

A silhouette of a person walking away from the viewer through a field towards a sunset. The sky is a gradient of orange and yellow, and there are a few trees on the horizon.

KWS' Annual Press and Analysts' Conference 2017/2018

Dr. Hagen Duenbostel and Eva Kienle
October 24, 2018

ZUKUNFT SÄEN
SEIT 1856



Sustainability and new technologies are shaping change in agriculture. KWS delivers the solutions for that.



- Farmers prefer to decide for themselves what seed they choose, since it is vital to their own economic success.
- Sustainability is growing in importance. Seed is the best way to achieve higher yields while reducing the use of resources.
- Climate change means delivering rapid progress in plant breeding is all the more important a challenge.
- Digitalization and smart farming technologies are a big opportunity for achieving greater efficiency in agriculture.
- Farmers expect solutions that unite progress in seed with new digital services.

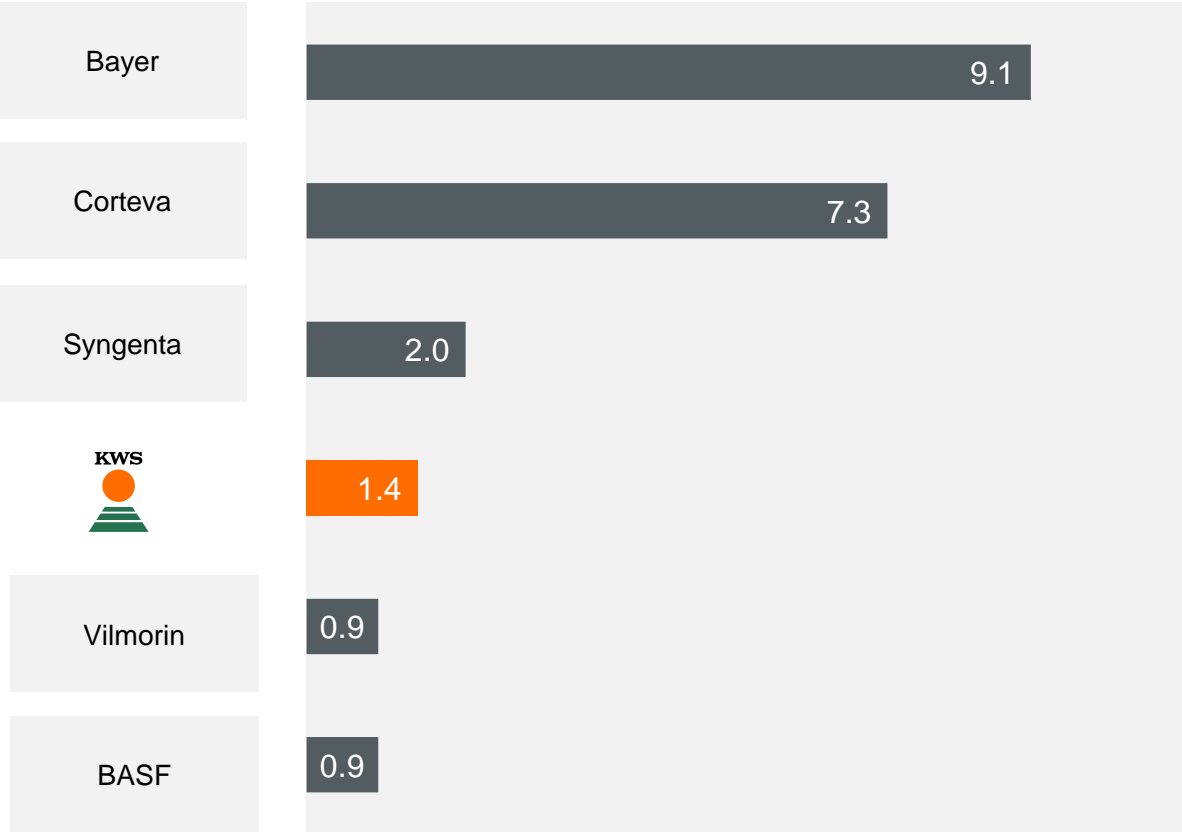


KWS' competitive environment



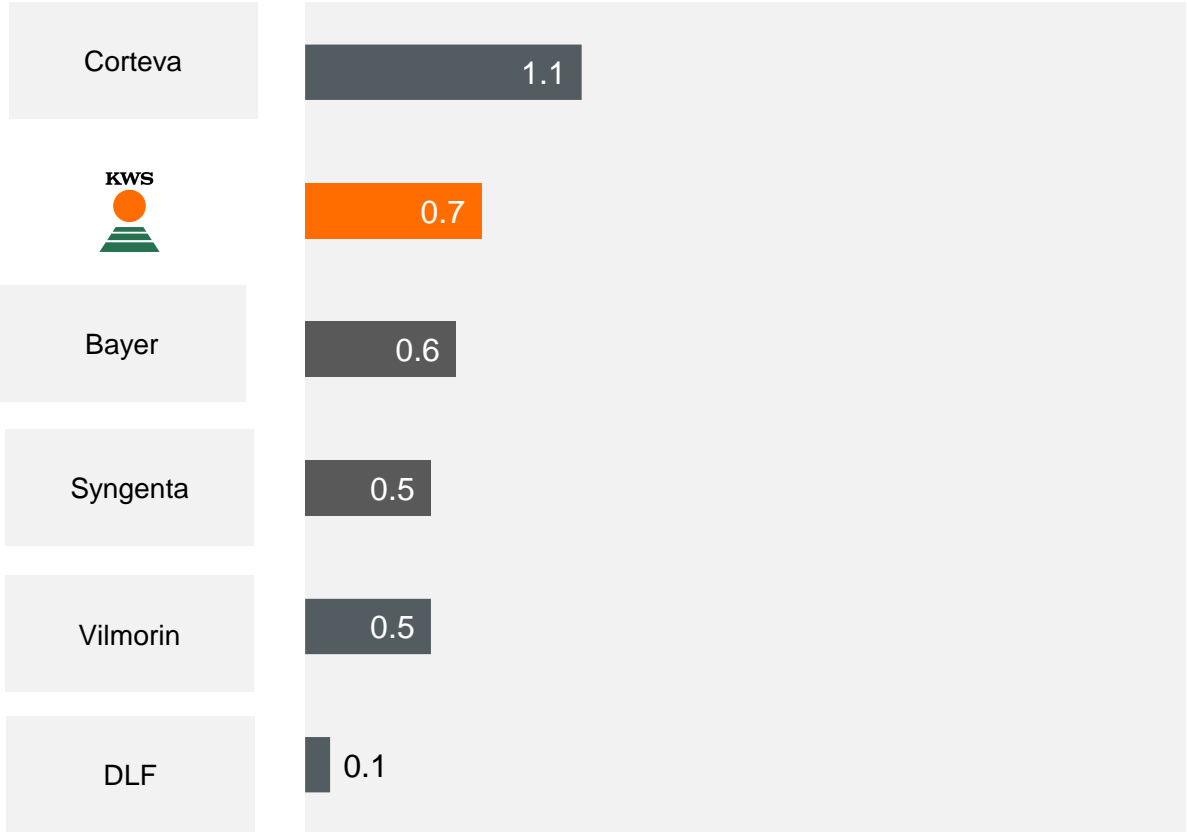
Globally

Sales from agricultural crops in € billion



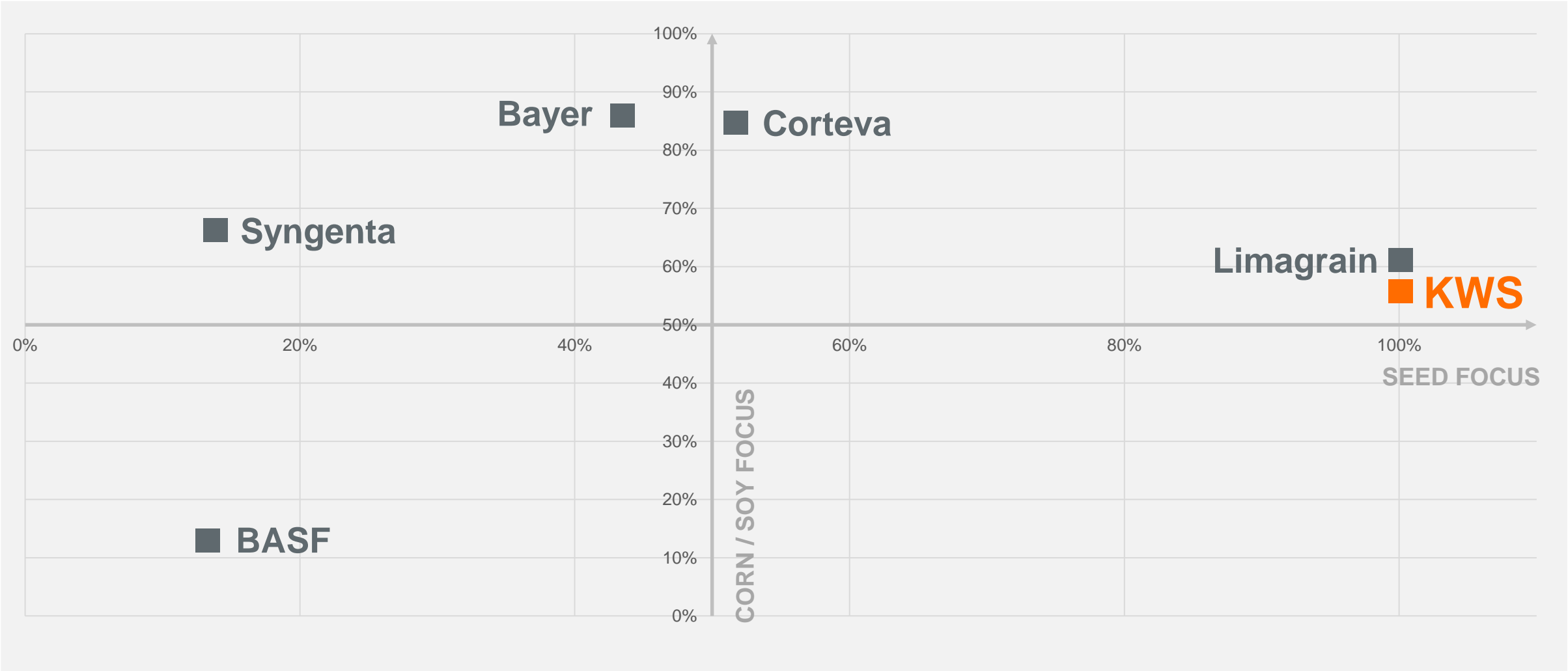
Europe

Sales from agricultural crops in € billion

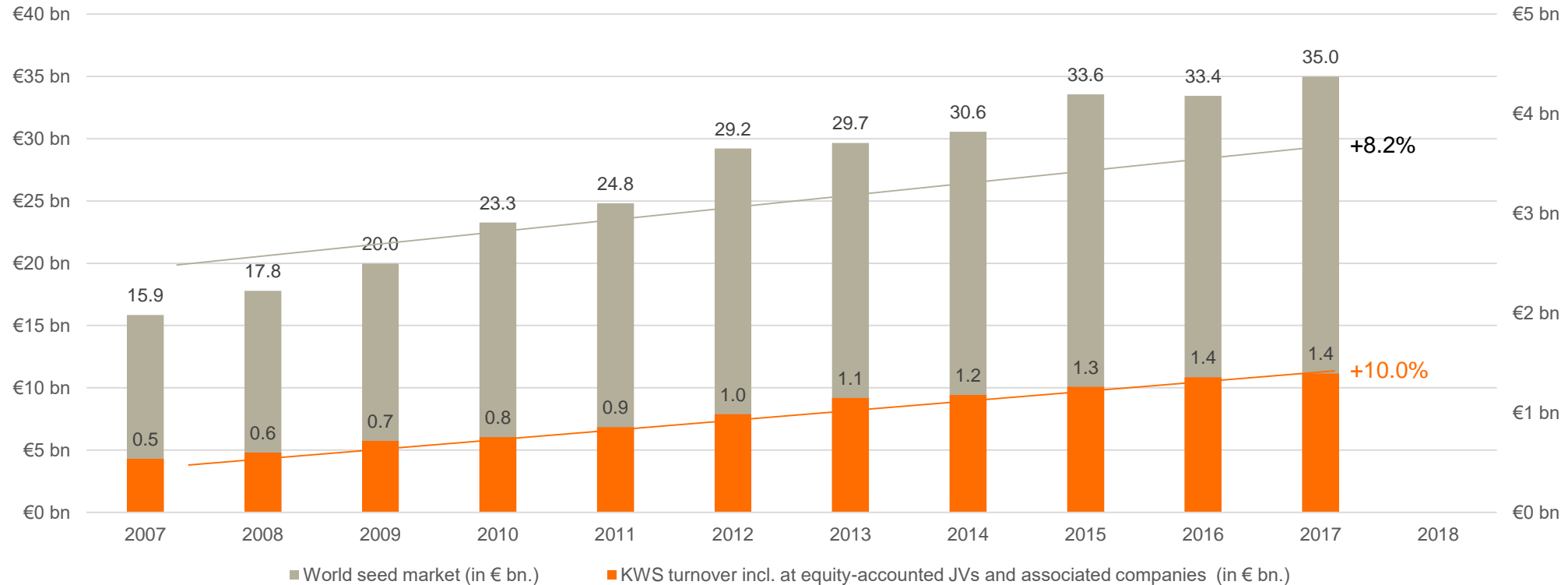


Source: AgbioInvestor October 2018, excluding vegetable and flower business, as well as pasture and grazing activities

