

A close-up photograph of several green, elongated seed pods, likely from a legume, showing their characteristic shape and color. The pods are in various stages of development, with some appearing more mature and others more green and plump. The background is dark and out of focus.

# Investor presentation

KWS SAAT SE & Co. KGaA | May 2020

SEEDING  
THE FUTURE  
SINCE 1856



# Our long-term goals



## Profitable growth

Long-term strategy based on organic growth combined with acquisitions



## Innovation

Significant investment in research and breeding



## Independence

Since generations supported by family shareholders



## Sustainability

Long-term economic success and sustainable development

## Seed specialist

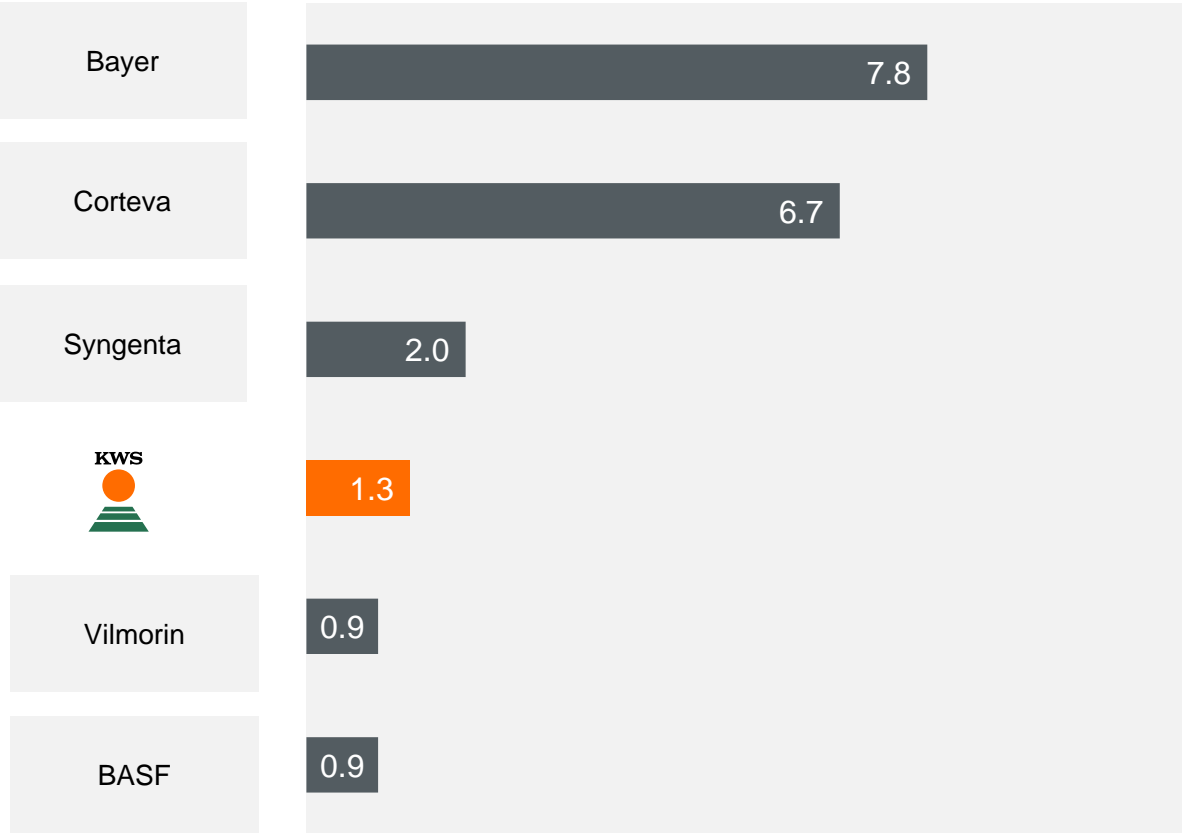


# KWS' competitive environment



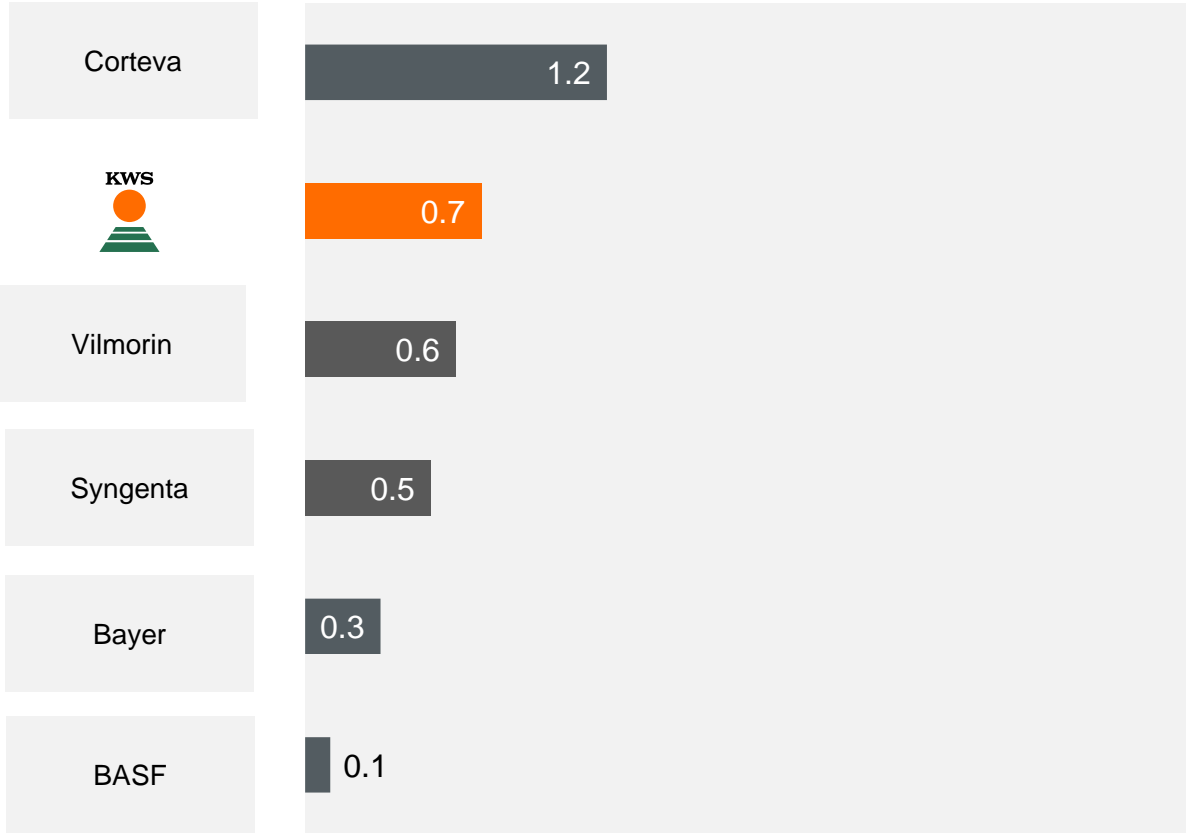
