit has not yet been completed. As with the goodwill, the purchase price will be allocated within a period of one year from the date of acquisition in accordance with the requirements of IFRS 3.

Since 23 April 2018, the date of its initial inclusion in the group of consolidated companies, Trinity Holding B.V. and its subsidiaries has generated revenues of €45.4 million and a net result of €3.3 million. If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €2.9 million higher and the consolidated profit attributable to investors €2.4 million higher.

Addition: Premium Crops Limited, Hampshire, UK
BayWa AG 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 of part of the specialisation strategy of the BayWa Agri Supply & Trade (BAST) business unit. The cost of the acquisition came to €13.4 million. The transaction costs incurred 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 goodwill arising in the Group amounts to €6.5 million.

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.

Other additions of secondary importance
In addition, the following additions were made to the group of consolidated companies, which taken both individually and as a whole, do not have a material effect on the assessment of the assets, financial position and earnings position of the BayWa Group.

- GRESSEL Baustoffe-GmbH, Poggersdorf, Austria
  "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria, acquired 100% of shares in GRESSEL Baustoffe-GmbH, Poggersdorf, Austria, as at 31 August 2018 with the aim of expanding its business activities in the construction segment. GRESSEL Baustoffe-GmbH was subsequently merged, as at 31 August 2018, as the transferred company with "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., as the recipient company. This acquisition expanded "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H.'s existing presence in the building materials trade in Carinthia to 11 sites.
- Sybac Service GmbH, Kehrig
  As part of a share deal, BayWa AG acquired 100% of shares in Sybac Service GmbH, Kehrig, Germany, through BayWa r.e. renewable energy GmbH effective as at 1 January 2018 in order to expand its range of wind and solar power services. The acquisition of this company strengthens the company's regional service presence in the border region between Germany and the Benelux nations. Sybac Service GmbH was subsequently merged, as the transferred company, on 23 July 2018 with retroactive effect as at 1 January 2018 with recipient company BayWa r.e. Operation Services GmbH, Munich, Germany.
- Becon Project Management & Consultancy Ltd., Stirling, UK
  As part of a share deal, BayWa AG acquired 100% of shares in Becon Project Management & Consultancy Ltd., Stirling, UK, through its subsidiary BayWa r.e. renewable energy GmbH effective as at 11 May 2018 in order to expand its range of wind and solar power services in the UK.

In summary, all additions to assets (excluding goodwill) and liabilities from company acquisitions measured at fair value break down as follows according to major category for the financial year 2018:

in € million	GroenLeven Group	Premium Crops	Other additions	**Total additions in 2018**
Intangible assets	22.9	5.6	6.4	34.9
Property, plant and equipment	0.3	–	1.7	2.0
Financial assets	–	–	–	–
Inventories	126.4	3.1	8.0	137.5
Financial assets	–	–	–	–
Receivables and other assets	12.2	1.9	1.9	16.0
Deferred tax assets	–	–	0.5	0.5
Cash and cash equivalents	9.5	–	0.9	10.4
Non-current liabilities	46.6	–	4.1	50.7
Current liabilities	25.5	2.6	6.0	34.1
Deferred tax liabilities	24.3	1.1	2.5	27.9

Disposals due to consolidation in the financial year 2018

On 1 October 2018, EUROGREEN GmbH, Betzdorf, Germany, sold 100% of its shares in EUROGREEN Schweiz AG, Zuchwil, Switzerland. The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

in € million	
Consideration received in the form of cash and cash equivalents for the sold shares	0.5

Assets and liabilities derecognised owing to control relinquished

in € million	
Non-current assets	
Intangible assets	1.4
Property, plant and equipment	–
Financial assets	–
Deferred tax assets	–
	1.4
Current assets	
Inventories	0.1
Receivables and other assets	0.3
Cash and cash equivalents	0.2
	2.0

in € million	
Non-current liabilities	
Non-current provisions	–
Financial liabilities	–
Trade payables and other liabilities	–
Deferred tax liabilities	0.1
	0.1
Current liabilities	
Current provisions	–
Financial liabilities	–
Trade payables and other liabilities	0.3
	0.4
Net assets on the disposal date	**1.6**

Gains/losses from the disposal of Group companies

in € million	
Consideration received for the sold shares	0.5
Net assets relinquished	- 1.6
Disposal result	**- 1.1**

Profit and loss from disposals is included in the income statement under other operating expenses.

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

in € million	
Purchase price settled through cash and cash equivalents	0.5
Less cash and cash equivalents paid out in connection with the disposal	0.2
	0.3

Other disposals due to consolidation in the financial year 2018

The following companies were sold in the fields of renewable energies in the financial year 2018:

Sold company	Parent company	Sold share in capital in %	Date of disposal
Berthllwyd Solar Project Limited, London, UK	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	28/02/2018
Bodwen Solar Project Limited, London, UK	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	28/02/2018
Ebnal Lodge Solar Project Limited, London, UK	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	06/04/2018
Hunger Hill Solar Project Limited, London, UK	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	25/06/2018
Sandhutton Solar Project Limited, London, UK	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	25/06/2018
Bilsborrow Solar Project Limited, London, UK	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	03/12/2018
C.P.E.S. Les Lacs Medocains du Bourg d'Hourtin SARL, Paris, France	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	11/12/2018
C.P.E.S. Les Lacs Medocains du Gartiou SARL, Paris, France	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	11/12/2018
C.P.E.S. Les Lacs Medocains de la Redoune SARL, Paris, France	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	11/12/2018
Tierceline Energies SAS, Paris, France	BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany	100.0	14/12/2018
Wathegar 2 Limited, London, UK	BayWa r.e. UK Limited, London, UK	100.0	18/12/2018
Biogas Meden Ltd., London, UK	Biomethananlage Welbeck GmbH, Gräfelfing, Germany	100.0	19/12/2018
Zonnepark Oranjepoort B.V., Heerenveen, Netherlands	Zonnepark B.V., Heerenveen, Netherlands	100.0	20/12/2018
Windpark Sien GmbH & Co. KG, Gräfelfing, Germany	BayWa r.e. Wind GmbH, Munich, Germany	100.0	27/12/2018
Windpark Spechenwald GmbH & Co. KG, Lesbach, Germany	BayWa r.e. Wind GmbH, Munich, Germany	100.0	27/12/2018
Free Mountain Systems S.L.U., Barcelona, Spain	BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0	28/12/2018

The effect of the loss of control resulting from these sales on the consolidated financial statements is as follows:

Consideration received

in € million	
Consideration received in the form of cash and cash equivalents for the sold shares	41.5

Assets and liabilities derecognised owing to control relinquished

in € million	
Non-current assets	
Intangible assets	–
Property, plant and equipment	–
Financial assets	2.2
Deferred tax assets	5.5
	7.7
Current assets	
Inventories	291.5
Receivables and other assets	16.1
Cash and cash equivalents	3.2
	310.9

in € million	
Non-current liabilities	
Non-current provisions	1.6
Financial liabilities	83.1
Trade payables and other liabilities	0.0
Deferred tax liabilities	1.6
	86.3
Current liabilities	
Current provisions	3.1
Financial liabilities	237.6
Trade payables and other liabilities	1.0
	241.6
Net assets on the disposal date	**- 9.3**

Gains/losses from the disposal of Group companies

in € million	
Consideration received for the sold shares	41.5
Net assets relinquished	- 9.3
Disposal result	**50.8**
thereof: attributable to minority shareholders	0.7
thereof: attributable to shareholders of the parent company	50.1

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	41.5
Less cash and cash equivalents paid out in connection with the disposal	- 3.2
	38.4

Material non-controlling shares

Companies in which BayWa AG either directly or indirectly holds less than 100% of the capital and voting rights are also included in BayWa AG's consolidated financial statements.

The summary of financial information for Group companies in which non-controlling shares are held is as follows:

	T&G Global Limited, Auckland, New Zealand		RWA AG, Vienna, Austria	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Share in the capital and voting rights held by the non-controlling shares	26.01%	26.01%	50.00%	50.00%
in € million				
Share in the annual result attributable to non-controlling shares	- 0.6	1.6	3.9	8.1
Aggregated non-controlling shares	27.0	25.1	160.8	171.6
Dividends distributed to non-controlling shares	2.3	1.2	2.1	2.1
Financial information (prior to consolidation)				
Current assets	5.4	115.8	442.0	395.5
Non-current assets	189.4	170.1	244.2	262.6
Current liabilities	0.1	94.6	306.3	254.4
Non-current liabilities	91.0	95.0	58.3	60.6
Revenues	- 0.0	–	1,047.5	1,187.0
Net result for the year	- 2.3	6.1	7.9	16.1
Other earnings	- 0.3	- 0.3	23.1	31.0
Total earnings	**- 2.6**	**5.8**	**31.0**	**47.1**

	"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria		BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Share in the capital and voting rights held by the non-controlling shares	48.94%	48.94%	49.00%	49.00%
in € million				
Share in the annual result attributable to non-controlling shares	3.3	3.0	0.7	0.9
Aggregated non-controlling shares	35.1	34.4	6.3	6.5
Dividends distributed to non-controlling shares	2.2	1.5	1.5	1.5
Financial information (prior to consolidation)				
Current assets	114.1	104.8	15.6	15.8
Non-current assets	86.8	83.0	18.7	18.8
Current liabilities	108.2	100.0	10.0	14.9
Non-current liabilities	20.9	17.6	11.5	6.4
Revenues	524.1	494.4	77.0	79.4
Net result for the year	6.8	6.2	1.5	1.9
Other earnings	- 0.2	- 0.5	0.1	0.0
Total earnings	**6.6**	**5.7**	**1.6**	**1.9**

	TFC Holland B.V., Maasdijk, Netherlands	
	31/12/2018	31/12/2017
Share in the capital and voting rights held by the non-controlling shares	26.58%	31.58%
in € million		
Share in the annual result attributable to non-controlling shares	1.7	1.2
Aggregated non-controlling shares	3.6	3.9
Dividends distributed to non-controlling shares	1.4	1.2
Financial information (prior to consolidation)		
Current assets	19.0	21.1
Non-current assets	5.3	5.3
Current liabilities	10.8	13.2
Non-current liabilities	–	0.8
Revenues	77.1	63.0
Net result for the year	6.3	3.8
Other earnings	–	–
Total earnings	**6.3**	**3.8**

Companies of secondary importance

Owing to their generally secondary importance, 96 (2017: 76) domestic and 136 (2017: 103) foreign affiliated companies are not included in the group of consolidated companies. These companies are recognised in the consolidated balance sheet in accordance with the requirements of IFRS 9. The aggregated annual results and aggregated equity (unconsolidated HB I values based on the individual financial statements) of these companies in the financial year 2018 are set out below:

Unconsolidated affiliated companies	in € million	Share in % in relation to the sum total of all fully consolidated companies in %
Net result for the year	- 0.5	0.27
Equity	18.1	0.52

Additional information on company acquisitions in the previous year

Energy System Services S.r.l., Milan, Italy

On 3 November 2017, BayWa AG acquired 100% of shares in Energy System Services S.r.l., Milan, Italy through BayWa r.e. Italia S.r.l., Milan, Italy, as part of a share deal to expand service business. Its initial inclusion in the consolidated financial statements took place on 1 January 2018.

The cost of the shares came to €1.8 million. and includes the contractually agreed purchase price component of €0.1 million, which will be disbursed in 2020. The transaction costs incurred in connection with the acquisition of the shares amount to €0.2 million. In the financial year 2017, these costs are included in the income statement under other operating expenses.

The goodwill resulting from the transaction includes non-separable intangible assets such as employee expertise and expected synergy effects. Goodwill is not tax deductible. The gross amount of the receivables amounted to €2.3 million as at the time of acquisition; the amount is considered recoverable in full.

Since 1 January 2018, the date of its initial inclusion in the group of consolidated companies, Energy System Services S.r.l. has generated revenues of €19.8 million and a net result of €0.2 million.

The net assets acquired in connection with the acquisition of Energy System Services S.r.l., measured at fair value, break down as follows:

in € million	Fair value
Intangible assets	1.3
Property, plant and equipment	1.2
Financial assets	–
Inventories	0.5
Financial assets	–
Receivables and other assets	2.3
Deferred tax assets	–
Cash and cash equivalents	–
Non-current liabilities	0.8
Current liabilities	2.9
Deferred tax liabilities	0.6
	1.0
Goodwill	0.8
Total purchase price	**1.8**

(B.2.) Joint ventures pursuant to IFRS 11 in conjunction with IAS 28

The following 11 (2017: 10) joint ventures over which the BayWa Group exerts joint control together with one or more external third parties on the basis of a contractual agreement are recognised under the equity method.

	Share in capital in %	Previous year's share in capital in %	Comment
Agriculture Segment			
Baltanás Cereales y Abonos, S.L., Baltanás, Spain	50.0	50.0	
Baltic Terminal Sp. z o.o., Gdynia, Poland	50.0	50.0	
BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa	50.0	50.0	
BHBW Limited, Maidenhead, UK	50.0	50.0	
Growers Direct Limited, Wakefield, UK	50.0	50.0	
Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany	50.0	50.0	
Transhispania Agraria, S.L., Torquemada, Spain	28.3	28.3	
VIELA Export GmbH, Vierow, Germany	50.0	50.0	
Wawata General Partner Limited, Nelson, New Zealand	50.0	50.0	
Energy Segment			
act renewable GmbH, Munich, Germany	50.0	–	Initial consolidation on 14/06/2018
Süddeutsche Geothermie-Projekte Verwaltungsgesellschaft mbH i. L., Gräfelfing, Germany	50.0	50.0	

The shares of these companies have been recognised at cost, taking account of changes in the net assets of the affiliated companies since the purchase of the shares.

Summary of financial information about the material joint ventures included under the equity method:

	Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany		VIELA Export GmbH, Vierow, Germany	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Shareholding	50.00%	50.00%	50.00%	50.00%
Voting rights	50.00%	50.00%	50.00%	50.00%
in € million				
Dividends received from joint ventures	–	–	–	–
Current assets	1.2	1.1	1.5	2.1
Non-current assets	12.8	9.6	12.9	12.3
Current liabilities	0.4	0.4	1.3	1.6
Non-current liabilities	6.7	3.6	4.9	5.1
Cash and cash equivalents	0.6	0.7	0.6	1.2
Current financial liabilities	–	–	–	–
Non-current financial liabilities	5.4	2.3	3.4	4.1
Revenues	2.3	2.2	4.4	4.8
Amortisation	- 0.3	- 0.3	- 0.8	- 0.7
Interest expenses	- 0.1	- 0.1	- 0.2	- 0.2
Interest income	0.0	0.0	0	0.0
Income tax expense	- 0.1	- 0.1	- 0.2	- 0.2
Net result for the year from continued operations	0.2	0.2	0.5	0.5
Other earnings	0.0	0.0	–	–
Total earnings	**0.2**	**0.2**	**0.5**	**0.5**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Joint venture’s net assets	6.9	6.8	8.1	7.7
Shareholding and voting rights	50.00%	50.00%	50.00%	50.00%
Goodwill	3.0	3.0	7.8	7.8
Other adjustments	- 0.1	- 0.1	–	–
Book value	6.3	6.3	11.8	11.6

Hafen Vierow - Gesellschaft mit beschränkter Haftung is responsible for managing and operating the port of Vierow and the construction of transhipment facilities as well as the shipment and warehousing of goods of all kinds. VIELA Export GmbH imports and exports agricultural goods and products.

	BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa	
	31/12/2018	31/12/2017
Shareholding	50.00%	50.00%
Voting rights	50.00%	50.00%
in € million		
Dividends received from joint ventures	–	–
Current assets	57.8	59.5
Non-current assets	14.2	13.3
Current liabilities	35.0	31.2
Non-current liabilities	0.7	0.4
Cash and cash equivalents	8.3	10.3
Current financial liabilities	–	–
Non-current financial liabilities	–	–
Revenues	82.1	83.5
Amortisation	- 0.3	- 0.2
Interest expenses	- 1.4	- 0.6
Interest income	0.0	0.0
Income tax expense	- 1.3	- 0.7
Net result for the year from continued operations	- 1.8	1.5
Other earnings	0.0	0.0
Total earnings	**- 1.8**	**1.5**
Losses not realised for the reporting period	–	
Aggregated losses not realised	–	
Transition		
Joint venture’s net assets	36.3	41.1
Shareholding and voting rights	50.00%	50.00%
Goodwill	–	–
Other adjustments	–	–
Book value	18.2	20.6

Die BHBW Holdings (Pty) Ltd, is responsible for trading and selling agricultural equipment and forklift trucks.

The above financial information relates to values used as a basis for the IFRS financial statements of the respective joint ventures.

Summary of financial information about the joint ventures included under the equity method which are, in and of themselves, not material:

in € million	**31/12/2018**	31/12/2017
Book value as at the balance sheet date	6.1	26.9
BayWa Group’s share in the net result for the year from continued operations	- 0.6	0.4
BayWa Group’s share in earnings from discontinued operations after tax	–	–
BayWa Group’s share in other earnings	- 0.1	–
BayWa Group’s share in total earnings	- 0.7	0.4
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–

(B.3.) Associates pursuant to IAS 28

The following 17 (2017: 21) associates over which the BayWa Group either has a proportion of voting rights of at least 20% and a maximum of 50%, or over whose business management or supervisory functions the BayWa Group exerts a significant influence, and which are not jointly held companies or companies of secondary importance, are recognised under the equity method.

	Share in capital in %	Previous year's share in capital in %	Comment
Agriculture Segment			
Allen Blair Properties Limited, Wellington, New Zealand	33.3	33.3	
Grandview Brokerage LLC, Seattle, USA	39.4	39.4	
Intelligent Fruit Vision Limited, Spalding, UK	24.0	24.0	
MoSagri B.V., Breda, Netherlands	25.0	25.0	
Mystery Creek Asparagus Limited, Hamilton, New Zealand	14.5	14.5	Significant economic ties and represented in management body
POP Worldwide Limited, Spalding, UK	24.0	24.0	
The Fruit Firm Limited, West Malling, UK	20.0	20.0	
Energy Segment			
Aufwind BB GmbH & Co. Zwanzigste Biogas KG, Regensburg, Germany	100.0	100.0	50% share in voting rights
EAV Energietechnische Anlagen Verwaltungs GmbH, Staßfurt, Germany	49.0	49.0	
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich, Germany	33.3	33.3	
Building Materials Segment			
PURE Applikationen GmbH & Co. KG, Regensburg, Germany	25.0	25.0	
Other Activities Segment (including financial participations)			
AHG- Autohandelsgesellschaft mbH, Horb am Neckar, Germany	49.0	49.0	
AUSTRIA JUICE GmbH, Allhartsberg, Austria	50.0	50.0	
biohelp - biologischer Pflanzenschutz-Nützlingsproduktions-, Handels- und Beratungs GmbH, Vienna, Austria	24.9	24.9	
BRB Holding GmbH, Munich, Germany	45.3	45.3	
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany	37.8	37.8	
LWM Austria GmbH, Hollabrunn, Austria	25.0	25.0	

The shares of these companies have been recognised at cost, taking account of changes in the net assets of the affiliated companies since the purchase of the shares.

The following companies were no longer included in the consolidated financial statements as associates recognised according to the equity method as at 31 December 2018:

	Share in capital in %	Previous year's share in capital in %	Comment
Energy Segment			
Biomethananlage Barby GmbH, Barby, Germany	–	25.1	Sale on 30/09/2018
Biomethananlage Staßfurt GmbH, Mannheim, Germany	–	25.1	Sale on 30/09/2018
C.P.E.S. Les Lacs Medocains du Tourillon SARL, Avignon, France	–	49.0	Sale on 20/09/2018
McKay Shipping Limited, Auckland, New Zealand	–	25.0	Sale on 30/04/2018

Summary of financial information about the material companies included under the equity method:

	BRB Holding GmbH, Munich, Germany		AUSTRIA JUICE GmbH, Allhartsberg, Austria	
	31/12/2018	31/12/2017	30/11/2018	30/11/2017
Shareholding	45.26%	45.26%	49.99%	49.99%
Voting rights	45.26%	45.26%	49.99%	49.99%
in € million				
Dividends received from associates	2.1	2.0	0.6	7.0
Current assets	1.2	1.1	207.3	231.3
Non-current assets	234.8	234.8	86.6	87.2
Current liabilities	1.2	1.1	244.1	275.2
Non-current liabilities	–	–	4.5	4.6
Revenues	–	–	238.3	227.3
Net result for the year from continued operations	4.7	4.4	9.7	4.0
Other earnings	–	–	- 1.7	- 1.1
Total earnings	**4.7**	**4.4**	**8.0**	**2.9**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Associate's net assets	234.9	234.9	45.3	38.6
Shareholding and voting rights	45.26%	45.26%	49.99%	49.99%
Goodwill	–	–	22.4	22.4
Other adjustments	- 17.3	- 17.3	–	–
Book value	89.0	89.0	46.6	43.2

BRB Holding GmbH holds equity holdings in companies in the cooperative group and conducts all other business serving to further these activities. AUSTRIA JUICE GmbH produces fruit juice concentrates, beverage compounds and aromas as well as fruit wines and fresh juices for the food and beverage processing industry.

Due to the company's business activities, the financial year of AUSTRIA JUICE GmbH ends on 28 February. For this reason, the reporting periods, which are used as the basis for the inclusion of the financial statements of AUSTRIA JUICE GmbH in the consolidated financial statements of BayWa AG, end on 30 November, and therefore deviates from the parent company's reporting date. Differing reporting periods have no impact on the net assets, financial position and result of operations of the BayWa Group.

	AHG- Autohandelsgesellschaft mbH, Horb am Neckar, Germany		Grandview Brokerage LLC, Seattle, USA	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Shareholding	49.00%	49.00%	39.39%	39.39%
Voting rights	49.00%	49.00%	39.39%	39.39%
in € million				
Dividends received from associates	1.6	1.6	0.2	–
Current assets	105.0	100.6	74.6	67.2
Non-current assets	40.5	42.2	9.2	10.3
Current liabilities	20.0	16.7	66.9	70.0
Non-current liabilities	107.2	108.8	7.9	–
Revenues	455.9	439.7	504.6	405.3
Net result for the year from continued operations	4.1	3.4	2.5	- 1.3
Other earnings	–	–	–	–
Total earnings	**4.1**	**3.4**	**2.5**	**- 1.3**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Associate's net assets	18.3	17.3	8.9	7.6
Shareholding and voting rights	49.00%	49.00%	39.39%	39.39%
Goodwill	0.1	0.1	15.3	15.3
Other adjustments	0.9	- 0.6	- 0.2	- 1.3
Book value	9.9	7.9	18.6	17.0

AHG- Autohandelsgesellschaft mbH trades new and used vehicles and offers a comprehensive range of mobility services. Grandview Brokerage LLC is an investment company.

The above financial information relates to values used as a basis for the IFRS financial statements of the associated company.

Summary of financial information about the associates included under the equity method which are, in and of themselves, not material:

in € million	**31/12/2018**	31/12/2017
Book value as at the balance sheet date	8.9	12.6
BayWa Group's share in the net result for the year from continued operations	1.0	0.1
BayWa Group's share in earnings from discontinued operations after tax	–	–
BayWa Group's share in other earnings	–	–
BayWa Group's share in total earnings	1.0	0.1
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–

A total of 39 (2017: 34) associates of generally secondary importance for the consolidated financial statements have been accounted for at fair value in accordance with IFRS 9 and not using the equity method. In this context, purchase cost provides the best estimate of fair value, unless the affiliated company in question is listed on a securities market and provided the earnings position of the company has not changed significantly compared to the plan. Generally speaking, there are no material differences between the purchase cost and the fair value of these companies due to their stable business models and business activities that can be considered negligible compared to the Group as a whole. The aggregated assets, liabilities, revenues and annual results (each based on the individual financial statements) of these companies in the financial year 2018 are set out below:

Associates not included under the equity method	in € million
Assets	179.1
Liabilities	144.9
Revenues	313.2
Net result for the year	4.0

(B.4.) Summary of the changes to the group of consolidated companies of BayWa

Compared with the previous year, the group of consolidated companies, including the parent company, has changed as follows:

	Germany	Abroad	Total
Included on 31/12/2018	**109**	**233**	**342**
thereof: fully consolidated	98	216	314
thereof: recognised at equity	11	17	28
Included on 31/12/2017	**116**	**239**	**355**
thereof: fully consolidated	104	220	324
thereof: recognised at equity	12	19	31

All Group holdings are listed separately (appendix to the Notes to the Consolidated Financial Statements).

(B.5.) Principles of consolidation

Capital consolidation at the time of initial consolidation is carried out through offsetting the cost against the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the time of acquisition (purchase method). If the cost exceeds the fair value of the identifiable assets, liabilities and contingent liabilities purchased, the difference is disclosed as goodwill under intangible assets as part of non-current assets. Goodwill is subject to an annual impairment test (Impairment Only Approach). If the book value of goodwill is higher than the recoverable amounts, impairment must be carried out; otherwise goodwill remains unchanged. If the cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities, the differences are recognised immediately through profit or loss.

All receivables and liabilities, as well as provisions within the group of consolidated companies, are offset. Interim results, if material, are eliminated. Interim results realised from associates are eliminated against the corresponding investments recognised at equity. If the respective investment does not exist to a sufficient extent for elimination, other assets related to the affected company are eliminated. If these do not exist or do not exist to a sufficient extent, the interim result is eliminated by recognising it in revenue reserves on the liabilities side to ensure that the result of operations reflects actual developments. It is not recognised as “deferred income” under other liabilities, as the eliminated interim result does not represent a liability and recognition as other liabilities would incorrectly depict the actual asset position. Intra-group revenues, expenses and earnings are netted.

(B.6.) Currency translation

The translation of the financial statements prepared in a foreign currency into euros is carried out by applying the concept of functional currency as defined under IAS 21. The companies of the BayWa Group operate independently. They are therefore considered “foreign operations”. Functional currency is the respective national currency or, in exceptional cases, the currency in which most of the respective company’s transaction are settled in. Assets and liabilities are converted at the exchange rate on the reporting date. This does not apply to investments, which are measured at historical exchange rates. Equity is carried at historical rates with the exception of income and expenses included directly in equity. The translation of the income statement is carried out using the average rate for the year. Differences resulting from currency translation are treated without effect on income, until such time as the subsidiary is disposed of and set off against other reserves in equity. The differences resulting from currency translation increased by €3.2 million in the reporting year (2017: decreased by €24.3 million).

The exchange rates for the currencies relevant to the BayWa Group are summarised in the table below:

		Balance sheet		Income statement	
		Middle rate on		Average rate	
	€1	31/12/2018	31/12/2017	2018	2017
Australia	AUD	1.622	1.535	1.579	1.476
Canada	CAD	1.561	1.504	1.530	1.467
China	CNY	7.875	7.831	7.807	7.634
Croatia	HRK	7.413	7.440	7.420	7.465
Czech Republic	CZK	25.724	25.540	25.665	26.333
Denmark	DKK	7.467	7.445	7.453	7.439
Hong Kong	HKD	8.968	9.423	9.234	8.805
Hungary	HUF	320.980	310.140	318.991	309.450
Japan	JPY	125.850	135.010	130.336	126.774
New Zealand	NZD	1.706	1.685	1.707	1.588
Peru	PEN	3.856	3.888	3.877	3.680
Poland	PLN	4.301	4.177	4.260	4.255
Republic of Fiji	FJD	2.461	2.471	2.462	2.304
Romania	RON	4.664	4.659	4.656	4.571
Russia	RUB	79.715	69.392	73.650	65.871
Serbia	RSD	118.195	118.473	118.280	121.360
Sweden	SEK	10.255	9.844	10.254	9.637
Switzerland	CHF	1.127	1.170	1.153	1.112
Thailand	THB	37.052	39.121	38.122	38.290
Ukraine	UAH	31.775	33.732	32.237	30.167
UK	GBP	0.895	0.887	0.886	0.874
USA	USD	1.145	1.199	1.180	1.128

(C.) Notes to the Balance Sheet

(C.1.) Intangible assets

Intangible assets purchased against payment are capitalised at cost and, with the exception of goodwill, amortised on a straight-line basis over their useful economic lives (generally three to five years). Intangible assets which have been created in-house (self-created) have been capitalised in accordance with IAS 38 if it is likely that the future economic benefit will accrue from the use of the assets and if the cost of the assets can be reliably determined. These assets have been recognised at cost, with an appropriate portion of the overheads relating to their development, and amortised on a straight-line basis. The calculation of impairment losses has been carried out in consideration of IAS 36. The calculation of the recoverable amount is based on the value in use.

The goodwill disclosed under intangible assets relates to the following company acquisitions:

in € million	**2018**	2017
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H.	0.8	0.6
AWS Entsorgung GmbH Abfall und Wertstoff Service	0.5	0.5
Bad und Heizung Krampfl GmbH	0.7	0.7
BayWa Agrarhandel Group	7.9	7.9
BayWa r.e. Bioenergy GmbH	1.4	1.4
BayWa r.e. Solar Energy Systems GmbH	14.0	14.0
BayWa r.e. Solar Projects LLC	0.7	0.7
BayWa r.e. Solar Systems LLC	15.7	14.9
BayWa r.e. Solar Systems S.r.l.	5.0	5.0
Cefetra Group	12.2	12.2
CLAAS Württemberg GmbH	1.2	1.2
ECOWIND Handels- & Wartungs-GmbH	1.3	1.3
Energy System Services S.r.l	0.9	–
EUROGREEN Group	2.1	3.4
Evergrain Germany GmbH & Co. KG	2.8	2.8
FarmFacts GmbH Group	1.5	1.5
GroenLeven Group	55.7	–
Peter Frey GmbH	1.0	1.0
Premium Crops Limited (goodwill from asset deal)	6.4	–
Schradenbiogas GmbH & Co. KG	1.9	1.9
Solarmarkt GmbH	3.4	3.3
Stark GmbH & Co. KG (goodwill from asset deal)	0.5	0.5
Sun Power Sicilia S.r.l	1.0	–
Sybac Service GmbH (merger with BayWa r.e. Operation Services GmbH in the financial year 2018)	0.6	–
T&G Global Group	7.0	6.8
TFC Holland B.V.	15.7	15.7
Thegra Tracomex Group	8.7	8.7
VISTA Geowissenschaftliche Fernerkundung GmbH	0.9	0.9
WAV Wärme Austria VertriebsgmbH	4.2	4.2
Other	2.2	1.8
	177.8	**113.0**

Other changes in the reporting year primarily concerned goodwill from the initial inclusion of the companies acquired into the group of consolidated companies and the sale of EUROGREEN Schweiz in the amount of €1.4 million. The goodwill resulting from the acquisition of BayWa r.e. Wind, LLC, Solarmarkt GmbH, the T&G Global Group, Wessex Grain Ltd., BayWa r.e. Solar Systems LLC and BayWa r.e. Solar Projects LLC is subject to fluctuating exchange rates, which caused changes compared to the previous year.

The goodwill attributable to BayWa r.e. Rotor Service GmbH and BayWa r.e. Rotor Service Vermögensverwaltungs GmbH, BayWa r.e. Wind, LLC, Landhandel Knaup GmbH, LTZ Chemnitz GmbH and Wessex Grain Ltd., which was presented separately in the previous year, has been reclassified to the others item in these consolidated financial statements due to reasons of materiality. Goodwill that arose in the financial year 2018 in relation to the acquisitions of Bölke Handel GmbH and Rinnovabili Melfi S.r.L. was also included in the others item for reasons of materiality.

The increase in goodwill from "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H. was the result of the acquisition of GRESSEL Baustoffe-GmbH in the financial year 2018; this company was merged with "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H. immediately after purchase.

Of the overall goodwill disclosed, an amount of €2.5 million (2017: €0.4 million) is tax deductible in subsequent years.

Goodwill is subject to an impairment test once a year. In the context of the impairment test, the residual book values of the goodwill allocated to the individual cash-generating unit are compared with fair value in use. Cash-generating units are essentially defined as legally independent organisation units directly assignable to the reporting segments within the BayWa Group (see Note B.1.). In the event of a business combination of legally independent organisation units, the respective operating unit or the respective geographically defined segment of the incorporating organisation unit is viewed as the cash-generating unit.

The calculation of the value in use is based on the net present value of future cash flows anticipated from the ongoing use of the cash-generating unit. In this process, the forecast of the cash flows is derived from the current planning prepared by Management on a three-year horizon, as well as other assumptions which are based on the knowledge available at the time, market forecasts and empirical experience.

The cash flows were based on business unit-specific discount factors between 3.9% and 8.3%. The growth rates are the expected average for the sector. For the purpose of extrapolating the forecast based on the third budget year, a currently expected business unit-specific growth rate of between 1.0% and 3.0% has been assumed for the periods thereafter.

Based on market data, the impairment test for cash-generating unit BayWa Agrarhandel Group used a discount factor of 5.9% as well as a constant growth rate, derived from the industry average and historical values, of 2.0%. A 0.5% increase in the discount factor would likely result in the book value exceeding the fair value in use of the cash-generating unit by approximately €5.3 million. A 0.5% decrease in the discount factor would, in turn, likely result in the book value exceeding the fair value in use of the cash-generating unit by approximately €4.2 million.

Based on market data, the impairment test for cash-generating unit BayWa r.e. Solar Systems S.r.l. used a discount factor of 5.9% as well as a constant growth rate, derived from the industry average and historical values, of 2.0%. A 0.5% increase in the discount factor would likely result in the book value exceeding the fair value in use of the cash-generating unit by approximately €1.0 million. A 0.5% decrease in the discount factor would, in turn, likely result in the book value exceeding the fair value in use of the cash-generating unit by approximately €1.0 million.

Based on market data, the impairment test for cash-generating unit Landhandel Knaup GmbH used a discount factor of 5.9% as well as a constant growth rate, derived from the industry average and historical values, of 2.0%. A 0.5% increase in the discount factor would likely result in the book value only exceeding the fair value in use of the cash-generating unit to a marginal extent. A 0.5% decrease in the growth rate would not result in the book value exceeding the fair value in use of the cash-generating unit.

The following is a breakdown of the additions to intangible assets:

in € million	2018	2017
Additions from developments within the company	6.8	10.0
Additions from separate acquisition	36.8	19.3
Additions from business combinations	101.3	28.3
	144.9	**57.6**

In the financial year 2018, research and development expenses of €2.9 million (2017: €0.3 million) were recognised under other operating expenses. The majority of research and development activities in the BayWa Group are attributed to FarmFacts GmbH, Pfarrkirchen, Germany, EUROGREEN GmbH, Betzdorf, Germany, and T&G Global Limited, Auckland, New Zealand.

(C.2.) Property, plant and equipment

All property, plant and equipment are used for operations. This item is measured at cost, minus depreciation. If necessary, an impairment loss is recognised. The cost is made up of the purchase price, incidental purchase (transaction) costs and subsequent purchase costs, less any price reductions received. If there is an obligation to decommission an asset which is part of non-current assets at the end of its useful life, or to dismantle or rebuild a site, the estimated costs of these activities will raise the cost of purchasing the asset. Property, plant and equipment are depreciated on a straight-line basis over the course of their useful life. The units of production method was also used in exceptional cases where this provided a true representation of the pattern in which the future economic benefits are expected to be consumed. Depreciation is based on the following periods of useful life applied uniformly throughout the Group:

	in years
Company premises and office buildings	25 – 33
Residential buildings	50
Land improvements	10 – 20
Technical facilities and machinery	4 – 30
Other facilities, fixtures and office equipment	3 – 15

The calculation of impairment losses has been carried out in consideration of IAS 36. Impairment requirements are calculated by comparing the book values of land and buildings and technical facilities with their recoverable amount. The calculation of the recoverable amount is based on the value in use. Material impairments were required in the financial year 2018 in relation to wind, solar and biogas facilities in the amount of €5.3 million; these were attributed to technical facilities and machinery in the Energy Segment. Material reversals of impairments of €7.0 million were recognised in relation to three wind parks due to a rise in feed-in tariffs; these were also attributed to technical facilities and machinery in the Energy Segment.

Borrowing costs in connection with the purchase of property, plant and equipment, which under IAS 23 should be capitalised, are not recognised in BayWa's consolidated financial statements owing to the lack of qualifying assets. An amount of €32.6 million (2017: €7.3 million) of total property, plant and equipment recognised at the end of the reporting period served as collateral for liabilities.

Assets from leasing are also disclosed under non-current assets. These are mainly finance lease qualifications in the area of real estate, technical facilities and machinery and EDP hardware. Under IAS 17, lease agreements are to be valued on the basis of opportunities and risks according to whether the beneficial ownership of the leased object is allocable to the lessee (finance lease) or the lessor (operating lease). Consequently, under IFRS the substance rather than the form of such transactions is the factor for determining value.