Farmers want freedom of choice. KWS offers a broad portfolio of highly specialized agricultural crops.

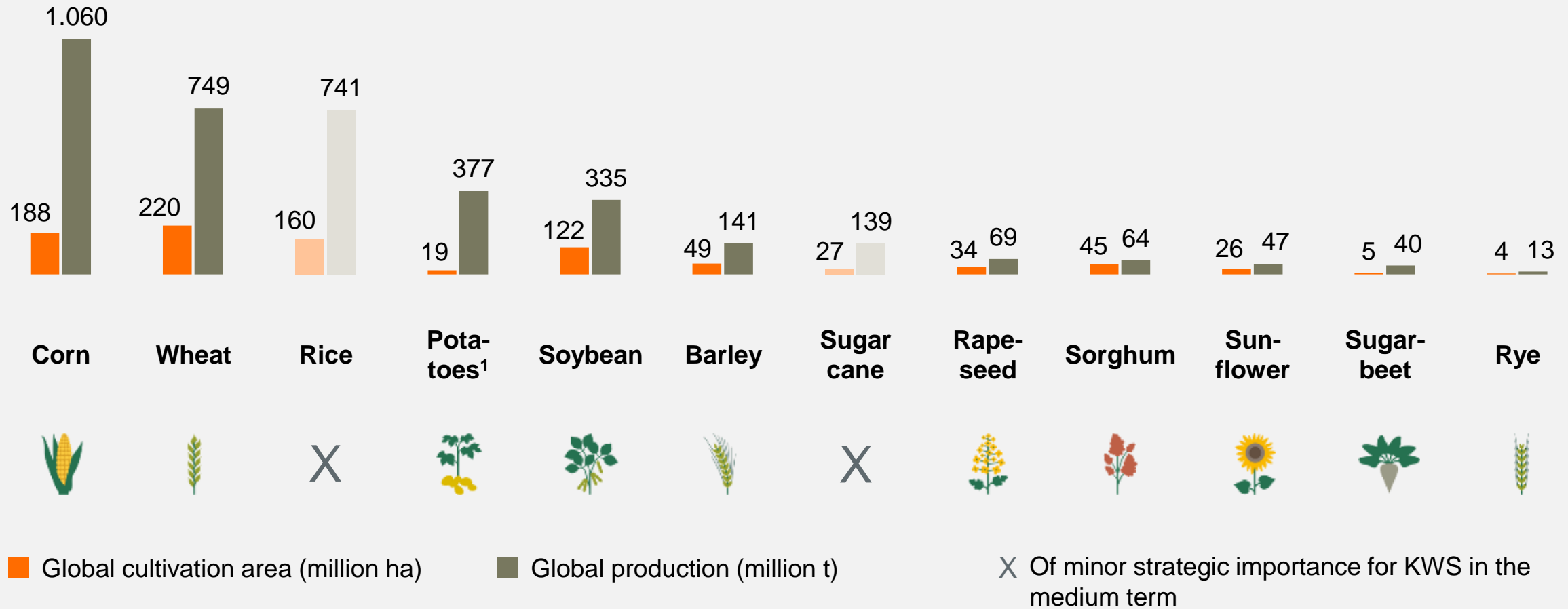


KWS' net sales growth relative to the global commercial seed market



Source: Seed Service 2012-2017, Phillips McDougall, September 2017, KWS SAAT SE; exchange rates 2007-2017: stats.oecd.org (OECD Economic Outlook No 103 - May 2018)

Expertise for most of the entire crop rotation with 10 of the 12 most important crops



Source: faostat.fao.org (data for 2016), zuckerverbaende.de;

¹ No commercial business, but of strategic importance for research and development at KWS.

KWS' focus in fiscal 2018/2019: Laying a foundation for new growth



Growth of the product areas

Expansion of the Executive Board

Flexibility

New legal form

Structures and processes

ONEGLOBE



Executive Board of KWS SAAT SE: Ideal line-up to enable future growth



Hagen Duenbostel
CEO

Corn Americas & Asia,
Strategy, Governance &
Risk Management,
Compliance



Léon Broers

Research and Breeding



Peter Hofmann

Sugarbeet, Corn Europe,
Marketing &
Communications



Eva Kienle
CFO

Finance, Controlling,
Global Transaction Center,
IT, Legal



Felix Büchting
As of January 1, 2019

Cereals, HR

The new assignment of responsibilities also enables
a continued **tight focus on the key issues in** corporate leadership

New legal form

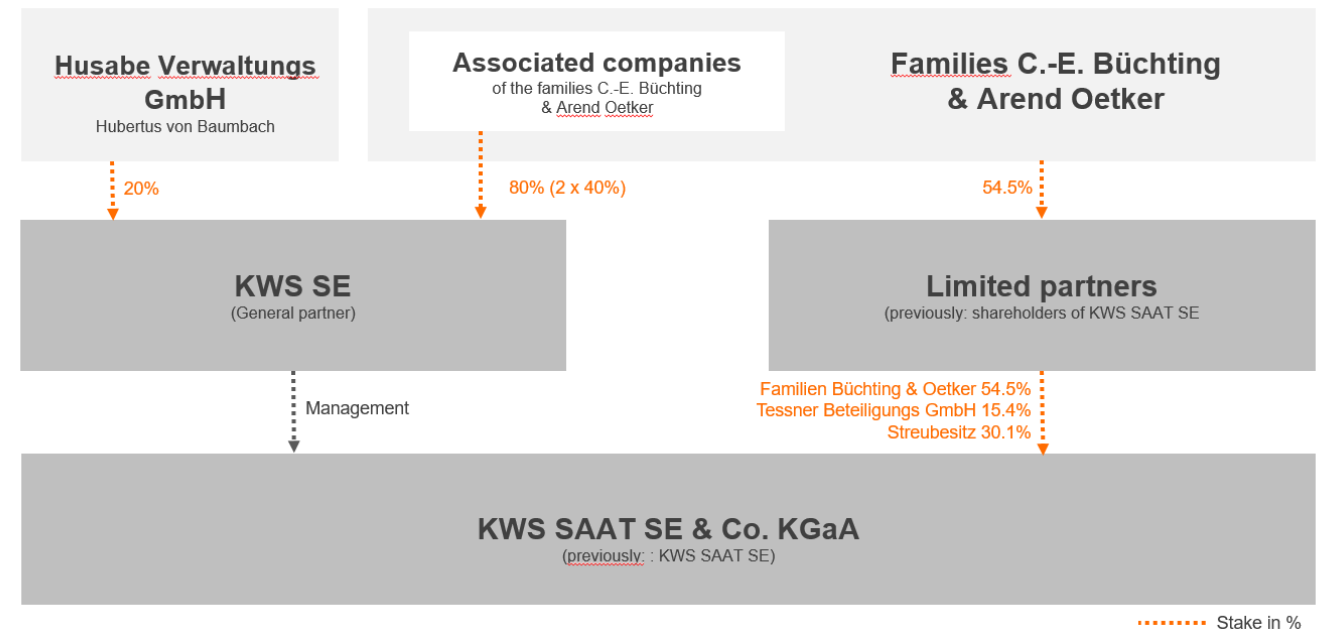
Greater flexibility, with preservation of our identity and values