## Globally

Sales from agricultural crops in € billion



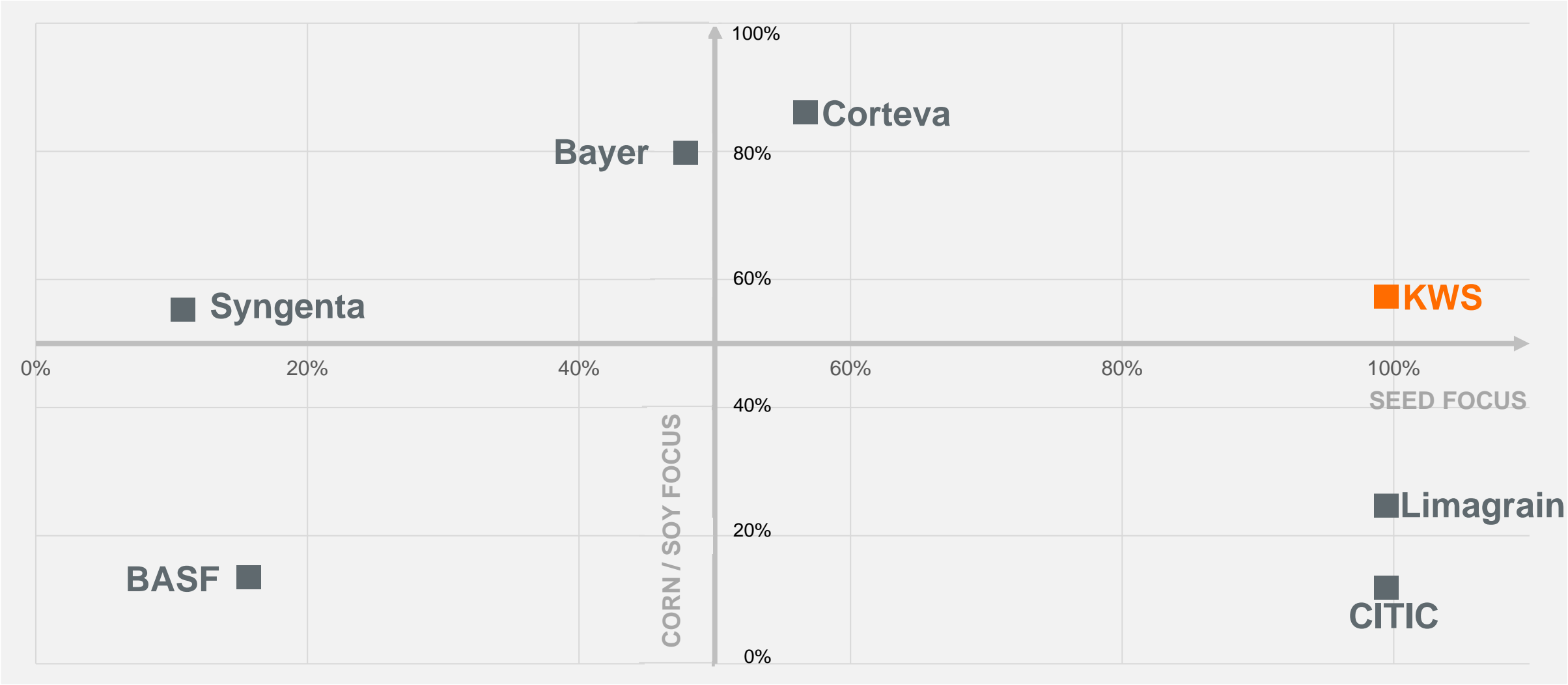
## Europe

Sales from agricultural crops in € billion



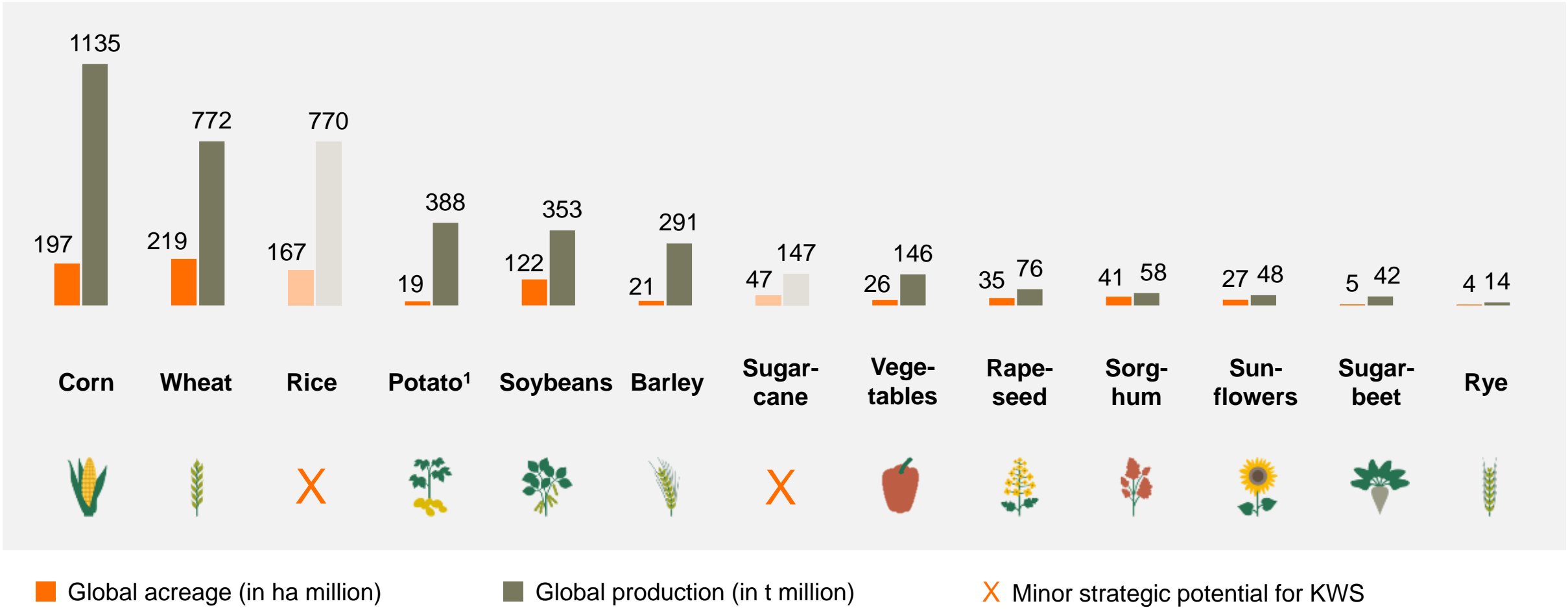
Source: AgbioInvestor 2019 and KWS estimates, excluding vegetable and flower business, as well as pasture and grazing activities

# Strategic market position



Data Source: Phillips McDougall, December 2018 and AgbiolInvestor, October 2018 (% corn & soy sales of total seed sales; % seed sales of total ag sales)

# Our portfolio includes seeds for 11 of the 13 most important crops/crop groups

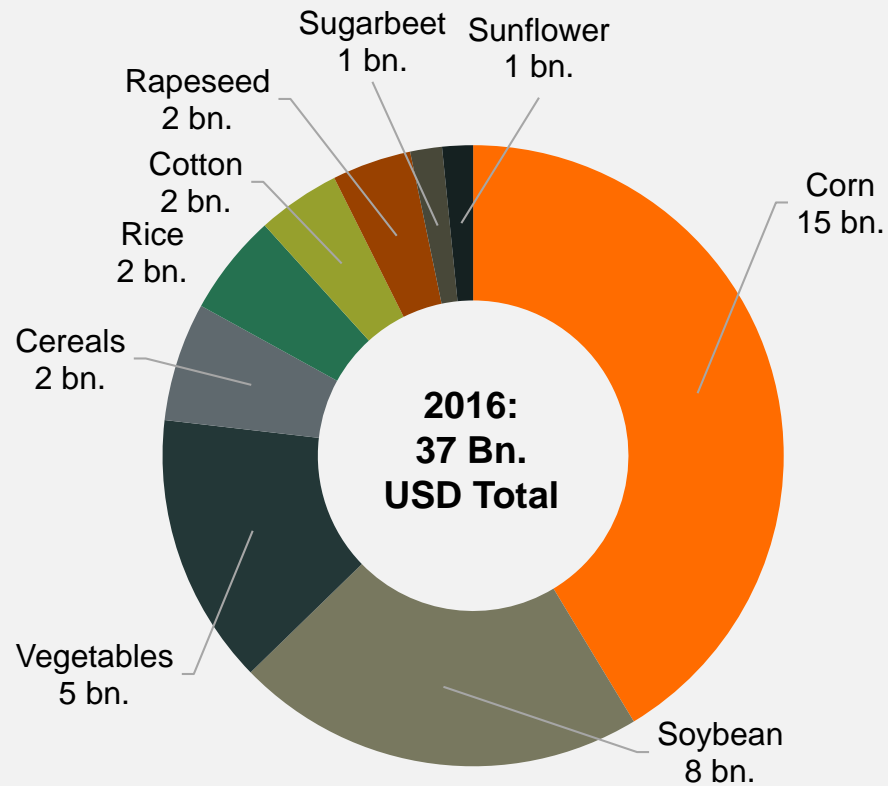


Source: faostat.fao.org (Data for 2017), zuckerverbaende.de; <sup>1</sup> No commercial business for KWS, but target of strategic research and development.

