



# KWS Investor & Analyst Conference Call FY 2021/2022

Eva Kienle  
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SEEDING  
THE FUTURE  
SINCE 1856



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# KWS resilient in a challenging environment

- Another successful year in the history of KWS
- Sales increase by 17.5% to EUR 1.54 billion
- EBIT and EBITDA with significant growth
- Dividend stable at 80 cents/share
- Strong growth continues in the new financial year
- Business environment still characterized by high risks (inflation, energy, Ukraine war)



#standwithukraine

## Update on activities in Ukraine

- First international KWS location opened in Vinnitsa in 1900
- Today 170 employees at four locations
- The safety of colleagues and families is our top priority
- Around 85 percent of the usual acreage for corn, sugar beet and grain has been cultivated
- KWS will support the agricultural industry in Ukraine and its reconstruction

# Strong operative growth – Net income on previous year's level



in € million	2021/2022	2020/2021	+/-
Sales	1,539.5	1,310.2	17.5%
EBITDA	252.4	230.9	9.3%
EBIT	155.1	137.0	13.2%
Financial result	-16.9	5.5	-
Earnings before taxes	138.1	142.2	-2.9%
Taxes	30.4	31.6	-3.8%
<b>Net income</b>	<b>107.8</b>	<b>110.6</b>	-2.6%
<b>Earnings per share (in €)</b>	<b>3.27</b>	<b>3.35</b>	-2.6%

## EBIT margin

EBIT as a percentage of sales

**10.1%** (10.5%)

## COGS

as a percentage of sales

**45.1%** (43.6%)

## R&D ratio

R&D as a percentage of sales

**18.6%** (19.3%)

## Tax ratio

in %

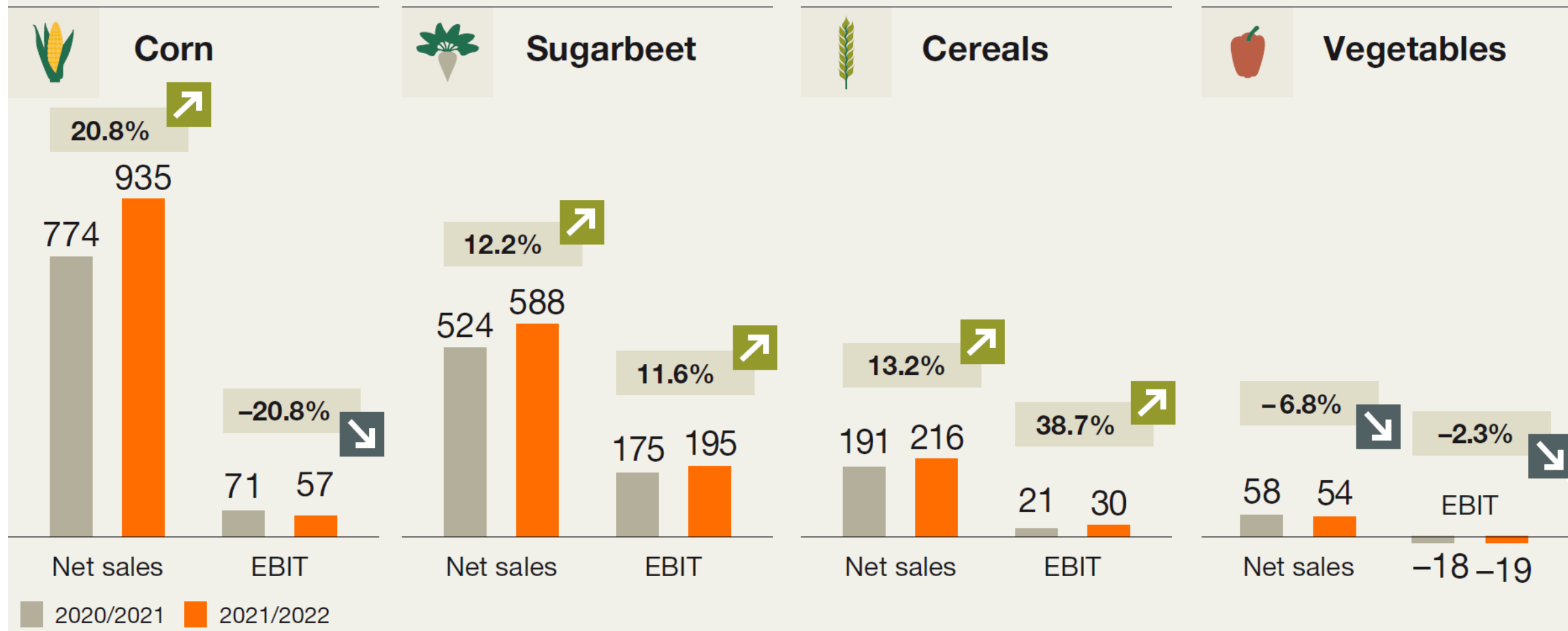
**22.0%** (22.2%)