- Preparation of the change in legal form to a partnership limited by shares (SE & Co. KGaA). Decision on December 14, 2018
- Accompanying stock split at a ratio of 1:5

- ✓ Independence in times of change in the industry
- ✓ Better opportunities to raise funds
- ✓ The company's values and identity are preserved – even in the event of capital increases
- ✓ Thinking in generations with long-term, strategic controlling

Organizational chart of KWS SAAT SE & Co. KGaA



Success factors to date

Independence

Closeness
and trust

Foresightedness



Net sales
tripled



Number of
employees
doubled

Setup for the future



Integrated structures



Lean processes



Global support



Focus on strengths

Status of ONEGLOBE



New ONEGLOBE
structures are being
implemented



Global Transaction
Center in Berlin
started operations on
October 1, 2018

2007

2017

10/2018

Systematic investment in relevant areas of opportunity



Expansion of **corn production** capacity in Brazil



- Brazil, with cultivation area of around 15 million hectares, is the world's third-largest corn market
- KWS is doubling its production capacity at the Patos de Minas location from 900,000 to more than two million units
- The new plant will be put into operation at the beginning of 2019.

Sugarbeet: Rollout of CONVISO® SMART



- The CONVISO® SMART system – a new dimension in controlling weeds in sugarbeet cultivation
- Joint development with Bayer CropScience
- Successful rollout in six countries in 2018
- Launch in nine more countries planned in 2019

Expansion of our position in **hybrid rye**



- Expansion of our market position on the basis of high-yielding varieties and innovation leadership, such as with PollenPlus® technology
- Positive sales of winter rye in just about all markets. High demand from farmers
- Positive general conditions for hybrid rye mean increasing cultivation area

New joint venture (JV) for the **hybrid potato**



- The new JV with Simplot aims to deliver high-performing potato varieties by means of hybrid breeding
- The JV combines the potato cultivation and processing abilities of Simplot (Boise, U.S.) with KWS' expertise in hybrid breeding
- The goal is to capture a leading role in this business

Our four strategic pillars as the foundation for the future



Independence

- Independence is enshrined as a corporate objective
- It is part of the joint value system with our customers

Innovation

- The need for innovative technology in plant breeding continues to increase
- Digital services support farmers right up to harvesting

Sustainability

- Seed for greater yield with fewer resources
- Active role in making farming green, especially in conventional agriculture

Profitable growth

- A vital foundation for future development
- Greater focus on growth markets



Business performance
KWS Group

2017/2018

IFRS income statement



In € million	2017/2018	2016/2017	+/-
Net sales	1,068.0	1,075.2	−0.7%
Operating income (EBIT)	132.6	131.6	0.8%
Net financial income/expenses	5.4	16.6	−67.5%
Result of ordinary activities	138.0	148.2	−6.9%
Taxes	38.3	50.5	−24.2%
Net income for the year	99.7	97.7	2.0%
Earnings per share (€)	15.08	14.78	2.0%

LIKE-FOR-LIKE NET SALES

Net sales in € million with stable exchange rates

1,113 (+3.8%)

COST OF SALES

as a % of net sales

41.8% (−4.2%)

R&D INTENSITY

as a % of net sales

18.5% (+0.8%)

Tax rate

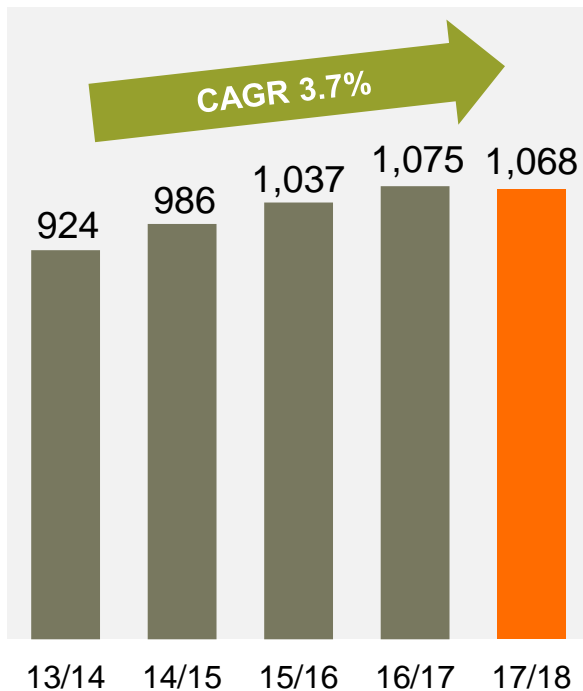
Taxes as a % of result of ordinary activities

27.8% (−6.3%)

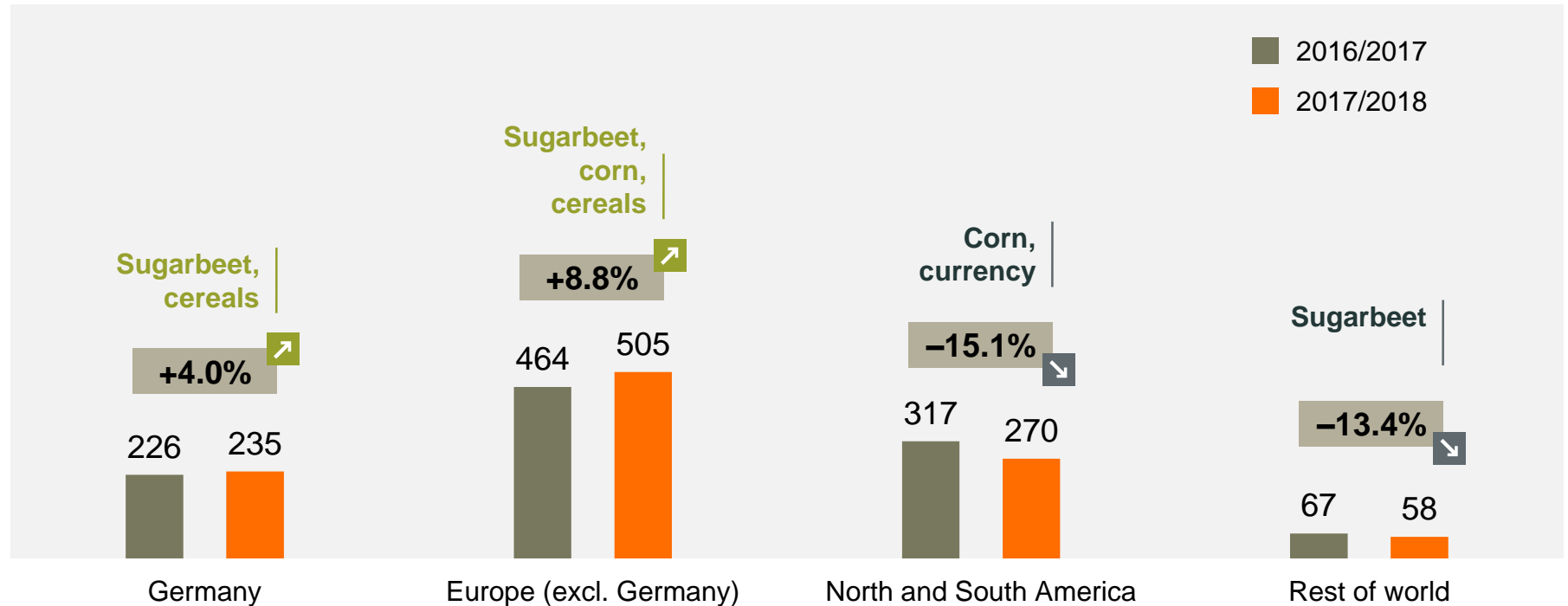
Net sales of the KWS Group



Net sales
in € million



Net sales by region
in € million

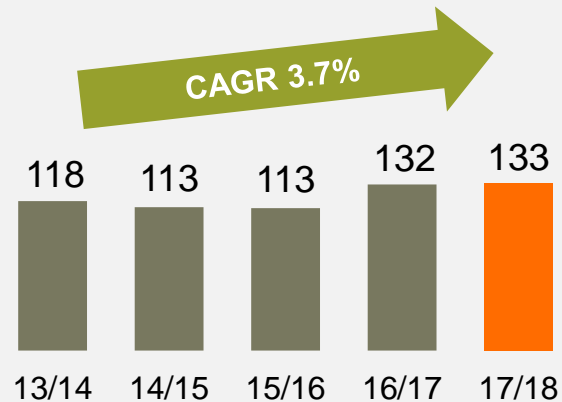


KWS' economic environment remained difficult in fiscal 2017/2018 due to **surplus supply and low prices for agricultural raw materials**

