



Semiannual Report 2018 | 2019

July 1 to December 31, 2018

**SEEDING
THE FUTURE**
SINCE 1856



KWS in Figures

KWS Group

in € millions	1st half of 2018/2019	1st half of 2017/2018	1st half of 2016/2017	1st half of 2015/2016
Net sales and income				
Net sales	289.1	244.1	280.0	219.5
EBIT	-76.6	-89.6	-70.3	-106.3
Net financial income/expenses	-21.1	-29.0	-25.8	-28.7
Net income for the period	-61.2	-80.6	-64.3	-95.8
Financial position and assets				
Capital expenditure	41.8	27.9	33.6	54.2
Depreciation and amortization	24.8	23.8	23.4	24.2
Equity	798.2	705.1	702.6	617.2
Equity ratio in %	50.0	48.2	47.4	45.5
Net debt ¹	174.6	223.8	236.6	281.6
Total assets	1,596.9	1,463.5	1,481.0	1,356.7
Cash flow from operating activities	-70.3	-127.3	-85.1	-99.8
Employees				
Number of full-time employees ²	4,008	3,866	3,965	3,811
Key figures for the share				
Earnings per share (in €)	-9.20	-9.73	-9.73	-14.42

¹ Short-term and long-term borrowings – cash and cash equivalents – securities

² Number of employees on December 31

Reconciliation for the 1st half of 2018/2019

in € millions	Segments	Reconciliation	KWS Group
Net sales	332.3	-43.2	289.1
EBIT	-91.3	14.7	-76.6

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Interim Group Management Report

Importance of the First Half for the Fiscal Year

Our main markets are in the northern hemisphere, where our sales drivers corn and sugarbeet seeds are sown in the spring. Our winter cereals business, on the other hand, is over by the end of the period under review. In addition, net sales of corn, soybean and sugarbeet seed from our activities in the southern hemisphere are included in the semiannual financial statements. Due to this strongly seasonal nature of our business, the first half of the year (July to December) most recently contributed around 25% of the Group's annual net sales.

Economic Report

Performance of the KWS Group in the first half of the fiscal year

The KWS Group posted robust growth in the first half of fiscal 2018/2019 in a challenging global environment characterized by a large supply of and low prices for agricultural raw materials.

The KWS Group increased its net sales significantly by 18.4% to €289.1 (244.1) million in the first six months of the fiscal year. That strong growth is attributable in part to earlier deliveries of seed than in the previous year. All product segments (Corn, Sugarbeet and Cereals) contributed to this positive business trend.

The Corn Segment's performance was impacted by growth in corn seed business in South America and earlier deliveries in North America, partly for weather-related reasons. Growth in the Sugarbeet Segment is largely due to a rise in the proportion of early sales. A sharp rise in sales of rye seed in Europe was the main growth driver in the Cereals Segment (12.7%).

Earnings, financial position and assets

Earnings

Condensed income statement

in € millions	1st half of 2018/2019	1st half of 2017/2018	+/-
Net sales	289.1	244.1	18.4%
Operating income	-76.6	-89.6	14.5%
Net financial income/expenses	-21.1	-29.0	27.2%
Result of ordinary activities	-97.7	-118.6	17.6%
Income taxes	-36.5	-38.0	3.9%
Net income for the period	-61.2	-80.6	24.1%
Earnings per share (in €)	-9.20	-12.23	24.8%

Strong increase in net sales – improvement in key earnings figures

The KWS Group's net sales in the first half of fiscal 2018/2019 rose by 18.4% to a total of €289.1 (244.1)¹ million. All product segments (Corn, Sugarbeet and Cereals) contributed to this positive business trend. As usual due to the seasonal course of our business, cereal seed business accounted for a large share (48%) of total net sales in the first six months of 2018/2019.

¹ The figures in parentheses are those for the previous year.

Net sales by region

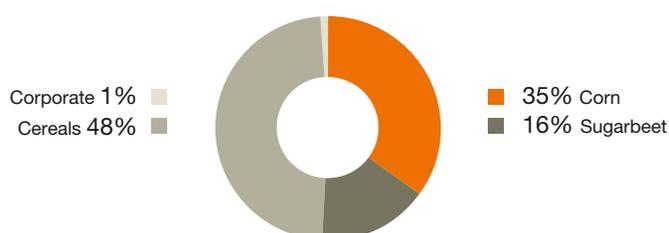
Total net sales €289.1 million



The region where we generated most of our business was Europe, which accounted for 60% of net sales (Germany: 19%). Revenues from our North American equity-accounted companies were relatively low due to seasonal factors (see the section “Segment reports” on pages 8 to 9).