# Vegetable Seeds – A growing and highly profitable market

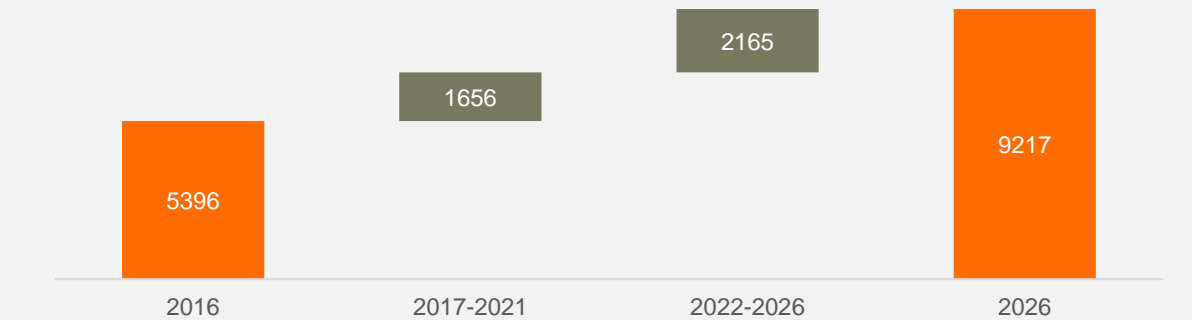


## Global Commercial Seed Market



Source: PhillipsMcDougall 2017

## Vegetable Seed Market (in million US\$)



Source: Kynetec 2016, estimated

## Market Expectations

- Increasing global vegetable consumption
- Rising demand for fresh vegetables
- Annual vegetable seed market growth: 5-6% (CAGR)
- Higher margins due to very wide range of varieties in the vegetable segment



# Acquisition of Pop Vriend Seeds



## At a glance



HQ in Andijk (NL)

**1956**

Founded



Market leader in  
spinach seed



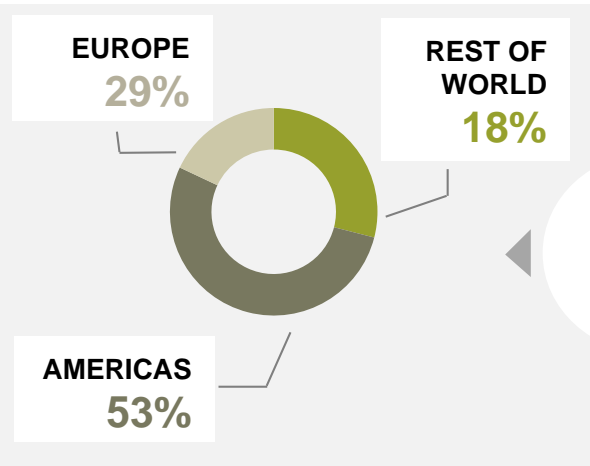
Net Sales: € 75 million  
EBIT-Margin\*: ~40%



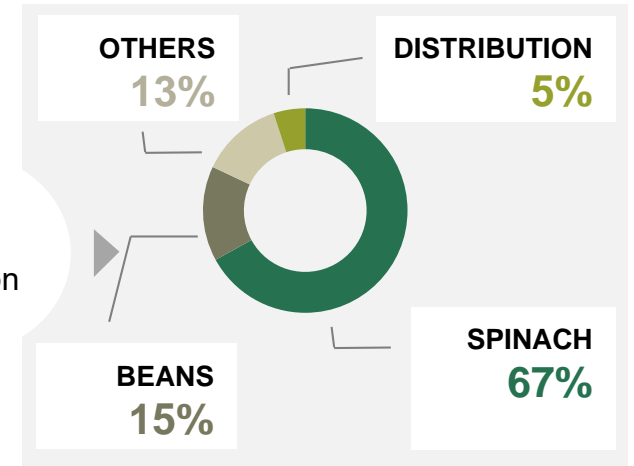
Purchase price: around  
20% of KWS market cap



### Net Sales by Region



### Net Sales by Section



**75**  
€ million

# Update 9M 2019/2020



in € million	9M 2019/2020	9M 2018/2019	+/-
Net sales	1,012.5	857.7	18.0%
EBITDA	247.4	210.6	17.5%
EBIT	184.3	173.1	6.5%
Net financial income/expenses	6.0	9.8	-38.8%
Result of ordinary activities	190.2	182.9	4.0%
Income taxes	52.3	54.8	-4.6%
<b>Net income for the period</b>	<b>137.9</b>	<b>128.1</b>	<b>7.7%</b>
<b>Earnings per share (in €)</b>	<b>4.18</b>	<b>3.88</b>	<b>7.7%</b>

## EQUITY RATIO

in % of total assets

**39.9%** (52.6%)

## TOTAL ASSETS

in € million

**2,631** (1,897)

## CAPEX (w/o Pop Vriend)

in € million

**73.6** (67.1)

## NET DEBT

in € million

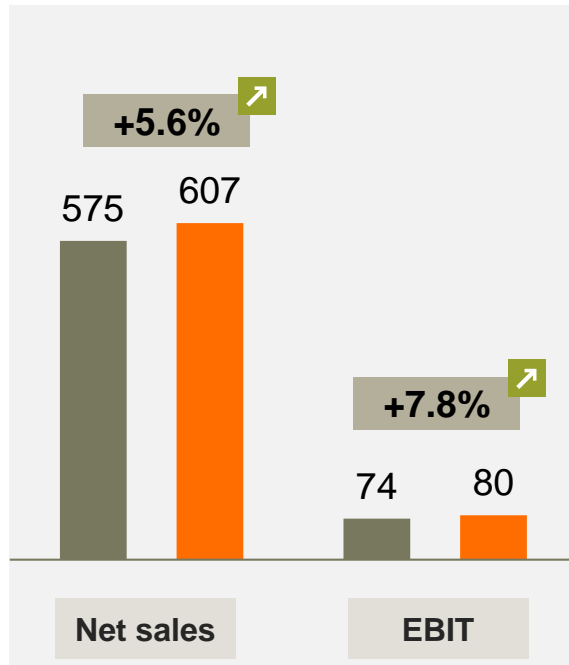
**630.0** (185.7)