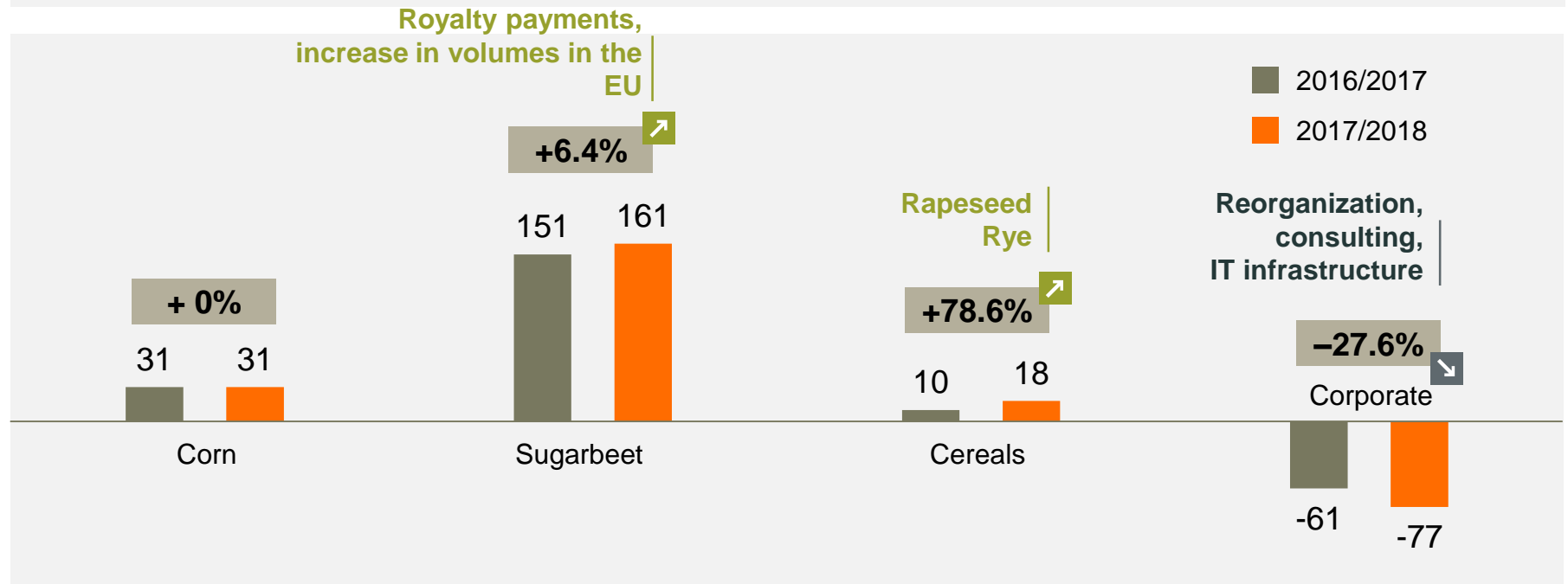
EBIT of the KWS Group



EBIT
in € million

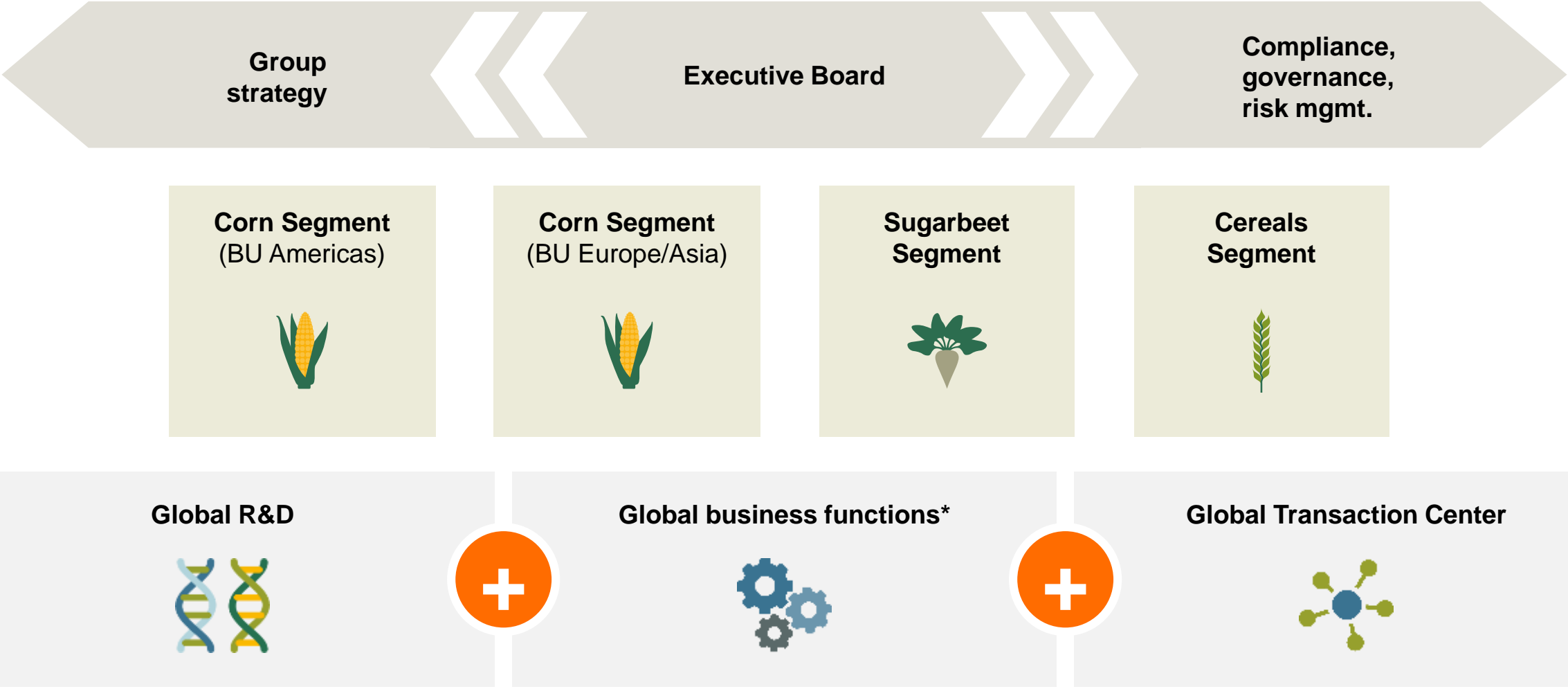


EBIT by product areas (equity-accounted)
in € million



EBIT increased slightly – despite a sharp rise in function costs

ONEGLOBE Realignment of the global organization



*Controlling, Finance & Procurement, HR, IT, Legal & IP, Marketing & Communications

ONEGLOBE New location in Berlin

- Transaction Center
- Human Resources
- Finance & Procurement
- Business Partner Legal, Controlling and IT



Net financial income/expenses



In € million	2017/2018	2016/2017	+/-
Interest and similar income	4.0	3.1	30.5%
Interest and similar expenses	12.0	11.4	5.4%
Income from equity-accounted financial assets	13.4	24.9	−46.2%
Other net income from equity investments	0	0	0%
Net financial income/expenses	5.4	16.6	−67.3%

Equity-accounted companies

AGRELIANT INC.

50% joint venture
Chatham, Ontario, Canada

AGRELIANT LLC.

50% joint venture
Westfield, Indiana, U.S.

KENFENG – KWS SEEDS

49% associated company
Beijing, China

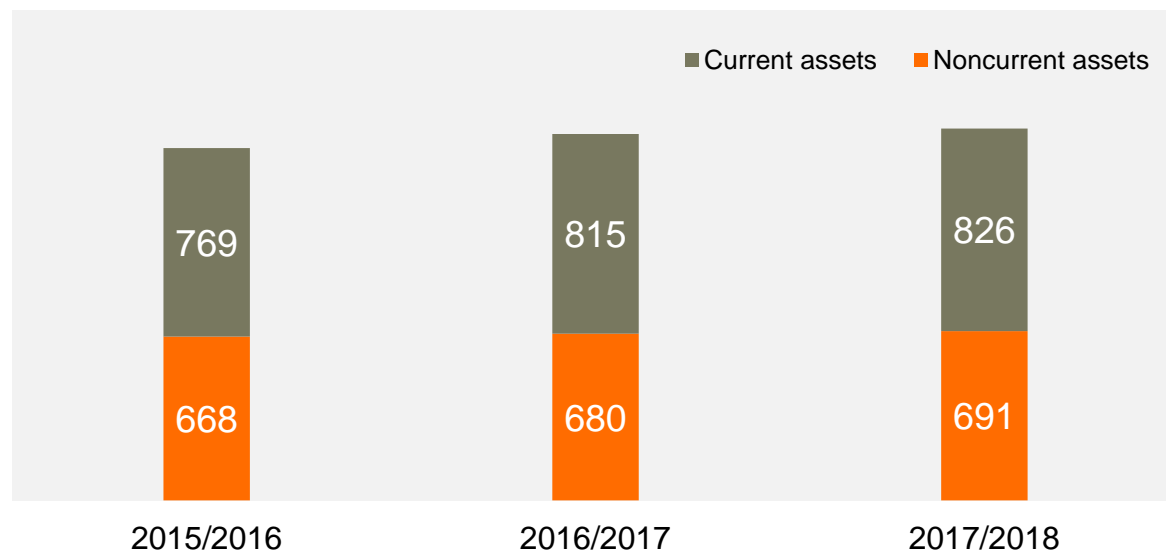
In € million	2017/2018	2016/2017	+/-
Actual income taxes	34.2	54.1	-37%
In Germany	1.2	17.8	-93%
Abroad	33.1	36.3	-9%
Thereof from previous years	-4.3	6.7	-163%
Deferred taxes	4.1	-3.6	-214%
In Germany	5.7	-2.0	-379%
Abroad	-1.6	-1.6	0%
Income taxes	38.3	50.5	-24.1%

Lower tax burden as a result of higher costs at KWS SAAT SE and the tax reform in the U.S.