Net sales by segment

Total net sales €289.1 million



The strong decline in value of a number of local currencies in countries where the KWS Group operates – in particular Brazil and Argentina – had significant negative effects on net sales, which are consolidated in euros. Adjusted for exchange rate effects, the KWS Group’s net sales would have been €329.3 million, a rise of 34.9%.

The KWS Group’s operating income (EBIT) improved in the first half of 2018/2019 by 14.5% to €–76.6 (–89.6) million. The strong increase in gross profit was partly offset by higher function costs for sales and administration. Income generated by our receivables management activities also had a positive impact.

Net financial income/expenses improved to €–21.1 (–29.0) million, mainly due to the rise in net income from our equity-accounted companies to €–16.0 (–25.5) million. Since the main revenue from our joint ventures does not materialize until the third quarter, net income from those investments in the first half of the year is usually well in the red. The interest result is made up of interest income and, predominantly, interest expenses. The balance was €–5.1 (–3.5) million and thus a slight increase over the previous year due to higher interest expenses.

Income taxes totaled €–36.5 (–38.0) million. The result was a sharp improvement in net income for the period to €–61.2 (–80.6) million or €–9.20 (–12.23) per share.

No trend for earnings for the year as a whole can be deduced from these developments (see the section “Importance of the first half for the fiscal year”).

Financial situation

Selected key figures for the financial situation

in € millions	1st half of 2018/2019	1st half of 2017/2018	+/-
Cash and cash equivalents	150.0	121.1	23.9%
Net cash from operating activities	-70.3	-127.3	44.8%
Net cash from investing activities	-45.8	-27.5	-66.5%
Net cash from financing activities	74.2	86.3	-14.0%

The KWS Group's seasonal course of business impacts its cash flow statement, which changes significantly in the course of the year. Net cash from operating activities increased to €-70.3 (-127.3) million, while cash earnings were €-67.4 (-73.2) million.

Net cash from investing activities fell by €18.3 million to €-45.8 (-27.5) million due to higher capital expenditure on property, plant and equipment. KWS issues short-term commercial papers in order to finance its general business operations during the year. Net cash from financing activities fell to €74.2 (€86.3) million. Cash and cash equivalents totaled €150.1 (121.1) million.

The KWS Group invested a total of €41.8 (27.9) million in the first half of fiscal 2018/2019. The main focus of that is on erecting and expanding production and research and development capacities. We plan to increase our capital spending to more than €100 million for the year as a whole.

Capital expenditure by region

Total capital expenditure €41.8 million



Capital expenditure by segment

Total capital expenditure €41.8 million



Assets

Condensed balance sheet

in € millions	December 31, 2018	June 30, 2018	+/-
Assets			
Noncurrent assets	739.3	691.3	6.9%
Current assets	857.6	826.4	3.8%
Equity and liabilities			
Equity	798.2	881.8	-9.5%
Noncurrent liabilities	328.7	334.3	-1.7%
Current liabilities	470.0	301.6	55.8%
Total assets	1,596.9	1,517.7	5.2%

The KWS Group's balance sheet during the year is impacted sharply by the seasonal course of its business. There are thus usually significant changes in balance sheet items, in particular for working capital, in the course of the year. Inventories rose by €182.7 million to €363.7 (181.0)¹ million. Cash and cash equivalents fell by €54.6 million due to financing of our general business operations. Trade receivables were €190.1 (310.1) million. Negative operating income resulted in the decline in equity customary at this time of the year and the equity ratio fell to 50.0% (58.1%). Net debt was €174.6 (37.4) million. Total assets at December 31, 2018, were €1,596.9 (1,517.7) million.

Employees

Number of full-time employees by region

	December 31, 2018	December 31, 2017
Germany	1,721	1,618
Europe (excluding Germany)	1,177	1,211
North and South America	424	404
Rest of world	686	633
Total	4,008	3,866

At December 31, 2018, we had 4,008 full-time employees worldwide.

¹ The figures in parentheses in this section are those at June 30, 2018.