Under IAS 17, property, plant and equipment rented by way of finance lease are reported at fair value, provided that the net present value of the minimum lease payments is not lower. Depreciation is carried out on a straight-line basis over the expected useful life or over the shorter term of the contract. Payment obligations arising from future lease instalments are reported on the liabilities side as financial liabilities.

Non-current assets comprise assets worth €208.1 million (2017: €211.0 million) that qualify as finance leases and which are assignable to the Group as beneficial owner owing to the content of the related lease agreements. Of this amount, €200.9 million (2017: €203.0 million) relates to land and buildings, €1.0 million (2017: €0.7 million) to technical facilities and machinery, €6.2 million (2017: €7.3 million) to office fixtures and fittings. In individual cases, purchase options, classified as finance leases, were agreed at the end of the term for lease agreements. A decision is made on a case-by-case basis as to whether to exercise the option to purchase at the end of the respective term.

Leases of land and buildings result almost exclusively from a BayWa AG sale and lease back transaction in the financial year 2013 for a portfolio of 80 items of real estate. Due to the terms of the uniform lease agreements for the real estate that BayWa AG has leased ever since this time, these agreements are to be classified as finance leases pursuant to the classification criteria of IAS 17. The lease agreements include a fixed terms of 10 years initially, with the lessor having two lease extension options of 10 and then 5 years. In the event that the lessor exercises both of the lease extension options, BayWa AG will then have the option to extend the lease term by a further 5 years. There is no option to purchase the real estate at the end of the lease term. The accounting profit resulting from the transaction is included as deferred income under other liabilities and is released through profit or loss over the term of the lease.

The overall future lease instalments under the existing lease agreements totalled as follows:

in € million	**2018**	2017
Sum total of future minimum lease payments		
Due within one year	22.8	19.4
Due between one and five years	80.2	73.4
Due after more than five years	189.9	198.9
	292.9	**291.7**
Interest portion included in future minimum lease payments		
Due within one year	11.5	11.5
Due between one and five years	40.8	41.1
Due after more than five years	64.8	73.3
	117.1	**125.9**
Present value of future minimum lease payments		
Due within one year	11.2	8.0
Due between one and five years	39.4	32.2
Due after more than five years	125.1	125.6
	175.7	**165.8**

In respect of agreements which are classified as operating leases, largely real estate rental contracts, vehicle leasing and irrevocable building rights agreements, the future minimum lease payments are as follows:

in € million	2018	2017
Sum total of future minimum lease payments		
Due within one year	69.0	78.6
Due between one and five years	145.3	152.5
Due after more than five years	261.6	268.7
	475.9	**499.7**

In the financial year, rental expenses of €69.8 million (2017: €71.8 million) from operating leases were paid.

(C.3.) Participating interests recognised at equity, other financial assets and securities

Joint ventures and associated companies included in the consolidated financial statements are recognised using the equity method in proportion to their equity plus any goodwill generated from the acquisition process.

Other financial assets of BayWa Group comprise interests in non-consolidated affiliated companies, interest in other holdings, credit balances with cooperatives, loans and securities. In accordance with the measurement categories of IFRS 9, these financial assets are recognised at fair value through other comprehensive income with and without reclassification or at fair value through profit or loss.

Securities, credit balances with cooperatives, interests in non-consolidated affiliated companies and participations in other companies were attributed to the “fair value through profit or loss” category at the end of the reporting period. The fair value generally corresponds to the market or stock market value (level 1 and level 2 of the fair value hierarchy). In the case of interests in non-consolidated affiliated companies and participations in other companies, purchase cost provides the best estimate of fair value, unless the company in question is listed on a securities market or the earnings position of the company has not changed significantly compared to the plan. The option to measure equity instruments at fair value through other comprehensive income as defined in IFRS 9 was only utilised in relation to shares in Raiffeisen Bank International AG, Vienna, Austria, and other shares in an affiliated company in Austria as well as shares in other companies belonging to Turners and Growers Horticulture Limited, Auckland, New Zealand. The utilisation of this option ensures consistency of measurement.

The fair value of the shares in Raiffeisen Bank International AG amounted to €85.4 million as at 31 December 2018. Dividends of €2.4 million were generated from these shares in 2018. The fair value of the other shares in an affiliated company in Austria amounted to €0.3 million.

At Turners and Growers Horticulture Limited, the fair value of the shares in other companies measured through other comprehensive income was €0.1 million as at 31 December 2018. No dividends resulted from these shares in 2018.

Loans to affiliated companies and other holdings as well as other loans are attributed to the “amortised cost” category. These are measured at amortised cost using the effective interest method. Due to reasons of materiality, no risk provisions were formed for expected credit losses.

Development of consolidated non-current assets for 2018

Note (C.1.– C.3. and C.5.)

in € million	Acquisition/production costs							
	01/01/2018	Currency translation differences	Additions due to consolidation	Additions	Disposals	Disposals due to consolidation	Reclassification	31/12/2018
Intangible assets								
Industrial property rights, similar rights and assets	288.2	0.1	36.5	41.6	- 2.8	- 2.6	7.6	368.5
Goodwill	136.2	1.0	64.9	0.2	–	- 3.6	0.1	198.9
Prepayments on account	11.8	–	–	1.8	- 1.4	–	- 7.8	4.4
	436.1	**1.1**	**101.4**	**43.5**	**- 4.2**	**- 6.2**	**- 0.1**	**571.8**
Property, plant and equipment								
Land, similar rights and buildings, including buildings on leasehold land	1,472.5	- 3.9	1.6	30.3	- 46.7	–	10.9	1,464.9
Technical facilities and machinery	977.3	- 2.1	- 0.8	23.3	- 75.7	- 0.2	5.7	927.5
Other facilities, fixtures and office equipment	325.0	- 0.2	1.9	43.8	- 23.7	- 0.5	4.2	350.6
Prepayments and assets under construction	66.1	- 0.2	1.6	59.3	- 9.3	–	- 23.7	93.7
Non-current biological assets	21.6	- 0.2	–	1.8	- 1.6	–	0.6	22.2
	2,862.5	**- 6.5**	**4.3**	**158.5**	**- 157.0**	**- 0.7**	**- 2.2**	**2,858.8**
Participating interests recognised at equity	**214.6**	**- 2.0**	–	**11.3**	**- 7.1**	**- 2.3**	**0.1**	**214.6**
Other financial assets								
Shareholdings in affiliated companies	28.4	–	- 0.2	5.6	- 0.1	3.7	- 1.2	36.2
Loans to affiliated companies	0.3	–	–	3.5	–	–	–	3.8
Participations in other companies	31.9	–	0.2	11.6	- 1.3	–	- 1.2	41.1
Loans to associated companies	42.6	–	–	0.1	- 10.4	–	–	32.4
Non-current marketable securities	56.7	–	–	0.4	- 0.1	–	81.7	138.8
Other loans [1]	3.7	–	–	0.3	- 1.2	–	1.0	3.9
	163.6	–	**0.0**	**21.6**	**-13.0**	**3.7**	**80.3**	**256.2**
Investment property								
Land	34.5	–	–	–	- 0.1	–	- 0.1	34.4
Buildings	67.0	–	–	–	- 0.3	–	-11.7	54.9
	101.5	**–**	**–**	**–**	**- 0.3**	**–**	**- 11.8**	**89.4**
Consolidated non-current assets	**3,778.2**	**- 7.4**	**105.9**	**235.0**	**- 181.7**	**- 5.5**	**66.3**	**3,990.8**

1 Of the other loans, €2.2 million were reclassified from non-current assets to current assets as at 1 January 2018. As a result, the opening figures for the financial year 2018 are different from the figures reported as at 31 December 2017.

	Depreciation/amortisation									Book values	
	01/01/2018	Currency translation differences	Additions due to consolidation	Current year	Disposals	Disposals due to consolidation	Write-ups	Reclassification	31/12/2018	31/12/2018	31/12/2017
	- 177.7	- 3.0	- 0.1	- 32.9	1.8	2.6	–	- 2.7	- 212.0	156.5	110.5
	- 23.2	–	–	–	–	2.2	–	0.0	- 21.1	177.8	113.0
	- 4.5	–	–	–	–	–	0.2	3.7	- 0.6	3.8	7.2
	- 205.4	**- 3.0**	**- 0.1**	**- 32.9**	**1.8**	**4.8**	**0.2**	**0.9**	**- 233.7**	**338.1**	**230.7**
	- 617.9	1.4	- 0.5	- 35.1	22.6	–	0.1	- 8.3	- 637.7	827.2	854.6
	- 605.3	1.5	- 1.0	- 42.1	52.3	0.2	7.0	2.8	- 584.5	342.9	372.0
	- 224.3	0.1	- 0.9	- 31.3	21.0	0.4	–	- 0.1	- 235.0	115.7	100.7
	- 0.4	–	–	–	–	–	–	4.7	4.3	98.0	65.7
	- 5.7	0.1	–	- 1.0	0.7	–	–	- 0.1	- 6.0	16.1	15.8
	- 1,453.6	**3.2**	**- 2.4**	**- 109.5**	**96.7**	**0.7**	**7.1**	**- 1.1**	**- 1,458.9**	**1,399.9**	**1,408.9**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**214.6**	**214.6**
	- 13.8	–	–	- 1.2	–	- 3.7	–	- 0.2	- 18.9	17.3	14.6
	–	–	–	- 0.3	–	0.3	–	–	–	3.8	0.2
	- 3.1	–	–	–	- 0.1	–	–	0.4	- 2.8	38.3	163.5
		–	–	–	–	–	–		-	32.4	42.6
	83.8	–	–	–	- 0.1	–	–	- 113.7	- 30.0	108.8	5.8
		–	–	–	–	–	–	–	-	3.9	5.8
	66.9	**–**	**–**	**- 1.6**	**- 0.2**	**- 3.3**	**0.1**	**- 113.5**	**- 51.8**	**204.5**	**232.6**
	- 3.3	–	–	–	–	–	–	- 0.8	- 4.0	30.4	31.3
	- 57.3	–	–	- 0.9	0.3	–	–	10.8	- 47.2	7.8	9.7
	- 60.6	**–**	**–**	**- 0.9**	**0.3**	**–**	**–**	**10.0**	**- 51.2**	**38.2**	**40.9**
	- 1,652.6	**0.1**	**- 2.5**	**- 144.9**	**98.6**	**2.1**	**7.4**	**- 103.7**	**- 1,795.6**	**2,195.3**	**2,127.7**

Development of consolidated non-current assets for 2017
Note (C.1.– C.3. and C.5.)

in € million	Acquisition/production costs							
	01/01/2017	Currency translation differences	Additions due to consolidation	Additions	Disposals	Disposals due to consolidation	Reclassification	31/12/2017
Intangible assets								
Industrial property rights, similar rights and assets	244.4	- 2.1	27.3	11.7	4.3	0.9	12.0	288.2
Goodwill	127.7	- 2.1	2.0	10.5	0.0	2.0	–	136.2
Prepayments on account	17.5	- 0.3	–	7.0	0.1	–	- 12.4	11.8
	389.6	**- 4.5**	**29.4**	**29.3**	**4.3**	**2.9**	**- 0.4**	**436.1**
Property, plant and equipment								
Land, similar rights and buildings, including buildings on leasehold land	1,447.5	- 17.6	19.5	21.2	7.7	0.7	10.4	1,472.5
Technical facilities and machinery	985.9	- 14.0	6.2	21.7	14.9	10.2	2.6	977.3
Other facilities, fixtures and office equipment	304.9	- 1.8	5.3	46.6	27.6	4.2	1.8	325.0
Prepayments and assets under construction	50.4	- 1.8	0.0	60.7	3.0	0.0	- 40.2	66.1
Non-current biological assets	19.2	- 1.9	–	0.0	–	–	4.2	21.6
	2,807.9	**- 37.2**	**31.0**	**150.2**	**53.1**	**15.1**	**- 21.3**	**2,862.5**
Participating interests recognised at equity	**215.2**	**–**	**7.3**	**19.3**	**3.6**	**16.5**	**- 7.1**	**214.6**
Other financial assets								
Shareholdings in affiliated companies	27.3	–	4.3	4.6	7.8	0.0	0.1	28.4
Loans to affiliated companies	0.3	- 0.0	–	0.2	0.1	–	–	0.2
Participations in other companies	101.8	- 0.0	17.4	- 0.1	37.2	–	1.8	83.7
Loans to associated companies	35.5	- 0.0	0.0	34.6	28.2	–	0.7	42.6
Non-current marketable securities	5.2	- 0.0	–	–	0.3	–	–	5.0
Other loans	3.3	0.0	0.6	3.9	2.1	–	- 0.0	5.9
	173.4	**- 0.1**	**22.3**	**43.2**	**75.7**	**0.0**	**2.6**	**165.7**
Investment property								
Land	33.7	–	–	1.3	–	–	- 0.4	34.5
Buildings	69.3	–	–	0.0	0.5	–	- 1.9	67.0
	103.0	**–**	**–**	**1.3**	**0.5**	**–**	**- 2.3**	**101.5**
Consolidated non-current assets	**3,689.2**	**- 41.7**	**90.0**	**243.2**	**137.2**	**34.6**	**- 28.5**	**3,780.4**

	Depreciation/amortisation									Book values	
	01/01/2017	Currency translation differences	Additions due to consolidation	Current year	Disposals	Disposals due to consolidation	Write-ups	Reclassification	31/12/2017	31/12/2017	31/12/2016
	- 153.4	3.8	- 1.1	- 29.6	2.6	0.5	–	- 0.6	177.7	110.5	91.0
	- 23.6	0.0	–	- 1.6	0.0	2.0	–	–	23.2	113.0	104.1
	–	0.0	–	- 4.5	–	–	–	–	4.5	7.2	17.5
	- 177.0	**3.8**	**- 1.1**	**- 35.7**	**2.6**	**2.5**	**–**	**- 0.6**	**205.4**	**230.7**	**212.6**
	- 597.0	3.4	- 1.9	- 35.3	2.5	0.1	–	10.4	617.9	854.6	850.4
	- 586.1	9.7	- 2.2	- 44.4	13.1	2.0	–	2.8	605.3	372.0	399.8
	- 216.9	0.2	- 5.6	- 28.4	25.7	0.7	–	- 0.1	224.3	100.7	88.1
	- 0.0	0.0	–	- 0.4	0.0	–	–	–	0.4	65.7	50.3
	- 5.2	0.6	–	- 1.2	–	–	–	–	5.7	15.8	14.1
	- 1,405.2	**13.9**	**- 9.7**	**- 109.9**	**41.3**	**2.9**	**–**	**13.1**	**1,453.6**	**1,408.9**	**1,402.7**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**214.6**	**215.2**
	- 13.4	–	–	- 0.2	0.1	–	–	- 0.2	13.8	14.6	13.8
	0.0	–	–	–	0.0	–	–	–	–	0.2	0.3
	29.0	–	–	- 1.6	0.2	–	49.3	2.9	- 79.8	163.5	130.9
	–	–	–	–	–	–	–	–	–	42.6	35.5
	0.1	- 0.1	–	- 0.1	0.1	–	0.8	–	- 0.9	5.8	5.3
	- 0.1	–	–	–	–	–	–	–	0.1	5.8	3.3
	15.6	**- 0.1**	**–**	**- 1.9**	**0.4**	**–**	**50.1**	**2.7**	**- 66.9**	**232.6**	**189.1**
	- 3.4	–	–	–	–	–	–	0.1	3.3	31.3	30.3
	- 58.1	–	–	- 1.6	0.5	–	–	1.9	57.3	9.7	11.3
	- 61.4	**–**	**–**	**- 1.6**	**0.5**	**–**	**–**	**2.0**	**60.6**	**40.9**	**41.6**
	- 1,628.0	**17.7**	**- 10.8**	**- 149.1**	**44.7**	**5.4**	**50.1**	**17.3**	**1,652.7**	**2,127.7**	**2,061.1**

(C.4.) Biological assets

The unharvested fruits of bearer plants of T&G Global Limited and its subsidiaries in New Zealand are recognised in biological assets. Biological assets are also measured at fair value depending on their location and the condition of the respective plants, less estimated selling costs. Gains or losses from the change in the fair value of biological assets are recognised in the income statement. Selling costs include all costs required to sell the assets.

The fair values of biological assets developed as follows:

2018 in € million	Apples	Tomatoes	Citrus fruits	Grapes	Other fruits	Total
Biological assets						
Biological assets on 01/01	11.8	1.5	1.3	0.0	1.5	16.1
Capitalised costs	18.0	1.1	4.7	1.1	2.5	27.4
Change in fair value less selling costs	3.6	2.4	0.3	–	- 0.2	6.1
Disposals due to harvest	- 19.3	- 3.6	- 5.2	- 1.1	- 3.5	- 32.7
Currency translation differences	- 0.2	0.0	0.0	0.0	- 0.2	- 0.4
Biological assets on 31/12	**13.9**	**1.4**	**1.1**	**0.0**	**0.1**	**16.5**

2017 in € million	Apples	Tomatoes	Citrus fruits	Grapes	Other fruits	Total
Biological assets						
Biological assets on 01/01	11.8	0.7	1.3	0.0	1.3	15.1
Capitalised costs	12.1	1.2	6.2	–	2.2	21.7
Change in fair value less selling costs	0.5	2.1	- 0.4	–	0.1	2.3
Disposals due to harvest	- 11.4	- 2.4	- 5.8	0.0	- 1.9	- 21.5
Currency translation differences	- 1.2	- 0.1	0.0	–	- 0.2	1.5
Biological assets on 31/12	**11.8**	**1.5**	**1.3**	**0.0**	**1.5**	**16.1**

The fair values of the biological assets of the BayWa Group, which comprise the main categories of apples, blueberries, citrus fruits, kiwis and tomatoes, are calculated annually on the basis of discounted cash flows.

Costs are based on current average costs and are in line with standard industry costs. The underlying costs vary depending on the location, the nature of cultivation and variety of the bearer plants. A suitable discount rate is determined to allow the fair value of future cash flows to be calculated. The market value of the biological assets before or during the harvest period is based on estimated harvest volumes and market prices, less harvesting and cultivation costs. Changes in the assumptions and estimates used to determine the market value may have a significant impact on the carrying value of the biological assets and the reported result of the valuation.

The following key assumptions and considerations were taken into account when determining the fair value of the Group's biological assets:

- Predictions for the following year are based on inflation-adjusted forecast cash flows, include estimates of the future revenues and take into account the location and variety of the biological assets.
- Forecast cash flows from sales in different currencies are not hedged and are translated at average exchange rates on the basis of data provided by financial institutions and in consideration of forecast sales in the Group's functional currency.
- Risk-adjusted discount rates take into account risks associated with the harvest, such as natural disasters, diseases in plants, or other factors that could negatively affect quality, yields, or prices.
- All material changes in the current year and the following year from harvest management.

The finance team keeps a close eye on the main categories of biological assets throughout the year and is also responsible for measuring biological assets for the purposes of external financial reporting. In addition, the measurement process is also evaluated twice a year by the Chief Financial Officer of the New Zealand subsidiary, his or her controller, the chief financial officers of the business divisions and the finance team with regard to financial reporting requirements.

The measurement methods applied at the Group are to be allocated to level 3 of the fair value hierarchy and are therefore not based on observable market data. There were no transfers between the individual levels of the fair value hierarchy as at 31 December 2018. The following level 3 input factors were defined and applied for the purposes of measurement:

- Harvest yields, presented as tray carton equivalents per hectare and tonnes per hectare, are defined on the basis of previous production volumes in the respective location of the crops and estimated harvest volumes in consideration of the age and condition of the plant.
- Prices ex works are calculated on the basis of future income from the sale of biological assets in consideration of past development, the current market price and known market conditions at the end of the reporting period.
- Discounting rates are defined in consideration of past development and loss events as well as the assessment of the fair value and known current risks that are to be assessed.

The fair value of biological assets and the level 3 input factors are analysed at the end of the reporting period. In this analysis, input factors are reviewed and verified in view of current market conditions. The calculated fair value of biological assets are reviewed as to whether they suitably reflect the anticipated yields for each type of fruit. The cash outflow assumed in the fair value calculation includes notional cash flows for land and fruit plantations attributable to the Group. They are based on market rates for plantations of a similar size.

The following unobservable input factors were used to measure the Group's biological assets:

	Unobservable input factors	Variance of unobservable input factors	
		2018	2017
Apples	tce[1] per hectare per year	1,400 tce[1] to 6,500 tce[1]	1,800 tce[1] to 6,000 tce[1]
	Weighted average tce[1] per hectare per year	3,652 tce[1]	3,848 tce[1]
	Export prices per tce[1]	€5.86 to €38.10	€11.87 to €35.61
	Weighted average export prices per tce[1]	€17.13	€18.58
	Risk-adjusted discount rate	25%	25%
Blueberries	Tonnage per hectare per year	6.5 tonnes	6.1 tonnes
	Weighted average tonnage per hectare per year	6.5 tonnes	6.1 tonnes
	Price per kilogram ex works per season	€4.98 to €16.41	€7.69 to €11.66
	Weighted average price per kilogram ex works per season	€11.26	€11.17
	Risk-adjusted discount rate	18%	18%
Citrus fruits	Tonnage per hectare per year	29 tonnes	16 tonnes to 35 tonnes
	Weighted average tonnage per hectare per year	29 tonnes	26 tonnes
	Price per tonne ex works per season	€556.86 to €1,565.06	€593.47 to €1,068.25
	Weighted average price per tonne ex works per season	€1,213.36	€765.62
	Risk-adjusted discount rate	14%	14%
Kiwi fruits	Crates per hectare per year		8,500 crates to 15,000 crates
	Weighted average crates per hectare per year		8,656 crates
	Price per crate ex works per season		€1.31 to €5.20
	Weighted average price per crate ex works per season		€2.57
	Risk-adjusted discount rate		18%
Tomatoes	Tonnage per hectare per year	180 tonnes to 605 tonnes	174 tonnes to 620 tonnes
	Weighted average tonnage per hectare per year	420 tonnes	430 tonnes
	Price per kilogram ex works per season	€0.84 to €10.72	€0.72 to €10.44
	Weighted average price per kilogram ex works per season	€2.40	€2.08
	Risk-adjusted discount rate	25%	25%

1 tce – tray carton equivalent (equates to approximately 18 kg)

A rise in the harvest volume or a price increase will result in an increase in the fair value of the biological assets. A rise in the discount rate, on the other hand, will result in a decrease in the fair value of the biological assets.

Financial risks may arise from the Group's agricultural activities as a result of unfavourable climatic conditions or natural disasters. Furthermore, the Group may be exposed to financial risks as a result of unfavourable changes in market prices or harvest volumes or unfavourable change in exchange rates.

Price risks are minimised by the constant monitoring of commodity prices and the influences of these. The Group also implements appropriate measures to ensure that climatic conditions, natural disasters, diseases in plants, or other factors do not negatively impact harvest quality and yields. Derivative financial instruments, such as commodity futures, are used to reduce foreign currency risks.

The following table shows the owned and leased land available for the cultivation of the various types of biological assets:

In hectares	**2018**	2017
Biological assets		
Apples	710	756
Blueberries	11	11
Citrus fruits (lemons, mandarins, oranges)	133	153
Grapes	74	48
Kiwi fruits	46	46
Tomatoes	28	29
Other biological assets	1	1

The following table shows the production volume of the various types of biological assets on own and leased land available for cultivation:

	2018	2017	Production units
Biological assets			
Apples	1,610,435	1,800,272	tce
Blueberries	50,839	58,996	kg
Citrus fruits (lemons, mandarins, oranges)	3,975,307	3,825,968	kg
Grapes	99,000	–	kg
Kiwi fruits	682,168	340,712	Class 1 crates
Tomatoes	11,889,015	12,265,000	kg
Other biological assets	20,833	32,870	kg

(C.5.) Investment property

The "Investment property" item comprises 77 (2017: 87) pieces of land and buildings under lease and/or not essential to the operations of the Group. Allocation is made if the property is leased by third parties, if it is land or greenfield sites not built on and not expressly intended for development or use, and in the case of properties used for a number of purposes, if use by the Group is of minor significance. Properties in this category are mainly warehouses, market buildings, garden centres, farm buildings (barns, etc.), silos, farmland and other undeveloped land as well as, to a minor extent, office and residential buildings.

In accordance with the option under IAS 40, these properties are recognised exclusively at amortised cost and not at fair value and depreciated over their periods of useful life as indicated under Note C.2. The book value on the reporting date came to €38.2 million (2017: €40.9 million). In the financial year, depreciation of buildings came to €0.9 million (2017: €1.6 million). The expense in the same amount has been included under depreciation and amortisation in the income statement. No impairment losses were recognised in the reporting year. In the reporting year, buildings with a book value of €1.0 million (2017: €0.0 million) were reclassified from investment property to property, plant and equipment and non-current assets held for sale. In addition, land with a book value of €1.1 million (2017: €0.3 million) recognised in investment property was reclassified to property, plant and equipment and non-current assets held for sale.

The fair value of these properties was set at €100.6 million (2017: €105.5 million). Fair value is not usually calculated by an expert. Fair value at the end of the reporting period is generally determined on the basis of discounted cash flow calculations (level 3 of the fair value hierarchy). The value of the land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking actual annual rental income generated, less standard management expenses and the residual useful life of the building. A comparison of fair value against the book value of the individual properties showed that there were no impairment requirements in the reporting year. a result, no impairment losses were recognised on land and buildings – as was also the case in the previous year.

Rental income came to €5.4 million (2017: €6.2 million); operating expenses (excluding depreciation) for the properties for which rental income was realised came to €0.5 million (2017: €0.5 million). In regard to properties for which no rental income was generated, operating expenses amounted to €0.2 million (2017: €0.2 million).

(C.6.) Income tax assets

The table below shows a breakdown of income tax assets:

in € million	**2018**	2017
Non-current income tax claims (with a residual term of more than one year)	0.0	0.0
Current income tax claims (with a residual term of up to one year)	54.2	74.1
	54.2	**74.1**

(C.7.) Financial assets

BayWa Group's financial assets comprise currency hedges as well as commodity futures classified as financial instruments pursuant to IFRS 9. These financial assets are measured at fair value though profit or loss. In the case of FX hedges, the fair value is calculated on the basis of the respective stock market or market values (level 1 of the fair value hierarchy) at the end of the reporting period or derived from observable market data (level 2 of the fair value hierarchy). Commodity futures are measured at fair value either directly at prices quoted in an active market at the end of the reporting period (level 1 of the fair value hierarchy) or values are calculated from prices quoted for the respective goods taking into account the term at the end of the reporting period (level 2 of the fair value hierarchy).

The classification of the fair values of financial assets in the fair value hierarchy breaks down as follows:

	Fair values			
in € million 31/12/2018	Level 1	Level 2	Level 3	Total
Financial assets				
Commodity futures	9.4	172.4	–	181.8
FX hedges	31.7	8.1	–	39.8
Interest rate hedges	–	–	–	–
	41.1	**180.5**	**–**	**221.6**

	Fair values			
in € million 31/12/2017	Level 1	Level 2	Level 3	Total
Financial assets				
Commodity futures	13.9	109.3	–	123.3
FX hedges	16.4	–	–	16.4
Interest rate hedges	–	0.0	–	0.0
	30.4	**109.3**	**–**	**139.7**

(C.8.) Other receivables and other assets

If they constitute financial instruments and therefore fall under the scope of IFRS 9, receivables and other assets are to be allocated to the "amortised cost" category and recognised accordingly. Receivables from taxes do not fall under the scope of IFRS 9 and are recognised pursuant to IAS 12. Other non-financial assets contained in other assets also do not fall under the scope of IFRS 9 and are generally recognised at the nominal amount. Receivables which are non- or low-interest-bearing with terms of more than one year have been discounted.

The table below shows a breakdown of "Other receivables and other assets":

in € million	**2018**	2017
Non-current receivables (with a residual term of more than one year)		
Trade receivables	8.6	8.7
Receivables from other taxes	0.0	0.0
Other receivables, including deferred income	20.4	26.0
	29.0	**34.7**
Current receivables (with a residual term of up to one year)		
Trade receivables	1,086.0	925.1
Receivables from affiliated companies	19.8	18.3
Receivables from companies in which a participating interest is held	47.5	29.1
Receivables from other taxes	73.1	57.0
Other receivables, including deferred income	479.7	387.8
	1,706.0	**1,417.3**

The current values of items recognised at amortised cost do not diverge materially from the book values disclosed due to their current nature.

Receivables due from affiliated companies and shareholdings relate to both trade receivables and current financings.

Other assets comprise first and foremost supplier credits not yet settled and other receivables items as well as collateral that is required to be posted within the scope of the trading activities. In addition, payments on account for inventories amounting to €81.0 million (2017: €67.2 million) and contract assets of €23.2 million are included.

Under IFRS 9, risk provisions for expected credit losses are to be formed for risks based in particular on the credit rating of the respective contractual party in the case of all financial instruments classified as debt instruments that are not measured at fair value through profit or loss. This expected credit loss model replaces the impairment model under IAS 39, which may no longer be used for financial instruments.

Under the general model, risk provisions for expected credit losses resulting from a default event within the next 12 months are to be recognised at addition for all financial instruments classified as debt instruments (stage 1). If the risk of default increases significantly over time (such as payments being over 30 days past due), the expected credit loss period is to be extended to cover the remaining term of the financial instrument so that the risk provisions reflect expectations regarding defaults on payment for the remaining term (stage 2). If there is objective evidence of impairment, such as insolvency on the part of the debtor, a corresponding impairment is to be recognised (stage 3).

Besides the general model to calculate risk provisions, IFRS 9 also provides a simplified method for trade receivables and contract assets. Under this method, risk provisions for expected credit losses are to be determined at addition for the remaining term (stage 2). The impairment to be recognised in stage 3 in the case of objective evidence of said impairment also applies to the same extent under the simplified method. Either the simplified approach and the general model can be chosen in the case of lease receivables.

Extensive analysis at the end of the financial year 2017 showed that risk provisions for stage 1 and stage 2 expected credit losses at the BayWa Group were of minor importance in relation to almost all financial assets at the point of initial application of IFRS 9. A review conducted at the end of the financial year 2018 confirmed this assessment. As a result, no risk provisions for stage 1 or stage 2 expected losses were formed for reasons of materiality in the case of non-current trade receivables as well as financial assets included in other non-current assets, which fall under the scope of the general model. In addition, risk provisions also play a minor role, both individually and taken as a whole, in the simplified approach applied to current receivables from affiliated companies and Group companies and financial assets included in other current assets – as in the case of contract assets and lease receivables –, meaning that no separate stage 2 provisions were recognised here either. Stage 3 risk provisions have been and continue to be formed if there is any objective evidence of impairment in relation to the aforementioned items.

The following table shows the gross book values of other receivables and other assets for each stage of risk provisions for expected credit losses.

in € million	Total gross value 2018	Gross value stage 3 adjusted	Neither overdue nor impaired	Overdue	Thereof: without stage 3 adjustments at the end of the reporting period and overdue in the following periods			
					Fewer than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
Receivables and other assets	1,763.9	26.3	1,390.3	347.4	265.1	31.6	10.1	40.6

The overdue assets shown in the table concern current trade receivables. Risk provisions for stage 2 expected credit losses were formed on these gross receivables values. The gross book values of the stage 3 adjusted receivables include, trade receivables, receivables from affiliated companies and other financial receivables.

The following table shows the credit risks included in the receivables and other assets in the previous year.

in € million	Gross value 2017	Specific value adjustments on receivables	Receivables neither overdue nor impaired	Overdue receivables	Thereof: without specific value adjustments at the end of the reporting period and overdue in the following periods			
					Fewer than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
Receivables	1,476.4	23.9	1,151.7	300.8	219.4	34.7	13.5	33.2

Since the beginning of the financial year 2018, separate risk provisions for stage 2 expected credit losses have been calculated and recognised for current trade receivables within the scope of an impairment matrix split into the periods by which the receivables are overdue pursuant to the simplified approach under IFRS 9. The primary influencing factors with regard to the value of the risk provisions are the parameters probability of default on the basis of historical defaults, complemented by an assessment of future development of the probability of default on the part of the management, and the underlying receivable amount. Risk provisions for stage 2 expected credit losses developed as follows in the financial year 2018:

in € million	**2018**
As at 01/01/2018	**5.6**
Allocation	0.9
Release	- 0.7
Write-offs	- 0.1
Change due to changes in the group of consolidated companies	0.0
Currency translation differences	0.0
As at 31/12/2018	**5.7**

The following tables show risk provisions for stage 2 expected credit losses split into periods by which the item is overdue as well as the underlying probabilities of default in the financial year 2018:

			Stage 2 risk provisions for expected credit losses			
in € million	Not overdue	Overdue	Less than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
01/01/2018	0.8	4.8	0.1	0.4	0.3	4.0
31/12/2018	0.8	4.9	0.7	0.4	0.4	3.4

			Probabilities of default			
in %	Not overdue	Overdue	Less than 30 days	Between 31 and 60 days	Between 61 and 90 days	91 days and over
01/01/2018	0% – 1.1%	–	0% – 47.0%	0% – 23.5%	0% – 25.1%	0% – 69.9%
31/12/2018	0% – 1.1%	–	0% – 25.5%	0% – 25.0%	0% – 60.2%	0% – 83.6%

In addition, IFRS 9 requires at least two scenarios to be observed when calculating risk provisions for stage 2 expected losses, including the possibility of default and of non-default. We meet this requirement by adjusting the probabilities of default based on historical default rates by a particular percentage. We have set this rate at 60%.

Risk provisions for stage 3 expected credit losses on other receivables and other assets developed as follows in the financial year 2018:

in € million	**2018**
As at 01/01/2018	**21.4**
Allocation	7.8
Release	- 4.2
Write-offs	- 1.9
Change due to changes in the group of consolidated companies	0.1
Currency translation differences	0.0
As at 31/12/2018	**23.2**

The BayWa Group's customer structure is strongly diversified, both regionally and in terms of the specific segments. As part of risk management, minimum requirements for creditworthiness and, beyond this, individual credit limits in respect of individual customers have been established for all customers of the BayWa Group. The receivables portfolio of the BayWa Group is largely made up of numerous small receivables. Credit limits of more than €1 million are only accorded to a small number of customers with particularly good credit standing. The continual analysis of the receivables portfolio and special monitoring of customers with high credit limits enable the early identification and evaluation of concentration risks (risk clusters). As at 31 December 2018, the credit risk positions of 18 debtors (2017: 34) were more than €1 million respectively. The Group does not anticipate any material default risk in respect of these customers.

In order to enhance its financing structure, the Group has secured trade receivables by way of asset-backed securitisation (ABS measure). The total volume from the ABS measure amounted to €140.000 million. Utilisation will be adjusted in line with the variable and seasonal circumstances. The trade receivables secured as at the balance sheet date by way of an ABS measurement totalled €154.9 million (2017: €128.9 million).

(C.9.) Actual and deferred tax assets

Income tax expenses constitute the sum total of current tax expenses and deferred taxes. Current tax expenses are calculated on the basis of taxable income in the year. Taxable income differs from the consolidated result before tax due to expenses and income which are either taxable or tax deductible in subsequent years or never. The Group's liability in respect of current taxes is calculated on the basis of the prevailing tax rates or those that will be valid in the near future from the standpoint of the reporting date. Deferred taxes are recognised for the differences between the book values of the assets and liabilities in the consolidated financial statements and the corresponding tax valuations in the context of calculating taxable income. Deferred tax liabilities are generally reported for all taxable temporary differences; deferred tax assets are only recognised if it is probable that there are taxable gains which can be used for deductible temporary differences. Deferred tax assets on loss carryforwards are recognised provided that future tax advantages are likely to be realised within the next five years (maximum). Such deferred tax assets and deferred tax liabilities are not reported if they arise from temporary differences in goodwill (separate consideration of tax-related goodwill) or from the initial recognition (excepting business combinations) of other assets and liabilities resulting from transactions which have no effect on taxable income or the net result for the year. Deferred tax liabilities are formed for taxable temporary differences arising from shares held in subsidiaries or in associates as well as interests in joint ventures, except where the timing of the reversal can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arise through temporary differences in the context of investments and loans which are only recorded to the extent that it is probable that there will be sufficient taxable income available from which assets from temporary differences can be used and where the assumption can be made that they will reverse in the foreseeable future.