Previous year's figures in brackets

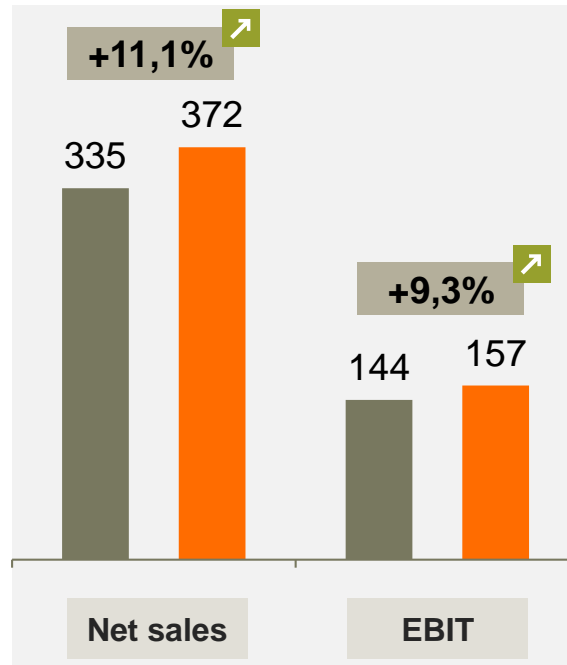
# Product Segments



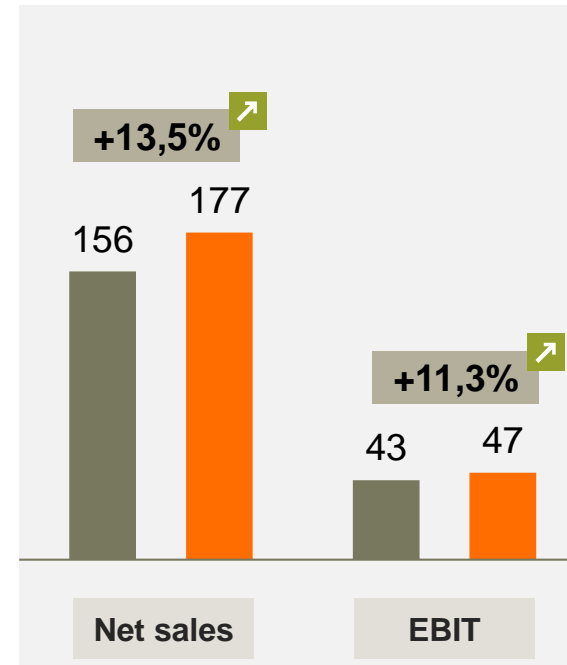
## Corn



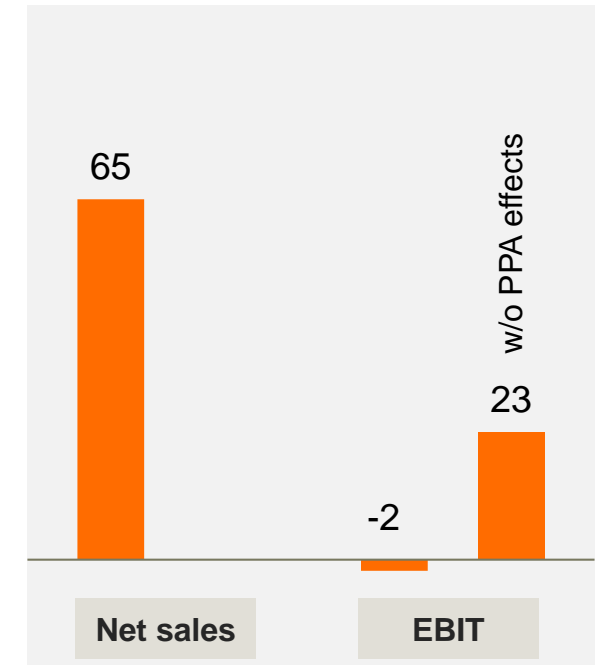
## Sugarbeet



## Cereals



## Vegetables



■ 9M 2018/2019 ■ 9M 2019/2020

Reconciliation (in € million)	Segments	Reconciliation	KWS Group
Net sales	1,225.5	-213.0	1,012.5
EBIT	200.8	-16.6	184.3



# Financials

FY 2018/2019


# Growth in all product segments despite challenging industry-specific conditions



## Growth in all product segments


**Net sales**  
in € million

**1,113.3**

+ 4.2 % 


**EBIT**  
in € million

**150.0**

+ 13.1 % 

**Dividend proposal**  
in €

**0.67**

+ 4.7 % 



## Segment Sugarbeet

- Sales and EBIT forecast met
- KWS remains a leading innovator
- Global market leadership asserted in a challenging environment
- Decline in core markets D and F offset by strong growth in Eastern Europe (mainly CONVISO® SMART)



## Segment Corn

- Sales and EBIT forecast met
- Stable business in Europe and Asia
- Strong growth in South America through the introduction of our own, innovative hybrid varieties
- US business affected by weather-related decline in acreage



## Segment Cereals

- Significant growth: Sales and EBIT forecast met
- Hybrid rye and barley with strong growth, wheat and rapeseed stable
- Strategic growth markets achieve significant growth
- #Ryevolution campaign strengthens rye positioning

# Net sales and Earnings per share increase by around 4 per cent



In € million	2018/2019	2017/2018	+/-
Net sales	1,113.3	1,068.0	4.2%
Operating income (EBIT)	150.0	132.6	13.1%
Net financial income/expenses	-5.5	5.4	-
Result of ordinary activities	144.5	138.0	4.7%
Taxes	40.4	38.3	5.5%
<b>Net income for the year</b>	<b>104.0</b>	<b>99.7</b>	<b>4.3%</b>
<b>Earnings per share (€)</b>	<b>3.15</b>	<b>3.02</b>	<b>4.3%</b>

## EBIT-MARGIN

EBIT as a % of net sales

**13.5%** (12.4%)

## COST OF SALES

as a % of net sales

**41.2%** (41.8%)

## R&D INTENSITY

as a % of net sales

**18.5%** (18.5%)

## Tax rate

in %

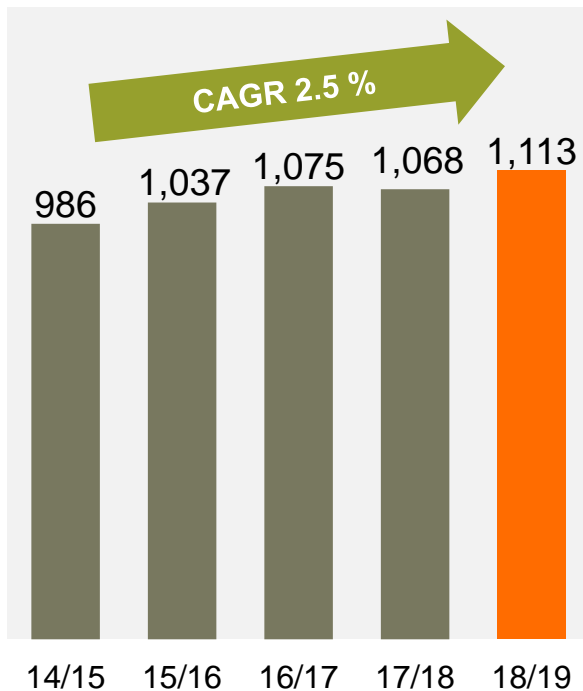
**28.0%** (27.8%)