Previous year's figures in brackets

# Business update



in € million





# Main investment projects



## New storage building for seeds in Einbeck



Area of 13,000 m<sup>2</sup>



Sustainable and energy-efficient construction



Investment volume around €40 million



Work place for about 100 employees



## Expansion of capacities in Brazil



Doubling production capacities to 4 mill units



Decrease gas consumption of up to 70%

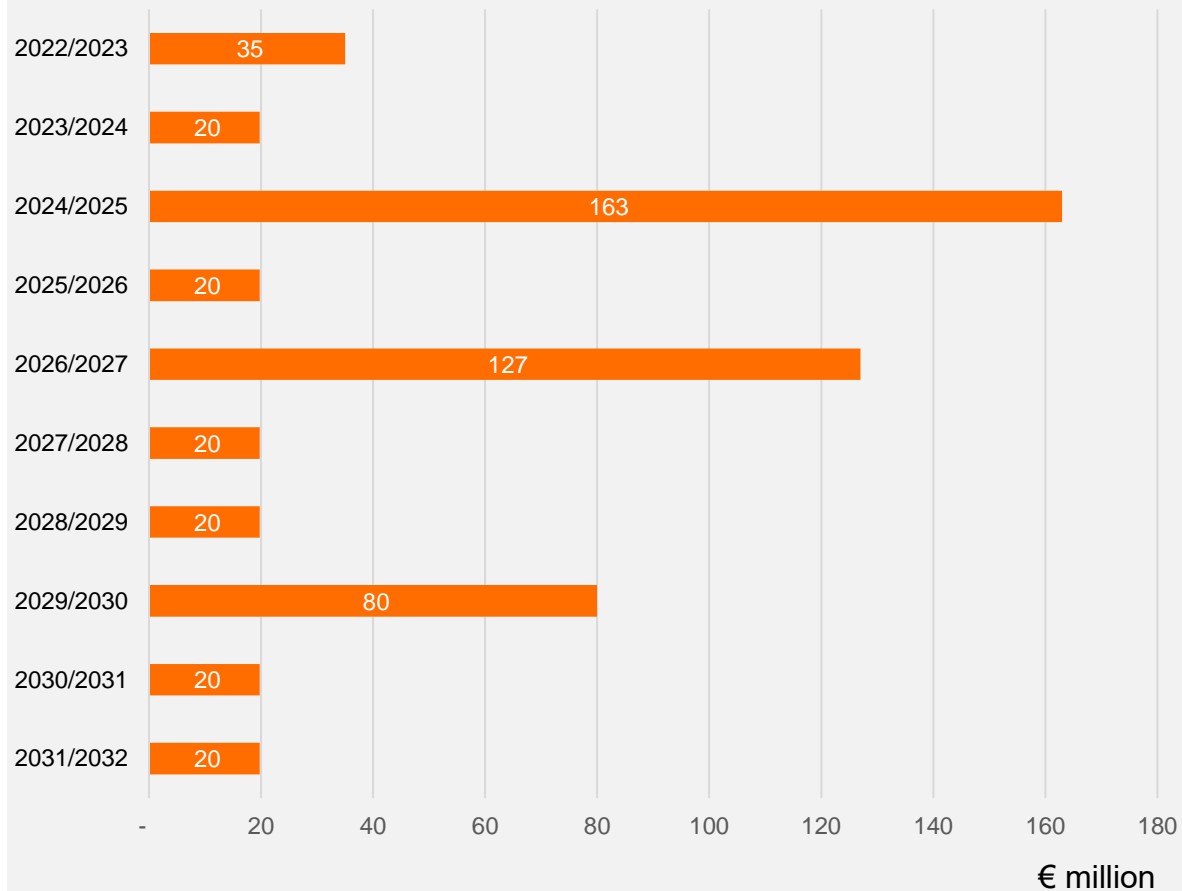


Investment volume around €15 million



Finalization by 2025

## Maturity profile of financial liabilities (10 years)



- Current leverage at 2.25x Net debt/EBITDA
- Next major refinancing in the 2024/2025 financial year
- Currently low exposure to interest rate increases