The book value of deferred tax assets is assessed every year at the end of the reporting period and lowered if it is unlikely that there will be sufficient taxable income for fully or partially realising the claim.

Deferred tax assets and liabilities are calculated on the basis of expected tax rates (and tax laws) which are likely to be valid at the time when liabilities are settled or assets realised. The measurement of deferred tax assets and liabilities reflects the fiscal consequences which would arise from the way in which, at the end of the reporting period, the Group expects the liabilities to be settled and the assets realised.

Deferred tax assets and liabilities are netted if there is an enforceable right for offsetting current tax assets against current tax liabilities and if they are subject to income tax levied by the same tax authority, and the Group has the intention of settling its current tax assets and current tax liabilities on a net basis. Current and deferred taxes are reported as expenses or income through profit or loss unless they are incurred in connection with items not reported in the income statement (either in other comprehensive income or directly in equity). In this case, the tax is also to be reported outside the income statement. Moreover, there is no recognition through profit or loss if tax effects arise from the initial recognition of a business combination. In the case of a business combination, the tax effect is to be included when the business combination is accounted for.

(C.10.) Inventories

Raw materials, consumables and supplies, unfinished and finished goods as well as services and merchandise are disclosed under inventories.

Raw materials, consumables and supplies as well as merchandise are generally valued at cost, taking account of lower net realisable values. In most cases, the average-cost method is applied. In some cases, the first in, first out (FIFO) method was applied. Unfinished and finished goods are recognised at their cost of production. They include all costs directly allocable to the production process as well as an appropriate portion of production-related overheads. Financing costs which can be directly assigned to the purchase, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Agricultural produce, harvested from biological assets, is recognised at fair value at the time of harvest less the expected selling costs (see Note C.4. for details on the fair value measurement of biological assets). Inventory risks arising from the storage period or diminished marketability trigger impairment. Lower values on the reporting date due to lower realisable value are accounted for. One exception to this rule applies to the inventories of the Group companies, which are held exclusively for trading and are therefore measured at fair value less selling costs.

Inventories break down as follows:

in € million	2018	2017
Raw materials, consumables and supplies	33.2	34.6
Unfinished goods/services	844.9	478.2
Finished goods/services and merchandise	2,031.4	1,810.0
	2,909.5	**2,322.7**

In the case of lower net realisable value, write-downs are generally carried out in the form of specific value adjustments. Only in exceptional cases was a flat rate calculation applied. Impairment recognised in profit or loss for the reporting year decreased year on year, from €106.2 million in 2017 to €92.5 million in the reporting year.

The book value of the inventories reported at fair value less selling costs amounted to €524.1 million at the end of the reporting period (2017: €439.4 million). The fair value of inventories is derived from prices quoted for comparable inventories in active markets at the end of the reporting period. €25.8 million of the inventories disclosed on the reporting date served as collateral for liabilities (2017: €7.1 million).

In the reporting year, no borrowing costs (2017: €0.6 million) were capitalised as part of the cost of unfinished goods. The calculation of inventories is carried out through a (brought forward) end-of-period inventory or through continuous inventory.

Performance obligations resulting from contracts with BayWa customers performed over a period of time are particularly attributable to the Agricultural Equipment business unit (newly constructed animal equipment), the Building Materials business unit (e.g. turnkey house construction) as well as in the Renewable Energies business unit (e.g. construction of wind and solar parks). Pursuant to IFRS 15, revenue recognition over time in accordance with the percentage of completion is mandatory for these kinds of projects and similar projects, with percentage of completion defined according to costs incurred (cost-to-cost method). Percentage of completion is calculated on the basis of contract costs incurred for performed work compared to expected total contract costs. Changes to contractual work, benefits and performance bonuses are included to the extent that the amount can be reasonably estimated and their receipt is considered likely.

If the outcome of a contracts with customers and the performance obligations agreed in such contracts cannot be reliably estimated, revenue is only recognised to the extent of the contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss shall immediately be recognised as an expense.

The BayWa Group recognises amounts received before construction work is performed in the consolidated balance sheet as contract liabilities. All invoiced amounts that have not yet been paid by customers are presented in the balance sheet as part of trade receivables, other receivables or contract assets

Incurred costs and realised profit shares, less losses incurred for current construction contracts, amounted to €256.7 million as at the reporting date (2017: €140.1 million). The BayWa Group's sales revenues include revenue from construction contracts recognised over time of €209.8 million (2017: €74.1 million).

Contract liabilities resulting from payments received on performance obligations from current contracts with customers amounted to €81.6 million in the current financial year (as at 1 January: €59.6 million).

The “Other receivables and other assets” item includes receivables from contracts with customers of €97.3 million (2017: €86.6 million) and contract assets, recognised for the first time in the financial year 2018, of €23.2 million. No provisions for impending losses from onerous contract had to be recognised, either in the financial year or in the previous year.

(C.11.) Cash and cash equivalents

Cash and cash equivalents worth €120.6 million (2017: €105.6 million) comprise cash in hand, cheques and deposits in banks with initial terms of no more than three months.

(C.12.) Non-current assets held for sale/disposal groups

Assets of the BayWa Group are classified as non-current assets held for sale if there is a Board of Management resolution on the sale and the sale is highly probable within the following year (2019).

At the end of the reporting period, there were 7 properties (2017: 9) intended for sale and disclosed under the non-current assets held for sale item. These relate to a former seed store, a transhipment facility and developed land on which warehouses, halls, silos, workshops, offices, one residential property and one building materials centre have been constructed.

The standard under IFRS 5 regulating measurement specifies that depreciation of the respective assets must be suspended and impairment losses must only be recognised owing to lower fair values less costs to sell.

There were assets with book values assigned to non-current assets held for sale/disposal groups totalling €4.2 million at the end of the reporting period (2017: €13.7 million). Fair value less estimated costs to sell came to a total of €7.2 million (2017: €14.5 million).

Fair value is measured on the basis of ongoing purchase price negotiations taking into account possible costs to sell. In those cases in which no disposal prices could be derived from ongoing purchase price negotiations, the fair value of real estate is measured on the basis of discounted cash flow calculations (level 3 of the fair value hierarchy). The value of the land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking actual annual rental income generated, less standard management expenses and the residual useful life of the building.

Non-current assets held for sale/disposal groups break down as follows:

in € million 2018	Agriculture Segment	Building Materials Segment	Energy Segment	Innovation & Digitalisation Segment	Other Activities	Total
Non-current assets						
Property, plant and equipment	0.1	0.1	–	–	4.1	4.2
Non-current assets held for sale/disposal groups	**0.1**	**0.1**	**–**	**–**	**4.1**	**4.2**

in € million 2017	Agriculture Segment	Building Materials Segment	Energy Segment	Innovation & Digitalisation Segment	Other Activities	Total
Non-current assets						
Property, plant and equipment	–	–	1.2	–	12.5	13.7
Non-current assets held for sale/disposal groups	–	–	**1.2**	–	**12.5**	**13.7**

The gains or losses from disposal realised in the current financial year in connection with non-current assets held for sale/disposal groups were reported in the income statement under other operating income (Note D.2.) and other operating expenses (Note D.5.).

(C.13.) Equity

The consolidated statement of changes in equity shows the development of equity in detail.

Subscribed capital

On 31 December 2018, BayWa AG's subscribed capital of €89.9 million (2017: €89.6 million) was divided into 35,138,148 ordinary registered shares with an arithmetical portion in the share capital of €2.56 per share. Of the shares issued, 33,769,555 are registered shares with restricted transferability and 125,342 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2019 onwards). 1,243,251 shares are registered shares not subject to restricted transferability.

In respect of subscribed capital disclosed and pursuant to IAS 32, the share capital was reduced by the mathematical value of the shares bought back (19,500 units, the equivalent of €0.1 million) in previous years; the capital reserve also decreased by €0.1 million for the same reason. No shares were bought back in the financial year 2017.

The number of shares in circulation, excluding repurchased treasury shares, developed as follows during the reporting year:

	Registered shares without restricted transferability	Registered shares with restricted transferability
As at 01/01/2018	1,243,251	33,750,055
Issuing of employee shares		125,342
As at 31/12/2018	**1,243,251**	**33,875,397**

Subject to the approval of the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 31 May 2021 by a nominal amount of up to €12,500,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital 2016).

Furthermore, subject to the approval of the Supervisory Board, the Management Board is authorised to raise the share capital one or several times on or before 18 May 2020 by up to an overall nominal amount of €5,000,000.00 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued. Of this amount, €1,216,778.24 has been utilised as at 31 December 2018 through the issuing of employee shares. The remaining amount stands at €3,783,221.76 (remaining authorised capital 2015).

Subject to approval by the Supervisory Board, the Board of Management of BayWa AG is authorised to raise the share capital one or several times on or before 31 May 2023 by up to a nominal amount of €10,000,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital 2018).

Capital reserves

The capital reserve of €114.8 million (2017: €111.5 million) is derived mainly from the premiums in an amount of €85.1 million (2017: €81.8 million) from the capital increases executed to date by BayWa AG. Furthermore, premiums were generated on the nominal values of the BayWa shares issued in connection with the acquisition of RWA AG and WLZ AG and the participations exchanged below their rating at the historical stock market prices. These have also been disclosed under capital reserve.

As in 2017, employees of BayWa AG and associates in Germany and Austria had the opportunity to acquire BayWa shares at favourable conditions within the scope of a voluntary Employee Share Scheme in 2018. In this context, 125,342 recent (as at 1 January 2019 dividend-bearing) (2017: 111,621 recent [as at 1 January 2019 dividend-bearing]) registered shares with restricted transferability were issued in the financial year 2018. The exercise price of employee shares came to €17.49 (2017: €19.53) and was thus 60% of the stock market price of registered BayWa shares with restricted transferability, which, on the preceding day, had stood at €29.15 (2017: €32.55); BayWa's Board of Management had passed the resolution on the capital increase required for this measure. As in 2017, the contribution of each participating employee amounted to at least €135.00 and no more than €540.00. The advantage granted of €1.5 million (2017: €1.5 million), which was the difference between the actual buying price and the stock market price, was posted to capital reserve in accordance with IFRS 2 and reported as an expense under personnel expenses. The vesting period for these shares will end on 31 December 2020. The shares issued to Austrian employees are also subject to a tax retention period, which will end on 31 December 2023.

Hybrid capital

BayWa AG issued a hybrid bond on 4 October 2017 with a total nominal amount of €300.0 million. Taking into account a discount of 0.551%, the issue price amounted to 99.449% of the total nominal amount. Net income from the issue amounted to €295.2 million. The remaining difference is attributable to bank fees and transaction costs incurred as part of the issue, including the deferred tax assets formed as a result.

The hybrid capital is an equity instrument as defined under IAS 32 and has no fixed term. It can only be terminated by BayWa by way of ordinary termination or also by way of extraordinary termination is certain circumstances arise. The capital is then repaid. In terms of interest in the period between the issue and repayment, there are two distinct phases: In the phase up to the first possible repayment date in 2022 the interest rate is at a fixed rate of 4.250%. In the second phase up to the repayment of the bond, the rate of interest is variable with the margin determined in advance. The discount, bank fees and transaction costs, as well as deferred tax assets on these costs, were deducted directly from equity in accordance with IAS 32.37 et seq.

In the financial year 2018, dividend-like payments of €12.8 million were made and are reported as part of the appropriation of earnings.

Revenue reserves

The revenue reserves of the Group stood at €536.4 million at the end of the reporting period (2017: €557.2 million). Of this amount, €5.2 million (2017: €5.2 million) was attributable to the statutory reserve, €14.4 million (2017: €29.4 million) to the assessment reserve, minus €223.3 million (2017: minus €226.6 million) to the reserves for actuarial gains and losses for provisions for pensions and severance pay and €740.1 million (2017: €749.3 million) to other reserves. Transfers to and withdrawals from the revenue reserves were recorded both at the parent company BayWa AG and at the consolidated subsidiaries.

Other reserves

Other reserves comprise consolidated profit available for distribution of €55.9 million (2017: €57.3 million) as well as currency translation differences of minus €6.5 million (2017: minus €4.3 million) recognised through other comprehensive income.

Minority interest

The minority interest in equity primarily pertains to the cooperatives invested in the Austrian subsidiaries as well as the minority shareholders in T&G Global Limited and their respective subsidiaries. Details on the shares held by the non-controlling shareholders can be found in Note B.1. of the Consolidated Financial Statements.

(C.14.) Pension provisions

In Germany, there is a defined benefit statutory basic care scheme for employees which undertakes pension payments depending on the contributions made. In addition, pension provisions are set up as part of the company pension scheme to cover obligations arising from accrued pension rights and from ongoing payments to employees in active service and former employees of the BayWa Group and their dependants. According to the legal, economic and fiscal circumstances of the respective countries, there are different systems of provisioning for retirement which are generally based on the length of service and the remuneration of the employees.

The BayWa Group's current pension commitments are based exclusively on defined benefit plans. They are based both on company agreements and commitments made on a case-by-case basis. For the most part, these are final pay plans. The obligation of the company consists in fulfilling the committed benefits to active and former employees ("defined benefit plans"). The benefit commitments undertaken by the Group are financed by allocations to provisions.

Due to pension plans no longer being available to new participants, the risks for BayWa related to defined benefit plans – such as longevity or salary increases – have been significantly reduced. Prior commitments relate to 12,152 claimants. Of this number, 2,594 are active employees, 2,143 former employees with vested benefits and 7,415 are pensioners and surviving dependants. More details on the arrangement of the key defined benefit plans are provided below.

BayWa grants retirement benefits on the basis of the benefit commitments of benefit plans taken out; the amount paid out depends on the employees' wages or salary. These constitute traditional defined benefit obligations in the form of fixed-sum systems, benchmark systems or final salary based commitments granted in the form of old-age, invalidity, widow/widower or orphan's pensions. The Group bears the actuarial risks for these prior commitments; these risks include longevity and interest rate risks.

The Group's Austrian companies also grant benefit plans; the amount paid out also depends on the employees' wages or salary. These benefit plans are also granted in the form of old-age, invalidity, widow/widower or orphan's pensions. The Group also bears the actuarial risks for these commitments; these risks include longevity and interest rate risks.

In addition, the Austrian Group companies have statutory obligations to issue severance payments after the termination of an employment contract. These obligations are defined benefit plans and, as such, also fall within the scope of IAS 19. The Group also bears interest rate risks in these cases.

The provisions for pensions and severance pay have been formed according to the projected unit credit method in accordance with IAS 19. Pursuant to this method, not only the pension and pension rights at the end of the reporting period, but also future increases in pensions and salaries are accounted for applying a cautious assessment of the relevant variables. This calculation is derived from actuarial appraisals and based on a biometric calculation.

The amount of the pension obligations (defined benefit obligation) has been calculated using actuarial methods where estimates are indispensable. Along with assumptions of life expectancy, the following premises, which have been established for the companies in Germany and Austria, play a role. In the case of Group companies which are not located in Germany and Austria, benefit commitments only exist in exceptional cases.

in %	**31/12/2018**	**31/12/2017**
Discount factor	1.90	1.85
Salary trend	1.00 – 3.00	1.00 – 3.00
Pension trend	1.00 – 2.50	1.00 – 2.50

The amount of severance pay obligations (defined benefit obligation) has also been calculated using actuarial methods based on estimates. The following assumptions were applied as a standard for all Austrian Group companies. The non-Austrian Group companies do not have any severance pay obligations.

in %	**31/12/2018**	31/12/2017
Discount factor	1.30	1.10
Salary trend	2.50 – 3.50	2.50 – 3.50

The salary trend reflects anticipated increases in salaries which, depending on inflation and the length of service to the company, among other factors, are estimated on an annual basis.

For the German companies, assumptions on life expectancy were based on the mortality tables of Prof. Dr. Klaus Heubeck (actuarial tables 2018 G). "AVO 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler" (computational framework for post-employment benefit insurance) in the version intended for employees is used for the Austrian companies.

Increases and decreases in the present value of defined benefit obligations can give rise to actuarial gains or losses, the cause of which can also be divergences between actual and estimated parameters of calculation. The resulting actuarial gains and losses are recognised in equity.

Actuarial gains of €1.9 million (2017: €12.9 million) were recorded directly in equity in the reporting year. As at the end of the reporting period, actuarial losses recognised directly in equity before deferred taxes amounted to €298.6 million (2017: €300.6 million).

Total expenses from BayWa Group's benefit commitments amounted to €17.8 million (2017: €17.9 million) and comprise the following:

in € million	2018	2017
Current service cost	- 5.9	- 6.4
+ share of interest	- 11.9	- 11.4
= sum total recognised through profit or loss	**- 17.8**	**- 17.9**

Total expenses from the Austrian Group companies' severance pay obligations amounted to €1.6 million (2017: €1.8 million) and comprise the following:

in € million	2018	2017
Current service cost	- 1.1	- 1.4
+ share of interest	- 0.5	- 0.4
= sum total recognised through profit or loss	**- 1.6**	**- 1.8**

The expenses arising from the accrued interest on rights acquired in the past are disclosed under the financial result. Rights accrued in the respective financial year are included under personnel expenses.

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of pension obligations reported at Group level have changed as follows:

in € million		2018	2017
DBO as at 01/01		665.4	690.0
+	Changes in the group of consolidated companies	–	–
+	Sum total through profit or loss	17.8	17.9
+/–	Changes in actuarial gains (–)/losses (+)	- 1.3	- 13.4
–	Pension payments during the reporting period	- 29.7	- 28.6
+/–	Assumption of obligations	- 1.0	- 0.5
=	**DBO as at 31/12**	**651.2**	**665.4**

The actuarial gains calculated for the reporting year comprise actuarial gains from adjustments based on empirical experience of €3.6 million (2017: actuarial losses of €1.7 million), actuarial gains from the change in financial assumptions of €3.7 million (2017: €15.0 million) as well as actuarial losses from the change in demographic assumptions of €6.0 million (2017: actuarial gains of €0.2 million).

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of provisions for severance pay reported at Group level have changed as follows:

in € million		2018	2017
DBO as at 01/01		37.4	34.2
+	Changes in the group of consolidated companies	0.1	–
+	Sum total through profit or loss	1.6	1.8
+/–	Changes in actuarial gains (–)/losses (+)	- 0.6	0.6
–	Severance payments in the reporting period	- 2.5	- 1.8
+/–	Assumption of obligations	1.4	2.5
=	**DBO as at 31/12**	**37.4**	**37.4**

The actuarial gains calculated for the reporting year comprise actuarial gains from adjustments based on empirical experience of €0.1 million (2017: €0.1 million), actuarial gains from the change in demographic assumptions of €0.1 million (2017: €0.0 million) as well as actuarial gains from the change in financial assumptions of €0.4 million (2017: €0.7 million).

Defined pension obligations developed as follows:

in € million	
2014	671.6
2015	655.3
2016	690.0
2017	665.4
2018	**651.2**

The actuarial gains (–)/losses (+) from adjustments with regard to pension obligations based on empirical experience are as follows:

in € million	
2014	0.2
2015	0.7
2016	3.4
2017	1.7
2018	**- 3.6**

Severance pay obligations developed as follows:

in € million	
2014	32.3
2015	32.7
2016	34.2
2017	37.4
2018	**37.4**

The actuarial gains (–)/losses (+) from adjustments with regard to severance pay obligations based on empirical experience are as follows:

in € million	
2014	- 0.6
2015	0.1
2016	0.2
2017	- 0.1
2018	**- 0.1**

In the financial year 2019, we expect that a probable amount of €17.5 million will be recognised through profit or loss for defined benefit plans and €1.6 million for severance pay obligations.

Sensitivity analyses

The material measurement parameters for pension obligation and severance pay provisions are the discount factor as well as the salary trend, and for pension obligations also include the pension trend and the remaining life expectancy, all of which may be subject to a certain degree of fluctuation over time. The following sensitivity analyses for pension and severance pay obligations show the effects on the obligations resulting from changes to material actuarial assumptions. In each case, one material factor was changed with the others remaining constant. In reality, however, it is rather unlikely that these factors would not correlate.

Sensitivity analysis for the DBO from pension obligations

	Change in parameter in % or years	If the parameter increases, the DBO changes by	If the parameter decreases, the DBO changes by	Relationship between measurement parameter and DBO
Discount rate	± 0.75%	- 9.96%	14.57%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	0.85%	- 0.82%	The higher the salary increase, the higher the DBO
Pension increase	± 0.50%	5.86%	- 5.79%	The higher the pension increase, the higher the DBO
Remaining life expectancy according to mortality tables	±1 year	4.20%	- 4.15%	The higher the life expectancy, the higher the DBO

Sensitivity analysis from the DBO from severance pay obligations

	Change in parameter in % or years	If the parameter increases, the DBO changes by	If the parameter decreases, the DBO changes by	Relationship between measurement parameter and DBO
Discount rate	± 0.75%	- 6.24%	6.98%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	4.47%	- 4.19%	The higher the salary increase, the higher the DBO

The weighted duration of pension obligations is 16 years (2017: 15 years). The weighted duration of severance pay obligations is 9 years (2017: 9 years).

The expected undiscounted payments from pension and severance pay obligations in subsequent years are as follows:

in € million	Sum total	2019	2020–2023	2024–2028	> 2028
Pension obligations	972.6	30.0	120.3	147.7	674.6
Severance pay obligations	45.3	2.0	10.0	13.9	19.4

(C.15.) Other provisions

Other provisions are formed when there is a present legal or factual obligation towards a third party resulting from an event in the past which is likely to be called upon and when the amount of the provision can be reliably estimated. Provisions are recognised in the amount of the anticipated utilisation. Provisions which were not drawn upon in the following year are recognised at the discounted settlement amount at the end of the reporting period. Discounting is based on market rates.

Other provisions are mainly attributable to:

in € million	**31/12/2018**	31/12/2017
Non-current provisions (with a majority of more than one year)		
Obligations from personnel and employee benefits	29.8	66.9
Other provisions	23.0	21.0
	52.8	**87.9**
Current provisions (with a maturity of up to one year)		
Obligations from personnel and employee benefits	85.9	82.0
Other provisions	102.6	116.4
	188.5	**198.4**

Provisions for obligations arising from personnel and employee benefits consist mainly of provisions for anniversary expenses, vacation backlogs and flexitime credits as well as for age-related part-time service.[1] Other provisions mainly comprise provisions for obligations from dismantling operations, for outstanding invoices and guarantee obligations as well as for impending losses from uncompleted transactions. In addition, there are a number of discernible risks and uncertain obligations. They mainly relate to costs for inherited contamination, follow-up costs and litigation risks.

1 Note: In the previous year, severance pay provisions were recognised under obligations from personnel and employee benefits and explained in the section on pension provisions. In the financial year 2018, these provisions were reclassified to pension provisions. The previous-year figures in the table have been adjusted accordingly.

The provisions developed as follows:

in € million 2018	As at 01/01/2018	Allocation	Reclassification	Compound interest/ discounting	Consumption	Release	Currency translation differences	As at 31/12/2018
Non-current provisions								
Obligations from personnel and employee benefits	30.0	4.7	- 0.3	0.5	- 4.9	- 0.2	–	29.8
Other provisions	21.0	3.2	2.2	0.4	- 1.8	- 2.0	0.1	23.0
	50.9	**7.9**	**1.9**	**0.8**	**- 6.7**	**- 2.2**	**0.1**	**52.8**
Current provisions								
Obligations from personnel and employee benefits	81.5	68.7	0.4	–	- 57.3	- 7.3	- 0.1	85.9
Other provisions	116.4	95.3	- 2.5	–	- 89.4	- 17.1	- 0.1	102.6
	197.9	**164.0**	**- 2.1**	–	**- 146.8**	**- 24.4**	**- 0.2**	**188.5**

in € million 2017	As at 01/01/2017	Allocation	Reclassification	Compound interest/ discounting	Consumption	Release	Currency translation differences	As at 31/12/2017
Non-current provisions								
Obligations from personnel and employee benefits	28.9	5.8	- 0.1	0.5	- 4.1	- 1.0	–	30.0
Other provisions	23.9	3.7	- 0.4	1.3	- 6.4	- 0.6	- 0.6	21.0
	52.8	**9.5**	**- 0.5**	**1.8**	**- 10.4**	**- 1.6**	**- 0.6**	**50.9**
Current provisions								
Obligations from personnel and employee benefits	68.5	66.1	0.1	–	- 49.0	- 3.7	- 0.6	81.5
Other provisions	110.8	75.0	0.4	0.1	- 60.7	- 7.1	- 2.0	116.4
	179.3	**141.0**	**0.5**	–	**- 109.6**	**- 10.8**	**- 2.5**	**197.9**

(C.16.) Financial liabilities

Financial liabilities include all interest-bearing obligations of the BayWa Group effective on the reporting date. These liabilities break down as follows:

in € million 2018	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	1,604.9	595.8	287.3	2,488.0
Commercial paper	626.0	–	–	626.0
Dormant equity holding	1.4	–	–	1.4
	2,232.2	**595.8**	**287.3**	**3,115.3**

in € million 2017	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	1,119.0	693.2	191.2	2,003.5
Commercial paper	318.5	–	–	318.5
Dormant equity holding	1.4	–	–	1.4
	1,438.9	**693.2**	**191.2**	**2,323.3**

The BayWa Group finances itself through credit lines and short-term loans for which no collateral is furnished. In individual cases, long-term bank loans are used. In the financial year 2018, BayWa AG placed various bonded loans in a nominal amount of €203.0 million. BayWa AG placed other bonded loans in 2014 and 2015. The bonded loans serve to diversify the Group's financing and are reported under liabilities due to banks.

2018	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 13-month variable	75.0	11/06/2019	1-month Euribor plus 0.40%
Bonded loan 3-year variable	5.5	19/07/2021	6-month Euribor plus 0.70%
Bonded loan 5-year fixed	12.5	19/07/2023	1.119%
Bonded loan 5-year variable	22.5	19/07/2023	6-month Euribor plus 0.85%
Bonded loan 7-year fixed	3.0	21/07/2025	1.536%
Bonded loan 7-year variable	14.5	21/07/2025	6-month Euribor plus 1.00%
Bonded loan 5-year fixed	45.0	12/12/2023	1.18%
Bonded loan 7-year fixed	19.0	12/12/2025	1.61%
Bonded loan 7-year variable	3.0	12/12/2025	6-month Euribor plus 0.95%
Bonded loan 10-year fixed	3.0	12/12/2028	2.10%

2015	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 5-year fixed	26.0	09/11/2020	1.03%
Bonded loan 5-year variable	20.0	09/11/2020	6-month Euribor plus 0.75%
Bonded loan 6-year fixed	28.0	09/11/2021	1.52%
Bonded loan 6-year variable	21.5	09/11/2021	6-month Euribor plus 1.10%
Bonded loan 7-year fixed	33.5	09/11/2022	1.71%
Bonded loan 7-year variable	24.5	09/11/2022	6-month Euribor plus 1.15%
Bonded loan 10-year fixed	46.5	09/11/2025	2.32%

2014	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 5-year fixed	100.5	06/10/2019	1.34%
Bonded loan 5-year variable	53.0	06/10/2019	6-month Euribor plus 0.85%
Bonded loan 7-year fixed	79.5	06/10/2021	1.87%
Bonded loan 7-year variable	52.0	06/10/2021	6-month Euribor plus 1.10%
Bonded loan 10-year fixed	80.0	06/10/2024	2.63%
Bonded loan 10-year variable	18.0	06/10/2024	6-month Euribor plus 1.45%

The bonded loans were reported at the fair value corresponding to the nominal value at the time when they were recognised, less transaction costs. The bonded loans are measured at amortised cost.

Of the current liabilities due to banks, loans of €1,163.9 million (2017: €738.4 million) are due at any time. The difference of €441.0 million (2017: €380.7 million) relates to the short-term portion of non-current liabilities due to banks. The average effective interest rate on short-term loans was 1.39% (2017: 1.13%) per year as at the reporting date.

Of the Commercial Paper Programme concluded by BayWa with a total volume of €700.0 million, €626.0 million in commercial papers with an average term of 58 days (2017: 45 days) and an average weighted effective interest rate of 0.27% (2017: 0.36%) had been issued as at the balance sheet date (2017: €318.5 million).

Of the liabilities due to banks, €32.2 million at Group level (2017: €7.2 million) have been secured by a charge over property.

The fair value of the financial liabilities does not diverge materially from the book values disclosed and is reported in Note C.25.

The dormant equity holdings of four Austrian warehouses (“Lagerhäuser”) in RWA AG each have no fixed term and can be terminated by the warehouses at any time. Interest is charged on the dormant equity holdings; the interest rate is fixed contractually. Owing to the short-term nature of these holdings due to termination being possible at any time, the fair value is the book value.

(C.17.) Financial lease obligations

The liabilities-side net present values of future leasing instalments are carried under the finance lease obligations (see also Note C.2.).

in € million 2018	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial lease obligations	11.2	39.4	125.1	175.7

in € million 2017	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial lease obligations	8.0	32.2	125.6	165.8

(C.18.) Trade payables and liabilities from inter-group business relationships

Non-current liabilities are disclosed in the balance sheet at amortised cost. Differences between the historical costs and the repayment amount are taken account of using the effective interest method. Current liabilities are recognised in their repayment or settlement amount.

Liabilities due to affiliated companies and companies in which a participating interest is held comprise not only trade payables but also liabilities arising from financing.

in € million 2018	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Trade payables	881.9	5.8	0.2	887.9
Liabilities due to affiliated companies	3.6	0.0	0.0	3.6
Liabilities to companies in which a participating interest is held	51.7	0.0	0.0	51.7
Payments received on orders	79.6	0.0	0.0	79.6
	1,016.7	**5.8**	**0.2**	**1,022.7**

in € million 2017	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Trade payables	755.8	2.9	0.3	758.9
Liabilities due to affiliated companies	10.4	–	–	10.4
Liabilities to companies in which a participating interest is held	49.5	–	–	49.5
Payments received on orders	88.2	–	–	88.2
	904.0	**2.9**	**0.3**	**907.1**

(C.19.) Income tax liabilities

Income tax liabilities according to residual terms break down as follows:

in € million 2018	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Income tax liabilities	12.4	0.3	0.1	12.8
	12.4	**0.3**	**0.1**	**12.8**

in € million 2017	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Income tax liabilities	28.0	0.1	–	28.1
	28.0	**0.1**	**–**	**28.1**

(C.20.) Financial liabilities

The BayWa Group's financial liabilities comprise currency and interest rate hedges as well as commodity futures classified as financial instruments pursuant to IFRS 9 and measured at fair value through profit or loss. Foreign exchange and interest rate hedges are measured at their respective stock market or market values (level 1 of the fair value hierarchy) at the end of the reporting period or derived from observable market data (level 2 of the fair value hierarchy). Commodity futures are measured at fair value either directly at prices quoted in an active market at the end of the reporting period (level 1 of the fair value hierarchy) or at prices quoted for the respective goods taking into account the term at the end of the reporting period (level 2 of the fair value hierarchy).

The classification of the fair values of financial liabilities in the fair value hierarchy breaks down as follows:

	Fair values			
in € million 31/12/2018	Level 1	Level 2	Level 3	Total
Financial liabilities				
Commodity futures	11.2	144.0	–	155.2
FX hedges	27.2	4.2	–	31.5
Interest rate hedges	–	4.7	–	4.7
	38.5	**152.9**	**–**	**191.3**

	Fair values			
in € million 31/12/2017	Level 1	Level 2	Level 3	Total
Financial liabilities				
Commodity futures	4.4	79.3	–	83.7
FX hedges	29.4	–	–	29.4
Interest rate hedges	–	3.8	–	3.8
	33.8	**83.1**	**–**	**116.9**

€186.1 million of the disclosed financial liabilities had a residual term of a maximum of one year (2017: €113.0 million). The residual term for financial liabilities of €4.8 million was between one and a maximum of five years (2017: €3.9 million).

(C.21.) Other liabilities

The table below shows a breakdown of other liabilities:

in € million 2018	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Social security	5.5	0.4	–	5.9
Allowances received	0.1	0.8	2.3	3.2
Liabilities from other taxes	78.8	–	–	78.8
Other liabilities including accruals	284.7	28.9	53.2	366.8
	369.2	**30.1**	**55.5**	**454.8**

in € million 2017	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Social security	5.0	0.7	–	5.7
Allowances received	0.1	0.5	1.6	2.1
Liabilities from other taxes	58.0	–	–	58.0
Other liabilities including accruals	203.9	28.6	80.8	313.3
	267.0	**29.7**	**82.3**	**379.1**

The fair values of the items disclosed do not diverge materially from the book values disclosed.

In the case of public subventions, these are amounts granted by public-sector authorities in connection with new investments. These subventions are released over the probable useful life of the respective asset with the concurrent effect on income. An amount of €0.4 million (2017: €0.1 million) was released in the financial year and recognised under other operating income.

(C.22.) Deferred tax liabilities

Tax liabilities are deferred in accordance with the temporary concept defined under IAS 12 using the valid or official and known tax rates as at the reporting date. Further explanations on deferred tax can be found under Note D.8. “Income Taxes”.

(C.23.) Contingent liabilities

in € million	**2018**	2017
Bills and notes payable	0.2	0.3
thereof: to affiliated companies	–	–
thereof: to associates	–	–
Guarantees	94.7	151.0
thereof: to affiliated companies	–	–
thereof: to associates	94.7	140.4
Warranties	180.0	100.9
thereof: to affiliated companies	69.2	3.3
thereof: to associates	93.1	94.2
Collateral for liabilities of third parties	11.9	11.4
thereof: to affiliated companies	–	–
thereof: to associates	–	–

BayWa AG is currently involved in antitrust investigative proceedings relating to crop protection trading. Supported by the assessment of our legal advisors and a legal appraisal, we do not believe that BayWa AG will be issued with any financial penalties. The BayWa AG Board of Management therefore regards this as a contingent liability for which no separate risk provision is to be recognised.

For practical reasons, BayWa dispenses with the disclosures specified in IAS 37.86 and IAS 37.89.

(C.24.) Other financial obligations

Along with obligations from rental and leasing agreements (Note C.2.) disclosed as operating leases, there are the following financial obligations:

in € million	**2018**	2017
Other financial obligations		
from buyback obligations	16.2	15.6
from amounts guaranteed for interests in cooperative companies	9.4	10.0

There are contractual obligations (purchase commitments) of €14.3 million for the purchase of property, plant and equipment (real estate, vehicles) (2017: €10.1 million) and of €890.3 million for the purchase of inventories (2017: €340.8 million).

(C.25.) Financial instruments

Accounting policies and valuation methods

Under IAS 32, a financial instrument is an agreement which gives rise simultaneously to a financial asset of one entity and a financial liability or equity instrument of another. Initial recognition is carried out at fair value; for subsequent measurements, the financial instruments are allocated to the measurement categories defined under IFRS 9 and treated accordingly. Financial assets at the BayWa Group particularly include trade receivables, financial investments and positive fair values from currency and currency and interest rate hedges. In addition, the positive fair value of commodity futures classified as financial assets within the meaning of IFRS 9 would only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group. Financial liabilities regularly constitute a right of repayment in funds or another financial asset. At the BayWa Group, these are especially liabilities due to banks and trade payables as well as currency and interest rate hedges with negative fair values. The negative fair value of commodity futures classified as financial liabilities within the meaning of IFRS 9 continue to only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group.

According to IFRS 9, financial assets relate to the following categories:

- Amortised cost (AC): If a company aims to hold a financial asset to collect the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding at a specified date, this financial asset is to be measured at amortised cost. Loans to affiliated companies, loans to Group companies and other loans fall into this category. This category also includes trade receivables, receivables from affiliated and Group Companies and other assets. These mainly have short residual terms at the BayWa Group.
- Fair value through other comprehensive income (FVTOCI): If a company aims to hold or sell a financial asset and at the same time collect the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding at a specified date, this financial asset is to be measured at fair value through other comprehensive income. This category also includes all equity instruments for which the fair value OCI option has been exercised.
- Fair value through profit or loss (FVTPL): A financial asset that is not measured at amortised cost or at fair value through other comprehensive income is to be measured at fair value through profit or loss. Securities and non-consolidated shares in affiliated companies and Group companies fall into this category in particular. Measurement is based on the market or stock market value. Gains and losses from subsequent measurements are recorded through profit or loss. In addition, this category only includes the positive fair values of those commodity futures scheduled for trading. The book value is sometimes the best estimate of the fair value, particularly in the case of shares in affiliated companies and Group companies, and is therefore a reasonable approximation of it.

The BayWa Group continues to have the option to recognise subsequent changes in the fair values of financial investments in equity instruments, which are usually recognised at fair value through profit or loss, in other comprehensive income. The BayWa Group exercises this option in particular in relation to the securities of Raiffeisen Bank International AG.