Balance sheet



Balance sheet structure – Assets in € million



TOTAL ASSETS

in € million

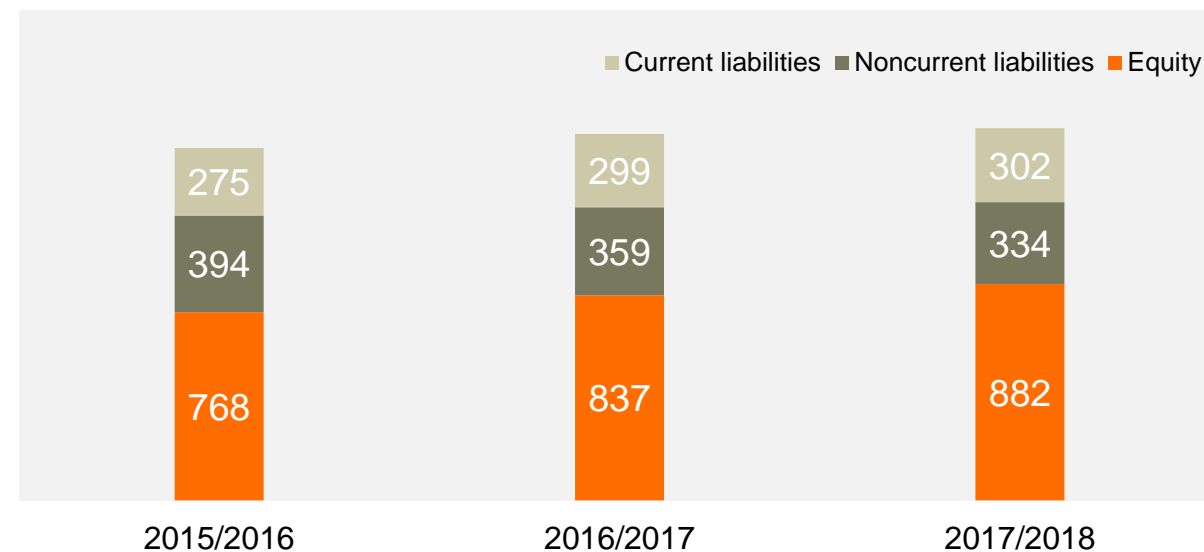
1,518 (+1.5%)

EQUITY RATIO

as a % of total assets

58.1% (+2.1%)

Balance sheet structure – Equity and liabilities in € million



NET DEBT

in € million

37.4 (–22.9%)

Average ROCE

in %

13.8% (+0.5%)

Working capital



in € million	2017/2018	2016/2017	+/-
Inventories	181.0	194.9	
Trade receivables	310.1	302.6	
Other assets	71.6	52.6	
Cash and cash equivalents	192.6	191.4	
Trade payables	75.7	75.4	
Short-term provisions	42.3	72.8	
Other liabilities	122.3	112.1	
Working capital	515.0	481.2	

NET WORKING CAPITAL

in € million

322 (+11.0%)

NET WORKING CAPITAL

as a % of net sales

30.2% (+3.2%)

INVENTORY RATIO

as a % of net sales

16.9% (−1.2%)

TRADE RECEIVABLES

as a % of net sales

29.0% (+0.9%)

Cash flows and capital expenditure



CASH FLOW FROM OPERATING ACTIVITIES

in € million

98 (−19.9%)

CASH FLOW FROM INVESTING ACTIVITIES

in € million

−68 (+5.1%)

FREE CASH FLOW

in € million

30 (−48.3%)

CASH FLOW FROM FINANCING ACTIVITIES

in € million

−25 (−14.6%)

NORTH & SOUTH
AMERICA

18.5%

REST OF
WORLD

1.3%

GERMANY

55.1%

EUROPE
(EXCL. GER.)

25.1%

Capital
expenditure

71

€ million

CORPORATE

41.5%

CORN

25.3%

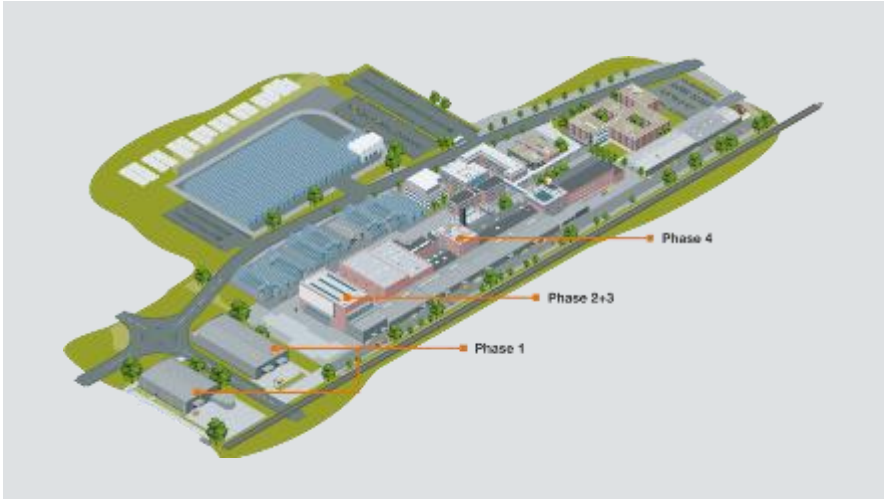
CEREALS

9.8%

SUGARBEET

23.4%

Two of our current capital spending projects at KWS



Sugarbeet seed production, Germany, Einbeck

- Expansion of the **production and storage capacities** for sugarbeet seed
- Greater flexibility and lower setup times so as to meet **individual customer needs**
- Quicker and more sustainable production
- 3 new buildings, total volume of investment of around **€40 million** (€11 million in 2017/18)



Corn seed production, Brazil, Patos de Minas

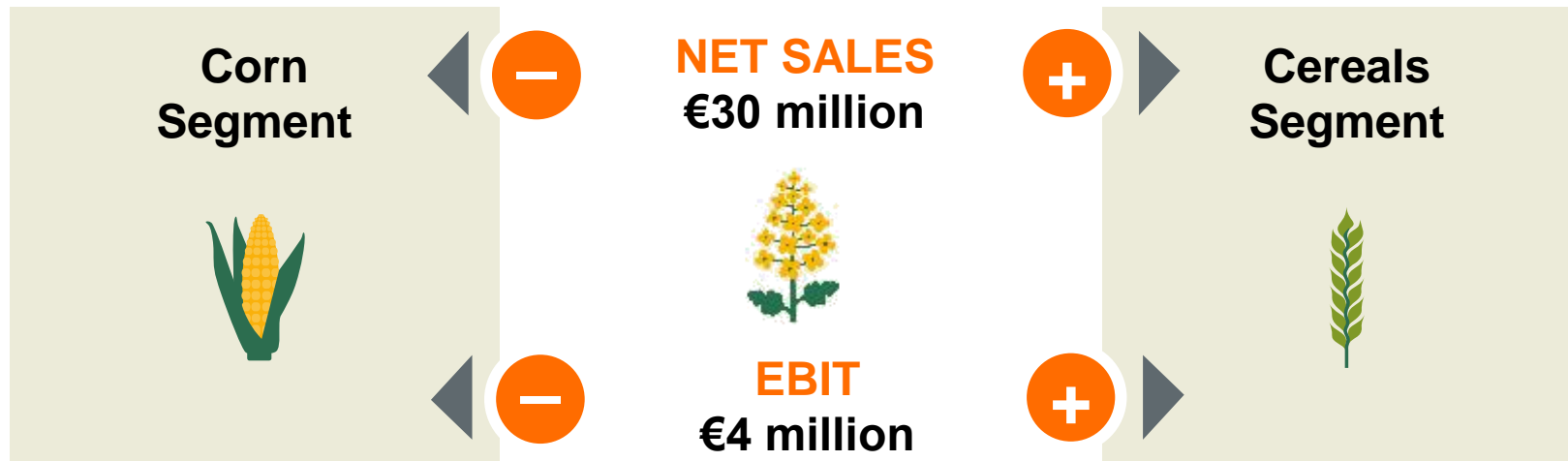
- Doubling of production capacities for corn seed
- Total volume of investment of almost **€10 million** (€4 million in 2017/2018)



Business performance Segments

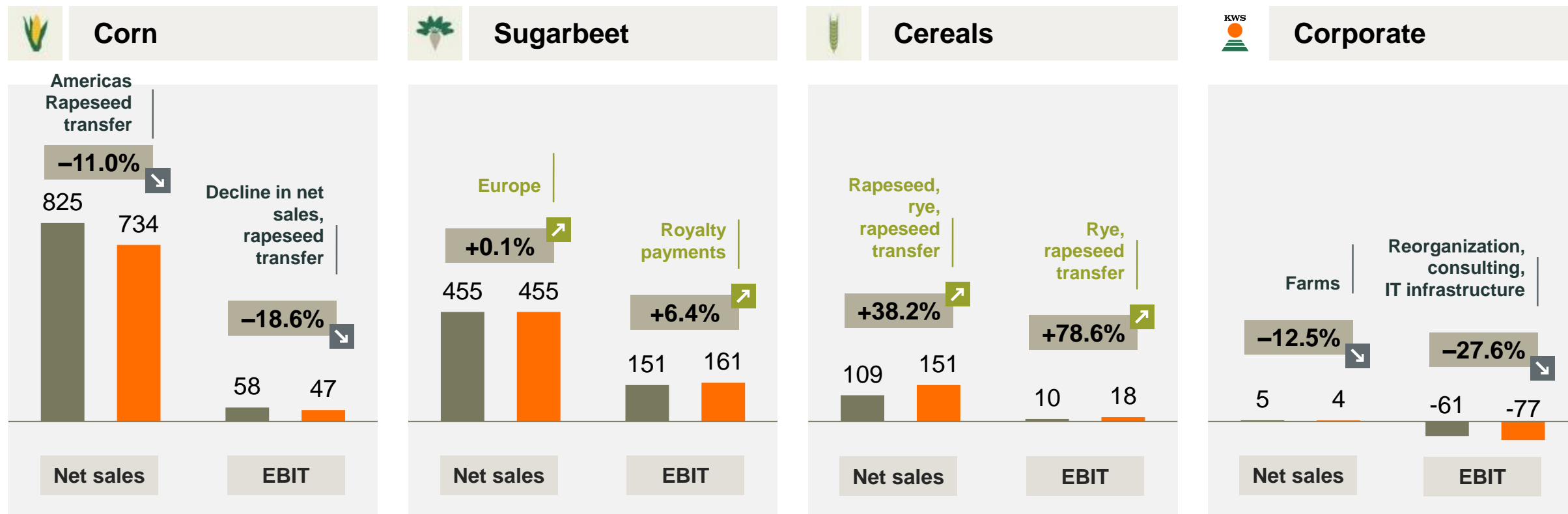
2017/2018

Effect from transfer of rapeseed in 2017/2018



All rapeseed activities were pooled in the Cereals Segment at the start of the fiscal year.
The restructuring enables a **more focused approach in breeding and product development.**