Segment reports

Reconciliation with the KWS Group

The KWS Group's interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The segments are presented in the economic report in line with our internal corporate controlling structure in accordance with GAS 20. The main difference is that we no longer carry the revenues and costs of our equity-accounted joint ventures and associated companies in the statement of comprehensive income. The KWS Group's reported net sales and EBIT will therefore be lower than the total for the segments. The earnings contributed by the equity-accounted companies are instead included under net financial income/expenses. In addition, their assets are included separately in the KWS Group's balance sheet. Our equity-accounted companies are included proportionately in the segment reports in line with our internal corporate controlling structure.

The difference from the KWS Group's statement of comprehensive income is summarized for a number of key indicators in the reconciliation table:

Reconciliation table

in € millions	Segments	Reconciliation	KWS Group
Net sales	332.3	-43.2	289.1
EBIT	-91.3	14.7	-76.6
Number of employees as of December 31, 2018	4,497	-489	4,008
Capital expenditure	43.7	-1.9	41.8
Total assets	1,755.2	-158.3	1,596.9

Corn Segment

Net sales in the Corn Segment rose year over year to €145.3 (110.5) million. An improved supply of seed resulting from the switchover in our portfolio meant that net sales in South America – and in particular in Brazil – were well up over the previous year. Net sales in North America likewise rose sharply as a result of early sales, in some cases for weather-related reasons. Only low revenue is usually generated in Europe in the first half of the year. The segment's EBIT improved to €-64.0 (-76.3) million. The segment generates the lion's share of its revenue and EBIT in the third quarter.

Sugarbeet Segment

Net sales at the Sugarbeet Segment rose in the first half of the year to €45.3 (33.8) million. That is attributable in part to earlier deliveries in some markets, as well as to higher sales, for example in Eastern Europe. The segment's income in the first half of the year was €-22.7 (-27.3) million. As is customary, revenue from sugarbeet seed is still low in the first half of the year; significant net sales are not expected until the spring sowing season in the third quarter.

Cereals Segment

Net sales at the Cereals Segment rose in the first half of the year by 12.7% to €139.0 (123.3) million. That increase is mainly attributable to successful rye seed business, which benefited from the relatively stable yields hybrid rye delivers in the dry summer conditions in our main markets, as well as good commodity prices. Rye is relatively drought-tolerant compared to other cereal crops. Apart from rye, rapeseed and barley seed business also contributed to the growth in net sales. The segment's income improved to €47.0 (34.3) million due to higher contribution margins from rye business. The segment generates the lion's share of its revenue and EBIT in the first half of the year.

Corporate Segment

Net sales in the Corporate Segment totaled €2.7 (2.4) million. They are mainly generated from our farms. Since all cross-segment costs for the KWS Group's central functions and basic research expenditure are charged to the Corporate Segment, its income is usually negative. The costs consolidated in this segment rose slightly in the first half of the year, among other things due to additional work as part of our reorganization project ONEGLOBE. The segment's income was €-51.6 (-45.3) million.

Overview of the segments

in € millions	2nd quarter of 2018/2019	2nd quarter of 2017/2018	1st half of 2018/2019	1st half of 2017/2018
Net sales				
Corn	111.5	76.6	145.3	110.5
Sugarbeet	32.0	20.4	45.3	33.8
Cereals	43.9	28.1	139.0	123.3
Corporate	1.5	1.2	2.7	2.4
Total	188.9	126.3	332.3	270.0
EBIT				
Corn	-23.7	-35.9	-64.0	-76.3
Sugarbeet	-5.3	-9.9	-22.7	-27.3
Cereals	19.1	6.4	47.0	34.3
Corporate	-26.5	-20.2	-51.6	-45.3
Total	-36.4	-59.6	-91.3	-114.6

Opportunity and Risk Report

There has been no significant change in the situation as to opportunities and risks compared with at June 30, 2018. Risks that jeopardize the company's existence are not currently discernible. You can find detailed information on the risk management system and the risk situation at the KWS Group in the Combined Management Report starting on page 65 of the 2017/2018 Annual Report.

Forecast Report

Forecast for the KWS Group's statement of comprehensive income

We are sticking by our forecast from the 2017/2018 Annual Report. As far as can be seen at present, the EBIT margin is expected to be in a range from 10.0% to 12.0% on the back of a slight increase in net sales.