Financial assets are reported in the balance sheet on the settlement date.

The financial liabilities cover the following classes:

- Financial liabilities measured at amortised cost (FLAC): These financial liabilities measured at residual book value are measured at amortised cost after their initial recognition. They mainly have short residual terms. The book value is thus a reasonable approximation of fair value for current financial liabilities. Gains and losses are recorded directly in the consolidated result.
- Financial liabilities measured at fair value through profit or loss (FLTPL): Derivative financial instruments which are not included in an effective hedging strategy under IFRS 9 and whose market value from subsequent measurements has resulted in a negative attributable fair value are to be disclosed under this category. Market changes are recorded in the consolidated result through profit or loss. Measurement is made at fair value. In addition, this category only includes the negative fair values of those commodity futures scheduled for trading. The measurement of commodity futures is based on the market or stock market value for comparable transactions at the end of the reporting period.

Derivative financial instruments are used at the BayWa Group in particular to hedge the interest rate and currency risks arising from operating activities. Interest rate caps, interest rate swaps and futures as well as commodity futures are the main instruments used. Derivative financial instruments are carried at fair value upon their initial recognition and at the end of each subsequent reporting period. The fair value corresponds to the positive or negative market value.

The BayWa Group conducts its business mainly in the euro zone. However, business transactions in foreign currencies are also concluded via consolidated Group companies. The majority of the business activities of the New Zealand companies consolidated are denominated in New Zealand dollars as well as in US dollars, euros and pound sterling. The business transactions of the agricultural trade companies are predominantly denominated in euros and US dollars as well as in pound sterling, Polish złoty, Hungarian forint, Romanian leu, Russian ruble and Ukrainian hryvnia. The business activities of the consolidated US companies and companies in the UK currency area pertain almost exclusively to their respective currency areas. Similarly, the business activities of the consolidated Hungarian companies are restricted almost without exception to the Hungarian currency area. A small volume of transactions in foreign currencies are also conducted in agricultural trading at the BayWa Group. If foreign currency futures are concluded, they are hedged by the respective forward exchange transactions. For those forward exchange transactions for which there is a clear hedging relationship with an identifiable underlying transaction, the transaction is a hedge within the meaning of IFRS 9. In cases in which a hedge exists and is designated as such, changes in the market value of derivative financial instruments are recognised directly in other results. For those derivative financial instruments for which there is no clear hedging relationship with an identifiable underlying, the transaction is not a hedge within the meaning of IFRS 9. As a result, forward exchange transactions are marked to market separately from the underlying transactions at the end of the reporting period. Market values are ascertained on the basis of market information available at the end of the reporting period. Hedges generally pertain to the following year's foreign currency futures. On 31 December 2018, there were forward exchange transactions denominated in US dollars, pound sterling, Australian dollars, Hungarian forints, Polish złoty, Russian ruble, New Zealand dollars and Japanese yen to hedge currency risks.

In the context of financial management, the Group is active on the money market primarily in borrowing short-term term deposits. Outside of the euro zone, the procuring of funds is carried out in the currency area of the respective operating unit. The BayWa Group is therefore exposed to interest rate risk in particular. The Group counteracts this risk by using derivatives of financial instruments, in the main interest rate swaps, interest rate caps and futures. Volume-related hedging always comprises only a base amount of the borrowed funds. For those derivative financial instruments for which there is a clear hedging relationship with an identifiable underlying transaction, the transaction is a hedge within the meaning of IFRS 9. In cases in which a hedge exists and is designated as such, changes in the market value of derivative financial instruments are recognised directly in other results. For those derivative financial instruments for which there is no clear hedging relationship with an identifiable underlying, the transaction is not a hedge within the meaning of IFRS 9. As a result, interest rate derivatives are marked to market separately from the underlying transactions at the end of the reporting period. Market values are ascertained on the basis of market information available at the end of the reporting period. Interest rate hedges relate to both non-current and current financings.

Book and fair values of financial instruments

The following table shows the book values of the corresponding balance sheet items and their corresponding IFRS 9 categories – "measurement at amortised cost", "measurement at fair value through profit or loss" and "measurement at fair value through other comprehensive income". These book values are shown against the fair values for the purpose of comparison at the end of the table. The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability between market participants in an arm's length transaction at the end of the measurement period. Trade receivables, receivables from inter-Group business relationships and other financial assets generally have short residual terms. Their book values at the end of the reporting period therefore approximate to fair value. Trade payables and liabilities from inter-Group business relationships generally have short residual terms. Their book values approximate to fair value.

in € million 31/12/2018	Book value as at 31/12/2018	Subsequent measurement according to IFRS 9 categories[1] AC	FVTPL	FVTOCI	FVTOCI option	Not a financial instrument	Fair value 31/12/2018
Non-current financial assets							
Other financial assets	204.5	40.1	78.7	–	85.7	–	204.5
Other receivables and assets Trade receivables	8.6	8.6	–	–	–	–	8.6
Other receivables and assets Other assets	20.4	5.1	–	–	–	15.3	20.4
Current financial assets							
Securities	1.9	–	1.9	–	–	–	1.9
Financial assets	215.6	–	215.6	–	–	–	215.6
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	6.0	–	6.0	–	–	–	6.0
Other receivables and assets Trade receivables and receivables from inter-group business relationships	1,153.2	1,153.2	–	–	–	–	1,153.2
Other receivables and assets Other assets	552.8	332.9	–	–	–	220.0	552.8
Non-current financial liabilities							
Financial liabilities	883.1	883.1	–	–	–	–	883.1
Trade payables and liabilities from inter-group business relationships	6.1	6.1	–	–	–	–	6.1
Financial liabilities	5.2	–	5.2	–	–	–	5.2
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	0.0	–	–	–	–	–	0.0
Other liabilities	85.7	14.5	–	–	–	71.2	85.7
Current financial liabilities							
Financial liabilities	2,232.3	2,232.3	–	–	–	–	2,232.3
Trade payables and liabilities from inter-group business relationships	1,016.7	937.1	–	–	–	79.6	1,016.7
Financial liabilities	181.6	–	181.6	–	–	–	181.6
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	4.5	–	4.5	–	–	–	4.5
Other liabilities	369.1	276.5	–	–	–	92.6	369.1
IFRS 9 categories							
Financial assets attributed to the AC category	1,539.8						
Financial assets attributed to the FVTPL category	296.3						
Financial assets attributed to the FVTOCI category	–						
Financial assets attributed to the FVTOCI option category	85.7						
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	6.0						
Financial liabilities attributed to the AC category	4,349.5						
Financial liabilities attributed to the FVTPL category	186.8						
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	4.5						

1 Measurement categories for financial assets and financial liabilities pursuant to IFRS 9:
AC: at amortised cost
FVTOCI: at fair value through other comprehensive income
FVTPL: at fair value through profit or loss

The following table shows book and fair values of financial instruments for comparative periods pursuant to IAS 39:

in € million 31/12/2017	IAS 39 category [1]	Book value 31/12/2017	Subsequent measurement according to IAS 39 categories Amortised cost	Fair value through OCI	Fair value through profit or loss	Not a financial instrument	Fair value 31/12/2017
Non-current financial assets							
Other financial assets	AfS	184.1	68.0	116.1	–	–	184.1
Other financial assets	LaR	48.5	48.5	–	–	–	48.5
Other receivables and assets Trade receivables	LaR	8.7	8.7	–	–	–	8.7
Other receivables and assets Other assets	LaR	26.0	24.2	–	–	1.8	26.0
Current financial assets							
Securities	FAHfT	1.9	–	–	1.9	–	1.9
Financial assets	FAHfT	135.0	–	–	135.0	–	135.0
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	Hedging	4.7	–	–	4.7	–	4.7
Other receivables and other assets Trade receivables and receivables from inter-group business relationships	LaR	972.5	972.5	–	–	–	972.5
Other receivables and other assets Other assets	LaR	444.8	361.9	–	–	82.9	444.8
Non-current financial liabilities							
Financial liabilities	FLAC	884.4	884.4	–	–	–	884.4
Trade payables and liabilities from inter-group business relationships	FLAC	3.1	3.1	–	–	–	3.1
Financial liabilities	FLHfT	3.9	–	–	3.9	–	3.9
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	Hedging	0.0	–	–	0.0	–	0.0
Other liabilities	FLAC	112.1	38.4	–	–	73.7	112.1
Current financial liabilities							
Financial liabilities	FLAC	1,438.9	1,438.9	–	–	–	1,438.9
Trade payables and liabilities from inter-group business relationships	FLAC	903.9	815.7	–	–	88.2	903.9
Financial liabilities	FLHfT	110.7	–	–	110.7	–	110.7
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	Hedging	2.3	–	–	2.3	–	2.3
Other liabilities	FLAC	267.0	197.8	–	–	69.2	267.0
Aggregated by IAS 39 category/IFRS 7 class							
Assets available for sale	AfS	184.1	68.0	116.1	–	–	184.1
Loans and receivables	LaR	1,500.5	1,415.8	–	–	84.7	1,500.5
Financial assets held for trading	FAHfT	137.0	–	–	137.0	–	137.0
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	Hedging	4.7	–	–	4.7	–	4.7
Financial liabilities measured at amortised cost	FLAC	3,609.5	3,378.4	–	–	231.1	3,609.5
Financial liabilities held for trading	FLHfT	114.6	–	–	114.6	–	114.6
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	Hedging	2.3	–	–	2.3	–	2.3

1 FAHfT: financial asset held for trading (fair value through profit or loss)
AfS: available for sale (fair value through other comprehensive income)
LaR: loans and receivables (amortised cost)
FLHfT: financial liability held for trading (fair value through profit or loss)
FLAC: financial liability at amortised cost

Hierarchy of financial assets and liabilities measured at fair value

In order to take account of the material factors which form part of the measurement of financial assets and liabilities at fair value, the financial assets and liabilities of the BayWa Group, each of which were measured at fair value, have been divided up into a hierarchy of three levels.

The levels of the fair value hierarchy and their application to the assets and liabilities are described below:

- **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).

If the measurement parameters fall into different levels of the measurement hierarchy, the measurement is classified at fair value at the lowest level to which an input parameter with a significant effect on the fair value is attributable. No reclassifications were conducted among the various levels both in the financial year 2018 and in the previous year. No financial assets are held that are attributable to level 3.

Derivative financial instruments are used at the BayWa Group to hedge currency and interest rate risks. Commodity futures are also recognised that are scheduled exclusively for trading and are therefore to be classified as financial instruments within the meaning of IFRS 9. These commodity futures are measured at fair value as at the end of the reporting period. The measurement of commodity futures is based on the market or stock market value for identical or comparable transactions at the end of the reporting period. Currency hedges are measured at the closing price of the respective currency at the end of the reporting period. The fair values of commodity futures for those transactions that are traded directly on the stock market are measured at the respective market price. For those transactions not traded directly on the stock market, the fair value is derived from observable market prices. For the main product groups, the fair value is derived from futures so as to include the temporal components of the commodity futures. For those products for which no futures are traded, the fair value is measured at daily prices on the physical markets. The measurement takes into account market liquidity and is discounted from the fair value. For interest rate hedges, the measurement does not take into account relevant basis instruments on the basis of current observable market data and using recognised valuation models, such as the present value method or the Libor market model. CAPs are also measured using valuation models such as the present value method or the option pricing models. Specifically, the fair values of grain futures attributable to level 1 are determined by market prices. The fair values of OTC grain contracts are calculated using the discounted cash flow method in consideration of actively quoted futures prices and market interest rates for discounting on the reporting date.

The tables below show the financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy: In the financial year 2018, they are presented pursuant to IFRS 9, whereas for the previous year they are presented according to IAS 39.

Hierarchical assignment of the financial assets and liabilities measured at fair value in the financial year 2018

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative financial instruments and commodity futures, including derivatives designated as hedging instruments for cash flow hedge accounting	41.1	180.5	–	221.6
Shareholdings in affiliated companies	–	17.4	–	17.4
Securities and investments	25.3	38.2	–	63.5
Financial assets measured at fair value through other comprehensive income				
Securities (OCI option)	85.4	–	–	85.4
Sum total of financial assets	**151.8**	**236.2**	**–**	**388.0**
Financial liabilities measured at fair value through other comprehensive income				
Derivative financial instruments and commodity futures, including derivatives designated as hedging instruments for cash flow hedge accounting	38.5	152.9	–	191.3
Sum total of financial liabilities	**38.5**	**152.9**	**–**	**191.3**

Hierarchical assignment of the financial assets and liabilities measured at fair value in the financial year 2017

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments and commodity futures, including derivatives designated as hedging instruments for cash flow hedge accounting	30.4	109.3	–	139.7
Securities FAHfT	1.9	–	–	1.9
Financial assets AfS	116.1	–	–	116.1
Sum total of financial assets	**148.4**	**109.3**	–	**257.8**
Financial liabilities measured at fair value				
Derivative financial instruments and commodity futures, including derivatives designated as hedging instruments for cash flow hedge accounting	33.8	82.1	–	116.9
Sum total of financial liabilities	**33.8**	**82.1**	**–**	**116.9**

The increase in level 2 derivative financial instruments and commodity futures was due to the year-on-year rise in commodity futures.

Net gains and losses

The following table shows net gains/losses from financial instruments (FI) and in other result reported in the income statement.

in € million 2018	Assets[1]				Shareholders' equity and liabilities[1]				
Category	AC	FVTPL	FVTOCI	FVTOCI option	AC	FVTPL	FI	Not an FI	Total
1. Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9.3**	**9.3**
Income from participating interests	–	2.2	–	2.3	–	–	4.5	–	4.5
Expenses from participating interests	–	- 2.0	–	–	–	–	- 2.0	–	- 2.0
Result from disposals	–	- 0.0	–	0.1	–	–	0.1	- 0.3	- 0.2
Result of participating interests	**–**	**0.2**	**–**	**2.4**	**–**	**–**	**2.6**	**- 0.3**	**2.3**
Income from other financial assets	1.0	3.3	–	–	–	–	4.3	–	4.3
Result from disposals	–	- 0.0	–	–	–	–	- 0.0	–	- 0.0
Result of other financial assets	**1.0**	**3.3**	**–**	**–**	**–**	**–**	**4.3**	**–**	**4.3**
Interest income	11.7	–	–		–	–	11.7	–	11.7
Interest income from fair value measurement	–	–	–	–	–	–	–	–	–
Sum total of interest income	**11.7**	**–**	**–**	**–**	**–**	**–**	**11.7**	**–**	**11.7**
Interest expenses	–	–	–	–	- 64.4	–	- 64.4	- 14.3	- 78.6
Interest portion in personnel provisions	–	–	–		–	–	–	- 12.8	- 12.8
Interest expenses from fair value measurement	–	–	–	–	–	–	–	–	–
Sum total of interest expenses	**–**	**–**	**–**	**–**	**- 64.4**	**–**	**- 64.4**	**- 27.1**	**- 91.4**
net interest	**11.7**	**–**	**–**	**–**	**- 64.4**	**–**	**- 52.7**	**- 27.1**	**- 79.7**
Sum total net gain/loss	**12.7**	**3.5**	**–**	**2.4**	**- 64.4**	**–**	**- 45.8**	**- 18.1**	**- 63.9**
Financial result									**- 63.9**
2. Net gain/loss in the operating result									
Income from derivative financial instruments and commodity futures	–	24.8	–	–	–	–	24.8	–	–
Income from the receipt of written-off receivables/release of receivables value adjustments	1.6	–	–	–	–	–	1.6	–	–
Expenses from derivative financial instruments and commodity futures	–	–	–	–	–	- 17.9	- 17.9	–	–
Value adjustments/write-downs of receivables	- 8.9	–	–	–	–	–	- 8.9	–	–
Sum total net gain/loss	**- 7.3**	**24.8**	**–**		**–**	**- 17.9**	**- 0.4**	**–**	**–**
3. Net gain/loss in equity									
Change in the fair value from the market valuation of securities	–	–	–	- 23.3	–	–	- 23.3	–	–
Reclassifications from other comprehensive income to revenue reserves (IFRS 9 transition / disposal of financial assets measured according to the FVOCI option)	–	–	–	- 0.8	–	–	- 0.8	–	–
Net gain/loss from hedging instruments with a clear hedging relationship	–	–	–	- 2.0	–	–	- 2.0	–	–
Currency translation	–	–	–	–	–	–	–	- 3.2	
Sum total net gain/loss	**–**	**–**	**–**	**- 26.2**	**–**	**–**	**- 26.2**		
Total net gain/loss	**5.4**	**28.4**	**–**	**- 23.8**	**- 64.4**	**- 17.9**	**- 72.3**		

1 Measurement categories for financial assets and financial liabilities pursuant to IFRS 9:
AC: at amortised cost
FVTOCI: at fair value through other comprehensive income
FVTPL: at fair value through profit or loss

The following table shows net gains and losses from financial instruments for comparative periods pursuant to IAS 39:

in € million 2017	Assets[1]			Shareholders' equity and liabilities[2]		Total		Transition	
Category	FAHfT	AfS	LaR	FLHfT	FLAC	No allocation	FI	Not an FI	Total
1. Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4.8**	**4.8**
Income from participating interests	–	4.8	–	–	–	–	4.8	–	4.8
Expenses from participating interests	–	- 2.7	–	–	–	–	- 2.7	–	- 2.7
Result from disposals	–	9.8	–	–	–	–	9.8	- 2.3	7.4
Result of participating interests	**–**	**11.9**	**–**	**–**	**–**	**–**	**11.9**	**- 2.3**	**9.5**
Income from other financial assets	–	2.0	–	–	–	–	2.0	–	2.0
Result from disposals	–	23.5	–	–	–	–	23.5	–	23.5
Result of other financial assets	**–**	**25.5**	**–**	**–**	**–**	**–**	**25.5**	**–**	**25.5**
Interest income	–	–	7.5	–	–	–	7.5	–	7.5
Interest income from fair value measurement	0.1	–	–	–	–	–	0.1	–	0.1
Sum total of interest income	**0.1**	**–**	**7.5**	**–**	**–**	**–**	**7.6**	**–**	**7.6**
Interest expenses	–	–	–	–	- 52.3	–	- 52.3	- 11.9	- 64.2
Interest portion in personnel provisions	–	–	–	–	–	–	–	- 12.2	- 12.2
Interest expenses from fair value measurement	–	–	–	- 0.1	–	–	- 0.1	–	- 0.1
Sum total of interest expenses	**–**	**–**	**–**	**- 0.1**	**- 52.3**	**–**	**- 52.4**	**- 24.1**	**- 76.5**
net interest	**0.1**	**–**	**7.5**	**- 0.1**	**- 52.3**	**–**	**- 44.8**	**- 24.1**	**- 68.9**
Sum total net gain/loss	**0.1**	**37.4**	**7.5**	**- 0.1**	**- 52.3**	**–**	**- 7.4**	**- 21.6**	**- 29.0**
Financial result									**- 29.0**
2. Net gain/loss in the operating result									
Income from derivative financial instruments and commodity futures	20.8	–	–	–	–	–	20.8		
Income from the receipt of written-off receivables/release of receivables value adjustments	–	–	13.0	–	–	–	13.0		
Expenses from derivative financial instruments and commodity futures	–	–	–	- 18.9	–	–	- 18.9		
Value adjustments/write-downs of receivables	–	–	- 19.8	–	–	–	- 19.8		
Sum total net gain/loss	**20.8**	**–**	**- 6.8**	**- 18.9**	**–**	**–**	**- 4.8**		
3. Net gain/loss in equity									
Change in the fair value from the market valuation of securities	–	37.6	–	–	–	–	37.6		
Reclassifications in the income statement due to disposal of financial assets in the "available for sale" category	–	- 6.3	–	–	–	–	- 6.3		
Net gain/loss from hedging instruments with a clear hedging relationship	–	0.7	–	–	–	–	0.7		
Currency translation	–	–	–	–	–	- 24.3	- 24.3		
Sum total net gain/loss	**–**	**32.0**	**–**	**–**	**–**	**- 24.3**	**7.7**		

1 Measurement categories for financial assets pursuant to IAS 39:
FAHfT: financial asset held for trading (fair value through profit or loss)
AfS: available for sale (fair value through other comprehensive income)
LaR: loans and receivables (amortised cost)

2 Measurement categories for financial liabilities pursuant to IAS 39:
FLHfT: financial liabilities held for trading (fair value through profit or loss)
FLAC: financial liabilities at amortised cost

Income from participating interests includes dividend payments.

The following table shows an analysis of the maturity dates of undiscounted financial liabilities by IFRS 7 class as well as the discounted net cash flows of derivative financial instruments with negative and positive fair values of the BayWa Group.

in € million 2018	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities measured at amortised cost	3,445.9	615.2	288.5	4,349.5
Financial liabilities measured at fair value through profit or loss	181.6	4.8	0.4	186.8
Derivatives designated as hedging instruments for cash flow hedge accounting	4.5	–	–	4.5
	3,632.0	**620.0**	**288.8**	**4,540.8**

in € million 2017	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities measured at amortised cost (FLAC)	2,448.5	713.5	216.4	3,378.4
Financial liabilities held for trading (FLHfT)	110.7	3.9	–	114.6
Derivatives designated as hedging instruments for cash flow hedge accounting	2.3	0.0	–	2.3
	2,561.5	**717.4**	**216.4**	**3,395.3**

The following schedule of maturities shows the distribution of the forecast cash flows of the contractually agreed interest and redemption payments in the IFRS 7 class “Liabilities measured at amortised cost” as at 31 December 2018. The year-on-year increase was primarily the result of the increase in financing requirements in the fields of renewable energies.

in € million	Sum total	up to 06/2018	7 – 12/2019	2020 – 2023	> 2023
Share of interest	96.4	7.5	11.6	65.4	11.9
Redemption portion	4,349.5	2,551.8	899.9	609.4	288.4
Sum total	**4,446.0**	**2,559.3**	**911.5**	**674.8**	**300.3**

The following schedule of maturities shows the distribution of the forecast cash flows of the contractually agreed interest and redemption payments in the IFRS 7 class “Liabilities measured at amortised cost” as at 31 December 2017.

in € million	Sum total	up to 06/2018	7 – 12/2018	2019 – 2022	> 2022
Share of interest	76.9	6.5	18.4	45.4	6.6
Redemption portion	3,378.4	1,911.7	536.8	713.5	216.4
Sum total	**3,455.3**	**1,918.3**	**555.2**	**758.9**	**223.0**

Information on derivative financial instruments

IFRS 9 – 7.2.21 includes an option to continue to recognise hedge accounting pursuant to the regulations of IAS 39 instead of the regulations defined in Section 6 IFRS 9 at the point of first-time application. BayWa exercises this option and will likely only apply IFRS 9 to hedge accounting from the financial year 2019. Derivative financial instruments used within the scope of cash flow hedge accounting are recognised at fair value. In addition, the fair value of commodity futures classified as financial assets and financial liabilities within the meaning of IFRS 9 would only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group. The fair values are shown in the table below. In the reporting year, gains of €24.8 million (2017: €20.8 million) and losses of €17.9 million (2017: €18.9 million) were included in the calculation of the fair value in the income statement.

The following table shows the maturities of the fair values for the derivative financial instruments as well as the commodity futures scheduled for trading as well as designated as derivatives for cash flow hedge accounting at the end of the reporting period. Due to their current nature, all material cash flows associated with hedge instruments are anticipated in the financial year 2019.

	Fair values			
in € million 31/12/2018	Total	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years
Assets				
Commodity futures	175.8	175.1	0.8	–
Derivatives designated as hedging instruments for cash flow hedge accounting	6.0	6.0	0.0	–
FX hedges	39.8	39.0	0.8	–
	221.6	**220.1**	**1.6**	**–**
Shareholders' equity and liabilities				
Interest rate hedges	4.7	0.8	3.5	0.4
Commodity futures	150.6	150.2	0.5	–
Derivatives designated as hedging instruments for cash flow hedge accounting	4.5	4.5	0.0	–
FX hedges	31.5	30.6	0.8	–
	191.3	**186.1**	**4.8**	**0.4**

	Fair values			
in € million 31/12/2017	Total	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years
Assets				
Interest rate hedges	0.0	0.0	–	–
Commodity futures	118.6	118.6	–	–
Derivatives designated as hedging instruments for cash flow hedge accounting	4.7	4.7	0.0	–
FX hedges	16.4	16.4	–	–
	139.7	**139.7**	**0.0**	**–**
Shareholders' equity and liabilities				
Interest rate hedges	3.8	0.7	3.1	–
Commodity futures	81.4	81.4	0.0	–
Derivatives designated as hedging instruments for cash flow hedge accounting	2.3	2.3	0.0	–
FX hedges	29.4	28.5	0.9	–
	116.9	**113.0**	**3.9**	**–**

The fair value of currency and interest rate hedges is ascertained on the basis of market prices quoted at the end of the reporting period without netting off against counter-developments from possible underlying transactions. The market value corresponds to the amount which the Group would have to pay or would receive if the hedging transaction were closed out prior to the due date. The fair value of commodity futures is determined on the basis of or derived from stock market quotations at the end of the reporting period. Fair value corresponds to the profit or loss from the commodity futures taking into account buying and selling prices to be used at the end of the reporting period to conclude an identical commodity future.

The BayWa Group is exposed to commodity price risks due to its operating activities in the grain recording and marketing business. In order to mitigate these commodity price risks, the BayWa Group's risk management system continuously calculates the various open commodity positions. Using this information, trading areas at the BayWa Group conclude physical commodity futures within the approved limits (maximum long and short position in metric tonnes [MT], maximum value at risk). Commodity futures are only concluded with partners with excellent credit ratings. The following table provides an overview of the resulting grain contracts, which are recognised as financial instruments pursuant to IFRS 9.

in metric tonnes	31/12/2018	31/12/2017
Long positions		
Grain/corn	8.3	7.2
Oilseed/oilseed meal	4.1	4.6
Other	1.7	1.7
Short positions		
Grain/corn	- 10.2	- 8.9
Oilseed/oilseed meal	- 5.1	- 5.5
Other	- 2.3	- 2.1

The grain contracts concluded on the OTC market contain credit risks with regard to default on the part of the business partner. The concentration of these credit risks is limited due to the broad and heterogeneous portfolio of trading partners. The largest credit risk exposures in absolute terms are subject to regular reviews. All trading partners with whom futures have been concluded within the scope of grain trading continue to have good credit ratings.

The fair values of the grain contracts recognised as financial assets constitute the greatest possible default risk, without including the value of received collateral or other risk-mitigating agreements.

Rises and declines in the prices of all relevant commodity prices by a margin of 10% would have affected the annual result as at 31 December 2018 in the manner displayed in the following table. The calculation includes all grain contracts valid as at the reporting date.

	Grain/corn	Oilseed/ oilseed meal	Other
in € million	31/12/2018	31/12/2018	31/12/2018
Price rise (+ 10%)			
Effect on income	- 28.2	-32.6	- 7.5
Equity effect	- 9.2	- 1.6	–
Price decline (–10%)			
Effect on income	28.2	32.6	7.5
Equity effect	9.2	1.6	–

	Grain/corn	Oilseed/ oilseed meal	Other
in € million	31/12/2017	31/12/2017	31/12/2017
Price rise (+ 10%)			
Effect on income	- 19.4	- 26.0	- 5.4
Equity effect	- 2.8	- 0.9	–
Price decline (–10%)			
Effect on income	19.4	26.0	5.4
Equity effect	2.8	0.9	–

Cash flow hedges

The BayWa Group uses derivative financial instruments in the form of grain futures with physical fulfilment to hedge payment flows from future grain purchases and sales made by BayWa within the scope of its grain recording, warehousing and marketing business. These hedges are recognised as all-in-one cash flow hedges as defined in IAS 39 IG F.2.5, in other words the expected, highly likely spot purchases and sales are designated as the underlying transactions and the financial floating-to-fixed swaps designated as hedges. Derivative financial instruments used within the scope of cash flow hedge accounting are recognised at fair value. The net measurement result of these derivative financial instruments is broken down into an effective portion and ineffective portion. The effective portion is part of the net measurement result which constitutes an effective hedge against cash flow risk and is recognised in a separate equity item (cash flow hedge reserves) without effect on income and in consideration of deferred taxes until the physical fulfilment of the underlying transaction. The ineffective portion, on the other hand, is recognised through profit or loss in the income statement. The general recognition rules for the transactions underpinning the hedged cash flows do not change. After the end of hedge, the amounts recorded in the reserves are transferred to financial assets and financial liabilities if net income relating to the underlying transaction is recognised through profit or loss or the materialisation of the underlying transaction is no longer anticipated. The following table shows the development of cash flow hedge reserves due to remeasurement.

in € million	31/12/2018
Opening portfolio as at 01/01	1.4
Allocation	8.6
Release	- 7.4
Transfer to financial assets / financial liabilities	- 3.1
Closing portfolio as at 31/12	- 0.5

in € million	31/12/2017
Opening portfolio as at 01/01	0.0
Allocation	7.8
Release	- 6.9
Transfer to financial assets / financial liabilities	0.6
Closing portfolio as at 31/12	1.4

In the financial year 2018, an amount of €3.1 million (2017: €0.6 million) was transferred from other comprehensive income to financial assets and financial liabilities.

The fair value of grain contracts is calculated as the present value of the expected cash flows from these contracts. Expected cash flows are calculated using forward price curves for liquid grain futures adjusted by mark-ups for different delivery locations/quality. The fair value of listed grain futures is determined by the respective settlement prices on the market.

The lack of congruence between the basic transaction parameters could be a potential source of hedge ineffectiveness. However, BayWa uses all-in-one hedges where all parameters match; in other words the hedged transaction and the underlying transaction refer to the same delivery location, the same delivery volume and the same delivery date. As a consequence, changes in the fair values of hedged transactions and the underlying transactions must always cancel each other out provided it can be assumed that the transaction is highly likely to be physically settled. This means that no hedge ineffectiveness can arise. Generally speaking, ineffectiveness can arise through credit risks, although these are not taken into account due to reasons of materiality.

If open risk positions arise within the scope of grain trading activities and the resulting physical flow, these risk positions are hedged through physical and financial hedge transactions by the companies that use hedge accounting within the limit system that is in place.

The individual hedges are held until the the maturity of the underlying transaction. New grain contracts are designated at contract inception.

Information on hedging instruments in cash flow hedges

The following table shows the effects on the financial position resulting from the hedging of commodity price risk through cash flow hedges.

Hedging of commodity price risk

in € million 31/12/2018	Book value	Balance sheet item	Fair value change to calculate ineffectiveness	Nominal volume of contracts in €	Nominal volume of contracts in tonnes
Derivative assets	5.8	–	0.0	103.8	0.4
thereof: purchase	3.2	Other assets	0.0	21.5	0.1
thereof: sale	2.6	Other assets	0.0	82.3	0.3
Derivative liabilities	7.1	–	0.0	73.0	0.4
thereof: purchase	0.4	Other liabilities	0.0	11.9	0.1
thereof: sale	6.7	Other liabilities	0.0	61.1	0.3

Information on underlying transactions in cash flow hedges

The following table summarises information on the changes in value of underlying transactions used as a basis for the recognition on the balance sheet of hedge ineffectiveness and shows the volume of cash flow hedge reserves for current hedge accounting

Hedging of commodity price risk

	Change in value during the period of the underlying transaction to determine ineffectiveness	Volume of the hedging reserve and currency reserve for active cash flow hedges
in € million	31/12/2018	31/12/2018
Designated components	0	9.5
Non-designated components	n/a	n/a

The BayWa Group is exposed to commodity price risks due to its operating activities in the grain recording and marketing business. In order to mitigate these commodity price risks, BayWa's risk management system continuously calculates the various open commodity positions. Using this information, trading areas at BayWa conclude physical commodity futures within the approved limits (maximum long and short position in metric tonnes [[MT]], maximum value at risk).

Commodity futures are only concluded with partners with excellent credit ratings.

The grain contracts concluded on the OTC market contain credit risks with regard to default on the part of the business partner. The concentration of these credit risks is limited due to the broad and heterogeneous portfolio of trading partners. The largest credit risk exposures in absolute terms are subject to regular reviews. All trading partners with whom futures are concluded within the scope of grain trading continue to have good credit ratings.

The fair values of the grain contracts recognised as financial assets constitute the greatest possible default risk, without including the value of received collateral or other risk-mitigating agreements.

The following table shows the contractually agreed undiscounted payments of original financial liabilities and discounted net payment flows of derivative financial instruments with negative and positive fair values at the Group.

Payments/maturity structure

Liquidity risk is the risk that the company is unable to meet its own payment obligations. Liquidity risk is managed by Treasury at BayWa through existing liquidity planning and liquidity management processes. A sufficient supply of funds to the Group is ensured both through the Group's cash flow and through existing short- and long-term credit lines from our banks.

Risks in relation to financial instruments

The BayWa Group's risk management system is presented together with the objectives, principles and processes in the Management Report in the separate "Opportunity and risk management" section. The following risks are particularly significant in relation to financial instruments.

Foreign currency risks

BayWa's business activities are largely located in the euro zone. If foreign currency positions arise from goods and services transactions or projects, they are always hedged without delay. Other payment obligations or receivables denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing of financial resources denominated in foreign currencies is prohibited.

Interest rate risks

Interest rate risk positions arise from the Group's floating-rate financing activities, especially from the issuing of short-term commercial papers, short-term loans as well as variable-interest bonded loans. Short-term debt is used mainly to finance working capital. To reduce the interest rate risk, which is not hedged using a natural hedge, BayWa uses derivative instruments in the form of futures, interest rate caps and swaps.

In the financial year 2018, the average interest rate for variable-interest financial liabilities stood at 1.185% (2017: 1.133%). A change in this interest rate of plus 1.0% to 2.185% would cause interest expenses to rise by €11.1 million, provided this could not at least be partially covered by revenues. A 1.0% reduction in the interest rate to 0.185% would result in interest expenses declining by €11.1 million.

Credit and counterparty risks and default risks

As part of its entrepreneurial activities, BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group is exposed to a financing risk arising from the upfront financing of agricultural inputs, the repayment of which is made through acquiring and selling the harvest. Moreover, BayWa grants financing to commercial customers, particularly in the construction sector, in the form of payment terms of a considerable scope. Beyond this, there are the customary default risks inherent in trade receivables. Risks are kept to a minimum by way of an extensive debtor monitoring system that spans all business units. To this end, credit limits are defined through a documented process of approval and monitored on an ongoing basis.

In addition to credit risks, counterparty risks are also regularly monitored in agricultural trade; consequently, market value changes to open selling and buying contracts are measured so as to monitor the risk of the non-fulfilment of contract obligations. There is currently no discernible concentration of default risk from business relationships with individual debtors or groups of debtors. The maximum credit risk exposure at the end of the reporting period corresponds to the book value of trade receivables. The expected default risk amounts to €18.5 million (2017: €15.3 million).

Liquidity risks

The liquidity risk is the risk that BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. At the BayWa Group, funds are generated through operations and by borrowing from external financial institutions. In addition, financing instruments, such as multicurrency commercial paper programmes or asset-backed securitisation, are used, as well as bonded loans. Existing credit lines are therefore measured to an extent deemed sufficient to guarantee business performance at all times, even in the event of growing volume. The financing structure therefore accounts for the pronounced seasonality of business activities. Owing to the diversification of the sources of financing, the BayWa Group does not currently have any risk clusters concerning liquidity. The BayWa Group's financing structure, with its mostly matching maturities, ensures that interest-related opportunities are reflected within the Group.

(D.) Notes to the income statement

The layout of the income statement is in accordance with total cost method.

(D.1.) Revenues

Revenues and income are generally recognised at the point at which the power over the sold goods or produce or rendered services is transferred to the buyer and a transfer of control has taken place. Revenues and earnings are reported minus discounts, rebates and bonuses granted.