Previous year's figures in brackets

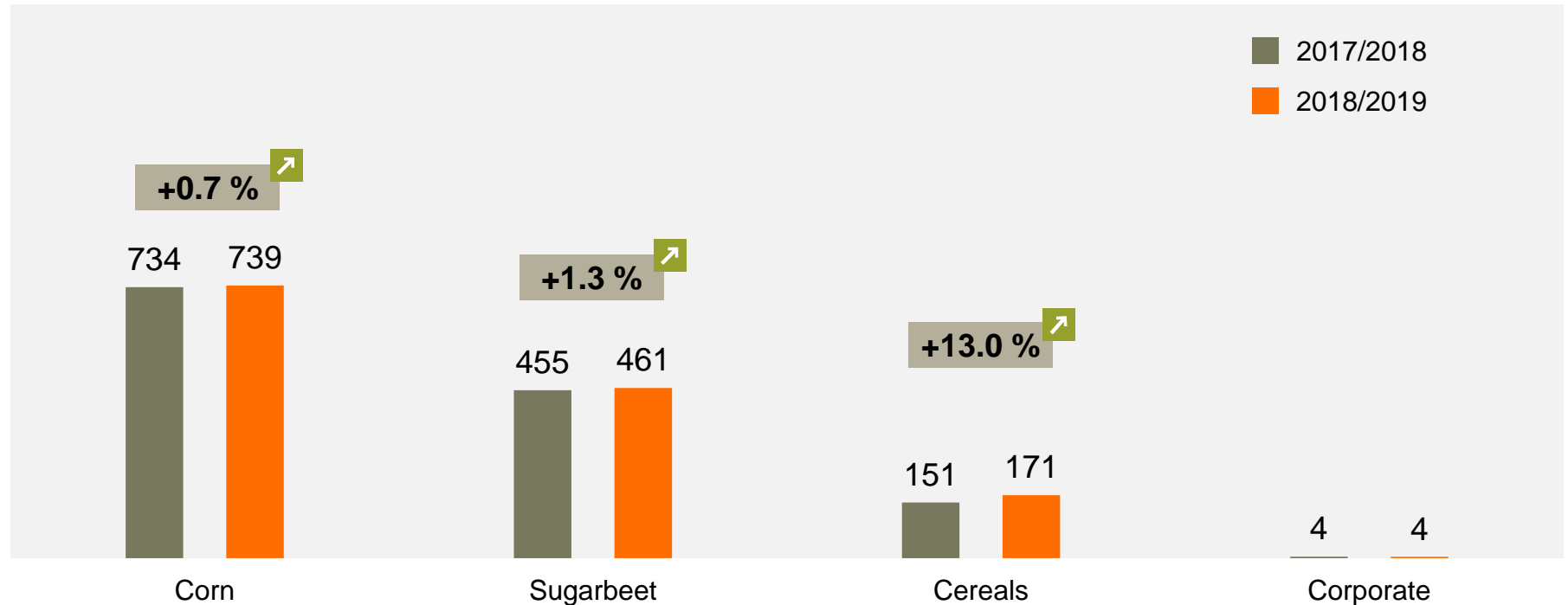
# Net sales of the KWS Group



**Net sales**  
in € million



**Net sales by segment**  
in € million

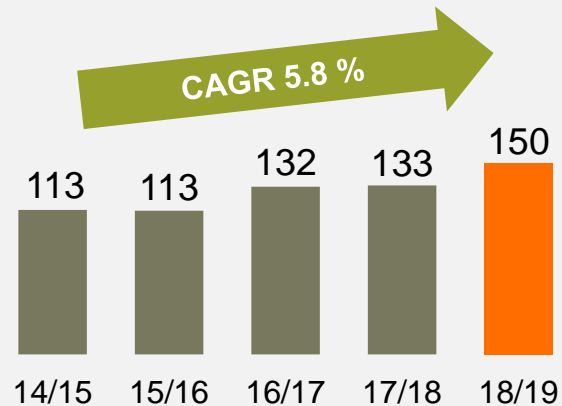


Net sales growth in all product segments

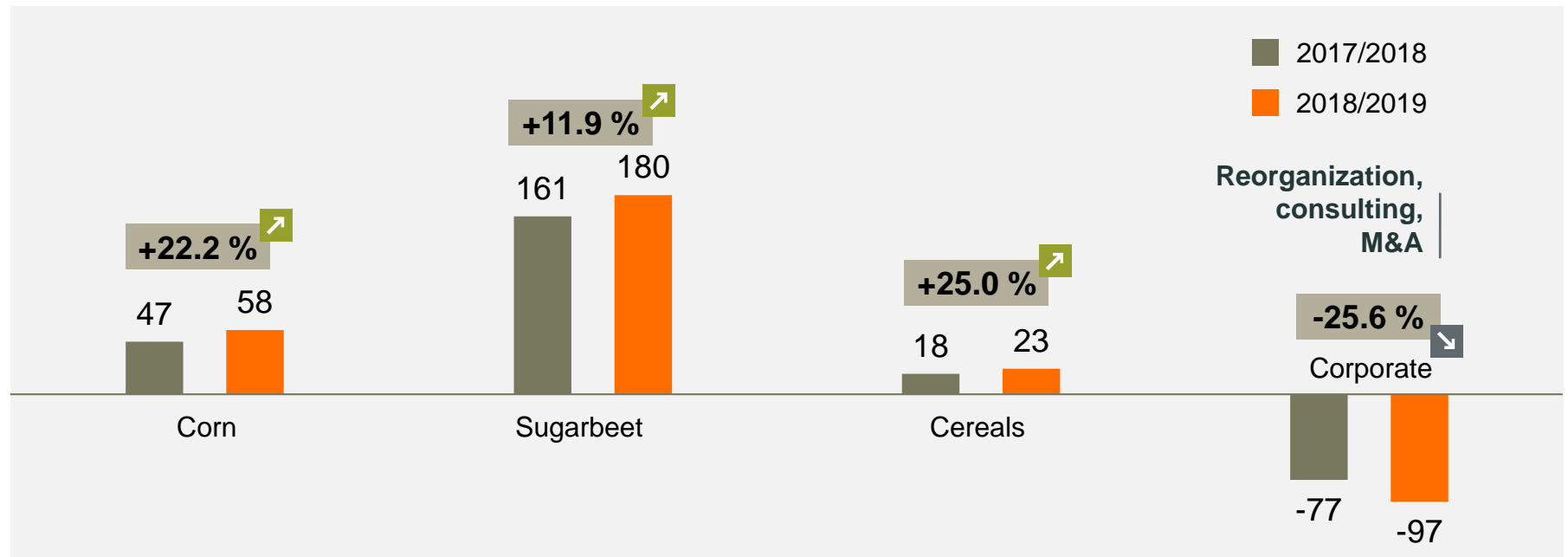
# EBIT of the KWS Group



**EBIT**  
in € million



**EBIT by segments**  
in € million



EBIT increased significantly – incl. one-time effect (€11 million) from the sale of a company participation

# Net financial income/expenses



In € million	2018/2019	2017/2018	+/-
Interest and similar income	4.0	4.0	0.7%
Interest and similar expenses	-19.1	-12.0	58.4%
Income from equity-accounted financial assets	9.4	13.4	-29.6%
Other net income from equity investments	0	0	0%
<b>Net financial income/expenses</b>	<b>-5.5</b>	<b>5.4</b>	<b>-</b>