Business performance of the segments



■ 2016/2017 ■ 2017/2018

Reconciliation table (in € millions)	Segments	Reconciliation	KWS Group
Net sales	1,344.6	-276.6	1,068.0
EBIT	149.0	-16.4	132.6

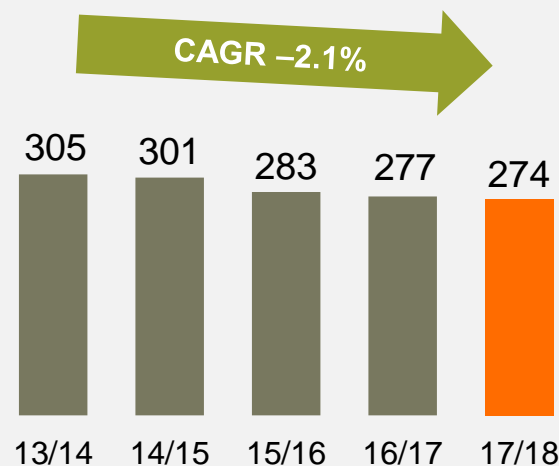
Corn Segment in the EU 28



Net sales

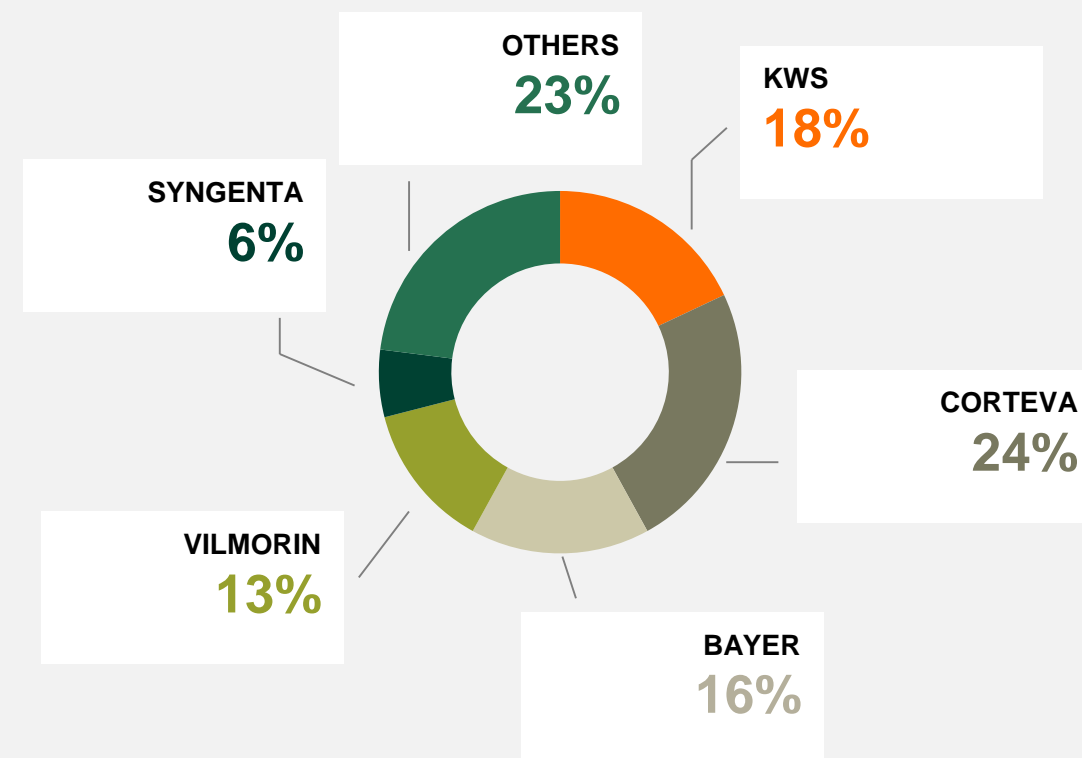
Net sales for corn in € million

Cultivation area in 2018: 13 million ha (stable)



Market share

in %



Source for market share: Kleffmann. Not including smaller corn markets (Baltic States, Cyprus, Ireland, Luxembourg, Malta and Sweden).

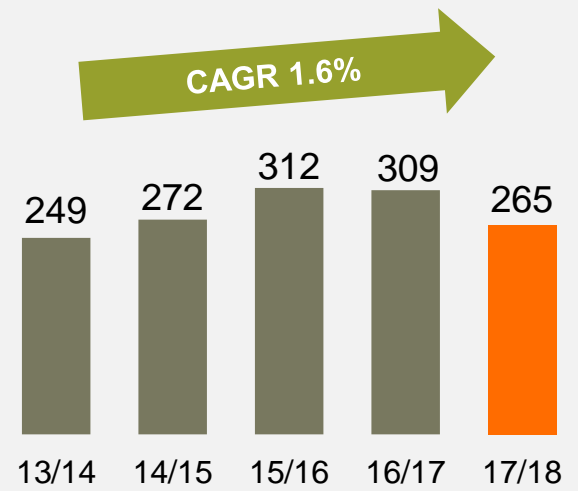
Corn Segment in North America



Net sales

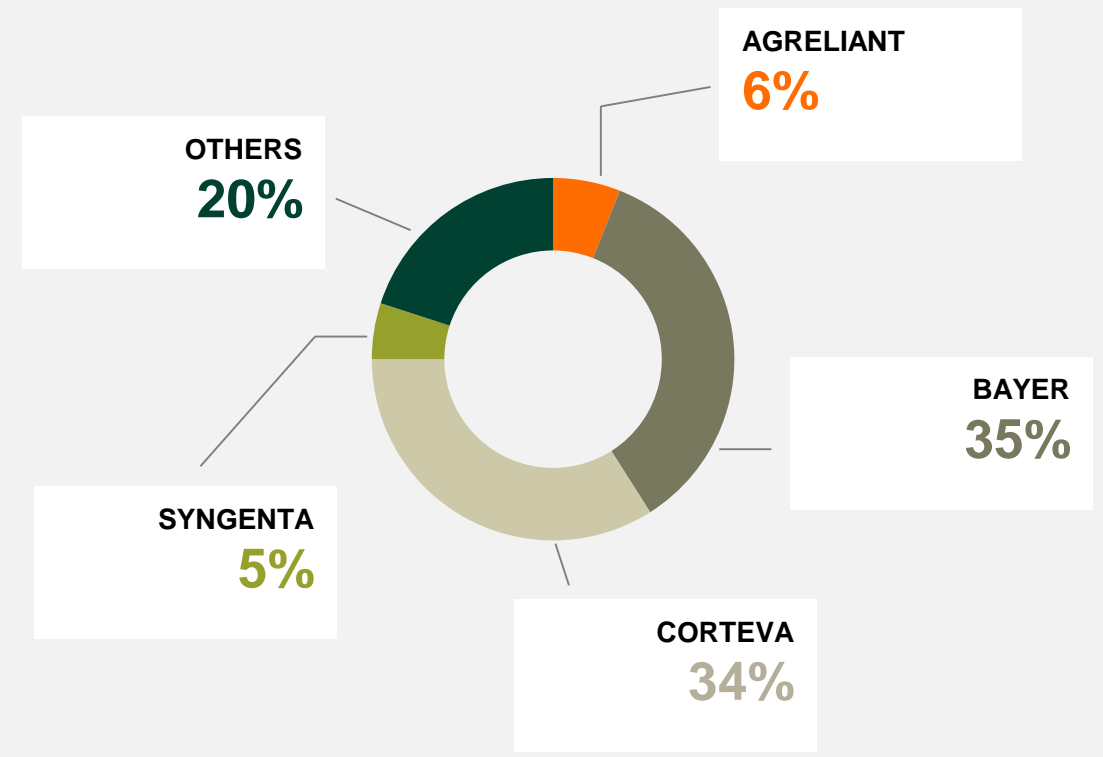
KWS' share of sales at AGRELIANT in € million

Cultivation area in the U.S. in 2018: 33 million ha (–1%)



Market share

in %

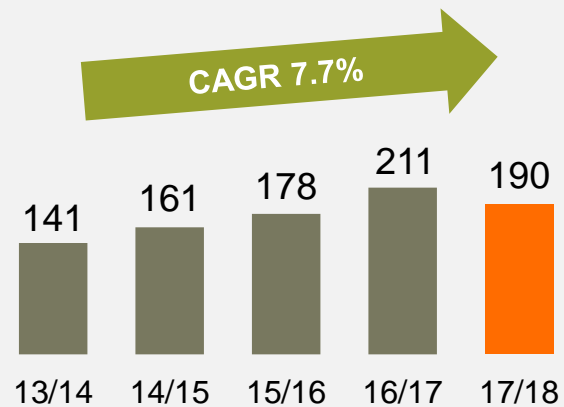


Source for market share: Estimate by KWS

Corn Segment in other regions



Net sales
in € million



Net sales by region
in %

ASIA / AFRICA
20%

CENTRAL &
SOUTH AMERICA
57%

NON-EU EUROPEAN
COUNTRIES
23%

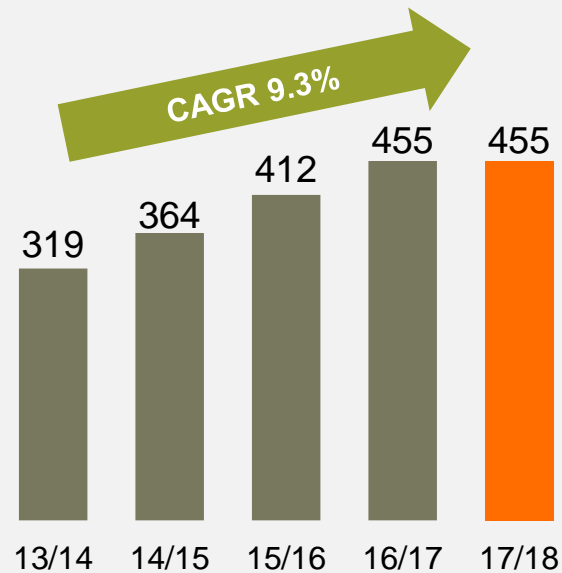
Source for market share: Estimate by KWS