The breakdown by corporate division and region can be seen in the segment report (Note E.2.). Owing to the diversified business activities of the individual segments, inter-segment revenues are transacted only to a minor extent.

in € million	**2018**	2017
Goods	16,349.2	15,794.0
Services	276.5	261.1
	16,625.7	**16,055.1**

(D.2.) Other operating income

in € million	**2018**	2017
Rental income	28.2	26.2
Gains from the disposal of assets	43.4	62.1
Income from release of provisions	25.8	14.2
Reimbursement of expenses	23.1	22.1
Staff placement	6.8	3.9
Advertising allowance	3.2	2.0
Price gains	14.2	9.7
Income from receivables written down/release of value adjustments	6.6	13.0
Other income	60.0	53.8
	211.3	**206.9**

Rental income includes gains from incidental costs. Gains from the disposal of assets primarily comprise the disposal of BayWa AG property inventories and also includes the proportionate distribution of the accounting profit resulting from a sale and lease back transaction for real estate in the financial year 2013 and, due to the classification of the lease agreement as a financial lease, is to be distributed over the term of this agreement (€3.6 million). The decline in gains from the disposal of assets was primarily due to the fact that the previous year's figure included one-off income from the sale of the BayWa high-rise building. The interim profits eliminated in 2012 and 2016 of €36.5 million were able to be realised. The rise in price gains is mainly due to the project business outside the euro zone in the fields of renewable energy as well as the business activities of the New Zealand Group companies. This item also includes price gains effects from forward exchange transactions for which there is no clear hedging relationship with an underlying transaction and is therefore not included in a hedge relationship. The remaining income includes write-ups of €7.0 million attributed to two wind parks in the fields of renewable energies. Impairment losses were recognised in relation to this in previous years. In addition, remaining income also includes income from licences and numerous other individual items.

(D.3.) Cost of materials

in € million	2018	2017
Expenses for raw materials, consumables and supplies, and for goods sourced	- 14,758.7	- 14,017.4
Expenses for services outsourced	- 416.9	- 366.9
	- 15,175.7	**- 14,384.3**

(D.4.) Personnel expenses

in € million	2018	2017
Wages and salaries	- 824.0	- 775.6
Share-based payment	- 1.5	- 1.5
Expenses for pensions, support and severance pay	- 20.7	- 22.5
thereof: current service cost	7.0	7.8
Social insurance contributions	- 144.4	- 136.6
	- 990.6	**- 936.2**

After calculating the provisions for pension and severance pay according to IAS 19, expenses for pension and severance pay total €19.4 million (2017: €19.7 million). Of this amount, a portion amounting to €7.0 million (2017: €7.8 million) has been disclosed under personnel expenses and a portion totalling €12.4 million (2017: €11.9 million) under interest expenses.

Number	2018	2017
Employees		
Annual average (Section 267 para. 5 German Commercial Code [HGB])	18,004	17,550
As at 31/12	17,864	17,323

(D.5.) Other operating expenses

in € million	2018	2017
Vehicle fleet	- 84.5	- 79.5
Maintenance	- 55.8	- 54.6
Advertising	- 51.2	- 46.2
Energy	- 30.4	- 30.4
Rent	- 66.8	- 56.5
Expenses for staff hired externally	- 25.8	- 24.9
Information expenses	- 14.3	- 14.1
Commission	- 11.1	- 15.5
Insurance	- 22.0	- 20.6
Cost of legal and professional advice, audit fees	- 47.4	- 49.8
Amortisation/value adjustments of receivables	- 17.0	- 19.8
IT costs	- 9.4	- 6.6
Travel expenses	- 21.0	- 19.8
Office supplies	- 11.1	- 10.5
Other tax	- 11.1	- 9.1
Administrative expenses	- 8.8	- 3.6
Training and continuous professional development	- 9.5	- 9.3
Decommissioning and disposal	- 8.9	- 6.9
Currency-induced losses	- 11.5	- 16.0
Losses from asset disposals	- 13.1	- 6.3
Other expenses	- 68.4	- 70.3
	- 599.0	**- 570.1**

Other expenses comprise mainly general selling and other costs, such as those incurred by securing against operating risks.

(D.6.) Income from participating interests recognised at equity and other income from shareholdings

in € million	2018	2017
Income from participating interests recognised at equity	**9.0**	**2.5**
Income/expenses from affiliated companies	- 1.4	3.9
Income/expenses from the disposal of affiliated companies	0.1	- 0.2
Other income from holdings and similar income	10.4	35.1
Write-downs of financial assets and other expenses	- 2.2	- 1.4
Other income from shareholdings	**6.8**	**37.4**
	15.8	**39.9**

Income from participating interests recognised at equity increased by €6.5 million year on year. This was due in particular to the rise in income from AHG- Autohandelsgesellschaft mbH and AUSTRIA JUICE GmbH. By contrast, other income from shareholdings was down €30.6 million on the high previous-year figure. In the financial year 2017, the sale of shares in Raiffeisen Bank International AG, Vienna, Austria, and the sale of BayWa Hochhaus GmbH & Co. KG contributed to the unusually high income from participating interests and similar income. Dividend income is generally recorded as and when a claim to payout arises.

(D.7.) Interest income and expenses

in € million	2018	2017
Interest and similar income	12.0	7.5
thereof: from affiliated companies	0.7	0.9
Interest from fair value measurement	–	0.1
Interest income	**12.0**	**7.6**
Interest and similar expenses	- 64.7	- 52.3
thereof: to affiliated companies	- 0.3	- 0.1
Interest from fair value measurement	–	- 0.1
Interest portion of finance leasing	- 14.3	- 11.9
Interest portion of the allocation to pension provisions and other personnel provisions	- 12.8	- 12.2
Interest expenses	**- 91.8**	**- 76.5**
Net interest	**- 79.8**	**- 68.9**

(D.8.) Income tax

Income tax breaks down as follows:

in € million	2018	2017
Actual taxes	- 27.7	- 25.8
Deferred taxes	- 10.0	- 9.4
	- 37.7	**- 35.1**

Actual tax income and expenses comprise the corporate and trade tax of the companies in Germany and comparable taxes on foreign companies.

Deferred taxes are formed for all temporary differences between the tax-related assigned value and IFRS values as well as the consolidation measures. Equity includes deferred tax assets of €68.1 million (2017: €66.5 million) that were offset against the reserve for actuarial gains and losses from provisions for pensions and severance pay. Moreover, deferred tax liabilities of €9.5 million (2017: €19.3 million) were offset against the assessment reserve in equity without effect on income. Deferred taxes of €1.5 million are attributable to the hybrid bond issued by BayWa AG; these are also recognised in equity. Deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the years ahead, the realisation of which is assured with sufficient probability. These came to €70.5 million (2017: €65.5 million) and largely concerned the parent company. As part of corporate planning, a time horizon of five years (maximum) has been assumed here. Deferred tax was not formed on loss carryforwards in an amount of €53.8 million (2017: €39.8 million), as their usability is not anticipated within the specified period. Loss carryforwards of individual Group companies can be partly carried forward within a limited period of time. No tax assets which are eligible as carryforwards are likely to expire. The deferred tax income from the origination and/or reversal of temporary differences amounts to €4.9 million (2017: €3.9 million).

Deferred taxes are calculated on the basis of the tax rates which apply or are anticipated given the current legal situation in the individual countries at the time when taxes are levied. The tax rate of BayWa AG in the reporting year was 29.13% (2017: 29.13%).

Deferred tax assets and liabilities are allocated to the individual balance sheet items as shown in the table below:

	Deferred tax assets		Deferred tax liabilities	
in € million	**2018**	2017	**2018**	2017
Intangible assets and property, plant and equipment	9.1	8.2	128.7	97.9
Financial assets	3.0	10.8	34.6	45.4
Current assets	17.8	11.4	35.1	15.7
Other assets	9.2	5.3	4.5	0.0
Tax loss carryforwards	124.3	105.3	–	–
Provisions	124.1	124.5	2.0	2.1
Liabilities	16.1	8.7	1.1	0.5
Other liabilities	26.8	25.6	17.5	16.0
Value adjustments deferred tax assets	- 53.8	- 52.2	–	–
Balance	- 43.3	- 21.9	- 43.3	- 21.9
Consolidation	19.3	8.8	39.5	24.8
	252.6	**234.5**	**219.7**	**180.5**

The actual tax expenses are €10.7 million higher than the amount that would have been incurred if the German corporate tax rate had been applied under the currently prevailing law, plus the solidarity surcharge and the trade tax burden on the consolidated earnings before tax. The tax rate of 29.13% calculated for actual tax is based on the uniform corporate tax rate of 15.00%, plus the solidarity surcharge of 5.50% and the average effective trade tax burden of 13.31%. Deferred tax liabilities were not recognised for subsidiaries and associates as the company can control the timing of reversals and because it is therefore probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities were not formed for temporary differences in an amount of €20.6 million (2017: €16.5 million) from subsidiaries, joint ventures and associates.

The table below shows the transition from the computed tax expenses in accordance with the corporate tax rate to the income tax expenses actually reported:

in € million	**2018**	2017
Consolidated result before income tax	**92.6**	**102.4**
Computational tax expenses based on a tax rate of 29.13%	- 27.0	- 29.8
Difference against foreign tax rates	3.7	- 2.0
Tax not relating to the period	- 4.3	3.8
Permanent difference changes	- 4.6	- 1.0
Tax effect due to non-tax deductible expenses	- 11.1	- 7.1
Trade tax deductions and additions	3.3	4.1
Final consolidation effect	- 1.4	3.9
Tax-exempt income	9.3	8.4
Changes in the value adjustment of deferred tax assets	- 4.4	- 13.8
Tax effect from equity results	2.4	- 2.3
Effects from changes in tax rates	- 0.1	- 0.3
Other tax effects	- 3.5	0.8
Income tax reported	**- 37.7**	**- 35.1**

(D.9.) Profit share of minority interest

The share of consolidated net result for the year of €22.6 million (2017: €27.9 million) due to other shareholders is mainly attributable to the minority shareholders of the Austrian subsidiaries as well as the minority shareholders of T&G Global Limited and their respective subsidiaries.

(D.10.) Earnings per share

Earnings per share are calculated by dividing the portion of profit of BayWa AG's shareholders by the average number of the shares issued in the financial year and dividend-bearing shares. There were no diluting effects.

		2018	2017
Net result for the year adjusted for minority interest	in € million	32.3	39.3
Average number of shares issued	Units	35,012,806	34,881,685
Basic earnings per share	in €	0.92	1.13
Diluted earnings per share	in €	0.92	1.13
Proposed dividend per share	in €	0.90	0.90
Dividend per share paid out per financial year	in €	0.90	0.90

(E.) Further Information

(E.1.) Explanations on the cash flow statement of the BayWa Group

The cash flow statement shows how the cash and cash equivalents of the BayWa Group have changed due to cash inflows and outflows during the year under review. Cash and cash equivalents shown in the cash flow statement comprise all liquid funds disclosed in the balance sheet, i.e. cash in hand, cheques and deposits in banks. Owing to the fact that the Group conducts its business mainly in the euro zone, the impact of exchange-rate induced changes in cash and cash equivalents is of secondary importance and is therefore not disclosed separately. The funds are not subject to any restraints on disposal.

In accordance with the standards set out under IAS 7, the cash flow statement is divided up into cash flow from operating activities, investing activities and financing activities.

The cash flow from operating activities is calculated indirectly, based on consolidated net result for the year. This cash flow is adjusted for non-cash expenses (mainly depreciation and amortisation) and income. Cash flow from investing activities is calculated on a cash-effective basis and comprises cash-effective changes in consolidated non-current assets as well as incoming and outgoing payments from the acquisition of companies. Cash flow from financing activities is also ascertained on a cash-effective basis and comprises primarily cash-effective changes in borrowings and cash outflows from dividend distribution and the reduction of funds. Within the scope of the indirect calculation of these positions, changes from currency translation and from the group of consolidated companies were eliminated as they do not affect cash. For this reason, a comparison of these figures with the figures in the consolidated balance sheet is not possible. Further details on acquisitions and disposals can be found under Note B.1.

The transition of liabilities to cash flows from financing activities was as follows:

in € million		Cash effective	Not cash effective			
	31/12/2017	Payments during the period	Company acquisitions and disposals	Currency translation effects	Fair value changes	31/12/2018
Non-current financial liabilities from financing activities	884.4	- 46.6	45.3	–	–	883.1
Current financial liabilities from financing activities	380.7	60.3	–	–	–	441.0
Lease liabilities	165.8	9.8	0.1	–	–	175.7
	1,430.9	**23.5**	**45.4**	**–**	**–**	**1,499.8**

(E.2.) Explanations on the segment report

Dividing up of operations into segments

The segment report provides an overview of the important business divisions of the BayWa Group. Here, the activities of the BayWa Group are divided into segments pursuant to IFRS 8. The division of activities is based on internal management and reporting structures and is presented in the same form as is submitted to decision makers, namely the Board of Management of BayWa AG, in the respective reports made on a regular basis, and which therefore form the basis for strategic decisions. This results in greater uniformity of the internal and external reporting system. All consolidation measures are shown in a separate column of the segment report. Aside from the depreciation and amortisation included in this section, there are no other material non-cash items that must be reported separately in the segment report. The division into segments is unchanged year on year.

Segment reporting by business unit

The Agriculture Segment is divided into four business units: BayWa Agri Supply & Trade (BAST), 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. The Fruit business unit was also renamed effective 1 January, to Global Produce. It combines all activities of the Group in the business of fruit and vegetable growing and trading these products. The full range of agricultural equipment and services is offered in the Agricultural Equipment business unit.

Business activities in the Conventional Energy and Renewable Energies business units are pooled in the Energy Segment. The Conventional Energy business unit comprises an extensive network, which ensures the supply of heating oil, fuels, lubricants and wood pellets to commercial and private customers. Business activities in the fields of renewable energies are split up into four areas: project development/implementation, services, photovoltaic trade and energy trade. Project development/implementation primarily encompasses worldwide project planning, management and the construction of wind and solar power plants through to the sale of finished plants.

The Building Materials Segment encompasses trade in building materials for construction and civil engineering. This segment also comprises the retail activities of Austrian Group companies.

BayWa has plotted a clear course into the digital future by establishing the Innovation & Digitalisation Segment, which is responsible for developing and marketing digital products and services for enhancing productivity in agriculture. Online sales at the BayWa Group are also pooled in this segment under the BayWa Portal.

Aside from peripheral activities, the Other Activities Segment mainly encompasses the BayWa Group's real estate operations.

Apart from sales revenues generated through business with third parties that are disclosed in the business units, intra- and inter-segment sales are also reported. Revenues are not broken down by individual products and service at Group level due to the heterogeneity of the products sold at the Group. Both intra- and inter-segment sales are conducted at arm's length terms and conditions. Any interim profits arising in this context are eliminated in the consolidated financial statements. Moreover, write-downs and write-ups and the financial results per business unit are disclosed, along with earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest and tax (EBIT) and earnings before tax (EBT). This is also applicable to the segment assets, with separate disclosure of the inventories and segment liabilities. Investments made (excluding financial assets) are also divided up among the business units. Such investments concern the addition of intangible assets and property, plant and equipment as well as additions from company acquisitions. Moreover, information in this segment report includes the annual average number of employees per business unit.

The transition primarily includes amortisation of hidden reserves and intangible assets identified in purchase price allocations in previous years.

Segment information by business unit

in € million 31/12/2018	BayWa Agri Supply & Trade (BAST)	Agri Trade & Service	Global Produce	Agricultural Equipment	**Agriculture**
Revenues generated through business with third parties	5,286.8	3,298.8	807.9	1,622.4	11,015.9
Intra-business unit/segment revenues	579.3	336.4	52.9	35.6	1,004.2
Inter-business unit/segment revenues	37.6	67.3	–	1.5	106.4
Total revenues	**5,903.7**	**3,702.6**	**860.8**	**1,659.5**	**12,126.6**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**35.6**	**34.1**	**41.6**	**48.3**	**159.5**
Depreciation/amortisation	- 4.5	- 28.9	- 14.4	- 11.7	- 59.5
Earnings before interest and tax (EBIT)	**31.1**	**5.2**	**27.2**	**36.6**	**100.1**
Financial result	- 7.8	- 14.5	- 3.0	- 8.5	- 33.8
thereof: net interest	- 7.1	- 15.1	- 5.3	- 9.5	- 36.9
thereof: equity result	- 0.6	0.3	- 0.4	0.4	- 0.3
Earnings before tax (EBT)	**24.0**	**- 9.9**	**21.9**	**27.1**	**63.1**
Income tax					
Net result for the year					
Assets	1,465.4	1,513.0	815.6	796.6	4,590.6
thereof: participating interests recognised at equity	24.3	2.3	23.4	21.6	71.6
thereof: non-current assets held for sale	–	0.1	–	–	0.1
Inventories	525.5	765.2	20.6	428.0	1,739.3
thereof: non-current assets held for sale	–	–	–	–	–
Liabilities	1,142.4	1,351.7	263.7	909.1	3,666.9
thereof: liabilities from non-current assets held for sale	–	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	3.9	30.7	38.8	13.9	87.3
Employee annual average	438	3,543	2,768	3,679	10,428

	Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities***	Transition	**Group**
	2,438.3	1,530.2	3,968.5	1,617.5	10.7	13.1	–	16,625.7
	241.9	136.6	378.5	35.1	1.1	56.4	- 1,475.5	–
	8.6	2.9	11.4	0.7	0.1	11.5	- 130.0	–
	2,688.7	**1,669.6**	**4,358.4**	**1,653.3**	**11.8**	**81.0**	**- 1,605.5**	**16,625.7**
	32.6	**95.8**	**128.4**	**47.2**	**- 10.3**	**- 9.7**	**0.2**	**315.3**
	- 9.1	- 23.3	- 32.4	- 16.1	- 2.0	- 19.1	- 13.8	- 142.9
	23.5	**72.5**	**96.0**	**31.1**	**- 12.3**	**- 29.3**	**- 13.2**	**172.4**
	- 1.8	- 18.4	- 20.3	- 9.0	- 0.1	- 0.8	–	- 64.0
	- 1.8	- 19.0	- 20.8	- 8.9	- 0.1	- 12.9	–	- 79.8
	–	- 0.7	- 0.7	- 0.1	–	10.1	–	9.0
	21.7	**53.5**	**75.2**	**22.2**	**- 12.4**	**- 41.8**	**- 13.6**	**92.6**
								37.7
								54.9
	310.3	3,881.7	4,192.0	616.4	48.0	4,616.2	- 6,551.7	7,511.5
	–	2.6	2.6	0.1	–	140.3	–	214.6
	–	–	–	0.1	–	4.1	–	4.2
	51.9	633.7	685.6	172.3	1.2	2.3	308.8	2,909.5
	–	–	–	–	–	–	–	–
	266.6	3,217.3	3,483.9	601.5	21.1	2,736.0	- 4,387.0	6,122.4
	–	–	–	–	–	–	–	–
	13.2	115.5	128.7	24.7	6.9	49.9	–	297.5
	958	1,449	2,407	4,211	183	775	–	18,004

*** prior to consolidation**

Segment information by business unit

in € million 31/12/2017	BayWa Agri Supply & Trade (BAST)	BayWa Agricultural Sales	Global Produce	Agricultural Equipment	**Agriculture**
Revenues generated through business with third parties	5,817.8	2,812.9	805.6	1,400.3	10,836.5
Intra-business unit/segment revenues	404.5	252.1	0.0	28.7	685.3
Inter-business unit/segment revenues	54.7	66.3	–	1.7	122.8
Total revenues	**6,277.0**	**3,131.3**	**805.6**	**1,430.7**	**11,644.6**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**10.5**	**53.4**	**45.7**	**32.1**	**141.7**
Depreciation/amortisation	- 3.5	- 27.8	- 16.2	- 12.1	- 59.6
Earnings before interest and tax (EBIT)	**7.0**	**25.7**	**29.4**	**19.9**	**82.1**
Financial result	- 12.5	- 12.2	- 4.4	- 9.0	- 38.1
thereof: net interest	- 8.4	- 13.1	- 5.3	- 7.6	- 34.4
thereof: equity result	- 0.1	–	0.7	- 0.3	0.3
Earnings before tax (EBT)	**- 1.4**	**12.6**	**24.1**	**12.3**	**47.7**
Income tax					
Net result for the year					
Assets	1,615.0	1,322.3	516.5	723.2	4,177.0
thereof: participating interests recognised at equity	21.6	1.0	25.0	19.9	67.6
thereof: non-current assets held for sale	–	–	–	–	–
Inventories	460.5	660.2	45.4	382.3	1,548.3
thereof: non-current assets held for sale	–	–	–	–	–
Liabilities	1,268.4	713.0	255.9	650.4	2,887.7
thereof: 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	49.2	12.7	138.3
Employee annual average	563	3,496	2,925	3,629	10,613

Energy	Renewable Energies	**Energy**	**Building Materials**	**Innovation & Digitalisation**	**Other Activities***	Transition	**Group**
2,228.1	1,366.7	3,594.7	1,606.1	6.9	10.9	–	16,055.1
223.0	62.5	285.5	36.3	0.8	53.6	- 1,061.6	–
5.5	1.9	7.4	1.9	0.1	5.7	- 137.8	–
2,456.6	**1,431.1**	**3,887.7**	**1,644.3**	**7.8**	**70.3**	**- 1,199.4**	**16,055.1**
27.5	**93.9**	**121.3**	**45.8**	**- 8.7**	**75.5**	**- 57.2**	**318.4**
- 9.0	- 27.3	- 36.3	- 15.7	- 2.1	- 20.7	- 12.8	- 147.2
18.5	**66.6**	**85.0**	**30.1**	**- 10.8**	**54.8**	**- 70.0**	**171.3**
- 0.1	- 19.2	- 19.4	- 9.0	- 0.0	132.9	- 95.4	- 29.0
- 0.1	- 15.9	- 16.0	- 8.9	- 0.0	- 8.0	- 1.6	- 68.9
–	- 3.9	- 3.9	- 0.1	–	6.1	–	2.5
18.3	**50.7**	**69.0**	**21.2**	**- 10.8**	**46.8**	**- 71.6**	**102.4**
							- 35.1
							67.2
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	2,661.0	613.6	17.7	2,392.1	- 3,519.6	5,052.5
–	–	–	–	–	–	–	–
12.4	19.6	32.1	20.7	6.4	32.9	–	230.4
978	1,101	2,079	4,113	158	587	–	17,550

*** prior to consolidation**

Segment reporting by region

Beyond reporting under IFRS 8, which does not require secondary segment information, information on segment reporting by region is also disclosed. Consequently, external sales are allocated according to where the customer is domiciled; the Group's core markets are in Germany, Austria and the Netherlands. Accordingly, the external sales for these countries are shown separately. External sales attributable to New Zealand have not been included here due to the secondary importance of said external sales. Non-current assets have not been reported for the Netherlands for the same reason.

Segment information by region

	External sales		Non-current assets	
in € million	**2018**	2017	**2018**	2017
Germany	7,128.0	6,547.6	1,459.8	1,427.1
Austria	2,293.5	2,240.6	437.4	459.3
Netherlands	1,640.0	1,870.8	–	–
New Zealand	–	–	220.1	274.1
Other international operations	5,564.2	5,396.2	359.6	236.4
Group	**16,625.7**	**16,055.1**	**2,476.9**	**2,396.9**

(E.3.) Litigation

Group companies are and will continue to be faced with legal disputes and administrative proceedings in relation to their operating business activities. Such disputes and proceedings can relate to the assertion of third-party claims based on services (e.g. consultation errors) or deliveries (e.g. deficiencies) not being up to standard or from payment disputes, but can also result from breaches of compliance requirements by individual employees. This can lead to individual Group companies having to pay compensation or financial penalties or being imposed with other civil or criminal sanctions.

BayWa AG is currently involved in antitrust investigative proceedings relating to crop protection trading. Supported by the assessment of our legal advisors and a legal appraisal, we do not believe that BayWa AG will be issued with any financial penalties. The BayWa AG Board of Management therefore regards this as a contingent liability for which no separate risk provision is to be recognised.

Neither BayWa AG nor any of its Group companies are involved in a court case or arbitration proceedings which could have a major impact on the economic situation of the Group, either now or in the past two years. Such court cases are also not foreseeable. Provisions have been made in an appropriate amount at the respective Group company for any financial burdens arising from a court case or arbitration proceedings and for other legal disputes and/or there is an appropriate insurance cover.

(E.4.) Information pursuant to Section 160 para. 1 item 8 of the German Stock Corporation Act (AktG)

Pursuant to the German Securities Trading Act (WpHG), any shareholder who reaches, exceeds or falls below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights of a listed company is required to inform the company and the German Financial Supervisory Authority (BaFin) without delay. BayWa AG was informed of the following holdings (the proportion of voting rights relates to the time when notification was made and may therefore now be outdated):

Pursuant to Section 41 para. 2 in conjunction with Section 21 para. 1 of the German Securities Trading Act (WpHG), Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, informed us on 4 April 2002 that the proportion of its voting rights in our company came to 37.51% on 1 April 2002.

Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009.

Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to Raiffeisen Agrar Holding GmbH via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG via Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

On 8 September 2009, we received the following notification from 'KORMUS' Holding GmbH, Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Austria, Company Register no. FN 241822X:
"We herewith inform you that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share of the voting rights in BayWa Aktiengesellschaft, Arabellastrasse 4, 81925 Munich, Germany, apportioned to us had fallen below the thresholds of 25%, 20%, 15%, 10%, 5% and 3% on 8 September 2009 and that the whole share in the voting rights now amounts to 0% (the equivalent of zero voting rights).

To date a share in the voting rights of 25.12% (the equivalent of 8,533,673 voting rights) was apportionable to us pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG) via LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG. As a result of a demerger, 16,329,226 of the shares formerly held by us in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG (the equivalent of 50.05% of the shares and the voting rights) were directly transferred to 'LAREDO' Beteiligungs GmbH, our direct parent company, with effect from 8 September 2009."

'LAREDO' Beteiligungs GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportioned to 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to 'LAREDO' Beteiligungs GmbH via 'KORMUS' Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H., Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen-Holding GmbH, Niederösterreich-Wien reg.Gen.m.b.H. pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H. via 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), its share in the voting rights of BayWa AG, Munich, Germany, came to 25.12% (8,533,673 voting

rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).
We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act (WpHG):

1) Objectives of the acquisition:
   a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
   b) RWA Management, Service und Beteiligungen GmbH plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent, and mainly to prevent dilution of its existing voting rights;
   c) RWA Management, Service und Beteiligungen GmbH currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies;
   d) RWA Management, Service und Beteiligungen GmbH currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition: Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly-owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest GmbH, neither debt nor equity capital was used for the acquisition of BayWa Aktiengesellschaft voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), its share in the voting rights of BayWa AG, Munich, Germany, came to 25.12% (8,533,673 voting rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).
We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act (WpHG):

1) Objectives of the acquisition:
   a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
   b) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent and mainly to prevent dilution of its existing voting rights;
   c) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies;
   d) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition: Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly-owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest GmbH, neither debt nor equity capital was used for the acquisition of BayWa AG voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

Correction of a voting rights notification from 16 July 2009:
RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain 'LAREDO' Beteiligungs GmbH, LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft,

Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa AG voting rights pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
'LAREDO' Beteiligungs GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to 'LAREDO' Beteiligungs GmbH via the chain LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa AG voting rights pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH (the latter being the direct holder of BayWa AG voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 and via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Holding GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 1 sentence 1 item 1 and Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.

Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, informed us on 19 January 2016, in the form of a notification of voting rights pursuant to Section 41 para. 4f of the German Securities Trading Act (WpHG), that the share of voting rights apportioned to it in BayWa AG, Munich, Germany, amounted to 25.10% (34,783,980 voting rights) on 26 November 2015. The company's share had amounted to 25.12% on the date of the last notification.

(E.5.) Related party disclosures

Under IAS 24, related parties are defined as companies and individuals where one of the parties has the possibility of controlling the other or of exerting a significant influence on the financial and business policies of the other.

A significant influence within the meaning of IAS 24 is constituted by participation in the financial and operating policies of the company, but not the control of these policies. Significant influence may be exercised in several ways usually by representation on the management board or on the management and/or supervisory bodies, but also by participation, for instance, in the policy-making process through material intra-Group transactions, by interchange of managerial personnel or by dependence on technical information. Significant influence may be gained by share ownership, statute or contractual agreement. With share ownership, significant influence is presumed in accordance with the definition under IAS 28 (Investments in Associates and Joint Ventures [2011]) if a shareholder owns 20% or more of the voting rights, either directly or indirectly, unless this supposition can be clearly refuted. Significant influence can be deemed irrefutable if the policy of the company can be influenced, for instance, by the corresponding appointment of the members to the supervisory bodies.

In relation to the shareholder group of BayWa AG, the holdings of Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, as well as Raiffeisen Agrar Invest AG, Vienna, Austria, (formerly: Raiffeisen Agrar Invest GmbH, Vienna, Austria) mean that they can exert significant influence on BayWa AG. These companies are, therefore, to be classified as related parties. In addition to dividend payments of BayWa AG to Bayerische Raiffeisen-Beteiligungs-AG of €11.0 million (2017: €10.4 million) and to Raiffeisen Agrar Invest AG of €7.9 million (2017: €7.4 million), no business transactions were carried out in the financial year 2018 within the meaning of IAS 24 which need to be reported here.

Transactions with related parties are shown in the table below:

in € million 2018	The Supervisory Board	The Board of Management	Bayerische Raiffeisen-Beteiligungs-AG und Raiffeisen Agrar Invest AG	Non-consolidated companies > 50%	Non-consolidated companies > 20% ≤ 50%
Receivables	–	–	–	19.8	17.2
Liabilities	–	–	–	2.3	15.2
Interest income	0.0	0.0	–	0.7	0.1
Interest expenses	–	–	–	- 0.3	- 0.0
Revenues	–	–	–	17.9	42.5

in € million 2017	The Supervisory Board	The Board of Management	Bayerische Raiffeisen-Beteiligungs-AG und Raiffeisen Agrar Invest AG	Non-consolidated companies > 50%	Non-consolidated companies > 20% ≤ 50%
Receivables	–	–	–	18.3	6.8
Liabilities	–	–	–	10.4	8.0
Interest income	–	–	–	0.1	0.0
Interest expenses	–	–	–	0.0	0.0
Revenues	–	–	–	9.8	62.0

The transactions conducted with related parties predominantly pertain to the sale of goods. Members of the Board of Management or of the Supervisory Board of BayWa AG are members in supervisory boards or board members of other companies with which BayWa AG maintains business relations in the course of normal business.

(E.6.) Fees of the Group auditor

The following fees paid to the Group auditor Deloitte GmbH Wirtschaftsprüfungsgesellschaft were recognised as expenses at BayWa AG and its subsidiaries:

in € million	**2018**	2017
For audits performed	1.4	1.1
For other consultancy services	0.1	0.1
For tax consultancy services	–	–
For other services	0.1	0.1
	1.6	**1.3**

Other consultancy services concern audits required by law alongside the audit of the financial statements. In the financial year 2018, these audits centred on the German Renewable Energy Sources Act (EEG) and the consolidated non-financial statement.

Other services primarily concern supporting services in the organisation of workshops and projects.

(E.7.) Executive and supervisory bodies of BayWa AG

THE SUPERVISORY BOARD

Manfred Nüssel
Master of Agriculture (University of Applied Sciences), Chairman
Honorary President of Deutscher Raiffeisenverband e.V.

Other mandates
- AGCO GmbH, Marktoberdorf, Germany (Supervisory Board)
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Chairman of the Supervisory Board)
- Landwirtschaftliche Rentenbank, Frankfurt am Main, Germany (Board of Administration)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Vice Chairman of the Supervisory Board)

Klaus Buchleitner
Vice Chairman
Managing Director of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H and Raiffeisenlandesbank Niederösterreich-Wien AG

Other mandates
- AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria (Second Vice Chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG (First Vice Chairman)
- AUSTRIA JUICE GmbH, Allhartsberg, Austria (Chairman of the Shareholders Committee)
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna, Austria (Supervisory Board)
- Niederösterreichische Versicherung AG, St. Pölten, Austria (Supervisory Board)
- NÖM AG, Baden, Austria (Chairman of the Supervisory Board)
- Raiffeisen Bank International AG, Vienna, Austria (Supervisory Board)
- Raiffeisen Software GmbH, Vienna, Austria (Chairman of the Supervisory Board)
- Saint Louis Sucre S.A., Paris, France (Supervisory Board, until 28 February 2019)
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft e.G., Ochsenfurt, Germany (Supervisory Board, until 28 February 2019)
- Z&S Zucker und Stärke Holding AG, Vienna, Austria (Chairman of the Supervisory Board)

Werner Waschbichler
Vice Chairman of the Supervisory Board (since 5 June 2018)
Chairman of the Main Works Council of BayWa Headquarters

Gunnar Metz (until 5 June 2018)
Vice Chairman of the Supervisory Board
Chairman of the Main Works Council of BayWa AG

Wolfgang Altmüller
MBA, Chairman of the Board of Directors of VR meine Raiffeisenbank eG

Other mandates
- Allianz Deutschland AG, Munich, German (Supervisory Board)
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Vice Chairman of the Supervisory Board)
- Fiducia & GAD IT AG, Karlsruhe, Germany (Supervisory Board)
- DK Travel Holding AG, Zürich, Switzerland (member of the Advisory Board, since 20 June 2018)

Theo Bergmann
Driver, Vice Chairman of the Main Works Council of BayWa AG

Andrea Busch (since 5 June 2018)
General Secretary of ver.di, Saxony West-East-South

Renate Glashauser
Member of the Works Council, Vice Chairwoman of BayWa AG Works Council, Chairwoman of BayWa AG Works Council, Agricultural Equipment, Lower Bavaria region

Jürgen Hahnemann (since 5 June 2018)
Warehouse manager, Chairman of the Works Council of BayWa AG, Building Materials, Central Franconia, member of the Main Works Council of BayWa AG.

Monika Hohlmeier
Member of the European Parliament

Peter König (until 5 June 2018)
General Secretary of ver.di, Bavaria

Other mandate
- ADLER Modemärkte AG, Haibach, Germany

Stefan Kraft M. A.
National Secretary of the Union, ver.di-Bundesverwaltung

Michael Kuffner
Head of Environment, Health & Safety (EH & S)

Other mandate
- BGHW Berufsgenossenschaft für Handel und Warenlogistik (member of the Board of Directors)

Dr. Johann Lang
Master of Agricultural Engineering, farmer and Managing Director of Landwirtschaftsbetrieb Lang GbR, Ort, Austria

Other mandates
- Niederösterreichische Versicherung AG, St. Pölten, Austria (Supervisory Board)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Chairman of the Supervisory Board)
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria (Chairman of the Supervisory Board)

Bernhard Loy (since 5 June 2018)
Service specialist, Chairman of the Works Council of BayWa AG, Agricultural Equipment, Central Franconia, member of the Main Works Council of BayWa AG.

Wilhelm Oberhofer
Member of the Board of Management of Raiffeisenbank Kempten-Oberallgäu eG

Other mandates
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (member of the Board of Management)
- Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, Germany (Supervisory Board)
- GOS Grundstücksgesellschaft Oberallgäu-Süd mbH, Sonthofen, Germany (Advisory Committee)
- DZ Bank AG, Frankfurt am Main, Germany (Central Advisory Board)

Joachim Rukwied
Master of Agricultural Engineering (University of Applied Sciences), farmer and vintner
President of the European farmers' association COPA, of the Deutscher Bauernverband e. V. and of the Landesbauernverband in Baden-Württemberg e. V.

Other mandates
- Buchstelle LBV GmbH, Stuttgart, Germany (Chairman)
- KfW Bankengruppe, Frankfurt am Main, Germany (Board of Administration)
- Landwirtschaftliche Rentenbank, Frankfurt am Main, Germany (Chairman of the Board of Administration)
- Land-DATA GmbH, Visselhövede, Germany (Chairman)
- LBV-Unternehmensberatungsdienste GmbH, Stuttgart, Germany (Chairman of the Board of Administration)
- Messe Berlin GmbH, Berlin, Germany (Supervisory Board)
- R+V Allgemeine Versicherung AG, Wiesbaden, Germany (Supervisory)
- Südzucker AG, Mannheim/Ochsenfurt, Germany (Supervisory Board)

Josef Schraut (until 5 June 2018)
Head of Lubricant Sales, Vice Head
of the Lubricant unit

Monique Surges
Chief Executive Officer German-New Zealand Chamber of Commerce Inc., Auckland, New Zealand
Treasurer of the New Zealand Europe Business Council (NZEBC), Auckland, New Zealand

COOPERATIVE COUNCIL

Karlheinz Kipke
Chairman
Chairman of the Board of Directors of VR-Bank Coburg eG

Members pursuant to Article 28 para. 5 of the Articles of Association

Manfred Nüssel
Master of Agriculture (University of Applied Sciences), Vice Chairman
Honorary President of Deutscher Raiffeisenverband e.V.