## Equity-accounted companies

### AGRELIANT INC.

50% joint venture  
Chatham, Ontario, Canada

### AGRELIANT LLC.

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

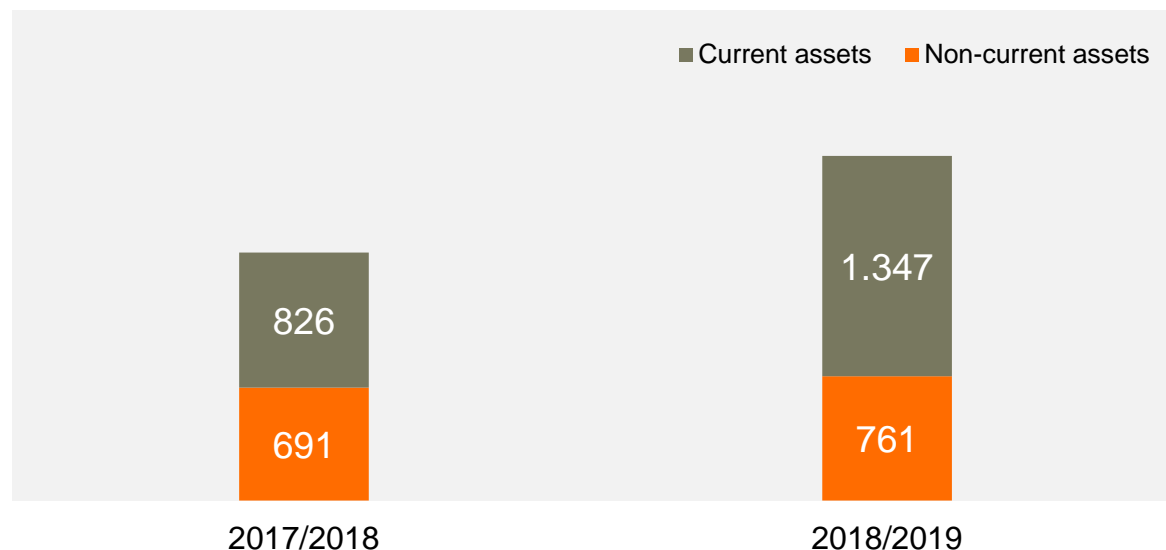
### KENFENG – KWS SEEDS

49% associated company  
Beijing, China

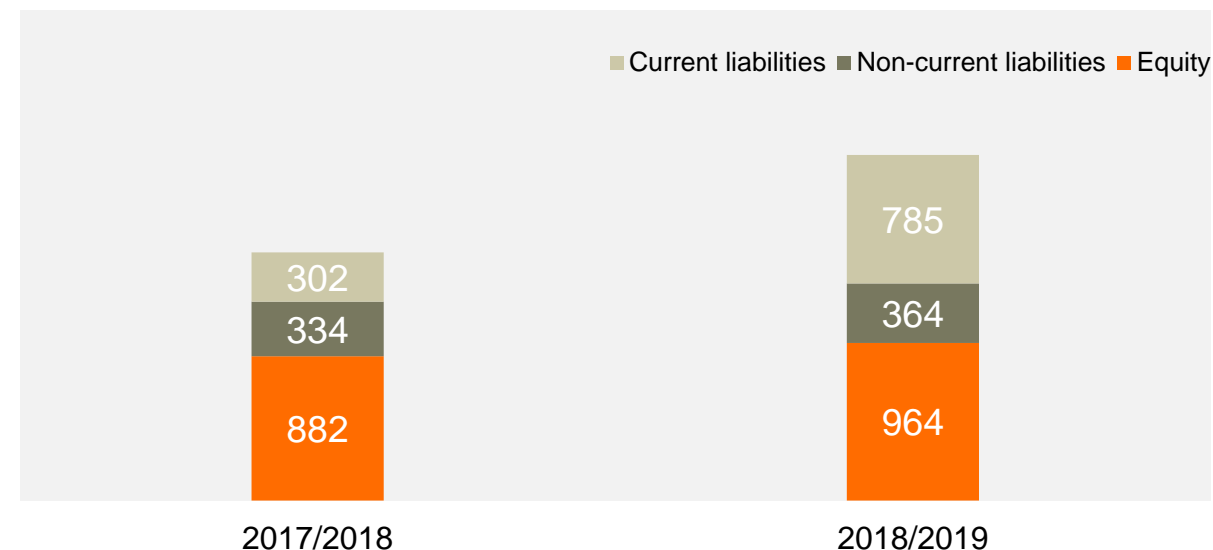
# Balance sheet as of June 30, 2019



## Balance sheet structure – Assets in € million



## Balance sheet structure – Equity and liabilities in € million



### TOTAL ASSETS

in € million

**2,115** (1,518)

### EQUITY RATIO

as a % of total assets

**45.5%** (58.1%)

### NET DEBT

in € million

**497.9** (37.4)

### Average ROCE

in %

**14.3%** (13.8%)

Previous year's figures in brackets

# Promissory note loans in the amount of EUR 400 million issued



## Transaction details

<b>Borrower:</b>	KWS SAAT SE & Co. KGaA
<b>Use of proceeds:</b>	General Corporate Purposes / Refinancing of existing acquisition related bridge financing
<b>Status:</b>	Senior, unsecured
<b>Volume:</b>	EUR 400,000,000
<b>Terms:</b>	5, 7 and 10 years
<b>Interest:</b>	5 years: 50 bps p.a. 7 years: 60 bps p.a. 10 years: 80 bps p.a.
<b>Issue price:</b>	100%

## Arranger



KWS SAAT SE & Co. KGaA

EUR 400,000,000

Promissory note loans  
maturing 2024/2026/2029

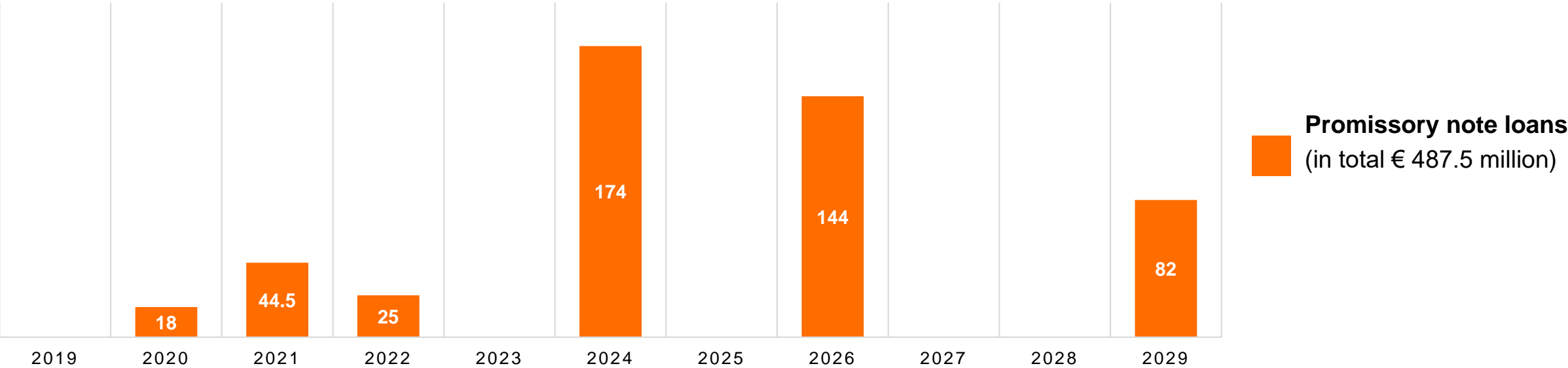
## Joint Lead Arranger



# Maturity profile of main debt instruments



in € million (as of October 2019)

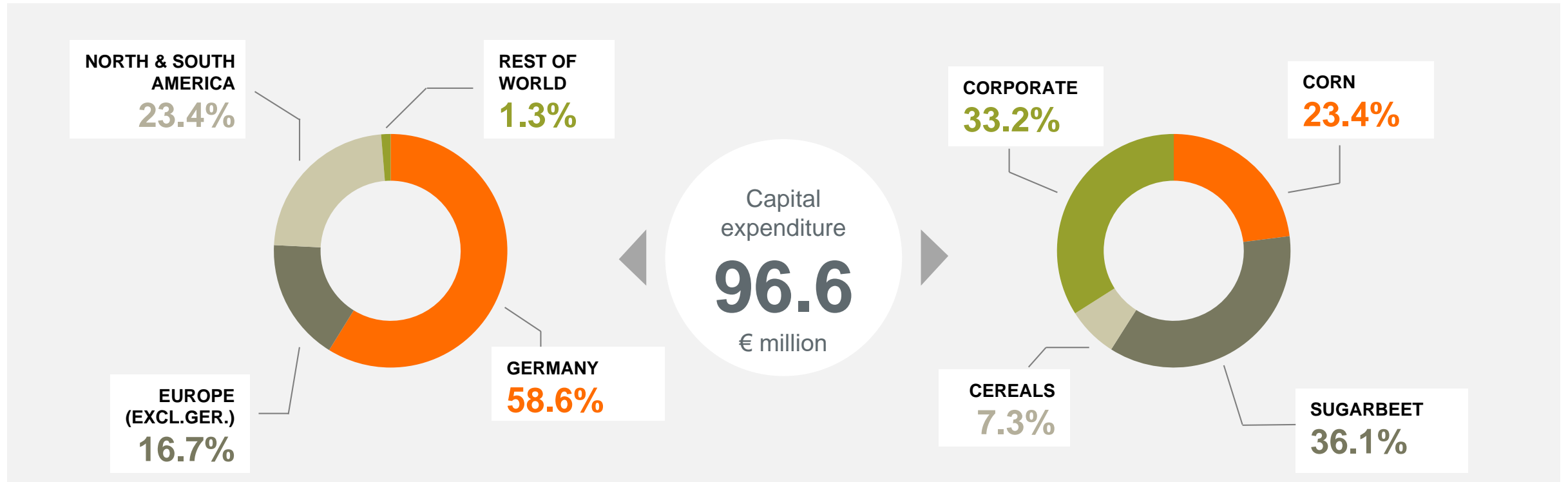


Further debt instruments

- SynLoan € 200m RCF: currently undrawn\*
- Commercial Paper Program € 125 million: due to seasonal business
- Credit line € 85m: currently undrawn