Sugarbeet Segment worldwide

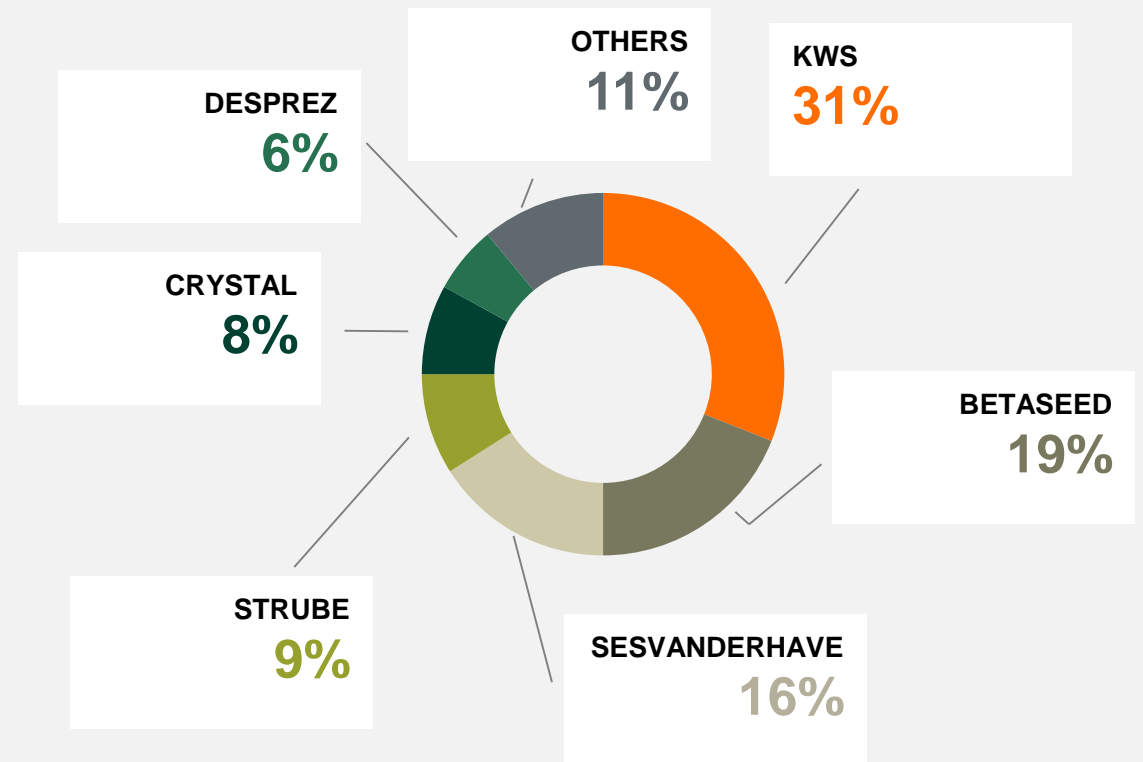


Net sales in € million

Cultivation area in 2018: 4.9 million ha (–)



Market share in %

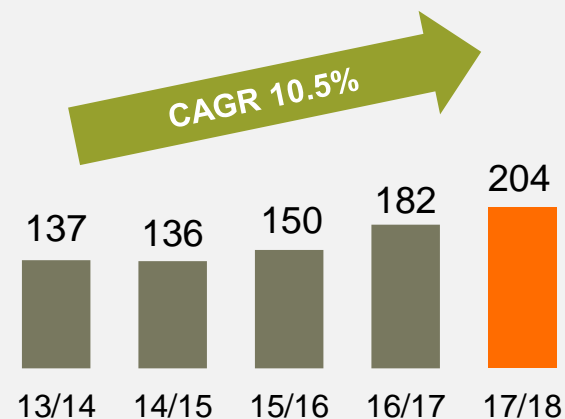


Source for market share: Estimate by KWS Others: DLF 5%, Maribo 4%, Lion Seed 1%, others 1%

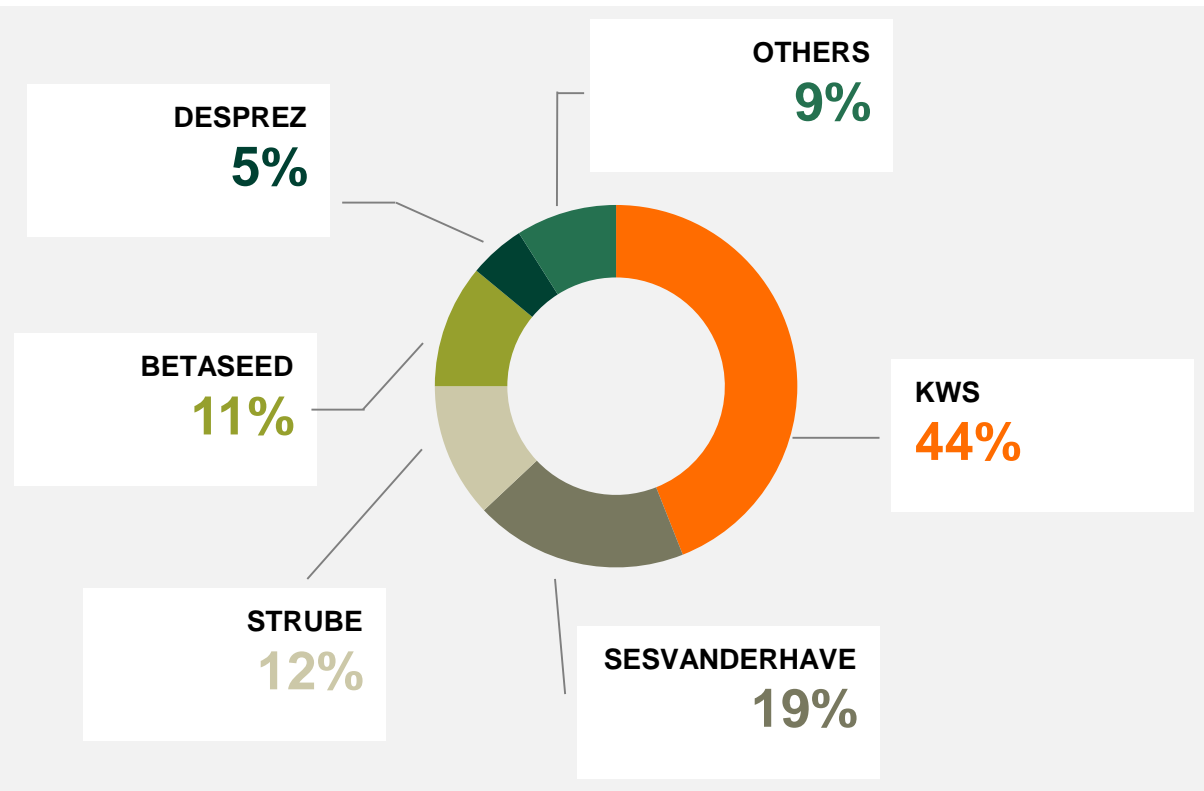
Sugarbeet Segment in the EU 28



Net sales
in € million



Market share
in %



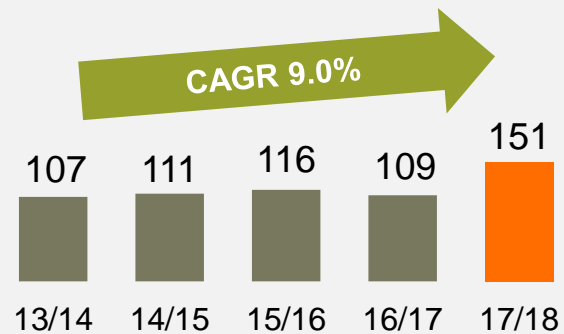
Source for market share: Estimate by KWS Others: Maribo 5%, DLF 2%, Lion Seed 1%, others 2%

Cereals Segment

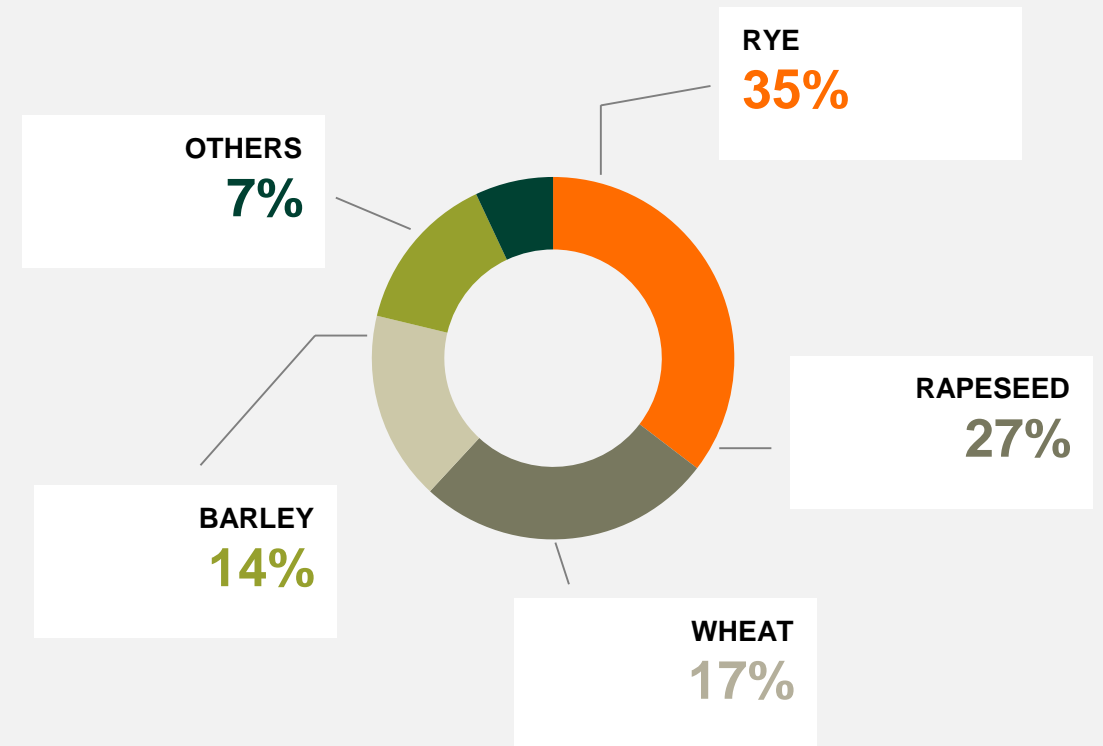


Net sales in € million

Effect from transfer of rapeseed: +€30 million from the Corn Segment



Net sales by crop in %



A close-up photograph of a field of yellow rapeseed flowers. The flowers are in various stages of bloom, with some showing four distinct petals. The background is a soft-focus blue sky with some distant clouds. The overall color palette is dominated by bright yellow and a clear blue.