## Opportunities

- Price development for agricultural commodities
- Expansion of cultivated areas in anticipation of falling availability of agricultural products
- Broad KWS product portfolio enables market fluctuations to be balanced out

## Risks

- Persistent inflationary pressures
- Availability of fossil fuels
- Influence of weather extremes on quantity and quality in seed multiplication
- Geopolitical risks, esp. Ukraine war



## Guidance 2022/2023

- Sales up 7-9% (on a like-for-like basis)
- Growth in all product segments
- EBIT margin at 10-11%
- Continued high investments in research & development (18-20% of sales)

A photograph of several small green plants with reddish-purple stems growing in a clear glass container filled with water. The background is a light blue, textured surface. An orange rectangular box is overlaid on the left side of the image, containing white text.

Turning sustainability  
in agriculture into  
growth

# EU Farm-to-Fork strategy sets challenging goals by 2030



**50%**

reduction in the overall  
use and risk of plant  
protection chemicals



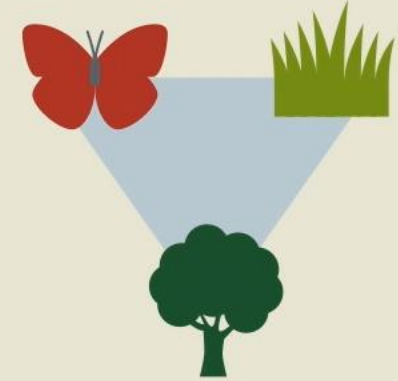
**20%**

reduction in the use  
of inorganic fertilizers



**25%**

or more of agricultural  
land under organic farming



**10%**

of agricultural area  
under high-diversity  
landscape features

## Contribution of plant breeding: Product Impact



### Safeguard food production

- 1.5 % annual yield gain for farmers through progress in plant breeding and
- Digital farming solutions on >6 million hectares



### Minimize input required

- Invest >30 % p.a. of R&D budget into reduction of inputs
- >25% of KWS varieties are suitable for low input



### Enhance crop diversity

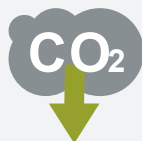
- Increase number of crops with dedicated breeding programs from 24 to 27



### Support sustainable diets

- >40 % of KWS varieties are suitable for predominantly direct use in human nutrition

## Corporate Responsibility



### Improve operational footprint

- Reduce scope 1 & 2 emissions by 50 % until 2030 and to net-zero by 2050
- Establish score cards



### Foster social engagement

- Min. 1 % EBIT p.a. into social projects
- Improve employee engagement
- Declining trend of accidents/illnesses index