Dr. Johann Lang
Master of Agricultural Engineering, farmer and Managing Director of Landwirtschaftsbetrieb Lang GbR, Ort, Austria

Other members

Ralf W. Barkey (since 8 May 2018)
Chief Executive Officer, Genossenschaftsverband – Verband der Regionen e. V., Frankfurt am Main, Germany

Franz Breiteneicher
Managing Director of Raiffeisen-Waren GmbH Erdinger Land

Dr. Alexander Büchel
Member of the Board of Directors of Genossenschaftsverband Bayern e.V.

Albert Deß
Member of the European Parliament

Martin Empl
Master of Agriculture, farmer

Dr. Reinhard Funk
Master of Agriculture, publicly appointed and sworn agricultural appraiser

Manfred Göhring
Chairman of the Board of Directors of Raiffeisenbank Altdorf-Feucht eG

Marcus Grauer
Managing Director of Raiffeisen-Waren GmbH Iller-Roth-Günz

Albert Griebl (since 8 May 2018)
Spokesman for the Board of Management of VR-Bank Rottal-Inn eG

Wolfgang Grübler
Chief Executive Officer
Agrarunternehmen "Lommatzscher Pflege" e.G.

Alois Hausleitner
Ök.-Rat, farmer, Chairman of Agrarunion Südost eGen Lagerhaus & Co. KG

Walter Heidl
President of Bayerischer Bauernverband

Ludwig Hubauer
Farmer, member of the Supervisory Board of RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria

Hubert Kamml
Chairman of the Board of Directors of Volksbank Raiffeisenbank Rosenheim-Chiemsee eG

Martin Körner
Master of Engineering (University of Applied Sciences), farmer, fruit farmer

Alfred Kraus
Managing Director of Raiffeisen-Handels-GmbH Rottal

Johann Kreitmeier
Managing Director of Landeskuratorium für pflanzliche Erzeugung in Bayern e. V.

Franz Kustner
Former President of the Bayerischer Bauernverband, Upper Palatinate district association

Franz Reisecker
Ök.-Rat Engineering, farmer, President of Landwirtschaftskammer Oberösterreich (chamber of agriculture for Upper Austria)

Angelika Schorer
Member of the State Assembly, secretary to the Präsidium (executive committee), member of the Ausschuss für Wohnen, Bau und Verkehr (committee for residential, construction and transport affairs), member of the Medienrat (media council)

Claudius Seidl (until 31 January 2018)
Chairman of the Board of Directors of VR-Bank Rottal-Inn eG, President of the Genossenschaftsverband Bayern e.V. district association Lower Bavaria region

Gerd Sonnleitner
Farmer, former President of the European farmers' association COPA, the Deutscher Bauernverband and the Bayerischer Bauernverband

Dr. Hermann Starnecker
Spokesman of the Board of Directors of VR Bank Kaufbeuren-Ostallgäu eG

Wolfgang Völkl
Spokesman of the Board of Directors of Volksbank Regensburg-Schwandorf eG

Wolfgang Vogel
President of Sächsischer Landesbauernverband e.V.

Rainer Wiederer
Spokesman of the Board of Directors of Volksbank Raiffeisenbank Würzburg eG

Thomas Wirth
Member of the Board of Directors of Volksbank Raiffeisenbank Nordoberpfalz eG

THE BOARD OF MANAGEMENT

Prof. Klaus Josef Lutz
(Chief Executive Officer)
Corporate Audit, Corporate Compliance, Corporate Environment, Health & Safety, Corporate Governance, Corporate HR, Corporate M & A, Corporate Marketing, PR/Corporate Communications/Public Affairs, Corporate Risk, Corporate Strategy & Innovation, Corporate Sustainability, Group IT, BayWa Foundation, BayWa Agri Supply & Trade (BAST), Global Produce, RI-Solution GmbH

External mandates
- Deutscher Raiffeisenverband e. V., Berlin, Germany (Vice President)
- Euro Pool System International B.V., Rijswijk, Netherlands (Chairman of the Supervisory Board)
- Giesecke & Devrient GmbH, Munich, Germany (Chairman of the Supervisory Board and the Advisory Committee)
- IHK Industrie- und Handelskammer für München und Oberbayern (chamber of industry and commerce for Munich and Upper Bavaria) (Vice President)

Group mandates
- Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates, (member of the Board of Directors)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (First Vice Chairman of the Supervisory Board)
- T&G Global Limited, Auckland, New Zealand (Chairman of the Board of Directors)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Chairman of the Supervisory Board)

Andreas Helber
Corporate Controlling, Corporate Finance & Accounting, Corporate Insurance, Corporate Legal, Corporate Real Estate Management, Investor Relations, BayWa Services (Business Service Center, HR Shared Service Center, Corporate Purchasing Own Requirements and Services)

External mandates
- Munich Stock Exchange (Member of the Stock Exchange Council)
- R+V Pensionsversicherung a.G., Wiesbaden, Germany (Member of the Supervisory Board)

Group mandates
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Third Vice Chairman of the Supervisory Board)
- T&G Global Limited, Auckland, New Zealand (Member of the Board of Directors)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Member of the Supervisory Board)

Marcus Pöllinger (since 1 November 2018)
Agri Trade & Service, Agricultural Equipment, Building Materials, Digital Farming

External mandate
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany (Member of the Supervisory Board, since 18 December 2018)

Roland Schuler (until 31 December 2018)
BayWa Agri Services (including Agricultural Equipment, Digital Farming, IT Systems (RI-Solution)

External mandates
- BAG-Hohenlohe-Raiffeisen eG (Member of the Supervisory Board)
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany (Member of the Supervisory Board, until 18 December 2018)

Group mandate
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Member of the Supervisory Board)

Matthias Taft
Energy, Renewable Energies (BayWa r.e. renewable energy GmbH)

Group mandates
- BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Republic of Singapore (Chairman of the Board of Directors)
- BayWa r.e. Nordic AB, Malmö, Sweden (Chairman of the Board of Directors)
- BayWa r.e. renewable energy GmbH, Munich, Germany (Managing Director)
- BayWa r.e. Scandinavia AB, Malmö, Sweden (Chairman of the Board of Directors)
- BayWa r.e. Solar Projects LLC, Wilmington (Delaware), USA (Chairman of the Board of Directors)
- BayWa r.e. Solar Pte. Ltd., Singapore, Republic of Singapore (Chairman of the Board of Directors)
- BayWa r.e. USA LLC, Wilmington (Delaware), USA (Chairman of the Board of Directors)
- BayWa r.e. Wind, LLC, Wilmington (Delaware), USA (Chairman of the Board of Directors)
- BayWa r.e. Wind Pte. Ltd., Singapore, Republic of Singapore (Chairman of the Board of Directors)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (First Replacement Member of the Supervisory Board)

Reinhard Wolf
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (Chairman of the Board of Directors and General Director)

External mandate
- Niederösterreichische Verkehrsorganisationsgesellschaft m.b.H., St. Pölten, Austria (member of the Supervisory Board)

Group mandates
- Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria (Chairman of the Supervisory Board)
- Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria (Vice Chairman of the Supervisory Board)

Allocation of operations as at 31 December 2018

(E.8.) Total remuneration of the Board of Management, the Supervisory Board and the Cooperative Council

The remuneration of the Cooperative Council amounts to €0.1 million (2017: €0.1 million). The total remuneration of the Supervisory Board comes to €0.9 million (2017: €0.7 million); of this amount €0.2 million (2017: €0.3 million) is variable. In addition to Supervisory Board remuneration, employee representatives who are employees of the BayWa Group receive compensation not connected to their activities for the Supervisory Board. The sum total of such compensation received by the employee representatives came to €0.5 million (2017: €0.5 million). Total remuneration of the Board of Management comes to €7.8 million (2017: €6.6 million) and breaks down as follows:

in € million	2018	2017
Total remuneration of the Board of Management	**7.8**	**6.6**
thereof:		
ongoing remuneration	5.5	4.5
non-cash benefits	0.2	0.2
transfers to pension provision	2.1	1.8
The ongoing remuneration of the Board of Management is split up into		
fixed salary components	3.4	3.2
variable salary components – short-term	1.6	0.9
variable salary components – long-term	0.5	0.5

An amount of €3.4 million (2017: €4.4 million) has been paid out to former members of the Board of Management of BayWa AG and their dependants. Pension provisions for former members of the Board of Management are disclosed in an amount of €44.5 million (2017: €45.9 million).

In its meeting on 19 May 2015, the Annual General Meeting of Shareholders passed a resolution pursuant to Section 286 para. 5 of the German Commercial Code (HGB) to the effect that, in the preparation of the financial statements of the Group and of BayWa AG, the information required under Section 285 sentence 1 item 9 letter a sentences 5 to 8 of the German Commercial Code (HGB) and pursuant to Section 314 para. 1 item 6 letter a sentences 5 to 8 of the German Commercial Code (HGB) in the notes to the financial statements at company and at Group level shall be waived for the financial year 2015 and for the next four financial years.

(E.9.) Ratification of the consolidated financial statements and disclosure

The consolidated financial statements were released for publication by the Board of Management of BayWa AG on 25 March 2019.

In accordance with Section 264 III of the German Commercial Code (HGB), the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing disclosure (Sections 325 et seq. of the German Commercial Code [HGB]):

- Agrarhandel Züssow Bohnhorst / Naeve Beteiligungs GmbH, Züssow, Germany
- Bad und Heizung Krampfl GmbH, Plattling, Germany
- BayWa Agrar Beteiligungs GmbH, Munich, Germany
- BayWa Agrarhandel GmbH, Nienburg, Germany
- BayWa Energie Dienstleistungs GmbH, Munich, Germany
- BayWa Finanzservice GmbH, Munich, Germany
- BayWa Handels-Systeme-Service GmbH, Munich, Germany
- BayWa Haustechnik GmbH, Kösching (formerly: Karl Theis GmbH, Munich), Germany
- BayWa Obst Beteiligung GmbH, Munich, Germany
- BayWa Ökoenergie GmbH, Munich, Germany
- BayWa Pensionsverwaltung GmbH, Munich, Germany
- BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany
- BayWa r.e. Asset Management GmbH, Gräfelfing, Germany
- BayWa r.e. Bioenergy GmbH, Regensburg, Germany
- BayWa r.e. Clean Energy Sourcing GmbH (formerly: C.E.T. Clean Energy Trading GmbH), Munich, Germany
- BayWa r.e. Energy Ventures GmbH (formerly: Solarpark Lynt GmbH), Gräfelfing, Germany

- BayWa r.e. Green Energy Products GmbH, Munich, Germany
- BayWa r.e. Italia Assets GmbH, Gräfelfing, Germany
- BayWa r.e. Operation Services GmbH, Munich, Germany
- BayWa r.e. renewable energy GmbH, Munich, Germany
- BayWa r.e. Rotor Service GmbH, Basdahl, Germany
- BayWa r.e. Rotor Service Vermögensverwaltungs GmbH, Basdahl, Germany
- BayWa r.e. Solar Energy Systems GmbH, Tübingen, Germany
- BayWa r.e. Solar Projects GmbH, Munich, Germany
- BayWa r.e. Wind GmbH, Munich, Germany
- Diermeier Energie GmbH, Munich, Germany
- EUROGREEN GmbH, Betzdorf, Germany
- FarmFacts GmbH, Pfarrkirchen, Germany
- Frucom Fruitimport GmbH, Hamburg, Germany
- Interlubes GmbH, Würzburg, Germany
- Jannis Beteiligungsgesellschaft mbH, Munich, Germany
- OneShore Energy GmbH, Berlin, Germany
- renerco plan consult GmbH, Munich, Germany
- RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany
- TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany
- Wingenfeld Energie GmbH, Hünfeld, Germany

In accordance with Section 264b of the German Commercial Code (HGB), the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing disclosure (Sections 325 et seq. of the German Commercial Code [HGB]):

- Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany
- BayWa Obst GmbH & Co. KG, Munich, Germany
- BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany
- CLAAS Main-Donau GmbH & Co. KG, Gollhofen, Germany
- CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany
- Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany
- Evergrain Germany GmbH & Co. KG, Hamburg, Germany
- r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg, Germany
- r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG, Regensburg, Germany
- r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany
- r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany
- Ruschberg Infrastruktur GmbH & Co. KG, Gräfelfing, Germany
- Schradenbiogas GmbH & Co. KG, Gröden, Germany
- Solarpark Aquarius GmbH & Co. KG, Gräfelfing, Germany
- Solarpark Aries GmbH & Co. KG, Gräfelfing, Germany
- Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany
- SPM Solarpark Möhlau GmbH & Co. KG, Gräfelfing, Germany
- Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany
- WealthCap Portfolio Finanzierungs-GmbH & Co. KG, Grünwald, Germany
- Windpark Berschweiler GmbH & Co. KG, Gräfelfing, Germany
- Windpark Finkenbach-Gersweiler GmbH & Co. KG, Gräfelfing, Germany
- Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany
- Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany
- Windpark Pferdsfeld GmbH & Co. KG, Gräfelfing, Germany
- Windpark Straelen GmbH & Co. KG, Gräfelfing, Germany
- Windpark Uphuser Mark GmbH & Co. KG, Gräfelfing, Germany
- Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany

(E.10.) Proposal for the appropriation of profit

As the parent company of the BayWa Group, BayWa AG discloses profit available for distribution of €31,511,525.40 in its annual financial statements as at 31 December 2018, which were drawn up in accordance with German accounting standards (German Commercial Code – HGB) and adopted by the Supervisory Board on 27 March 2019. The Board of Management and the Supervisory Board will propose the following use of this amount to the Annual General Meeting of Shareholders on 28 May 2019:

In €	2018
Dividend of €0.90 per dividend-bearing share	31,511,525.40

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 will be transferred to other revenue reserves.

(E.11.) Significant events after the reporting date

BayWa AG acquired 60% of shares in specialist retailer Royal Ingredients Group International B.V., Alkmaar, Netherlands, through its Dutch subsidiary BayWa Agri Supply & Trade B.V. The necessary approval of antitrust authorities was issued for the transaction in January 2019. The acquisition is part of the BayWa Agri Supply & Trade (BAST) business division's strategy to expand its offering of special types of grain and services. Royal Ingredients is a leading trader of special agriculture products such as (modified) starches, sweeteners, polyols, plant-based proteins, fibres, etc. and has a worldwide customer base in the fields of food and beverages, animal nutrition, feed and non-feed. Besides its headquarters in Alkmaar and three other subsidiaries in the Netherlands, Royal Ingredients also operates three companies in the US as well as one company in Hong Kong, Nigeria and India respectively. No further details can be provided pursuant to IFRS 3.B66 as the initial accounting had not yet been completed at the point at which the consolidated financial statements were approved.

Following approval from antitrust authorities in mid-February, BayWa r.e. GmbH sold its biomethane portfolio to bmp greengas GmbH, a subsidiary of Erdgas Südwest GmbH, which is part of the EnbW Group. bmp greengas GmbH is one of Germany's leading marketers of biomethane and the acquisition of this portfolio expands its green gas business. In preparation for the sale, the biomethane portfolio of BayWa r.e. Green Energy Products GmbH, Munich, Germany, was divested into a separate company as at 1 September 2018.

(E.12.) German Corporate Governance Code

The Board of Management and the Supervisory Board of BayWa AG submitted the Declaration of Conformity to the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) on 07 November 2018 and have made it permanently accessible to the public on the company's website at www.baywa.com.

Munich, Germany, 25 March 2019
BayWa Aktiengesellschaft

The Board of Management

Prof. Klaus Josef Lutz
Andreas Helber
Marcus Pöllinger
Matthias Taft
Reinhard Wolf

Group Holdings of BayWa AG (Appendix to the Notes of the Consolidated Financial Statements) as at 31 December 2018

Name and principal place of business	Share in capital in %
Subsidiaries included in the group of consolidated companies	
"BIOCORE ORGANIC" LLC, Žytomyr, Ukraine	100.0
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria	51.1
Abemec B.V., Veghel, Netherlands	100.0
AFS Franchise-Systeme GmbH, Vienna, Austria	100.0
Agrar- und Transportservice Kölleda GmbH, Kölleda, Germany	62.3
Agrarhandel Züssow Bohnhorst / Naeve Beteiligungs GmbH, Züssow, Germany	100.0
Agrimec Group B.V., Apeldoorn, Netherlands	100.0
AGROMED AUSTRIA GMBH, Kremsmünster, Austria	80.0
ALM Regio 1 B.V., Veghel, Netherlands	100.0
ALM Regio 2 B.V., Veghel, Netherlands	100.0
ALM Regio 3 B.V., Veghel, Netherlands	100.0
ALM Regio 4 B.V., Veghel, Netherlands	100.0
ALM Regio 5 B.V., Veghel, Netherlands	100.0
ALM Regio 6 B.V., Veghel, Netherlands	100.0
ALM Regio 7 B.V., Veghel, Netherlands	100.0
ALM Regio 8 B.V., Veghel, Netherlands	100.0
Aludra Energies SARL, Paris, France	100.0
Amadeus Wind, LLC, Wilmington (Delaware), USA	100.0
AMUR S.L.U., Barcelona, Spain	100.0
Arlena Energy S.r.l., Rovereto (formerly: Trento), Italy	100.0
Åshults Kraft AB, Malmö, Sweden	100.0
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany	100.0
Aufwind Schmack Első Biogáz Szolgáltató Kft., Szarvas, Hungary	100.0
AWS Entsorgung GmbH Abfall und Wertstoff Service, Luckau, Germany	100.0
B O R , s.r.o., Choceň, Czech Republic	100.0
Bad und Heizung Krampfl GmbH, Plattling, Germany	100.0
Baltic Logistic Holding B.V., Rotterdam, Netherlands	100.0
Bautechnik Gesellschaft m.b.H., Vienna, Austria	100.0
Bayerische Futtersaatbau Gesellschaft mit beschränkter Haftung, Ismaning, Germany	79.2
BayWa AG Centre Ltd., Vancouver, Canada	90.0
BayWa Agrar Beteiligungs GmbH, Munich, Germany	100.0[1]
BayWa Agrarhandel GmbH, Nienburg, Germany	100.0
BayWa Agri Supply & Trade B.V., Rotterdam, Netherlands	100.0
BayWa Agro Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
BayWa Canada Ltd., Vancouver, Canada	100.0
BayWa Energie Dienstleistungs GmbH, Munich, Germany	100.0
BayWa Finanzservice GmbH, Munich, Germany	100.0
BayWa Fruit B.V., Maasdijk, Netherlands	100.0
BayWa Handels-Systeme-Service GmbH, Munich, Germany	100.0[1]
BayWa Haustechnik GmbH, Kösching (formerly: Karl Theis GmbH, Munich), Germany	100.0
BayWa Marketing & Trading International B.V., Rotterdam, Netherlands	100.0
BayWa Obst Beteiligung GmbH, Munich, Germany	100.0[1]
BayWa Obst GmbH & Co. KG, Munich, Germany	100.0
BayWa Ökoenergie GmbH, Munich, Germany	100.0[1]
BayWa Pensionsverwaltung GmbH, Munich, Germany	100.0[1]
BayWa r.e. (Thailand) Co., Ltd., Bangkok, Thailand	100.0
BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany	100.0

Name and principal place of business	Share in capital in %
BayWa r.e. Asset Management GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Australia Pty Ltd, Melbourne, Australia	100.0
BayWa r.e. Bioenergy GmbH, Regensburg, Germany	100.0
BayWa r.e. Clean Energy Sourcing GmbH (formerly: C.E.T Clean Energy Trading GmbH), Munich, Germany	100,0
BayWa r.e. Clean Energy S.r.l., Milan, Italy	100.0
BayWa r.e. Energy Ventures GmbH (formerly: Solarpark Lynt GmbH), Gräfelfing, Germany	100.0
BayWa r.e. España S.L.U., Barcelona, Spain	100.0
BayWa r.e. France SAS, Paris, France	100.0
BayWa r.e. Global Services GmbH, Gräfelfing (formerly: Solarpark Aston Clinton GmbH, Munich), Germany	100.0
BayWa r.e. Green Energy Products GmbH, Munich, Germany	100.0
BayWa r.e. Hellas MEPE, Athens, Greece	100.0
BayWa r.e. Italia Assets GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Italia S.r.l., Milan, Italy	100.0
BayWa r.e. Japan K.K., Tokyo, Japan	100.0
BayWa r.e. Nordic AB, Malmö, Sweden	100.0
BayWa r.e. Operation Services GmbH, Munich, Germany	100.0
BayWa r.e. Operation Services Limited, London, UK	100.0
BayWa r.e. Operation Services S.r.l., Milan, Italy	100.0
BayWa r.e. Polska Sp. z o.o., Warsaw, Poland	100.0
BayWa r.e. Progetti S.r.l., Milan, Italy	100.0
BayWa r.e. renewable energy GmbH, Munich, Germany	100.0
BayWa r.e. Rotor Service GmbH, Basdahl, Germany	100.0
BayWa r.e. Rotor Service Vermögensverwaltungs GmbH, Basdahl, Germany	100.0
BayWa r.e. Scandinavia AB, Malmö, Sweden	76.0
BayWa r.e. Solar B.V., Heerenveen, Netherlands	70.0
BayWa r.e. Solar Energy Systems GmbH, Tübingen, Germany	100.0
BayWa r.e. Solar Energy Systems International Cooperations GmbH, Tübingen, Germany	100.0
BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0[1]
BayWa r.e. Solar Projects LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. Solar Projects Pty Ltd, Melbourne, Australia	100.0
BayWa r.e. Solar Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Solar Systems Co., Ltd., Bangkok, Thailand	100.0
BayWa r.e. Solar Systems LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. Solar Systems Pty Ltd, Adelaide, Australia	100.0
BayWa r.e. Solar Systems S. de R.L de C.V., Mexico City, Mexico	100.0
BayWa r.e. Solar Systems S.à r.l., Wemperhardt, Luxembourg	100.0
BayWa r.e. Solar Systems S.r.l., Bozen, Italy	100.0
BayWa r.e. Solar Systems SAS, Lormont, France	100.0
BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany	100.0
BayWa r.e. UK Limited, London, UK	100.0
BayWa r.e. USA LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. Wind GmbH, Munich, Germany	100.0
BayWa r.e. Wind Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Wind Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
BayWa r.e. Wind Verwaltungs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Wind, LLC, Wilmington (Delaware), USA	95.0
BayWa r.e. Windpark Arlena GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark Gravina GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark San Lupo GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Zambia Ltd., Lusaka, Zambia	100.0
BayWa Rus LLC, Moscow, Russia	100.0
BayWa Ukraine LLC, Kiev, Ukraine	100.0
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0
Becon Project Management & Consultancy Ltd., Stirling, UK	100.0
BGA Bio Getreide Austria GmbH, Vienna, Austria	100.0
BioCore B.V., Oosterhout, Netherlands	100.0

Name and principal place of business	Share in capital in %
Biomethananlage Welbeck GmbH, Gräfelfing, Germany	100.0
Bishopthorpe (Holdings) Limited, London, UK	100.0
BMH Biomethan GmbH, Munich, Germany	100.0
Bölke Handel GmbH, Landsberg (formerly: BayWa Agrar Verwaltungs GmbH, Munich), Germany	90.0
Breathe Energia in Movimento S.r.l., Rovereto (formerly: Trento), Italy	50.0
Burkes Agencies Limited, Glasgow, UK	100.0
BW Solar 216 G.K., Tokyo, Japan	100.0
Cefetra B.V., Rotterdam, Netherlands	100.0
Cefetra Feed Service B.V., Rotterdam, Netherlands	100.0
Cefetra Hungary Kft., Budapest, Hungary	100.0
Cefetra Ibérica S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Limited, Glasgow, UK	100.0
Cefetra Polska Sp. z o.o., Gdynia, Poland	100.0
Cefetra S.p.A., Rome, Italy	100.0
Cefetra Shipping B.V., Rotterdam, Netherlands	100.0
Chopin Wind, LLC, Wilmington (Delaware), USA	100.0
CLAAS Main-Donau GmbH & Co. KG, Gollhofen, Germany	90.0
CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany	90.0
CLAAS Südostbayern GmbH, Töging am Inn, Germany	90.0
CLAAS Württemberg GmbH, Langenau, Germany	80.0
Daipur HoldCo Pty Ltd, Richmond (formerly: Nhill HoldCo Pty Ltd, Collingwood), Australia	100.0
Daipur Wind Farm Pty Ltd, Richmond (formerly: Nhill Wind Farm Pty Ltd, Collingwood), Australia	100.0
Delica (Shanghai) Fruit Trading Company Limited, Shanghai, People's Republic of China	100.0
Delica Australia Pty Ltd, Tullamarine, Australia	100.0
Delica Domestic Pty Ltd, Tullamarine, Australia	80.0
Delica Limited, Auckland, New Zealand	100.0
Delica North America, Inc., Torrance, USA	50.0
Diermeier Energie GmbH, Munich, Germany	100.0
Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany	100.0
DRWZ-Beteiligungsgesellschaft mbH, Munich, Germany	64.3
ECOwind d.o.o., Zagreb, Croatia	100.0
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	100.0
Eko-En Polanow 1 Sp. z o.o., Warsaw, Poland	100.0
Eko-En Polanow 2 Sp. z o.o., Warsaw, Poland	100.0
Eko-En Skibno Sp. z o.o., Koszalin, Poland	75.0
Energia Rinnovabile Pugliese S.r.l., Milan, Italy	100.0
Energy System Services S.r.l., Milan, Italy	100.0
ENZAFOODS New Zealand Limited, Auckland, New Zealand	100.0
ENZAFRUIT New Zealand (Continent) NV, Sint-Truiden, Belgium	100.0
ENZAFRUIT New Zealand (U.K.) Limited, Luton, UK	100.0
ENZAFRUIT New Zealand International Limited, Auckland, New Zealand	100.0
ENZAFRUIT Peru S.A.C., Lima, Peru	100.0
ENZAFRUIT Products Inc., Wilmington (Delaware), USA	100.0
Eol d'Aunis SAS, Paris, France	100.0
Eolica San Lupo S.r.l., Trento, Italy	100.0
EUROGREEN AUSTRIA GmbH, Mondsee, Austria	100.0
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic	100.0
EUROGREEN GmbH, Betzdorf, Germany	100.0
Evergrain Germany GmbH & Co. KG, Hamburg, Germany	100.0
F. Url & Co. Gesellschaft m.b.H., Lannach, Austria	100.0
FarmFacts GmbH, Pfarrkirchen, Germany	100.0
FarmFacts Holding GmbH, Munich, Germany	100.0
Ferguson HoldCo Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
Ferguson Wind Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
Frucom Fruitimport GmbH, Hamburg, Germany	100.0
Fruit Distributors Limited, Auckland, New Zealand	100.0

Name and principal place of business	Share in capital in %
Fruitmark Pty Ltd, Mulgrave, Australia	100.0
Fruitmark USA Inc., Seattle, USA	100.0
Frutesa Chile Limitada, Santiago de Chile, Chile	100.0
Furukraft AB, Malmö, Sweden	100.0
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0
Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0
GENOL Gesellschaft m.b.H. & Co KG, Vienna, Austria	71.0
GK. UR Solar, Osaka, Japan	90.0
GroenLeven B.V., Heerenveen, Netherlands	100.0
GroenLeven Invest B.V., Heerenveen, Netherlands	100.0
Hughenden Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Hughenden Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Hughenden Solar Trust, Richmond, Australia	100.0
Immobilienvermietung Gesellschaft m.b.H., Traun, Austria	100.0
Interlubes GmbH, Würzburg, Germany	100.0
InterSaatzucht GmbH, Hohenkammer, Germany	100.0
Iraak Sun Farm Pty Ltd, Melbourne, Australia	100.0
Jannis Beteiligungsgesellschaft mbH, Munich, Germany	100.0
Karadoc Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Karadoc Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Kelsey Creek Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Kelsey Creek Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Lagerhaus Technik-Center GmbH & Co KG, Korneuburg, Austria	51.9
Landhandel Knaup GmbH, Borchen, Germany	51.0
Le Grand Champ Energies SARL, Paris, France	100.0
Les Landes Energies SARL, Paris, France	100.0
LHD Landhandel Drebkau Import- und Export GmbH, Drebkau, Germany	100.0
LTZ Chemnitz GmbH, Hartmannsdorf, Germany	90.0
Lyngsåsa Kraft AB, Malmö, Sweden	100.0
Mid West SF No1 Pty Ltd, Melbourne, Australia	100.0
Mozart Wind, LLC, Wilmington (Delaware), USA	100.0
OneShore Energy GmbH, Berlin, Germany	100.0
Ouyen HoldCo Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
Ouyen Solar Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
Parc Eolien du Chemin du Roy SARL, Paris, France	100.0
Parco Solare Smeraldo S.r.l., Bozen, Italy	100.0
PARGA Park- und Gartentechnik Gesellschaft m.b.H., Aderklaa, Austria	100.0
Park Eolian Limanu S.r.l., Sibiu, Romania	99.0
Parque Eólico La Carracha S.L., Zaragoza, Spain	74.0
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	74.0
Peter Frey GmbH, Wartenberg, Germany	51.0
Plapperer Projekt GmbH, Schrobenhausen, Germany	51.0
Quilly Guenrouet Energies SARL, Paris, France	100.0
r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany	100.0
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck, Germany	52.0
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria	89.9
Raiffeisen-Lagerhaus Investitionsholding GmbH, Vienna, Austria	100.0
Ravel Wind, LLC, Wilmington (Delaware), USA	100.0
Regeneratives Land GmbH (formerly: BayWa r.e. 206. Projektgesellschaft mbH), Gräfelfing, Germany	100.0
RENERCO GEM 1 GmbH, Gräfelfing, Germany	100.0
RENERCO GEM 2 GmbH, Gräfelfing, Germany	100.0
renerco plan consult GmbH, Munich, Germany	100.0
Rinnovabili Melfi S.r.l., Trento, Italy	100.0

Name and principal place of business	Share in capital in %
RI-Solution Data GmbH, Vienna, Austria	100.0
RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany	100.0
RIVEKA BVBA, Boom, Belgium	100.0
Rock Power S.L.U., Barcelona, Spain	100.0
RUG Raiffeisen Umweltgesellschaft m.b.H., Vienna, Austria	75.0
Ruschberg Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	100.0
RWA Hrvatska d.o.o., Zagreb, Croatia	100.0
RWA Immobilien GmbH, Vienna, Austria	100.0
RWA International Holding GmbH, Vienna, Austria	100.0
RWA Invest GmbH, Vienna, Austria	100.0
RWA Magyarország Kft., Ikrény, Hungary	100.0
RWA Raiffeisen Agro Romania S.r.l., Orțișoara, Romania	100.0
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria	50.0
RWA SLOVAKIA, spol. s r.o., Bratislava, Slovakia	100.0
RWA Slovenija d.o.o., Lavrica, Slovenia	100.0
RWA Srbija d.o.o., Belgrade, Serbia	100.0
Ryfors Vindkraft AB, Malmö, Sweden	100.0
Samsonwind Wirtsnock GmbH, Thomatal, Austria	100.0
SBU Power Holdings Pte. Ltd., Singapore, Republic of Singapore	100.0
SBU Power Sdn. Bhd., Petaling Jaya, Malaysia	25.0
SC Puterea Verde S.r.l., Sibiu, Romania	75.3
Schradenbiogas GmbH & Co. KG, Gröden, Germany	94.5
Schumann Wind, LLC, Wilmington (Delaware), USA	100.0
Shieldhall Logistics Limited, Glasgow, UK	100.0
Sinclair Logistics Limited, Glasgow, UK	100.0
Sjönnebol Kraft AB, Malmö, Sweden	100.0
Solarmarkt GmbH, Aarau, Switzerland	100.0
Solarpark Aquarius GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Aries GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Vine Farm GmbH, Gräfelfing, Germany	100.0
SPM Solarpark Möhlau GmbH & Co. KG, Gräfelfing, Germany	100.0
Status Produce Favona Road Limited, Auckland, New Zealand	100.0
Status Produce Limited, Auckland, New Zealand	100.0
Stormon Energi AB, Malmö, Sweden	100.0
Strauss Wind, LLC, San Diego, USA	100.0
Sun Energy No.1 G.K., Tokyo, Japan	100.0
Sun Power Sicilia S.r.l.,Milan, Italy	80.0
T&G Fruitmark HK Limited, Hong Kong, People’s Republic of China	100.0
T&G Global Limited, Auckland, New Zealand	74.0
T&G Insurance Limited, Auckland, New Zealand	100.0
T&G Japan Ltd., Tokyo, Japan	100.0
T&G South East Asia Ltd., Bangkok, Thailand	100.0
T&G Vizzarri Farms Pty Ltd, Tullamarine, Australia	50.0
Taipa Water Supply Limited, Kerikeri, New Zealand	65.0
TechnikCenter Grimma GmbH, Mutzschen, Germany	70.0
Tessennano Energy S.r.l., Rovereto (formerly: Trento), Italy	100.0
TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Stuttgart, Germany	100.0[1]
TFC Holland B.V., Maasdijk, Netherlands	73.4
Thenergy B.V., Oosterhout, Netherlands	100.0
Timboon West HoldCo Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
Timboon West Wind Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
Tracomex B.V. (formerly: Thegra Tracomex B.V.), Oosterhout, Netherlands	100.0
Tralorg Wind Farm Limited, London, UK	100.0
Trinity Holding B.V., Heerenveen, Netherlands	100.0
Turners & Growers (Fiji) Limited, Suva, Republic of Fiji	70.0

Name and principal place of business	Share in capital in %
Turners & Growers Fresh Limited, Auckland, New Zealand	100.0
Turners & Growers New Zealand Limited, Auckland, New Zealand	100.0
Turners and Growers Horticulture Limited, Auckland, New Zealand	100.0
Tuscania Energy S.r.l., Milan, Italy	100.0
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0
Unterstützungseinrichtung der BayWa Aktiengesellschaft in München GmbH, Munich, Germany	100.0
URL AGRAR GmbH, Premstätten, Austria	100.0
VISTA Geowissenschaftliche Fernerkundung GmbH, Munich, Germany	51.0
Vjetroelektrana Orjak d.o.o., Zagreb, Croatia	100.0
WAV Wärme Austria VertriebsgmbH, Vienna, Austria	89.0
WealthCap Portfolio Finanzierungs-GmbH & Co. KG, Grünwald, Germany	100.0
Wessex Grain Ltd., Templecombe, UK	100.0
Windfarm Fraisthorpe GmbH, Gräfelfing, Germany	100.0
Windpark Bärofen GmbH, Kilb, Austria	100.0
Windpark Bella GmbH, Gräfelfing, Germany	100.0
Windpark Berschweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Finkenbach-Gersweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Fürstkogel GmbH, Kilb, Austria	100.0
Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hiesberg GmbH, Kilb, Austria	100.0
Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Kamionka GmbH, Gräfelfing, Germany	100.0
Windpark Kraubatheck GmbH, Kilb, Austria	100.0
Windpark Melfi GmbH, Gräfelfing, Germany	100.0
Windpark Pferdsfeld GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Straelen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Uphuser Mark GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany	100.0
Wingenfeld Energie GmbH, Hünfeld, Germany	100.0
Worldwide Fruit Limited, Spalding, UK	50.0
Yatpool Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Yatpool Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Yatpool Sun Farm Pty Ltd, Melbourne, Australia	100.0
Yawong HoldCo Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
Yawong Wind Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
Zonnepark B.V., Heerenveen, Netherlands	100.0
Zonnepark Drenthe B.V., Heerenveen, Netherlands	100.0
Zonnepark Friesland B.V., Heerenveen, Netherlands	100.0
Zonnepark Woldjerspoor B.V., Heerenveen, Netherlands	100.0
Zonnepark XXL B.V., Heerenveen, Netherlands	87.5
Zonneparken Nederland B.V., Heerenveen, Netherlands	100.0
1 Profit and loss transfer agreement	
Subsidiaries not included in the group of consolidated companies	
"BayWa CS Polska" Sp. z o.o., Grodzisk Mazowieck, Poland	100.0
"Danufert" Handelsgesellschaft m.b.H., Vienna, Austria	60.0
ABATIS Beteiligungsgesellschaft mbH, Dusseldorf, Germany	100.0
Agrarproduktenhandel Gesellschaft m.b.H., Klagenfurt, Austria	100.0
Agrimec B.V., Apeldoorn, Netherlands	100,0
Agrimec Parts B.V., Veghel, Netherlands	100,0
Agro Innovation Lab GmbH, Vienna, Austria	100.0
Agromed Asia Limited, Hong Kong, People's Republic of China	100.0
Agro-Property Kft., Kecskemét, Hungary	100.0
Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates	49.0
Almodovar Solar (formerly: Free Break Systems S.L.U.), Barcelona, Spain	70.0
Aurora Solar Projects, LLC, Dover (Delaware), USA	100.0