\* Maturity: June 2024

# Capital expenditures



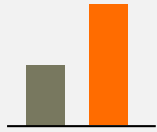
CapEx focus: Germany

Previous year: € 71.7 million

# Expansion of corn seed production in Latin America



## Overview



Doubling of production capacities



Brazil & Argentina



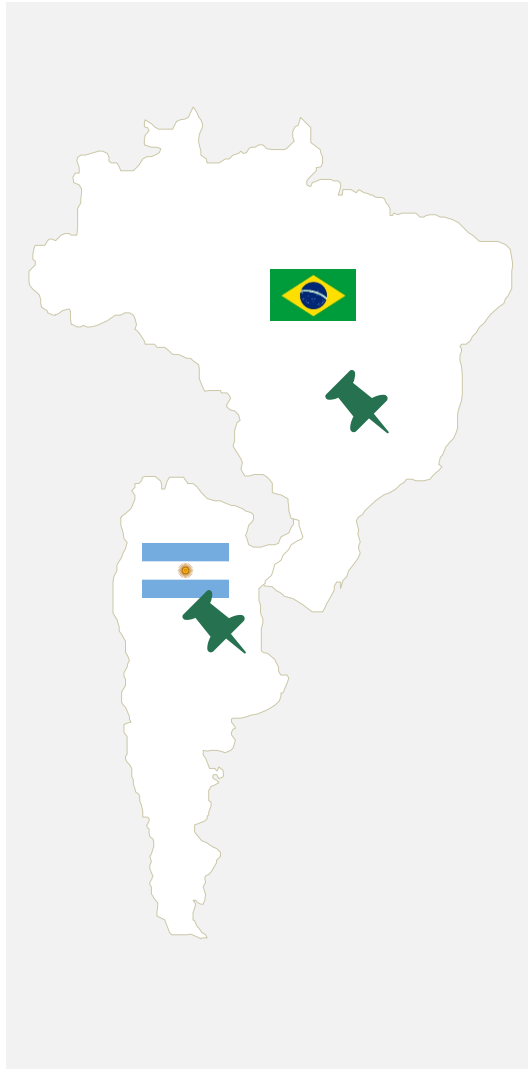
Improved quality, flexibility and reliability



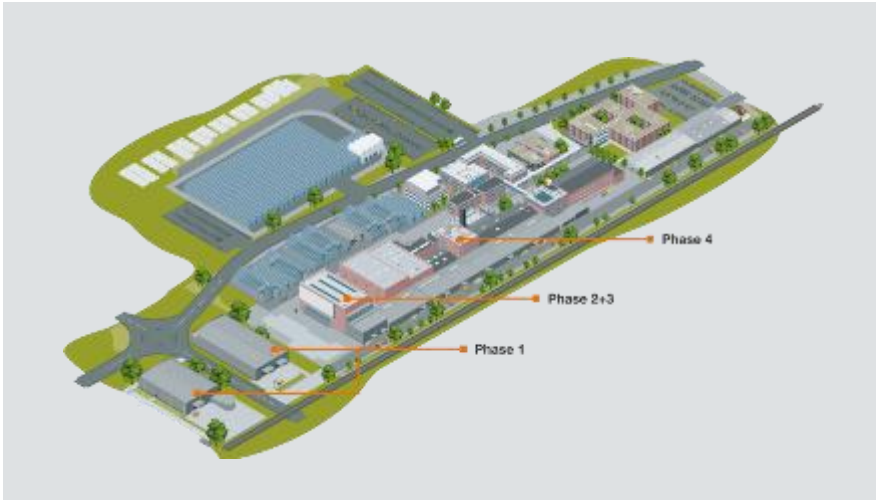
CapEx volume  
~ €19 million



Inauguration took place  
in August 2019



# Two of our current capital spending projects at KWS



## Extension of seed production for sugarbeet



Three new buildings in Einbeck



30% more production capacity



CapEx volume around € 40 million



Reduction of set-up times



## Second Biotechnikum



Three-storey building in Einbeck



2,350 sqm of new laboratory and office space



CapEx volume around € 20 million



Completion spring 2020

# Forecast for the KWS Group for fiscal 2019/2020<sup>1</sup>



	Forecast in accord. with IFRS 11 Fiscal 2019/2020	Fiscal 2018/2019
Net sales growth	Upper range of 8 – 12%	€1,113 million
EBIT margin	Upper range of 11 – 13%	13.5%
R&D intensity	17 – 19%	18.5%



<sup>1</sup> As of May 19, 2020; EBIT margin without PPA effects.

A photograph of a field of young corn plants. The plants are green and have several leaves. They are growing in dark, rich soil. The lighting is warm and golden, suggesting the sun is low in the sky, creating a soft glow on the leaves and soil. The background is slightly blurred, focusing attention on the plants in the foreground.

# Seeding the future

Challenges and solutions for  
modern agriculture

# For efficient agriculture it is crucial to meet the challenges of high-yield agricultural harvests



**Population growth:** Food demand is expected to rise by 60% through 2050



**Reduction of per capita cultivation area:** The population is growing faster than the acreage



**Climate change:** Change in abiotic stress requires new variety characteristics



**Harvest losses:** Approx. 50% due to insects, weeds, fungal diseases and damage in storage



**Limited resources:** water, fertilizers and pesticides

# We develop high yielding and resource-efficient varieties for a sustainable agriculture



## Safe yields

Securing yield stability and developing higher yields for a sustainable supply



## Resource efficiency

Reducing consumption of water, fertilizer, chemical plant protection



## Increased nutrient content

Optimization of energy and nutrient content for more efficient use of acreage



## Diversification

Securing sustainability through broadly diversified breeding material

# Examples for KWS' contribution for more sustainability in agriculture



## Organic seeds

- **Variety and performance testing** for the early selection of efficient organic varieties and plant material from conventional breeding programs
- Seeds of high performance and quality **optimized for organic farming**



## Biologicals

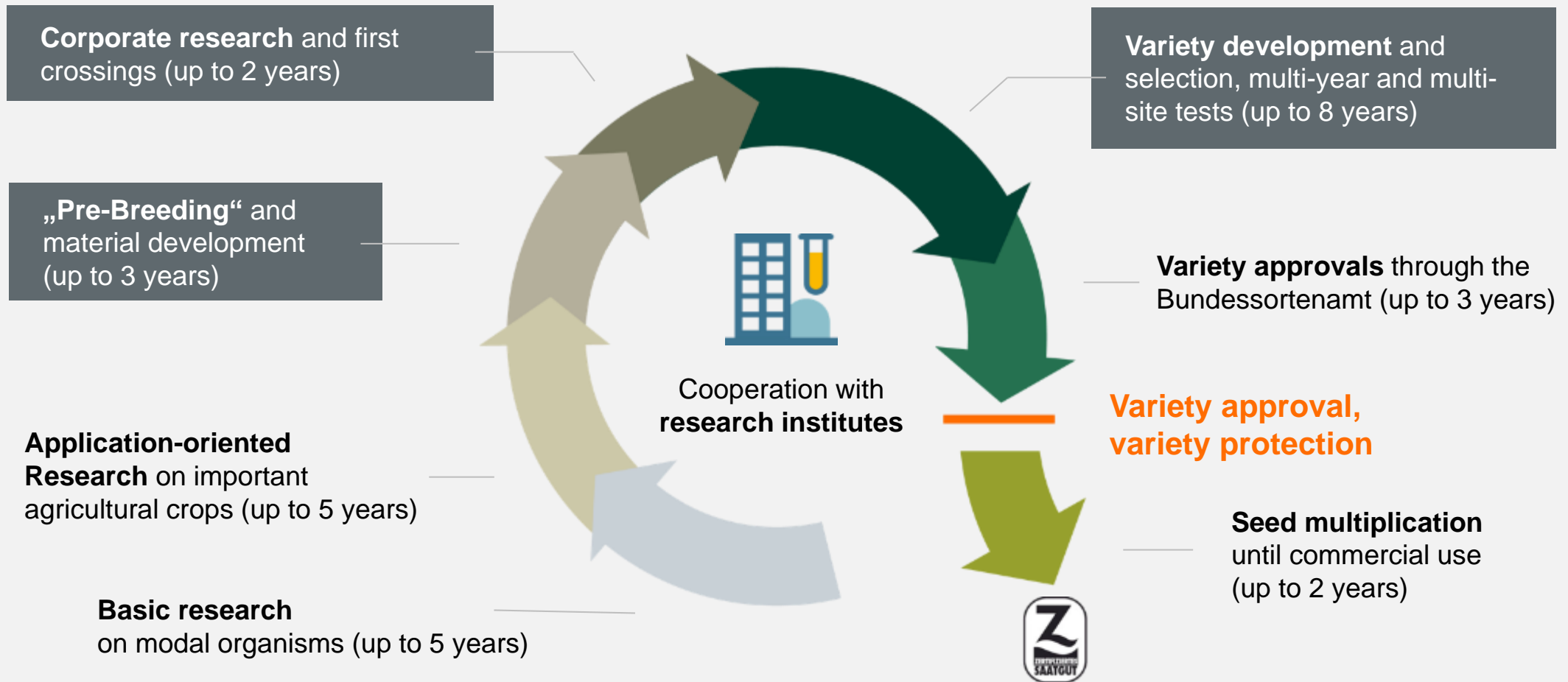
- Biologicals can help to **reduce chemical** crop protection
- **Useful microorganisms** protect yield against pests, abiotic stress (cold, drought, etc.)
- Biologicals can be applied as treatment **directly to the seed**. Very efficient in protecting the seedling right at the beginning of the development