Guidance for 2018/2019

Guidance for the KWS Group for fiscal 2018/2019



	Guidance in accord. with IFRS 11 Fiscal 2018/2019	Fiscal 2017/2018
Net sales growth	Slight increase in net sales	€1,065 million
EBIT margin	10.0 – 12.0%	12.2%
R&D intensity	Around 19%	18.5%



Forecast for the 2018/2019 fiscal year

Segments



		Guidance for fiscal 2018/2019	Fiscal 2017/2018
Sugarbeet	Net sales	Slightly down from previous year	€455.1 million
	EBIT margin	Lower than the previous year	35.3%
Corn	Net sales	Sharp increase	€734.2 million
	EBIT margin	Well up over previous year	6.5%
Cereals	Net sales	Slightly up over previous year	€151.1 million
	EBIT margin	Slightly down from previous year	12.2%
Corporate	Net sales	At the level of the previous year	€4.2 million
	EBIT	€ –80 to –90 million	€ –77.3 million

Including our equity-accounted joint ventures

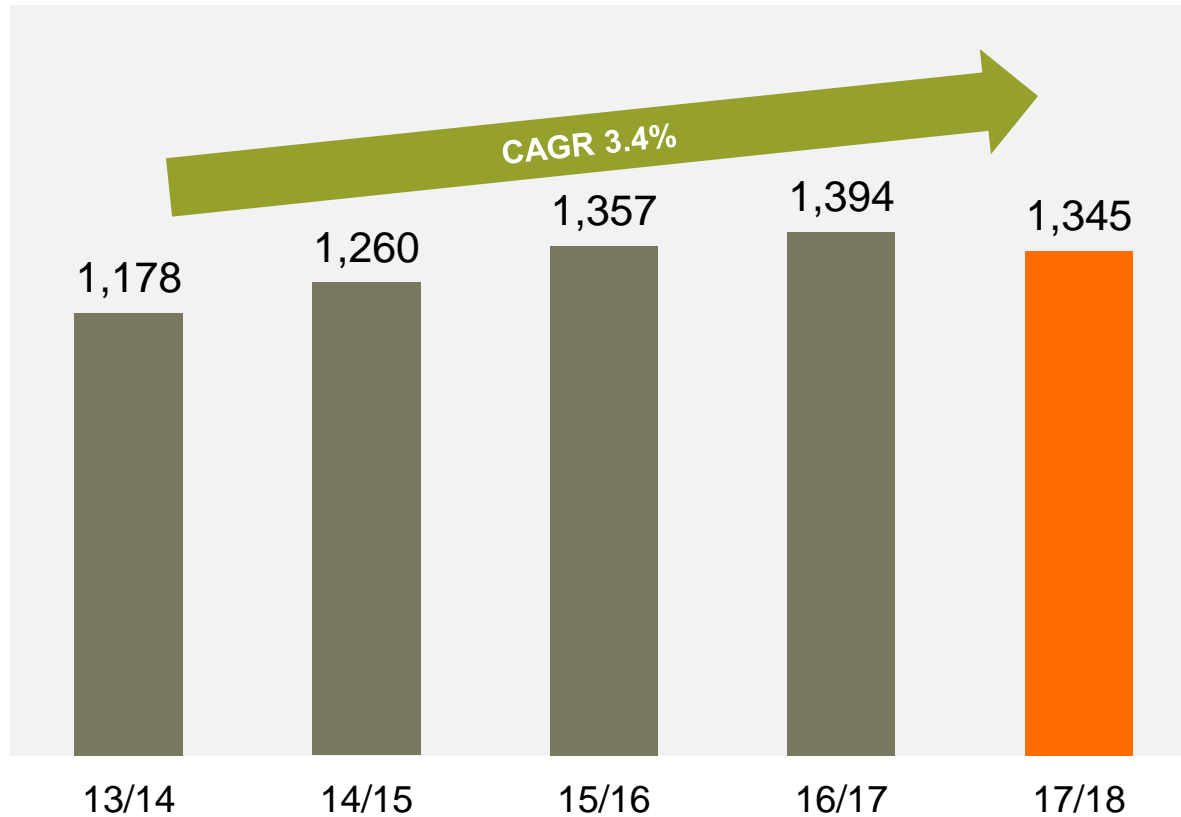


Thank you for your interest

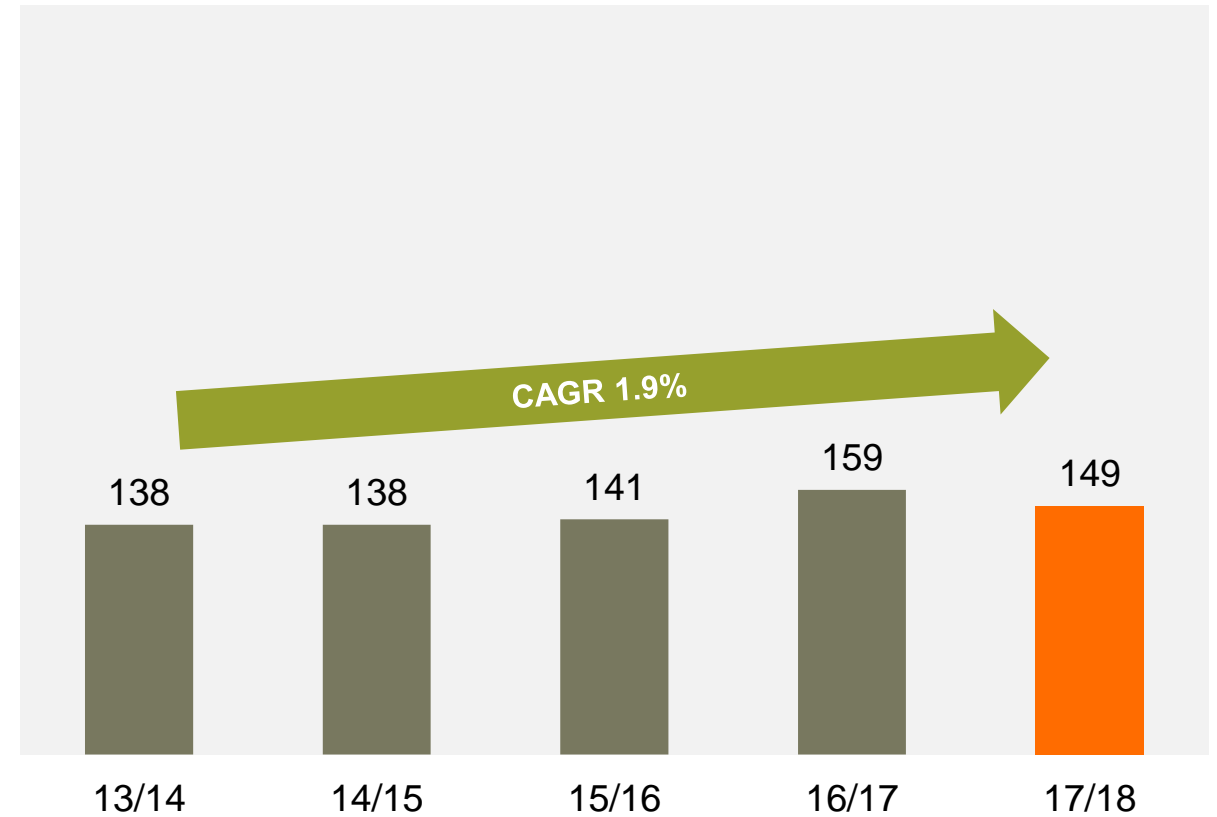
KWS' track record according to internal corporate controlling¹



Net sales¹
in € million



EBIT¹
in € million



¹ Including net sales and earnings contributed by our joint ventures and associated companies.

Key figures for the KWS share at June 30, 2018 incl. stakes and current coverage



1 General data

- ISIN DE0007074007
- Number of shares 6,600,000
- Share class Individual share certificates

2 Closing price

- June 30, 2018 in € 304.00
- June 30, 2017 344.45

3 Trading volume (average)

- 2017/2018 in shares / day 2,086
- 2016/2017 2,484

4 Market capitalization

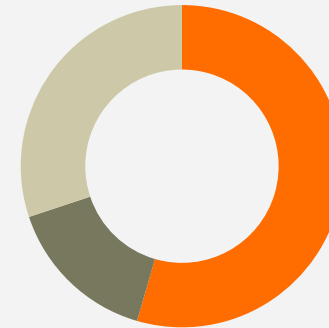
- June 30, 2018 in € million 2,006
- June 30, 2017 2,273

5 Earnings per share

- June 30, 2018 in € 15.08
- June 30, 2017 14.78

6 Average difference between high and low

- 2017/2018 in €/day 7.00
- 2017/2018 5.18



FAMILIES
BÜCHTING AND
AREND OETKER **54.5%**

TESSNER
BETEILIGUNGS
GMBH **15.4%**

FREE FLOAT **30.1%**



Financial calendar & your contact persons



November 27, 2018

1st Quarterly Report for 2018/2019

December 14, 2018

Annual Shareholders' Meeting in Einbeck



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