We also assume a significant expansion of our research & development and distribution activities, a slight decline in sugarbeet seed business, and an increase in administrative expenses. Expansion of our research and development activities will result in an increase in the R&D intensity to around 19%. As far as can be seen at present, our capital spending will amount to more than €100 million.

Due to the strongly seasonal nature of our business as a result of the great importance of the spring sowing season and external factors that are difficult to anticipate, such as the weather and fluctuations in cultivation area, more detailed statements on our net sales and earnings performance cannot be made with sufficient reliability at this juncture.

Changes in the forecast for segment reporting¹

The guidance for our segments has changed from the last one in the Q1 Report for 2018/2019 as follows:

- Net sales expectations in the Sugarbeet Segment remain unchanged. As far as can be seen at present, the measures to reduce capacity that were announced in the European sugar industry will not impact the course of our business in fiscal 2018/2019. The EBIT margin will be better than originally anticipated as a result of expected non-recurring income (see the “Report on events after the balance sheet date” on page 19).
- We now assume that net sales in the Corn Segment will rise only slightly, since the economic environment in KWS’ markets remains strained, one factor in that being the volatile exchange rates. The EBIT margin is now expected to be slightly up from the previous year.
- Following successful business with winter cereals seed, we now expect a sharp increase in net sales and an EBIT margin at the level of the previous year in the Cereals Segment.
- We still assume that the Corporate Segment’s EBIT will be negative at more than €–90 million.

Sugarbeet

	Forecast as at 02/26/2019 (2nd quarter)	Forecast as at 11/27/2018 (1st quarter)	2017/2018
Net sales	slightly below previous year	slightly below previous year	€455 million
EBIT margin	at the previous year’s level	below previous year	35.3%

Corn

	Forecast as at 02/26/2019 (2nd quarter)	Forecast as at 11/27/2018 (1st quarter)	2017/2018
Net sales	slightly above previous year	clear growth	€734 million
EBIT margin	slightly above previous year	well above previous year	6.5%

Cereals

	Forecast as at 02/26/2019 (2nd quarter)	Forecast as at 11/27/2018 (1st quarter)	2017/2018
Net sales	well above previous year	slightly above previous year	€151 million
EBIT margin	at the previous year’s level	slightly below previous year’s level	12.2%

Corporate

	Forecast as at 02/26/2019 (2nd quarter)	Forecast as at 11/27/2018 (1st quarter)	2017/2018
Net sales	at the previous year’s level	at the previous year’s level	€4 million
EBIT	>€–90 million	>€–90 million	€–77 million

¹ The segment reporting proportionately includes the net sales and contributions to earnings from our equity-accounted companies in accordance with our internal corporate controlling structure.

Condensed Interim Consolidated Financial Statements

Statement of Comprehensive Income

in € millions	2nd quarter of 2018/2019	2nd quarter of 2017/2018	1st half of 2018/2019	1st half of 2017/2018
I. Income statement				
Net sales	147.7	108.1	289.1	244.1
Operating income	-42.2	-50.8	-76.6	-89.6
Net financial income/expenses	-2.8	-10.7	-21.1	-29.0
Result of ordinary activities	-45.0	-61.5	-97.7	-118.6
Income taxes	-22.9	-19.4	-36.5	-38.0
Net income for the period	-22.1	-42.1	-61.2	-80.6
II. Other comprehensive income				
Items that may have to be subsequently reclassified as profit or loss	11.0	-13.0	-1.2	-30.1
thereof revaluation of available-for-sale financial assets	0.0	0.0	0.0	0.0
thereof currency translation difference for economically independent foreign units	9.6	-11.4	-2.9	-23.9
thereof currency translation difference from equity-accounted financial assets	1.5	-1.5	1.6	-6.0
Items not reclassified as profit or loss	0.0	0.0	0.0	0.0
thereof revaluation of net liabilities/assets from defined benefit plans	0.0	0.0	0.0	0.0
Other comprehensive income after tax	11.0	-13.0	-1.2	-30.1
III. Comprehensive income (total of I. and II.)				
Net income for the period after shares of minority interests	-22.5	-42.6	-60.7	-80.7
Share of minority interests	-0.2	0.5	-0.5	0.1
Net income for the period	-22.7	-42.1	-61.2	-80.6
Comprehensive income after shares of minority interests	-6.6	-55.5	-61.9	-110.9
Share of minority interests	-0.2	0.5	-0.5	0.1
Comprehensive income	-6.8	-55.0	-62.4	-110.8
Earnings per share (in €)	-3.32	-6.45	-9.20	-12.23