# In alignment with global megatrends...



## Climate change



Call for sustainable agriculture and supply chains



Climate change impacts cultivation conditions



Cost pressure in agricultural raw material production

## Consumer demands

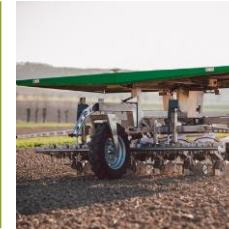


Growing demand for plant-based alternatives to animal protein

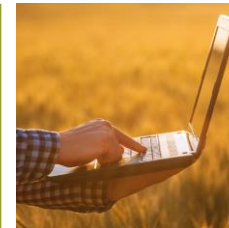


Desire for healthy lifestyle and diets

## Digitization



Automation and digitization in the field of agriculture

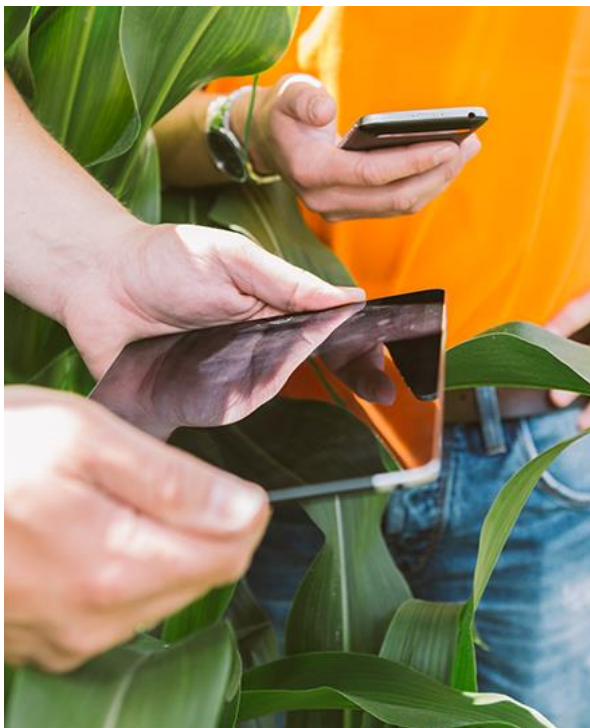


Evolution of direct and digital sales channels

# ... we identified our Fields of Growth



**Sustainable  
Agricultural  
Practices**



**Connected  
Seeds**



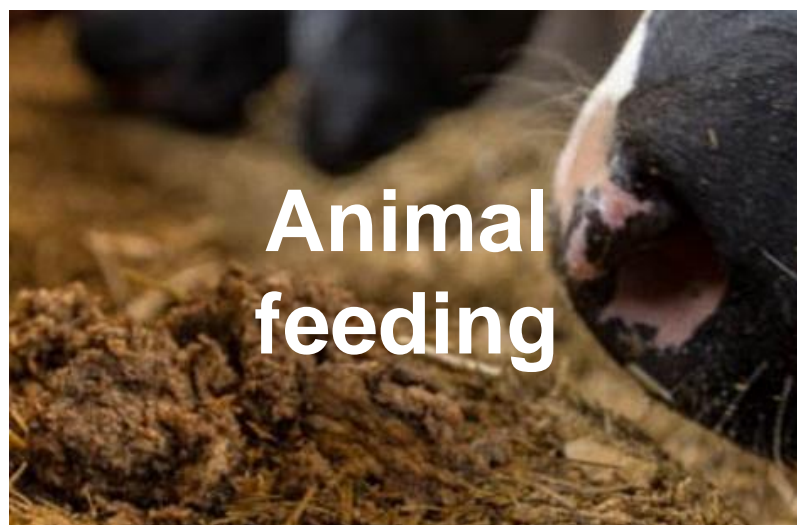
**Nutritional  
Food  
Ingredients**



**Future  
Sales  
Models**



# Sustainable Agricultural Practices – Our approach





# Examples for our contribution to a more sustainable agriculture



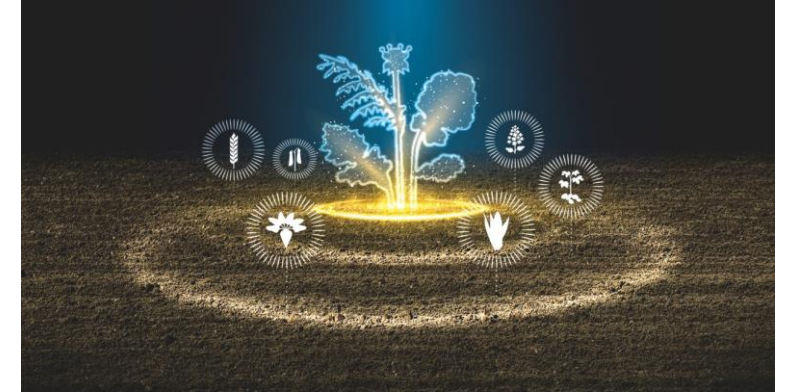
## Cercospora-tolerance CR+

- Cercospora is by far the **most destructive leaf disease** of sugarbeet - reducing the crop yield by up to 50%
- KWS CR+ varieties offer a high level of Cercospora tolerance **AND** a high performance
- Support farmers to **reduce their fungicide use** as much as possible



## Drought-tolerant corn varieties

- Under the **CLIMACONTROL3** label, KWS offers innovative, drought-tolerant hybrid grain corn varieties
- Specifically targeted for **South-Eastern Europe**, where drought risks are imminent
- Above average capability to **cope with water stress** due to extensive root system, better transpiration control and higher accumulation



## Catch Crops

- Catch crop cultivation is an important element of farming for **sustainably improving soil fertility**
- Catch Crops are **reducing nitrate leaching**. The nitrogen stored in the catch crop is then available to the follow-up crop (**N-fixing**).
- In advanced crop rotation cycles catch crops can **increase yields**