Name and principal place of business	Share in capital in %
BayWa Bau Projekt GmbH (formerly: ELG Energie Logistik GmbH), Munich, Germany	100.0
BayWa CS GmbH, Munich, Germany	100.0
BayWa Forderungsmanagement GmbH, Munich, Germany	100.0[1]
BayWa Global Produce GmbH, Munich, Germany	100.0
BayWa Greenhouse Development GmbH, Munich, Germany	100.0
BayWa Obst Verwaltungsgesellschaft mbH, Munich, Germany	100.0
BayWa r.e. 148. Projektgesellschaft mbH, Gräfelfing, Germany	100.0
BayWa r.e. Bioenergy Betriebs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Desarrollos Solares S. de R.L. de C.V., Mexico City, Mexico	100.0
BayWa r.e. Development Land Holdco, LLC, Los Angeles, USA	100.0
BayWa r.e. Development, LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. EPC, LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. Mexico, LLC, Wilmington (Delaware), USA	100.0
BayWa r.e. Projects España S.L.U., Barcelona, Spain	100.0
BayWa r.e. Solar Projects Verwaltungs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Solar Systems Ltd., Machynlleth, UK	90.0
BayWa r.e. Solar Systems S.L.U., Madrid, Spain	100.0
BayWa r.e. Solarsystemer ApS, Svendborg, Denmark	100.0
BayWa r.e. Windpark Guasila GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark Tuscania GmbH, Gräfelfing, Germany	100.0
BayWa re (Malaysia) Sdn. Bhd., Kuala Lumpur, Malaysia	100.0
BayWa Rent GmbH (formerly: AGRO-CAD Software GmbH, Großbardau OT Kleinbardau), Munich, Germany	100.0
BayWa Venture GmbH, Munich, Germany	100.0
Bielstein S.L.U., Barcelona, Spain	100.0
Biogasanlage Geislingen GmbH & Co. KG, Gröden, Germany	100.0
biohelp international GmbH, Vienna, Austria	60.0
Bluebird Solar LLC, Frankfort (Kentucky), USA	100.0
Botsay Energie SARL, Paris, France	100.0
Bürgersolaranlage Pfaffenhofen GmbH, Gräfelfing, Germany	100.0
BW Solar 615 G.K., Tokyo, Japan	100.0
C L G Computerdienst für Landwirtschaft und Gewerbe GmbH, Pfarrkirchen, Germany	100.0[1]
CalCity Solar I LLC, Wilmington (Delaware), USA	100.0
Cefetra Este S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Norte S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Oeste S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Sur S.L.U., Pozuelo de Alarcón, Spain	100.0
CENTRO AGRICOLO FRIULANO S.R.L., Riverto, Italy	85.0
Chestnut Solar LLC, Raleigh (North Carolina), USA	100.0
Clos Neuf Energies SARL, Paris, France	100.0
Col des 3 Soeurs SARL, Paris, France	100.0
Danugrain Lagerei GmbH, Krems an der Donau, Austria	60.0
Delano Solar I, LLC, Wilmington (Delaware), USA	100.0
Eko Energetika Croatia d.o.o., Rijeka, Croatia	100.0
Erste Onshore Windkraft Beteiligungsgesellschaft mbH, Oldenburg, Germany	100.0
Eurogreen Italia S.r.l., Milan, Italy	51.0
Evergrain Verwaltungs GmbH, Hamburg, Germany	100.0
FarmFacts Beteiligungs GmbH, Pfarrkirchen, Germany	100.0
FarmFacts Hungary Kft., Kaposvár, Hungary	100.0
Fontenet Energies SARL, Paris, France	100.0
Forster GmbH, Munich, Germany	100.0
Freedom Solar, LLC, Wilmington (Delaware), USA	100.0
G. Stranzinger Bauprojekt GmbH & Co. KG, Tann, Germany	60.0
G. Stranzinger Verwaltungs GmbH, Tann, Germany	60.0
GENOL Gesellschaft m.b.H. & Co KG, Vienna, Austria	71.0
Genol Vertriebssysteme GmbH, Vienna, Austria	100.0
Gourvillette Energies SARL, Paris, France	100.0

Name and principal place of business	Share in capital in %
Grande Lande Energies SARL, Paris, France	100.0
Grasshopper Solar LLC, Glen Allen (Virginia), USA	100.0
Green Answers GmbH & Co. WP Vahlbruch KG, Gräfelfing, Germany	100.0
Green Wind Deutschland GmbH, Munich, Germany	50.0
HERA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna, Austria	51.0
Heuberg S.L.U., Barcelona, Spain	100.0
Hexagone Energie 2 SAS, Paris, France	51.0
Hughenden Solar Pty Ltd, Richmond, Australia	100.0
HXNAir Solar One, LLC, Raleigh (North Carolina), USA	100.0
IMMOBILIARE AGRICOLA RIVOLTO S.R.L., Rivolto, Italy	100.0
Jacumba Land HoldCo LLC, Wilmington (Delaware), USA	100.0
Jung HoldCo Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
Jung Wind Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
JVR Energy Park LLC, Los Angeles, USA	100.0
K’IIN, S.A.P.I. de C.V., Mexico City, Mexico	100.0
KALPIS, S.A.P.I. de C.V., Mexico City, Mexico	100.0
Keranna Energies SARL, Paris, France	100.0
Ketziner Beteiligungsgesellschaft mbH, Niederer Fläming, Germany	100.0
Kita-Ibaragi City PV Plant G.K., Tokyo, Japan	100.0
Kobe Yamada PV Plant G.K., Tokyo, Japan	100.0
La Couture Energies SARL, Paris, France	100.0
La Redonda Solar SL (formerly: Star Leaks Systems S.L.U.), Barcelona, Spain	70.0
Lagerhaus e-Service GmbH, Vienna, Austria	100.0
Lagerhaus Technik-Center GmbH, Korneuburg, Austria	53.6
Les Éoliennes Citoyennes de Botsay SAS, Paris, France	100.0
Les Landiers Energies SARL, Paris, France	100.0
Les Pierres Blanches Energies, Paris, France	100.0
Les Platayres Energies SARL, Paris, France	100.0
LESIA a.s., Strážnice, Czech Republic	100.0
Londigny Energies SARL, Paris, France	100.0
Luenga Solar, S.L.U., Barcelona, Spain	100.0
Magyar "Agrár-Ház" Kft., Ikrény, Hungary	100.0
Maqueda Solar, S.L.U., Barcelona, Spain	100.0
Matahari 1 Holdings Pte. Ltd., Singapore, Republic of Singapore	100.0
MD-Betriebs-GmbH, Munich, Germany	90.0
New Universeline Systems S.L., Barcelona, Spain	70.0
NOB-Betriebs-GmbH, Munich, Germany	90.0
Northern Cardinal Solar LLC, Raleigh (North Carolina), USA	100.0
Notch Peak Solar, LLC, Wilmington (Delaware), USA	100.0
Nuevos Parques Eólicos La Muela A.I.E., Zaragoza, Spain	100.0
PATIS Beteiligungsgesellschaft mbH, Dusseldorf, Germany	100.0
Plesidy Energies SARL, Paris, France	100.0
PT. Bumiraya Suria Abadi, Jakarta, Indonesia	49.0
Radiant Burst Systems S.L., Madrid, Spain	100.0
Raiffeisen Trgovina d.o.o., Lenart, Slovenia	100.0
Röthlein Logistik GmbH, Röthlein, Germany	50.0
RWA Ukrajina, Kiev, Ukraine	100.0
S.C. Danugrain Romania S.r.l., Orțișoara, Romania	60.0
Saatzucht Edelhof GmbH (formerly: Graninger & Mayr Gesellschaft m.b.H.), Vienna, Austria	100.0
Saatzucht Gleisdorf Gesellschaft m.b.H., Gleisdorf, Austria	66.7
Saint-Ferriol Energies SAS, Paris, France	100.0
Salm Energies SARL, Paris, France	100.0
Sankt Florian Handelsgesellschaft mbH, Vienna, Austria	100.0
SBP Power Sdn. Bhd., Petaling Jaya, Malaysia	25.0
Schradenbiogas Betriebsgesellschaft mbH, Gröden, Germany	100.0
Sea Breeze Huge, S.L., Madrid, Spain	100.0

Name and principal place of business	Share in capital in %
Silverchain Gestión, S.L., Barcelona, Spain	100.0
Solar Sud S.r.l., Rovereto, Italy	100.0
Solare Italia S.r.l., Rovereto, Italy	100.0
Solarpark Cetus GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Homestead GmbH, Gräfelfing, Germany	100.0
Solarpark Horus GmbH, Gräfelfing, Germany	100.0
Solarpark Horus Sp. z o.o., Warsaw, Poland	100.0
Solarpark Libra GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Lugh GmbH, Gräfelfing, Germany	100.0
Solarpark Lugh Sp. z o.o., Warsaw, Poland	100.0
Solarpark Malina GmbH, Gräfelfing, Germany	100.0
Solarpark Malina Sp. z o.o., Warsaw, Poland	100.0
Solarpark Mitra GmbH, Gräfelfing, Germany	100.0
Solarpark Mitra Sp. z o.o., Warsaw, Poland	100.0
Solarpark Perseus GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Samas GmbH, Gräfelfing, Germany	100.0
Solarpark Samas Sp. z o.o., Warsaw, Poland	100.0
Solarpark Sunna GmbH, Gräfelfing, Germany	100.0
Solarpark Sunna Sp. z o.o., Warsaw, Poland	100.0
Solarpark Tucana GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Wega GmbH & Co. KG, Gräfelfing, Germany	100.0
SolarSolutions 1 GmbH & Co. KG, Gräfelfing, Germany	100.0
Spring Hill Wind Farm Pty Ltd, Richmond (formerly: Collingwood), Australia	100.0
SPV Solarpark 101. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 102. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 103. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 104. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 105. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 106. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 107. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 108. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 109. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 110. GmbH & Co. KG, Gräfelfing, Germany	100.0
Studios Solar 2, LLC, Wilmington (Delaware), USA	100.0
Studios Solar 3, LLC, Wilmington (Delaware), USA	100.0
Studios Solar 4, LLC, Wilmington (Delaware), USA	100.0
Studios Solar 5, LLC, Wilmington (Delaware), USA	100.0
Studios Solar, LLC, Wilmington (Delaware), USA	100.0
Süd-Treber GmbH, Stuttgart, Germany	100.0[1]
Sunrise Forest GK, Tokyo, Japan	100.0
Sunrise Mountain GK, Tokyo, Japan	100.0
Sunrise Ocean GK, Tokyo, Japan	100.0
Sunrise Rainbow GK, Tokyo, Japan	100.0
Sunrise Valley GK, Tokyo, Japan	100.0
Sunshine Bay GmbH & Co. KG, Munich, Germany	100.0
Sunshine Latin GmbH & Co. KG, Munich, Germany	100.0
Sunshine Movement GmbH, Munich, Germany	100.0
Sunshine South GmbH & Co. KG, Gräfelfing, Germany	100.0
Taga Solar, LLC, Wilmington (Delaware), USA	100.0
TFC Maasland B.V., Maasdijk, Netherlands	100.0
Time Clever Entertainment S.L.U., Barcelona, Spain	100.0
Tout Vent Energies SARL, Paris, France	100.0
Tredias Energies SARL, Paris, France	100.0
Val de Moine Energies SARL, Paris, France	100.0
Varennes Energies SARL, Paris, France	100.0
Varennes Solaire 2 SAS, Paris, France	100.0

Name and principal place of business	Share in capital in %
Villamayor Solar, S.L., Barcelona, Spain	100.0
WHG LIEGENSCHAFTSVERWALTUNG BETRIEBS GMBH, Klagenfurt, Austria	100.0
Whitehaven Solar A, LLC, Wilmington (Delaware), USA	100.0
Whitehaven Solar B, LLC, Wilmington (Delaware), USA	100.0
Whitehaven Solar C, LLC, Wilmington (Delaware), USA	100.0
Wind Park Kotla Sp. z o.o., Warsaw, Poland	100.0
Windfarm Serralonga GmbH, Gräfelfing, Germany	100.0
Windkraft Beteiligungsgesellschaft mbH, Dusseldorf, Germany	100.0
Windpark Altenglan GmbH & Co. KG (formerly: Windpark Rothhausen GmbH & Co. KG), Gräfelfing, Germany	100.0
Windpark Bad Berleburg GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Bedesbach GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Berka GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Breva GmbH, Gräfelfing, Germany	100.0
Windpark Bruchwald GmbH & Co. KG, Lebach, Germany	100.0
Windpark Eschweiler II GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Freimersheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Gronau Leine GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hellefelder Höhe GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hesselertal GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Immenberg 2 GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Immenberg 3 GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Immenberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Jembke GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Jettenbach GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Katzberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Langenbrand GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Langenlonsheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Lauenbrück GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Matzenbach GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Moringen Nord GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Olsberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Prezelle GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Rehweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark SBG V GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Schönberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Seershausen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Todesfelde GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Uetze 6 GmbH & Co. KG (formerly: Windpark Gross Ziescht am Schwarzen Berg GmbH & Co. KG), Gräfelfing, Germany	100.0
Windpark Wilhelmshöhe II GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wimmelburg 3 GmbH & Co. KG, Gräfelfing, Germany	100.0
Wohnen am Lerchenberg GmbH & Co. KG, Borna, Germany	60.0
Wohnen am Lerchenberg Verwaltungs GmbH, Borna, Germany	60.0
WP Seershausen Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	100.0
Zonnedak A1 B.V., Heerenveen, Netherlands	100.0
Zonnedak F1 B.V., Heerenveen, Netherlands	100.0
Zonnedak O1 B.V., Heerenveen, Netherlands	100.0
Zonnepark Albrandswaard B.V., Heerenveen, Netherlands	100.0
Zonnepark de Veenkoloniën B.V., Heerenveen, Netherlands	100.0
Zonnepark Energielandgoed Eelde B.V., Heerenveen, Netherlands	100.0
Zonnepark Venekoten B.V., Heerenveen, Netherlands	100.0
Zonnepark Weperpolder B.V., Heerenveen, Netherlands	100.0
Zonnepark West Maas & Waal B.V., Heerenveen, Netherlands	100.0
Associates and joint ventures of secondary importance included under the equity method	
act renewable GmbH, Munich, Germany	50.0
AHG- Autohandelsgesellschaft mbH, Horb am Neckar, Germany	49.0

Name and principal place of business	Share in capital in %
Allen Blair Properties Limited, Wellington, New Zealand	33.3
Aufwind BB GmbH & Co. Zwanzigste Biogas KG, Regensburg, Germany	100.0
AUSTRIA JUICE GmbH, Allhartsberg, Austria	50.0
Baltanás Cereales y Abonos, S.L., Baltanás, Spain	50.0
Baltic Terminal Sp. z o.o., Gdynia, Poland	50.0
BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa	50.0
BHBW Limited, Maidenhead, UK	50.0
biohelp - biologischer Pflanzenschutz-Nützlingsproduktions-, Handels- und Beratungs GmbH, Vienna, Austria	24.9
BRB Holding GmbH, Munich, Germany	45.3
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany	37.8
EAV Energietechnische Anlagen Verwaltungs GmbH, Staßfurt, Germany	49.0
Grandview Brokerage LLC, Seattle, USA	39.4
Growers Direct Limited, Wakefield, UK	50.0
Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany	50.0
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich, Germany	33.3
Intelligent Fruit Vision Limited, Spalding, UK	24.0
LWM Austria GmbH, Hollabrunn, Austria	25.0
MoSagri B.V., Breda, Netherlands	25.0
Mystery Creek Asparagus Limited, Hamilton, New Zealand	14.5
POP Worldwide Limited, Spalding, UK	24.0
PURE Applikationen GmbH & Co. KG, Regensburg, Germany	25.0
Süddeutsche Geothermie-Projekte Verwaltungsgesellschaft mbH i. L., Gräfelfing, Germany	50.0
The Fruit Firm Limited, West Malling, UK	20.0
Transhispania Agraria, S.L., Torquemada, Spain	28.3
VIELA Export GmbH, Vierow, Germany	50.0
Wawata General Partner Limited, Nelson, New Zealand	50.0
Associates and joint ventures of secondary importance not included under the equity method	
Afrupro Investments LTD, Tzaneen, South Africa	60.0
Agrosen Holding GmbH, Kremsmünster, Austria	30.0
Agro-Service-Gröden GmbH, Gröden, Germany	20.0
ARGE WWS Obst GdR, Markdorf, Germany	50.0
B L E, Bau- und Land-Entwicklungsgesellschaft Bayern GmbH, Munich, Germany	25.0
BayWa Hochhaus Verwaltung GmbH, Grünwald, Germany	50.0
Biogas Plant Operations Limited, London, UK	49.0
Biotech-Enterprises-Lizenzverwertungs-Gmbh, Fischamend, Austria	24.9
Bonus Holsystem für Verpackungen GmbH & Co.KG, Kufstein, Austria	26.0
Bonus Holsystem für Verpackungen GmbH, Kufstein, Austria	26.0
BRVG Bayerische Raiffeisen- und Volksbanken Verlag GmbH, Munich, Germany	25.0
Chemag Agrarchemikalien GmbH, Frankfurt am Main, Germany	30.0
DANUOIL Mineralöllager und Umschlags-Gesellschaft m.b.H., Vienna, Austria	50.0
DRWZ Marken GmbH, Karlsruhe, Germany	32.8
EBULUM GmbH & Co. Objekt Baunatal KG, Pullach im Isartal, Germany	94.0
HGD Haus und Garten Deutschland Handelskooperation GmbH, Karlsruhe, Germany	50.0
ISTROPOL SOLARY a.s., Horné Mýto, Slovakia	29.8
Kärntner Saatbau e.Gen., Klagenfurt, Austria	27.9
Kartoffel Centrum Bayern GmbH, Rain am Lech, Germany	50.0
Kerifresh Growers Trust 2017, Kerikeri, New Zealand	31.0
Land24 Gesellschaft mit beschränkter Haftung, Telgte, Germany	34.2
LLT - Lannacher Lager- und Transport GesmbH, Korneuburg, Austria	50.0
Logistikzentrum Röthlein GmbH & Co. KG, Gräfelfing, Germany	94.0
Obst vom Bodensee Vertriebsgesellschaft mbH, Friedrichshafen, Germany	47.5
OÖ Lagerhaus Solidaritäts GmbH, Traun, Austria	50.0
PKSA Power Sdn. Bhd., Kuala Lumpur, Malaysia	48.0
Projektentwicklung Windkraft Unterallgäu GmbH & Co. KG, Bad Wörishofen, Germany	31.3
Projektentwicklung Windkraft Unterallgäu Verwaltungs GmbH i. L., Bad Wörishofen, Germany	31.2

Name and principal place of business	Share in capital in %
Raiffeisen - Landhandel GmbH, Emskirchen, Germany	23.4
Raiffeisen Waren GmbH Hallertau-Jura (formerly: Raiffeisen-BayWa-Waren GmbH Lobsing-Siegenburg-Abensberg-Rohr), Pförring/Lobsing, Germany	16.5
RE Gebeng BHK Sdn. Bhd., Kuala Lumpur, Malaysia	40.0
SDK Power Sdn. Bhd,, Kuala Lumpur, Malaysia	48.0
Vetroline Handels GmbH, Göttlesbrunn-Arbesthal, Austria	50.0
VR erneuerbare Energien eG, Kitzingen, Germany	33.3
VR-LEASING DIVO GmbH & Co. Immobilien KG, Eschborn, Germany	47.0
VR-LEASING LYRA GmbH & Co. Immobilien KG, Eschborn, Germany	47.0
Wind Park Belzyce Sp. z o.o., Warsaw, Poland	50.0
WUN Pellets GmbH (formerly: WUN Energie GmbH), Wunsiedel, Germany	30.0
Zimmermann PV-TRACKER GmbH, Eberhardzell, Germany	33.3
Participations in large corporations	
Südstärke Gesellschaft mit beschränkter Haftung, Schrobenhausen, Germany Equity in € thousand: 128,483 Annual net income/loss in € thousand: 1.336	6.5

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, the consolidated financial statements give a true and fair view of the net assets, financial position and the result of operations of the Group, and the Management Report on the 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.

Munich, 25 March 2019

BayWa Aktiengesellschaft
The Board of Management

Prof. Klaus Josef Lutz
Andreas Helber
Marcus Pöllinger
Matthias Taft
Reinhard Wolf

Independent Auditor's Report

To BayWa AG, Munich, Germany

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of Baywa Aktiengesellschaft, Munich, Germany, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated income statement and reconciliation to the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Baywa Aktiengesellschaft, Munich, Germany, for the financial year from 1 January to 31 December 2018. In accordance with the German legal requirements, we have not audited the content of the Declaration on Corporate Governance and the Corporate Governance Report or the combined non-financial report pursuant to Sections 289b to 289e and Sections 315b to 315c German Commercial Code (HGB), to which reference is made in the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018, and of its financial performance for the financial year from 1 January to 31 December 2018, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of Declaration on Corporate Governance and the Corporate Governance Report or the combined non-financial report pursuant to Sections 289b to 289e and Sections 315b to 315c German Commercial Code (HGB), to which reference is made in the group management report.

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:
1) Recoverability of deferred tax assets
2) Accounting for the acquisition of the GroenLeven Group
3) Revenue realisation on project business over time
4) Accounting for legal disputes and provisions in the annual financial statements

Our presentation of these key audit matters has been structured as follows:
   a) Description (including reference to corresponding information in the consolidated financial statements)
   b) Auditor's response

1. Recoverability of deferred tax assets

a) Description
In the consolidated financial statements, the balance sheet item "deferred tax assets" includes deferred tax assets of mEUR 252.6 (previous year: mEUR 234.5). The deferred tax assets derive, on the one hand, from deductible temporary differences between the carrying values of items in the consolidated balance sheet and their tax bases (mEUR 182.1). Based on the Group's planning, it is expected that these temporary differences will reverse within the next five years. Deferred tax assets are also recognised on loss carryforwards (mEUR 70.5) to the extent it is expected that they will be utilised within the next five years. The deferred tax assets are measured at the group income tax rate of 29.13%. The outcome of the computation of the deferred tax assets depends to a great degree on estimates and assumptions made by the executive directors about future taxable income and expense, the timing of the reversal of the temporary differences and the realisation of tax relief from loss carryforwards, and is thus subject to considerable uncertainty. For this reason, we have identified the measurement of deferred tax to be a key audit matter. The disclosures made by the parent's executive directors on deferred tax are provided in sections C.9. and D.8. of the notes to the consolidated financial statements.

b) Auditor's response
In a first step, we gained an understanding of the control environment, the risk assessment and the processes and monitoring procedures set up with regard to the processes and procedures for determining and measuring deferred tax. Our audit was based on our knowledge and audit results from prior years. In assessing risk, amongst other things, we assessed to what degree budgets were adhered to in the past. We assured ourselves of the reasonableness of the future taxable income and expense forecast for the computation by reconciling this information to the current planning figures in the multi-year plan approved by the executive directors. We reconciled general and industry-specific market expectations of the parent's executive directors to external sources.

In auditing the tax issues, we involved internal tax specialists in the audit team. With their support, we assessed the processes and controls in place to validate the planning assumptions and to identify tax-related matters. Furthermore, with regard to the planning, we examined the recognition of deferred tax and the underlying justifications of the executive directors. We assessed the recoverability of the deferred tax assets on temporary differences and loss carryforwards using internal forecasts and planning figures prepared by the executive directors on the future taxable earnings of the group, whereby we evaluated the reasonableness of the planning figures used. We verified the reconciliation of the expected tax expense using the group income tax rate and the actual tax expense disclosed in the consolidated income statement.

2. Accounting for the acquisition of the GroenLeven Group

a) Description
BayWa AG, Munich, Germany, acquired the GroenLeven Group, Heerenveen, Netherlands, in April 2018. The acquisition was made by founding an acquiring company in which BayWa AG holds 70% of the shares. The acquiring company purchased all of the shares in the GroenLeven Group for a fixed price of mEUR 127.5; in addition, a variable price component (earn-out) was agreed, which was calculated at mEUR 26.4 by the executive directors on the basis of the respective contractual clause and taken into account in the purchase price allocation. The final allocation of the purchase price to the assets and liabilities acquired can be undertaken in the twelve months from date of acquisition, i.e. up to April 2019. We consider the accounting treatment of the acquisition of the

GroenLeven Group to be a key audit matter both since the identification, recognition and measurement of the assets and liabilities and the corresponding determination of goodwill as well as the treatment of the earn-out clause depend to a great extent on discretionary estimates and assumptions made by the executive directors, and the valuation models used are complex.
The disclosures made by the parent’s executive directors on this acquisition are provided in sections B.1. and C.1. of the notes to the consolidated financial statements.

b) Auditor’s response
In a first step, we reviewed and assessed the contract on the acquisition, paying particular attention to the earn-out clause. We verified the allocation of the purchase price, including the earn-out clause, to the assets and liabilities and the derivation of the goodwill acquired which was undertaken by the executive directors with support from an external advisor. We assured ourselves of the competence of the external advisor and reviewed his report with professional scepticism. In carrying out this work, we involved internal specialists on the accounting treatment of business acquisitions and undertook a critical assessment of the assumptions made by the executive directors in identifying and measuring the assets and liabilities.

3. Revenue realisation on project business over time

a) Description
A considerable proportion of the business in the “Renewable Energies” segment is the planning, implementation and sale of projects. This is carried out by founding project companies in which wind and solar power plants are constructed on the basis of a general contractor agreement between the project company and a subsidiary of BayWa AG. The sale of the project company by BayWa AG is subsequently carried out by means of a share deal. In some cases, the sale of the shares is made prior to the obligations from the general contractor agreement being fulfilled. Revenue or gains are generated on selling the solar and wind power plants by selling the shares in the project companies and deconsolidating the companies in accordance with IFRS 10. On deconsolidation, the general contractor agreement then exists between the BayWa Group and an external third party. Revenue from the general contractor agreement is realised over time in

accordance with IFRS 15 under the input-orientated cost-to-cost method. We consider accounting for this revenue realisation to be a key audit matter since the relinquishment of control pursuant to IFRS 10 must be evaluated on the basis of complex agreements, and in determining the progress of the project, the discretionary estimates of the executive directors on the degree of completion, the related costs to completion, and the risks to be taken into account have a significant effect. In addition, in this context, the application of IFRS 15 for the first time in the financial year 2018 was of particular relevance for the audit in the light of the evaluation of the contracts throughout the group with regard to the new accounting requirements.
The disclosures made by the parent’s executive directors on the revenue realisation over time, taking into account the application of IFRS 15 for the first time, are provided in sections A.3. and D.1. of the notes to the consolidated financial statements.

b) Auditor’s response
In carrying out our audit work, we gained an understanding of the internal methods, procedures and control mechanisms used in project management in the “Renewable Energies” segment. We audited the design and implementation of accounting-related internal controls and performed test of details on selected projects in accordance with our risk assessment.
In assessing selected sales of companies, we audited whether BayWa AG had relinquished control of the project company pursuant to IFRS 10, thus fulfilling the requirements for revenue recognition on deconsolidation of the respective project company. To this end, we reviewed and assessed the contracts. On the basis of our knowledge of the contractual terms of the general contract agreements, we then verified whether the requirements for recognising revenue over time pursuant to IFRS 15 had been fulfilled. In connection with the application of IFRS 15 for the first time, we looked into the processes established by BayWa AG to implement the new standard and assessed the disclosures made by the executive directors in the notes to the consolidated financial statements on the impact of the application of the standard for the first time.
We examined the determination of the input-orientated revenue and the related contract costs based on the progress of the project at the end of the reporting period as well as the appropriate disclosures in the consolidated financial statements. We also made enquiries of project management on the progress of the projects, the reasons for differences between budgeted and actual costs and on the current assessment on the expected costs to be incurred up to the completion of the project. We involved internal specialists from the IFRS Advisory department in the audit team to assess the matter under IFRS 10 and IFRS 15.

4. Accounting for legal disputes and provisions in the annual financial statements

a) Description
BayWa GA, Munich/Germany and its subsidiaries are faced with legal disputes and proceedings in relation to their operating business activities. Such disputes and proceedings can relate to the assertion of claims based on services and deliveries that are not up to

standard or from payment disputes, but can also result from breaches of legal or compliance requirements by individual employees. This can lead to the Group having to pay compensation or financial penalties, or other civil or criminal sanctions being imposed. The assessment which is made by the executive directors for each case

on the chances of success or on the progress of the legal disputes or proceedings, and the estimate whether a provision should be recognised to cover the legal risk, or the amount of any such provision, are often accompanied by a high level of uncertainty and as such involve a certain degree of judgement. In view of this, we consider the whole matter "Legal disputes and provisions" to be a key audit matter.

The disclosures made by the parent's executive directors on Legal disputes and provisions are provided in sections C.23. and E.3. of the group management report.

b) Auditor's response
In carrying out our audit work, we examined the process established by BayWa Aktiengesellschaft covering the recording, the legal treatment, the estimate on the success or outcome, and the disclosure of the legal disputes and proceedings in the consolidated annual financial statements. In the reporting period, this primarily comprised work on the substance of the ongoing antitrust investigation on crop protection wholesale operations. In the knowledge that estimates give rise to a high risk of misstatements in the financial reporting and that the decisions on recognition and measurement by the executive directors have a direct impact on the consolidated annual financial statements, we assessed the reasonableness of the presentation in the consolidated annual financial statements by reviewing the related documents such as correspondence, notes and reports by external experts. We involved our own legal experts in the audit team for this purpose. We also held discussions with the executive directors, with staff in the Legal, Compliance and Corporate Audit departments, and with selected appointed lawyers, and requested information and evidence on the developments and reasons underlying the estimates made. We also requested confirmations on selected cases from external lawyers at the balance sheet date and assessed whether they concurred with the risk assessment made by the executive directors. We also assured ourselves of the competence and abilities of the external experts and lawyers appointed by the Company. On this basis, we verified the estimates made by the executive directors on the presentation of the above matters in the consolidated annual financial statements, including the measurement of the provision for legal disputes and proceedings.

Other Information

The executive directors are responsible for the other information. The other information comprises:

- the Declaration on Corporate Governance specified in the section "Management, Monitoring and Compliance" in the group management report,
- the combined non-financial report pursuant to Sections 289b to 289e and Sections 315b to 315c German Commercial Code (HGB), to which reference is made in the group management report,
- the executive directors' confirmation on the consolidated financial statements and the group management report pursuant to Section 297 (2) Sentence 4 and Section 315 (1) Sentence 5 German Commercial Code and
- all the remaining parts of the annual report, with the exception of the audited consolidated financial statements and group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB).
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the shareholders' meeting on 5 June 2018. We were engaged by the supervisory board on 8/19 November 2018. We have been the group auditor of BayWa Aktiengesellschaft, Munich, Germany, without interruption since the financial year 1987.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Ms Cornelia Tauber.

Munich, Germany, 26 March 2019

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Dirk Bäßler
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Cornelia Tauber
Wirtschaftsprüferin
(German Public Auditor)

Report of the Supervisory Board

The Supervisory Board of BayWa AG has fulfilled the responsibility entrusted to it under the law, the Articles of Association and the bylaws. It regularly advised the Board of Management, coordinated the strategy with the Board of Management and supervised the latter in its management of the company. The common goal of the Board of Management and Supervisory Board is to raise the value of the company on a sustainable basis. The Board of Management always kept the Supervisory Board informed in a timely and comprehensive manner. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The measures requiring its approval were reviewed, and the respective resolutions passed both in meetings and in writing by way of a circulation procedure. Between the meetings, the Board of Management reported both in writing and in person on events of particular importance. After thorough deliberation and consultation, the Supervisory Board made its decisions on the reports and the resolutions put forward by the Board of Management.

The Chairman of the Supervisory Board was always informed about important decisions by the Board of Management and remained in close contact with the Chief Executive Officer. He was informed through regular detailed reports on the current business situation. The cooperation within the Supervisory Board and with the Board of Management in the reporting year 2018 was again constructive and based on trust.

Key points of consultation of the meetings of the Supervisory Board

Matters of consultation at the four regular meetings and three extraordinary meetings of the Supervisory Board in the financial year 2018 included the business and financial development of the company in particular, the performance of the individual business units, financial and investment planning, personnel-related decisions, the risk situation and questions of compliance, as well as the strategic development of the company. The Supervisory Board also deliberated in detail on the participations entered into by BayWa AG during the period under review and previously. Moreover, the Supervisory Board addressed issues pertaining to accounting and the audit of the annual financial statements of the company, as well as BayWa AG's risk management and its risk position, on an ongoing basis. Special attention was paid to the compliance monitoring at the Group. The Board of Management reported regularly and extensively on these issues as well as on the Group's current situation.

Prior to the four regular meetings in the financial year 2018, the Supervisory Board met at a conference in Berlin on 19 January 2018. At the conference, the Supervisory Board took a detailed look at the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG), the key FREP audit areas for 2018, upcoming changes to IFRS accounting, the Market Abuse Regulation and the EU General Data Protection Regulation, as well as cybersecurity, among other topics.

On 12 March 2018, the Supervisory Board convened at an extraordinary meeting to discuss a major investment project ("Project GroenLeven").

In its first regular meeting on 27 March 2018, the Supervisory Board dealt mainly with the annual financial statements and the management report on BayWa AG and on the Group as at 31 December 2017 as well as with the reports of the audits performed and the annual financial statements and the sustainability report. Furthermore, the Supervisory Board consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee, the Strategy Committee, the Nomination Committee and the Board of Management Committee. The meeting also concentrated on the agenda for the Annual General Meeting on 5 June 2018, which included topics such as the proposal to the Annual General Meeting on the approval of the election of shareholder representatives to the Supervisory Board. In its meeting, the Supervisory Board also discussed the variable salary components of Board of Management members for the financial year 2017 and decided on the respective targets for the variable salary components for the financial year 2018.

In its meeting on 8 May 2018, the Supervisory Board consulted on the quarterly financial statements for the first quarter of 2018, with strategic measures for 2018 and Reinhard Wolf's contract extension. Another item on the meeting's agenda was the appointment of two new members of the Cooperative Council.

Following the Annual General Meeting on 5 June 2018, the Supervisory Board reconstituted and re-appointed Manfred Nüssel as Chairman and Werner Waschbichler and Klaus Buchleitner as his deputies. In addition, the Supervisory Board also decided on the appointment of committees, which changed the bylaws to the effect that the Audit Committee will be made up of up to six members of the Supervisory Board in future.

In the period from 19 to 30 June 2018, amendments to the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) were resolved by way of a circulation procedure.

At its meeting on 8 August 2018, the Supervisory Board addressed the interim report for the first half of 2018, among other things. The Board of Management also reported extensively to the Supervisory Board on market development in the first half of 2018, the development of the individual units, as well as on the current risk situation at the BayWa agricultural group and the project business of BayWa r.e. renewable energy GmbH. Deloitte GmbH Wirtschaftsprüfungsgesellschaft was also engaged to oversee and audit the BayWa AG Sustainability Report 2018 and the regular review of the remuneration of the Chief Executive Officer following the preceding meeting of the Board of Management Committee. Lastly, the Supervisory Board adopted the resolution concerning the approval of the terms and conditions for the issuing of employee shares in 2018 within the scope of the 2015 authorised capital.

An increase in share capital and a corresponding change to the Articles of Association on account of the issuing of employee shares from the 2015 authorised capital in 2018 was decided by way of a circulation procedure in the period from 25 September to 8 October 2018.

In the meeting on 7 November 2018, the quarterly financial statements for the third quarter of 2018 were presented and the business development, which the Board of Management outlined comprehensively in the individual business divisions, was intensively discussed between the Supervisory Board and the Board of Management, as were strategic issues within the BayWa Group. The Supervisory Board placed special attention again on the project business of BayWa r.e. renewable energy GmbH. The Supervisory Board also consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee and the Strategy Committee. In addition, the Supervisory Board approved the extension of the terms of four members of the Cooperative Council. The Supervisory Board also discussed the annual Declaration of Conformity to the German Corporate Governance Code.

On 17 December 2018, the Supervisory Board convened at an extraordinary meeting and discussed the developments in an antitrust authorities' investigation, which has been ongoing since 2015.

On 18 January 2019, the Supervisory Board met at a conference in Berlin to discuss the latest developments concerning IFRS 16, the Act on the Transposition of the Second Shareholder Rights Directive (ARUG II), the German Corporate Governance Code and other relevant standards, the associated legislation and case law and issues concerning the Group's sustainability strategy and the progress of the sustainability report.