## Hybridrye

- Used as feed **increases animal health** as a feed
- Good **resistance to dryness**
- **Less nitrogen, water and crop protection** compared to wheat
- **Smallest carbon footprint** of cereals in Germany (greenhouse gas emissions for cultivation)

# Developing a new variety is a complex process and takes 8 to 12 years



Source: BDP, changed

# Three of our strategic projects at KWS



## CONVISO® SMART

- **Breeding of herbicide-tolerant sugarbeet varieties** in cooperation with Bayer
- **Advantage: highly effective and flexible cultivation of sugarbeets:** Weed control with lower amounts of herbicides



## Hybrid potato seed

- Development of diploid hybrid potatoes, that can be **multiplied and marketed in the form of seeds**
- **Advantages compared to plant potatoes:** more effective breeding, lower risk of infections and pests, significant lower storage and transport cost



## Hybrid wheat

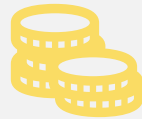
- **Target:** Introduction of a hybrid wheat system with added value for farmers
- **Advantages to conventional wheat varieties (added value):** Better yield improvement

# Current innovation projects: Precision Farming & TerraSentia



Use of autonomous robots & flying drones to continuously collect data in the fields and to evaluate them using artificial intelligence.

Comprehensive  
data collection



Cost efficiency

More accurate & faster  
breeding results



Improved development  
process



Automated  
analyses





Thank you for your interest.

Appendix

SEEDING  
THE FUTURE  
SINCE 1856





“

**We are excellently positioned;  
our unique profile gives us a  
**model for the future** that roots  
deeply in our company's history.**

Dr. Hagen Duenbostel (1970)  
CEO and board member since 2003  
Corn Americas & Asia, Strategy,  
Governance & Risk Management, Compliance

”

**We strive steadily to find new and innovative ways to become even more efficient and swift. For this, we build on a foundation of high **innovation power**.**

Dr. Léon Broers (1960)  
Board member since 2007  
Research and Breeding, Vegetables





”

**We are committed to competent advice; it is our goal to create **trust** by mutual success and to cater to farmers as partners.**

Dr. Peter Hofmann (1960)  
Board member since 2014  
Sugarbeet, Corn Europe, Marketing & Communication

”

**The KWS Group is an economically sound company. We have a **solid financial basis** and are excellently prepared for possible investments that ensure additional growth.**

Eva Kienle (1967)  
Board member since 2013  
Finance, Controlling, Global Services, IT, Legal

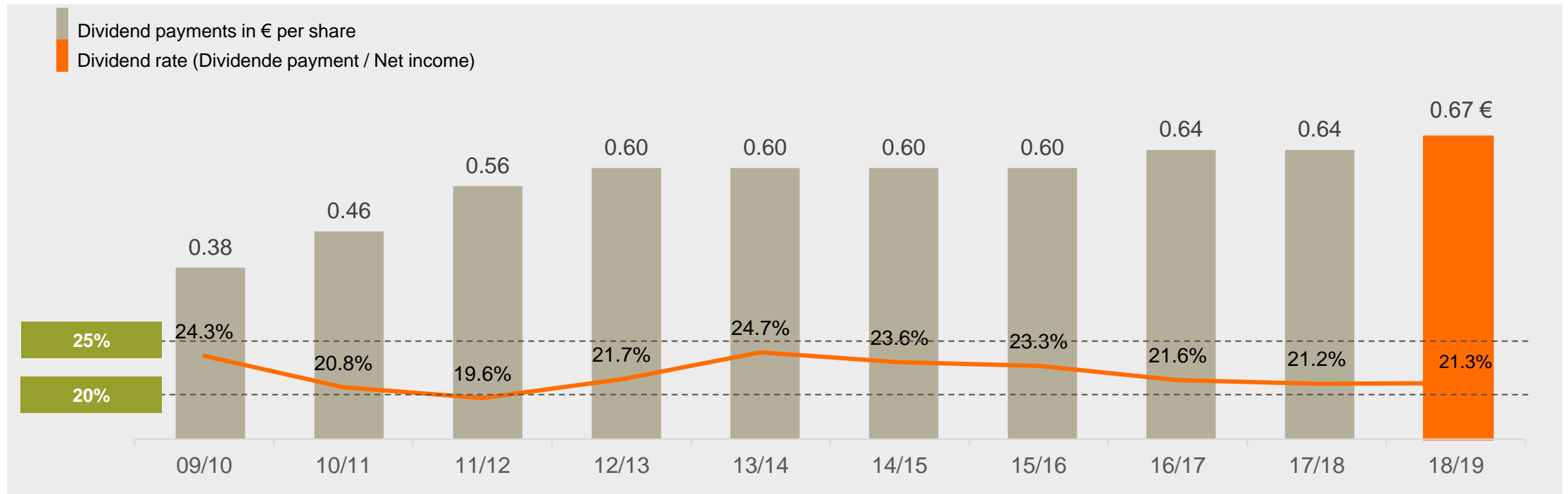


”

**As a family-owned company, we focus on a distinctive value orientation and long-term success. This includes respectful interaction with each other, a positive working environment and the individual development of our employees.**

Felix Büchting (1974)  
Board member since 2019  
Cereals, Agriculture, Human Resources

# Dividend payments\* and dividend ratios of the past 10 years



Continuous dividend policy

\* Dividends adjusted for 1:5 share split in March 2019

# Key figures for the KWS share, shareholdings and actual coverage



## 1 General Data

- ISIN
- Number of shares
- Type

DE0007074007  
33.000.000  
No-par value shares

## 2 Closing price (Xetra)\*

- June 30, 2019
- June 30, 2018

in €  
64.20  
60.80

## 3 Daily trading volume (avg.)\*

- 2018/2019
- 2017/2018

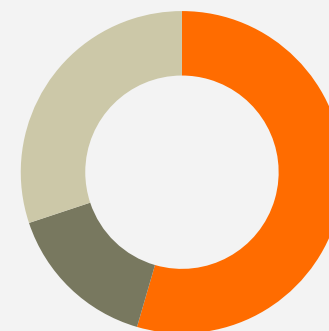
in shares/day  
8,189  
10,430

## 4 Market capitalization

- June 30, 2019
- June 30, 2018

in € million  
2,119  
2,006

\*Numbers adjusted for 1:5 share split in March 2019



FAMILIES  
BÜCHTUNG,  
AREND OETKER

54.4%

TESSNER  
BETEILIGUNGS  
GMBH

15.4%

FREE FLOAT

30.2%

**DZ BANK**  
Die Initiativbank

**Pareto**  
Securities

**EXANE BNP PARIBAS**

**M.M. WARBURG & CO**  
BANK

**Bankhaus Lampe**

**COMMERZBANK**

**Kepler**  
Cheuvreux

**NORD/LB**

# Financial calendar and IR contact



<b>October 23, 2020</b>	Publication of the 2019/2020 annual statements, Annual Press Conference and Analysts' Conference in Frankfurt
<b>November 24, 2020</b>	Quarterly Report Q1 2020/2021
<b>December 16, 2020</b>	Annual Shareholders' Meeting



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