# Nutritional Food Ingredients – sustainable, valuable sources of protein



**A**



Strengthening the portfolio of crops, varieties and traits in the field of alternative protein products

**KWS** will follow two promising approaches



**B**



Partnering with companies in the food industry; improvement of characteristics such as flavor, texture or emulsification

# Connected Seeds - Expanding our growing digital platform „myKWS“



## Continuous expansion of the **service area**



## Expansion of **services and functions**



### Today (among other things)

- Crop rotation planning
- Sowing optimization
- Inventory management tools
- Satellite-based damage analysis

# Future Sales Models – Customer centricity



**Digital Farming**



**CRM Systems**



**Seed Wholesaler**



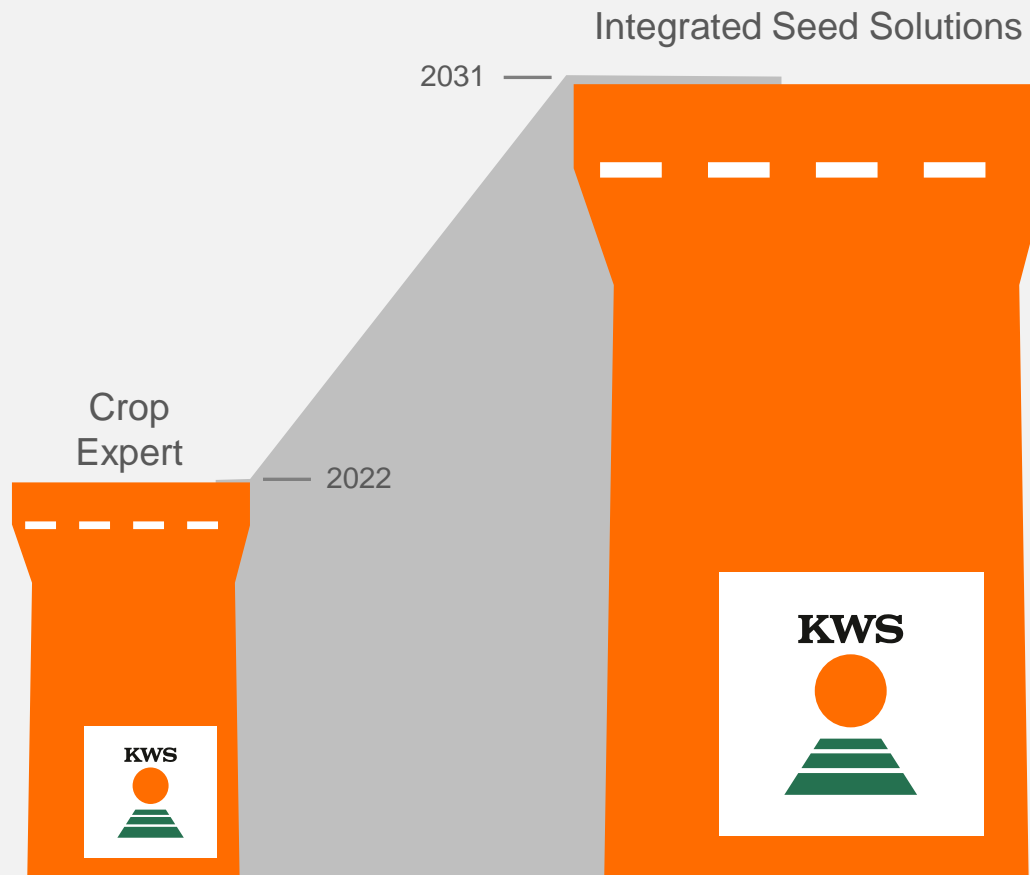
**Consulting**



**Webshops**



# Future value creation through innovative seeds



**Digital Services**



**Less Inputs**



**Income opportunity GHG reduction**



**Higher yield**



**New Crops with high value creation**



**Leveraging crop synergies**



**Access to state of the art, tailored expertise**



A man in a grey t-shirt and dark trousers is walking towards the camera in a field. To his right is the rear of a white tractor. The background shows a line of trees under a cloudy sky. The overall tone is warm and golden, suggesting late afternoon or early morning light.

Bringing  
**less water and  
higher yields**  
together.

**The future only works  
together:**

learn more about our sustainable  
ambition. [kws.com/sustainability](https://kws.com/sustainability)



# Q&A

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