In its first regular meeting on 27 March 2019, the Supervisory Board mainly discussed the annual financial statements and the management report on BayWa AG and on the Group as at 31 December 2018 as well as the reports of the audits performed and the annual financial statements and the sustainability report. Furthermore, the Supervisory Board consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee, the Strategy Committee and the Board of Management Committee.

Committees of the Supervisory Board

The Supervisory Board has set up a total of six committees and, to the extent permitted by law, decision-making powers of the Supervisory Board were delegated to the committees. These committees prepare additional resolutions for the Supervisory Board and issues to be discussed by the entire Supervisory Board.

With the exception of the Audit Committee, the office of Chairman in respect of all committees is held by the Chairman of the Supervisory Board. The Supervisory Board was kept informed at its meetings about the work of the committees and their resolutions by the respective chairmen.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Wolfgang Altmüller, Klaus Buchleitner, Gunnar Metz (until 5 June 2018), Werner Waschbichler, and Michael Kuffner and Wilhelm Oberhofer (both since 5 June 2018) belong to the Audit Committee.
The Chairman of the Audit Committee is Wolfgang Altmüller. BayWa AG has therefore adopted the recommendation of the German Corporate Governance Code, which proposes that the Chairman of the Supervisory Board should not hold the office of Chairman of the Audit Committee.

The Audit Committee held two meetings in the reporting year as scheduled: in March and November. In the presence of the independent auditor, the Chairman of the Board of Management and the Chief Financial Officer, the committee discussed the separate financial statements and the consolidated financial statements for the financial year 2017, the management report on the company and the Group, as well as the audit reports at its meeting on 27 March 2018. Moreover, the statement declaring the independence of the independent auditor pursuant to Code Item 7.2.1 of the German Corporate Governance Code was obtained. Resolutions on recommendations were drawn up for the Supervisory Board to approve and adopt the separate financial statements and the consolidated financial statements for 2017 and to propose to the Annual General Meeting on 5 June 2018 that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be elected as the independent auditor for the financial year 2018.

The meeting on 6 November 2018 dealt with the quarterly figures for the third quarter of 2018, the assignment of audit mandates and establishing the key audit areas in respect of the 2018 annual financial statements, as well as the audit fees and ratification of other non-audit services by the auditor.

The first scheduled meeting of the Audit Committee for 2019 took place on 26 March. In the presence of the independent auditor, the Chairman of the Board of Management and the Chief Financial Officer, the committee discussed the separate financial statements and the consolidated financial statements for the financial year 2018, the management report on the company and the Group, as well as the audit reports. The meeting also dealt with the upcoming selection procedure to replace the auditor.

Supervisory Board Chairman Manfred Nüssel and Wolfgang Altmüller – and Werner Waschbichler since 5 June 2018 – belong to the Board of Management Committee Gunnar Metz had also been a member of the committee until 5 June 2018. The Board of Management Committee met three times in the reporting year, on 27 March 2018, 8 May 2018 and on 8 August 2018. At the March meeting, the Board of Management Committee's discussions focused on recommendations to the Supervisory Board on the Board of Management members' target agreements and the Board of Management members' mandates. The main topic of the Board of Management Committee meeting on 8 May 2018 was Reinhard Wolf's contract extension, while the review of the contract of Prof. Klaus Josef Lutz was the main topic at the meeting on 8 August 2018.

At the first meeting on 26 March 2019, the Board of Management members' target agreements and the associated remuneration of the Board of Management were discussed, along with the Board of Management members' mandates. Furthermore, the employment contracts of the members of the Board of Management, Matthias Taft and Andreas Helber, were under review.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Theo Bergmann (since 5 June 2018), Dr. Johann Lang, Wilhelm Oberhofer, Joachim Rukwied, Michael Kuffner, Werner Waschbichler and – until 5 June 2018 – Gunnar Metz belong to the Strategy Committee. The Strategy Committee met twice in the reporting year, on 27 March 2018 and on 6 November 2018. In both meetings, the committee received information about ongoing projects and it also prepared the Supervisory Board meeting the next day, meaning the first meeting of 2019 on 26 March.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Renate Glashauser, Jürgen Hahnemann (from 5 June 2018), Monika Hohlmeier, Dr. Johann Lang, Bernhard Loy (from 5 June 2018) and Monique Surges belong to the Lending and Investment Committee. Until 5 June 2018, Theo Bergmann and Josef Schraut were also members of this committee. The Lending and Investment Committee held two meetings in the reporting year, on 27 March 2018 and 6 November 2018. The committee monitored investment activities and reviewed lending activities and credit exposures in line with the authorisations it has been granted. Beyond this, the committee dealt with the settlement of the 2017 investment budget, and the investment budgets for 2018 and 2019. In the meeting on 27 March 2018, the committee also dealt with the insurance programme and volume of premiums of BayWa AG. In its meeting on 26 March 2019, the committee dealt with the settlement of the 2018 investment budget, the investment budgets for 2019 and 2020 as well as the lending activities and credit exposures.

Supervisory Board Chairman Manfred Nüssel, Dr. Johann Lang and Wilhelm Oberhofer belong to the Nomination Committee. This composition was confirmed by the constituent meeting of the Supervisory Board on 5 June 2018. The committee is tasked with submitting recommendations to shareholder representatives on the Supervisory Board for proposals of shareholders for the election of Supervisory Board members by the Annual General Meeting. The committee actioned this task in its own meeting in the reporting period, on 27 March 2018.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Monika Hohlmeier, Michael Kuffner (since 5 June 2018) and Werner Waschbichler belong to the Mediation Committee, set up pursuant to Section 27 para. 3 of the German Codetermination Act (MitbestG). Until 5 June 2018, Gunnar Metz was also a member of this committee. The Mediation Committee was not convened in the past financial year.

Corporate Governance

Recognising the important contribution that corporate governance makes to the transparent and responsible management of the company, the Supervisory Board regularly deliberates on related matters. More information on corporate governance can be found in the Statement

on Corporate Governance. Details concerning the amount and structure of remuneration received by the Supervisory Board and the Board of Management can be found in the Group Management Report.
With regard to the recommendations of the German Corporate Governance Code in the version dated 7 February 2017, the Supervisory Board decided on the amendments by way of circulation procedure in the period from 19-30 June 2018. Consequently, the Board of Management and the Supervisory Board adopted the recommendations of the German Corporate Governance Code in the version dated 7 February 2017 in its meeting on 7 November 2018, with the few exceptions as amended in the aforementioned resolutions.

The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) is included in the Statement on Corporate Governance pursuant to Section 289f of the German Commercial Code (HGB). It has also been posted on the company's website at www.baywa.com under Investor Relations.

All 16 members of the Supervisory Board participated in more than at least half of the Supervisory Board meetings held during the reporting period.

Members of the Board of Management and of the Supervisory Board report any conflicts of interest without delay to the Supervisory Board. No such case was reported in the financial year 2018.

Sustainability Report audit

At its meeting on 27 March 2019, the Supervisory Board carefully examined the Sustainability Report 2018 and discussed it in detail in the presence of the auditor and the Board of Management. The Sustainability Report and the auditor's report were discussed extensively.

Based on the audit procedures performed and audit evidence obtained, nothing has come to the auditor's attention that causes them to believe that BayWa AG's consolidated non-financial report for the period from 1 January to 31 December 2018 has not been prepared, in all material aspects, in accordance with Sections 315b, 315c in connection with Sections 289c to 289e of the German Commercial Code (HGB).

The auditor's opinion refers to the sections referenced in the overview on page 13 of BayWa AG's Sustainability Report 2018 and other disclosures. The auditor's opinion does not refer to the other sections and other disclosures in the Sustainability Report and references to the websites.

Both reports were made available to all Supervisory Board members in good time prior to the meeting. The Supervisory Board concurred with the auditor's audit opinion at the meeting on 27 March 2019 and released the Sustainability Report 2018 for publication.

Audit of the separate financial statements and the consolidated financial statements

The separate financial statements of BayWa AG and the consolidated financial statements of the Group for the financial year 2018, as well as the management report on BayWa AG and on the Group, have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, and each was issued an unqualified audit opinion.

At its meeting on 27 March 2019, the Supervisory Board carefully examined the financial statements of BayWa AG, drawn up by the Board of Management in accordance with the German Commercial Code, and the consolidated financial statements prepared in accordance with the IFRS and the additionally applicable standards set out under Section 315e of the German Commercial Code (HGB), as well as the management report on BayWa AG and on the Group for the financial year 2018, and discussed them in detail in the presence of the external auditor and the Board of Management. The key points of the 2018 audits as defined by the Audit Committee were also discussed extensively. All audit reports and documentation pertaining to the financial statements were made available to all Supervisory Board members in good time. The Supervisory Board concurred with the findings of the financial statements audit at its meeting on 27 March 2019. The audit reports and the documentation on the financial statements were previously the subject of in-depth deliberation by the Audit Committee at its meeting on 26 March 2019. The Audit Committee discussed the separate financial statements and the consolidated financial statements, the management report on the company and the Group, the audit reports, as well as the proposal for the appropriation of profit in the presence of the external auditor at its meeting on 26 March 2019. In accordance with the conclusive findings of the review by the Supervisory Board, no objections were raised against the financial statements. The Supervisory Board therefore ratified the separate financial statements of BayWa AG and the consolidated financial statements of the BayWa Group on 27 March 2019, and the financial statements were thereby adopted.

During the Supervisory Board meeting on 27 March 2019, the external auditor also reported that there were no substantial weaknesses in the internal Control System and the risk management system in respect of the accounting process. The Board of Management has thus taken all the appropriate measures to fulfil its obligations in this regard.

The proposal of the Board of Management on the appropriation of profit available for distribution through paying a dividend of 90 euro cents per share has been reviewed and approved by the Supervisory Board.

Changes to the Supervisory Board and to the Board of Management

The terms of the members of the Supervisory Board ended as scheduled with the end of the Annual General Meeting on 5 June 2018. None of the shareholder representatives stood down and all of the candidates were re-elected by the Annual General Meeting. These included: Manfred Nüssel, Wolfgang Altmüller, Klaus Buchleitner, Dr. Johann Lang, Monika Hohlmeier, Wilhelm Oberhofer, Joachim Rukwied and Monique Surges.

Renate Glashauser, Michael Kuffner, Theo Bergmann, Stefan Kraft and Werner Waschbichler were re-elected as employee representatives. Gunnar Metz, Josef Schraut and Peter König stood down, and Andrea Busch, Jürgen Hahnemann and Bernhard Loy were elected in accordance with the provisions of the German Codetermination Act, effective as of the conclusion of the Annual General Meeting 2018. The Supervisory Board would like to sincerely thank outgoing members for their constructive and harmonious cooperation.

Marcus Pöllinger was appointed as a further member of the Board of Management on 1 November 2018. Roland Schuler retired from the Board of Management on 31 December 2018. The Supervisory Board would like to thank Roland Schuler for his 26 years of service, 16 of which were on the Board of Management of BayWa AG, and for the faithful and constructive cooperation.

The Supervisory Board thanks the members of the Board of Management, the employees as well as the employee representatives of BayWa AG and all Group companies for their work.

Munich, 27 March 2019
On behalf of the Supervisory Board

Manfred Nüssel
Chairman

Corporate Governance Report / Consolidated Statement on Corporate Governance pursuant to Section 315d of the German Commercial Code (HGB) in conjunction with Section 289f of the German Commercial Code (HGB)

Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Board of Management and the Supervisory Board of BayWa AG submitted the most recent Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) on 8 November 2017. The declaration was amended on 30 June 2018. The Board of Management and the Supervisory Board of BayWa AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 7 February 2017 (published in the German Federal Gazette on 24 April 2017; hereinafter referred to as the "GCGC") have been and will be complied with, with the exception of the following:

1 Deductible under the D&O insurance for members of the Supervisory Board – Code Item 3.8 para. 3 GCGC

In Code Item 3.8 para. 3, the GCGC recommends a deductible to be provided for when a Directors & Officers (D&O) insurance policy is taken out for members of the Supervisory Board. BayWa AG has concluded a D&O insurance policy on behalf of the members of the Supervisory Board that does not provide for a deductible in respect of its members. BayWa AG is not of the opinion that the motivation and the responsibility with which the members of the Supervisory Board discharge their duties would be improved by having a deductible in the D&O insurance policy.

2 Setting the targeted level of benefits, taking into account the length of service on the Board of Management – Code Item 4.2.3 para. 3 GCGC

In Code Item 4.2.3 para. 3, the GCGC recommends that the Supervisory Board establish the target level of pension benefits for every pension commitment, including based on the duration of membership on the Board of Management. Several BayWa AG Board of Management members receive a fixed pension from the company that is not dependent on the length of their service on the Board of Management. The Supervisory Board believes this arrangement is appropriate in view of the Board of Management members' many years at the BayWa Group.

3 Severance cap – Code Item 4.2.3 para. 4 GCGC

In Code Item 4.2.3 para. 4, the GCGC recommends that, when Board of Management employment contracts are concluded, care should be taken to ensure that, in the event of premature termination of a Board member's activities without serious cause, payments made to the Board member, including supplementary benefits, do not exceed the value of two years' compensation (severance cap) and compensate no more than the remaining term of the employment contract. The employment contracts of members of the Board of Management of BayWa AG do not contain such a provision, as the amount of any possible severance payment is part of an agreement to be signed upon termination of Board member activities and therefore depends on reaching an agreement with the respective member of the Board of Management. Even if such a contractual provision were to be included, a member of the Board of Management could nonetheless insist upon having the full scope of claims arising from the employment contract paid out and otherwise refuse to give their consent to the termination of their Board member contract. Moreover, BayWa AG is convinced that having such a clause is unnecessary as, even without it, the Supervisory Board will take sufficient account of the interests of the company in negotiations with the member leaving the Board of Management and not grant an excessive severance payment.

4 Individual disclosure of executive remuneration – Code Item 4.2.5 para. 3 GCGC

In Code Item 4.2.5 para. 3 GCGC, it is recommended that Board of Management member remuneration be disclosed in the remuneration report in table form and for each member individually for financial years from 31 December 2013. At BayWa AG, Board of Management member remuneration is disclosed in accordance with relevant legal regulations. The Annual General Meeting 2015 passed a new resolution pursuant to Sections 286 para. 5 and 314 para. 2 of the old version of the German Commercial Code (HGB), according to which Board of Management member remuneration is not disclosed for each member individually. As long as this Annual General Meeting resolution is valid, no individual disclosure of Board of Management member remuneration will take place pursuant to the recommendations in Code Item 4.2.5 para. 3 GCGC.

5 No set age limit for the Board of Management – Code Item 5.1.2 para. 2 sentence 3 GCGC

In the current version of the bylaws applicable to the Board of Management of BayWa AG, and contrary to the recommendations in Code Item 5.1.2 para. 2 sentence 3 GCGC, there is no restriction on age for membership on the Board of Management. BayWa AG reviews the ability to perform and the competence of the members of its supervisory body on an ongoing basis. Age, however, is not indicative of the ability of a current or potential member of said body to perform their duties. For this reason, BayWa AG does not consider fixed age limits expedient, also because such limits restrict flexibility in respect of personnel decisions and the number of potential candidates.

6 Tasks of the Audit Committee - Code Item 5.3.2 sentence 1 GCGC

Pursuant to Code Item 5.3.2 sentence 1 GCGC, the Audit Committee should also concentrate on compliance if no other committee is responsible for it. At the current time, compliance issues are not allocated to any particular committee by derogation of Code Item 5.3.2 sentence 1 GCGC. In fact, the Supervisory Board is directly responsible for this area. Due to the high value it places on compliance, BayWa AG is of the opinion that all Supervisory Board members should be included in the response to compliance issues. In order to ensure that tasks in this area are fulfilled comprehensively and professionally, this area remains the responsibility of the Supervisory Board.

7 No set age or specified limit for maximum length of service on the Supervisory Board – Code Item 5.4.1 para. 2 GCGC

In the current version of the bylaws applicable to the Supervisory Board of BayWa AG, and contrary to the recommendations in Code Item 5.4.1 para. 2 sentence 1 GCGC, there is no restriction on age for membership in or specified limit for maximum length of service on the Supervisory Board. BayWa AG reviews the ability to perform and the competence of the members of its supervisory body on an ongoing basis. Age, however, is not indicative of the ability of a current or potential member of said body to perform their duties. Furthermore, the expertise of experienced and proven Supervisory Board members ought to be available to BayWa AG. For this reason, BayWa AG does not consider a fixed age limit and a specified limit for maximum service on the Supervisory Board expedient, also because such limits restrict flexibility in respect of personnel decisions and the number of potential candidates.

8 Specification of concrete objectives for the composition of the Supervisory Board – Code Item 5.4.1 para. 2 and para. 4 GCGC

In Code Item 5.4.1 para. 2 and para. 4, the GCGC recommends the specification of concrete objectives and a profile of skills and expertise for the composition of the Supervisory Board. In the specification of concrete objectives, the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Code Item 5.4.2 GCGC and diversity, among other things, are to be given due regard in consideration of the situation specific to the company. Proposals by the Supervisory Board to the Annual General Meeting shall take these objectives into account. BayWa AG has not established concrete objectives and as not specified a profile of skills and expertise for the composition of the Supervisory Board as a whole. BayWa AG believes that potential Supervisory Board members' professional, experience-based qualifications are the primary criteria for the assumption of a Supervisory Board mandate and therefore also for the composition of the Supervisory Board as a whole. In the proposals on the composition of the Supervisory Board, BayWa AG supports and takes into account the criteria specified in Code Item 5.4.1 para. 2 and para. 4 GCGC, though it does not regard concrete objectives or quotas as expedient.

9 Information about what the Supervisory Board regards as the appropriate number of independent Supervisory Board members – Code item 5.4.1 para. 4 sentence 3 GCGC

According to Code Item 5.4.1 para. 4 sentence 3 GCGC, the Supervisory Board must provide information about what it regards as the appropriate number of independent members representing shareholders and the names of these members. However, the Code does not define more specifically what "independence" means in this context. Until such time as lawmakers, the courts or the author of the Code have provided their own definition of this vague legal term, the company will refrain from defining and accordingly releasing said information so as to avoid being reprimanded for the composition of the Supervisory Board.

10 Disclosure of personal and business relationships of Supervisory Board candidates with the company, the company's executive and supervisory bodies and a shareholder holding a material interest in the company – Code Item 5.4.1 para. 5 to para. 7 GCGC

Code Item 5.4.1 para. 5 to para. 7 GCGC includes the recommendation that the personal and business relationships of candidates pro-posed by the Supervisory Board for election to the Supervisory Board with the company, the company's executive and supervisory bodies and a shareholder holding a material interest in the company be disclosed. BayWa AG does not comply with this recommendation. There is no legal certainty at the current time in regard to the nature and scope of circumstances that are to be disclosed upon the proposition of election candidates. Therefore, there is a risk that the lack of clarity in this Code Item could be used within the scope of resolution challenges. The Supervisory Board will continue to observe how this issue develops and will review the application of this Code Item in future Supervisory Board elections.

11 Information on the disclosure of the remuneration of members of the Supervisory Board – Code Item 5.4.6 para. 3

Contrary to the recommendation under Code Item 5.4.6 para. 3 GCGC, the remuneration of Supervisory Board members (including remuneration or benefits paid by the company to members of the Supervisory Board for services personally rendered, in particular the rendering of advisory and agency services) is disclosed annually in the Notes and Management Report in accordance with the fixed statutory amounts and not for each member individually. The information included in the Notes or Management Report shows the structure and the amount of compensation received by the Supervisory Board. BayWa AG considers this information to be sufficient to satisfy the interest in such information of the capital market and its shareholders.

12 Information on the attendance of the members of the Supervisory Board at committee meetings – Code Item 5.4.7 sentence 1 GCGC

Among other things, Code Item 5.4.7 sentence 1 GCGC stipulates that a note is to be made in the Report of the Supervisory Board if a member of the Supervisory Board has attended only half or less than half of the meetings of those committees to which he or she belongs. BayWa AG believes that it is important for a member of the Supervisory Board to participate in the committees and be involved in the decision-making process as well. As a rule, meetings of the committees of BayWa AG's Supervisory Board are held twice a year. Missing one time would already result in a note in the Report of the Supervisory Board when complying with Code Item 5.4.7 sentence 1 GCGC. Due to the number of committee meetings, such a note would give a false impression of the discipline of the Supervisory Board member with regard to meeting attendance. BayWa AG will therefore not action the GCGC recommendation nor make a note if a member of the Supervisory Board only attends half or less than half of the committee meetings.

Munich, 7 November 2018
BayWa Aktiengesellschaft

The Board of Management The Supervisory Board

Management and Control Structure of the Company

The Board of Management and the Supervisory Board

As a company with its principal place of business in Munich, Germany, BayWa AG is subject to the provisions laid down under German law. The executive and supervisory bodies consisting of the Board of Management and the Supervisory Board form the dual-tier management and control structure in accordance with the provisions under German stock corporation law. The Board of Management and the Supervisory Board work closely together in the interest of the company. Their joint goal is to ensure the company's continued existence and sustained value.

The Board of Management's duties and practices

The Board of Management, which is currently composed of five members and had six members in November and December 2018, is independently responsible for running the company, developing the corporate strategy, agreeing the strategy with the Supervisory Board and ensuring that it is implemented. It is responsible for the company's annual and multi-year planning as well as for the preparation of the interim reports and the annual and consolidated financial statements. The Board of Management ensures that legal provisions, official rules and regulations as well as the company's internal guidelines are observed, and it works towards the Group's compliance with them. In accordance with legal provisions, the Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all relevant issues pertaining to planning; the development of business; the assets, financial position and earnings; the risk situation; risk management and compliance. The Supervisory Board is directly involved in all decisions of fundamental importance for the company. Furthermore, such decisions are subject to approval by the Supervisory Board. The Board of Management ensures that there is open and transparent communication within the company.

The Board of Management manages the company's business under its own responsibility. The principle of joint responsibility applies, meaning that the members of the Board of Management jointly bear the responsibility for the managing of the company. Each Board member is assigned certain tasks to be specifically handled under the allocation of duties plan (Geschäftsverteilungsplan). Certain decisions, especially those requiring the Supervisory Board's approval or for which the Board of Management is responsible under the law or the Articles of Association, are reserved for the entire Board of Management under the bylaws. Moreover, a resolution must also be obtained from the entire Board of Management in respect of matters which have been submitted to the Board of Management by the Chairman or by a Board member.

Meetings of the Board of Management take place at least once a month. They are convened by the Chairman of the Board of Management. The Chairman also sets the agenda and chairs the meetings. The Board of Management is quorate if all members have been invited and at least half of the Board members, including the Chairman, take part in deciding a resolution. The resolutions of the Board of Management are valid through a simple majority of votes cast. In the event of a tie vote, the Chairman shall have the casting vote. In the event of majority resolutions against the Chairman of the Board of Management, he shall have a right of veto. If this right of veto is exercised, the Supervisory Board Chairman must be notified by the Chairman of the Board of Management without delay. Upon instruction by the Chairman, resolutions can also be passed outside of meetings by way of votes cast in writing, by telephone or electronically.

The Supervisory Board's duties and practices

The Supervisory Board of BayWa AG appoints the members of the Board of Management and advises and supervises the Board of Management in its management of the company. The Supervisory Board is made up of 16 members. In accordance with the German Codetermination Act (MitbestG), it is composed in equal parts of representatives of the shareholders and of the employees. The Supervisory Board is composed of what it considers a sufficient number of independent members. A member is considered independent if he or she does not have any commercial or personal relationship to the company, the company's executive and supervisory bodies, controlling shareholder or any affiliated companies, which can justify a material or long-term conflict of interests.

Last year, the following changes to personnel took place: Andrea Busch, Jürgen Hahnemann and Bernhard Loy were re-elected as employee representatives with effect following the Annual General Meeting 2018. Peter König, Gunnar Metz and Josef Schraut stood down from the Supervisory Board. The Annual General Meeting in June 2018 confirmed the mandates of all shareholder representatives for another five years. For further information on changes to the Supervisory Board in the reporting period, please see the Report of the Supervisory Board.

A set of bylaws regulates the tasks of the Supervisory Board; in particular, the internal organisation, the activities of the committees and the regulations governing approval by the Supervisory Board for decisions of the Board of Management. Meetings of the Supervisory Board take place at least once every quarter and, in addition, whenever necessary for business reasons. Meetings are convened by the Chairman or, if he is prevented from doing so, by the Vice Chairman.

The Supervisory Board must also be convened if one of its members or the Board of Management requests it, stating the reasons. The Supervisory Board only has a quorum if eight members – including the Chairman – or twelve members take part in the meeting and in deciding on the resolution. Resolutions of the Supervisory Board or one of its committees passed in writing, by telegraph, telephone, electronic media or telefax are only permitted if the Chairman of the Supervisory Board or the Chairman of that committee if the resolution concerns one of the committees or, if he is prevented from doing so, the Vice Chairman has given the requisite instruction. Decisions generally require a simple majority. In the event of a tie vote, the Chairman of the Supervisory Board has a dual voting right in the second round if votes are cast equally again.

The Supervisory Board meets without members of the Board of Management to the extent that this is necessary for independent discussion and decision-making. There is a standardised procedure for regularly reviewing the efficiency of the Supervisory Board's work. BayWa AG has taken out D&O insurance for the members of the Board of Management and the Supervisory Board which covers the personal liability risk in the event that financial damages are asserted against board members in the exercising of their duties. There is currently no deductible for members of the Supervisory Board (see reasons cited previously in the Declaration of Conformity). In accordance with the provisions of the German Act on the Appropriateness of Executive Remuneration, BayWa AG has provided for a reasonable deductible on the D&O insurance taken out for members of the Board of Management.

Committees of the Supervisory Board

BayWa AG's Supervisory Board has set up six committees of experts to enhance the efficiency of its work. The respective committee chairmen report regularly to the Supervisory Board on their committee's work. For full details of the composition of each individual committee, please also see the Report of the Supervisory Board.

The Audit Committee concentrates mainly on the documentation of the independent auditor in respect of auditing the annual and consolidated financial statements and prepares them for adoption by the Supervisory Board. The committee also supervises the accounting process, the annual audit and the effectiveness of the internal control, risk management and audit system. It checks the auditor's independence and agrees on the key points of the audit and on the fees with the auditor. The Annual General Meeting on 6 June 2018 appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor for the financial year 2018. The Supervisory Board ensures that the committee members can act independently and that they are familiar with and experienced in applying special know-how associated with the application of accounting rules and the internal controlling procedures. The committee is made up of the Chairman of the Supervisory Board, three shareholder representatives and two employee representatives.

The Board of Management Committee concerns itself with personnel matters affecting the Board of Management, such as the content of Board member contracts and the approval of sideline activities. The Board of Management Committee performs the preparatory work for the determination of the remuneration paid to the individual Board of Management members. The committee is composed of the Chairman of the Supervisory Board as well as one shareholder representative and one employee representative.

The Strategy Committee is concerned with the preparation of Supervisory Board meetings. Moreover, the committee monitors and supervises the company's strategic orientation as well as the implementation of current company projects. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

The Lending and Investment Committee deals with the financing measures requiring approval by the Supervisory Board and supervises the investment activities. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

The Nomination Committee is tasked with preparing the proposals of the Supervisory Board for the election of shareholder representatives to the Supervisory Board by the Annual General Meeting. It is composed of the Chairman of the Supervisory Board and two shareholder representatives.

Under the German Codetermination Act (MitbestG), the Mediation Committee, anchored in the law, only meets if, during the voting process on the appointment or dismissal of a member of the Board of Management, the required two-thirds majority of the votes by the Supervisory Board is not attained in the first round of voting. It is composed of the Chairman of the Supervisory Board, one further shareholder representative and two employee representatives.

The committees' practices are set out in the Articles of Association and in the bylaws of the Supervisory Board. Furthermore, the Supervisory Board may entrust one or more of its members with special control functions. More information on the activities of the Supervisory Board and its committees in the financial year 2018 can be found in the Report of the Supervisory Board. The names of the members belonging to the various committees are also listed there.

Shareholders and the Annual General Meeting

The organisation and execution of BayWa AG's Annual General Meeting of Shareholders is carried out with the aim of informing all shareholders swiftly and extensively before and during the event. All shareholders listed in the share register (Aktienregister) and who have duly registered in good time are entitled to participate. BayWa AG offers its shareholders the possibility of having their vote exercised in accordance with their personal instructions by a voting proxy appointed by the company. The Annual General Meeting decides, among other things, on the appropriation of profit, the discharge of the Board of Management and Supervisory Board as well as the nomination of the auditor. Decisions on changes to the Articles of Association and on measures that may change the share capital are exclusively reserved for the Annual General Meeting, with the exception of the use of authorised capital by the administration. The share capital of BayWa AG is divided into shares with restricted transferability (approximately 96%) and registered shares (approximately 4%). Transferring registered shares with restricted transferability is formally subject to the Board of Management's consent. However, in the past, approval has never been withheld. Each share of BayWa AG carries equal voting rights and confers the same dividend entitlement. The company therefore applies the "one share, one vote, one dividend" principle.

Securities transactions by the Board of Management and the Supervisory Board (Directors' Dealings)

According to Article 19 of the Market Abuse Regulation, the members of the Board of Management and the Supervisory Board, and persons closely associated with them, are required by law to disclose the acquisition and sale of shares in BayWa AG or financial instruments related thereto if the value of such transactions equals or exceeds an amount of €5,000 in a given calendar year. This also applies to certain employees with managerial functions (executive managers, for instance).

Transactions to be disclosed are published on the company website at www.baywa.com. No notifications had to be made in 2018.

Shareholdings by the Board of Management and the Supervisory Board

As at 31 December 2018, the number of shares held in BayWa AG by members of the Board of Management and the Supervisory Board came to less than 1% of the shares issued by the company. There were therefore no holdings requiring reporting under Code Item 6.2 GCGC as at 31 December 2018.

Avoidance of conflicts of interest

Under the bylaws of the Board of Management, its members are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other members of the Board of Management thereof. Under the bylaws of the Supervisory Board, its members must disclose any conflicts of interest – particularly those that could occur due to consultancy or board functions at customers, suppliers, lenders or other business partners – to the Supervisory Board without delay. Significant conflicts of interest in the person of a Supervisory Board member that are not of a temporary nature should lead to the termination of the mandate.

Remuneration of the Board of Management and the Supervisory Board

As regards the remuneration of the Board of Management and the Supervisory Board in the financial year 2018, we refer to the Remuneration Report that is part of the Notes to the Consolidated Financial Statements.

Equal participation of women and men in leadership positions

Like approximately one hundred other companies in Germany, BayWa AG is a publicly listed stock corporation (Aktiengesellschaft) subject to codetermination on a basis of parity. Pursuant to Section 96 para. 2 sentence 1 of the German Stock Corporation Act (AktG), at least 30% of the members of the Supervisory Board must be women and at least 30% of the members of the Supervisory Board must be men at listed companies subject to the German Codetermination Act (MitbestG). The Supervisory Board aims, by mutual agreement, for separate compliance with the gender quota by shareholder and employees representatives. Accordingly, the shareholder representatives objected to overall compliance by way of a unanimous resolution presented to the Chairman of the Supervisory Board pursuant to Section 96 para. 2

sentence 3 of the German Stock Corporation Act (AktG) on 30 March 2016. Pursuant to Article 13 of the Articles of Association and Section 96 para. 1 of the German Stock Corporation Act (AktG) in conjunction with Section 7 para. 1 sentence 1 item 2 of the German Codetermination Act (MitbestG), the Supervisory Board consists of eight shareholders and eight employees. Therefore, both the shareholders and the employees must each appoint at least two women and at least two men to the Supervisory Board to fulfil the minimum percentages stipulated under Section 96 para. 2 sentence 1 of the German Stock Corporation Act (AktG). Since the Annual General Meeting on 5 June 2018, the Supervisory Board has a total of four female members, two of whom have been appointed by the shareholders, and two of whom have been appointed by the employees. Both sides therefore fulfil the minimum percentages stipulated by the German Stock Corporation Act (AktG). Prior to the Annual General Meeting 2018, two shareholder representatives and one employee representative were female.

On 5 August 2015, the Supervisory Board complied with the additional legal requirement of setting a target for a gender quota and achieving said target no later than 30 June 2017 by setting a target of 0% for the percentage of women on the Board of Management. The Supervisory Board reviewed the target at the meeting on 2 August 2017. The Supervisory Board again defined a target for women on the Board of Management of 0% by 30 June 2022.

On 23 September 2015, the Board of Management of BayWa AG also set as targets a quota of 18% for women in the top executive tier and a quota of 12% for women in the second executive tier, which were scheduled to be met by 30 June 2017. As at 30 June 2017, the target for women in the top executive tier had not only been met, but even exceeded by 1%, standing at 19%. At 18%, the target for women in the second executive tier had also been exceeded. On 27 June 2017, the Board of Management of BayWa AG subsequently set as targets a quota of 22% for women in the top executive tier and a quota of 22% for women in the second executive tier, which are scheduled to be met by 30 June 2022.

Diversity concept

BayWa AG does not pursue a detailed diversity concept for the Supervisory Board and Board of Management. BayWa AG does not believe that strict criteria, quotas or profiles of skills and expertise that restrict flexibility in respect of personnel decisions and the number of potential candidates are expedient. Instead, the Group focuses on professional qualifications and experience. However, BayWa AG does take age and gender – as well as cultural, educational and professional background – into consideration in the proposals on the composition of the Supervisory Board and Board of Management when electing potential Board of Management and Supervisory Board members and strives to achieve the most diverse composition possible. As stated, the professional qualifications and experience obtained through education or occupation are the decisive criteria for BayWa AG for current and potential members of the Board of Management and the Supervisory Board. The Group strives to achieve the greatest possible diversity with regard to age and gender if these criteria are met.

Additional information on management practices

The Code of Conduct of BayWa AG forms the value system for BayWa AG. It is mandatory and applies across the Group to all employees. The Code of Conduct has been made publicly available on the company's website at www.baywa.com. In addition, an internal control system has been set in place to ensure compliance with the law, statutory provisions and internal guidelines as well as to avoid actions detrimental to business, which includes prevention, monitoring and intervention. Employees have the option of turning to an anonymous whistle-blower system or applying to the external legal counsel mandated by BayWa AG to serve as an ombudsman in the event of occurrences within the company that do not comply with the law or grievances in cooperation with business partners and companies. Third parties also have the option of using the whistle-blower system.

In order to avoid breach of regulations on the prohibition of insider trading pursuant to Article 14 of the Market Abuse Regulation, BayWa AG appropriately informs all persons who are deemed insiders under the legal provisions about all relevant statutory provisions governing trading in the shares of the company and, at the same time, requests in writing that they confirm in writing that they were informed about all relevant statutory provisions governing trading in the shares of the company. Those persons affiliated with the Group and external service providers that have access to insider information in accordance with their activities and authorisations are included in insider lists that comply with the provisions. In his or her capacity as the person in charge of dealings with insiders, the head of the Legal department monitors the proper keeping of the insider lists.

Other aspects of good corporate governance

Communication and transparency

BayWa AG communicates regularly and promptly on the development of business as well as on its assets, financial position and earnings. In order to guarantee an ongoing exchange of information with the capital market, the company holds regular events as part of its investor relations activities featuring the Chief Executive Officer and Chief Financial Officer for analysts and institutional investors in the form of roadshows and individual meetings. Press releases are published and press conferences and conference calls with analysts are held every quarter on business performance. The annual results are released at an Annual Results Press Conference and at an analysts' meeting. All new information disclosed to financial analysts and similar parties in the context of the aforementioned investor relations activities is also made available to the shareholders without delay. All relevant presentations and press releases are promptly published in the Investor Relations section on the website of BayWa AG. BayWa AG places great importance on ensuring that all shareholders are treated equally with regard to information.

The dates of the main recurring publications (inter alia the Consolidated Financial Statements) and the date of the Annual General Meeting are published in the financial calendar in good time. Current developments are reported in press releases and, if necessary, in ad hoc releases. All information is also made accessible on the company's website at www.baywa.com.

Responsible action and risk management

The aim of risk management at BayWa AG is to identify the risks of entrepreneurial action at an early stage and evaluate them. Risk management is therefore an integral part of the company's planning and management and control processes. The internal control, risk management and audit system is developed by the Board of Management on an ongoing basis and adjusted to changes in the environment. Parts of the internal control and risk management system for the accounting processes are examined by the external auditor. More information on the structure and the processes of risk management in the context of accounting processes is included in the Group Management Report.