Balance Sheet

Assets

in € millions	December 31, 2018	June 30, 2018	December 31, 2017
Intangible assets	82.8	85.5	81.9
Property, plant and equipment	422.6	401.7	388.9
Equity-accounted financial assets	136.0	150.4	119.2
Financial assets	4.4	3.6	4.7
Noncurrent tax assets	1.2	0.8	1.9
Other noncurrent financial assets	0.0	0.0	0.0
Deferred tax assets	92.3	49.3	84.7
Noncurrent assets	739.3	691.3	681.3
Inventories	363.7	181.0	375.2
Biological assets	4.9	14.3	3.0
Trade receivables	190.1	310.1	158.6
Marketable securities	30.3	18.3	29.4
Cash and cash equivalents	119.7	174.3	91.8
Current tax assets	79.6	56.8	79.1
Other current financial assets	36.6	52.9	29.7
Other current assets	32.7	18.7	15.1
Current assets	857.6	826.4	782.2
Total assets	1,596.9	1,517.7	1,463.5

Equity and liabilities

in € millions	December 31, 2018	June 30, 2018	December 31, 2017
Subscribed capital	19.8	19.8	19.8
Capital reserve	5.5	5.5	5.5
Retained earnings	770.6	853.7	677.2
Minority interests	2.3	2.8	2.6
Equity	798.2	881.8	705.1
Long-term provisions	127.6	127.8	123.4
Long-term borrowings	158.0	168.7	167.3
Trade payables	0.8	1.0	0.9
Deferred tax liabilities	23.6	19.3	11.7
Other noncurrent financial liabilities	0.3	0.3	0.3
Other long-term liabilities	18.4	17.2	19.0
Noncurrent liabilities	328.7	334.3	322.6
Short-term provisions	29.6	42.3	50.8
Short-term borrowings	166.6	61.3	177.7
Trade payables	120.5	75.7	95.3
Current tax liabilities	32.4	39.2	33.1
Other current financial liabilities	9.1	11.3	5.3
Other liabilities	111.8	71.8	73.6
Current liabilities	470.0	301.6	435.8
Liabilities	798.7	635.9	758.4
Total assets	1,596.9	1,517.7	1,463.5

Statement of Changes in Equity

Changes in equity

in € millions	Group interests	Minority interests	Group equity
07/01/2017	834.5	2.5	837.0
Dividends paid	-21.1	0.0	-21.1
Net income for the year	-80.7	0.1	-80.6
Other income after taxes	-30.1	0.0	-30.1
Total comprehensive income	-110.9	0.1	-110.8
Changes in minority interests	0.0	0.0	0.0
Other changes	0.0	0.0	0.0
12/31/2017	702.5	2.6	705.2
07/01/2018	879.0	2.8	881.7
Dividends paid	-21.1	0.0	-21.1
Net income for the year	-60.7	-0.5	-61.2
Other comprehensive income after taxes	-1.2	0.0	-1.2
Total comprehensive income	-61.9	-0.5	-62.4
Changes in minority interests	0.0	0.0	0.0
Other changes	0.0	0.0	0.0
12/31/2018	796.0	2.3	798.2

Cash Flow Statement

Cash proceeds and payments

in € millions	1st half of 2018/2019	1st half of 2017/2018
Net income for the period	-61.2	-80.7
Cash earnings	-67.4	-73.2
Funds tied up in net current assets	-2.9	-54.1
Net cash from operating activities	-70.3	-127.3
Net cash from investing activities	-45.8	-27.5
Net cash from financing activities	74.2	86.3
Change in cash and cash equivalents	-41.9	-68.5
Changes in cash and cash equivalents due to exchange rate, consolidated group and measurement changes	-0.7	-1.7
Cash and cash equivalents at beginning of period (July 1)	192.6	191.4
Cash and cash equivalents at end of period	150.0	121.2

Condensed Notes to the Interim Financial Statements

Basis of Accounting and Reporting

The KWS Group is a consolidated group as defined in the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB), London, taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). All disclosures on KWS are therefore disclosures on the Group within the meaning of these regulations. Income taxes were calculated on the basis of the individual country-specific income tax rates, taking account of the planning for the fiscal year as a whole.

Changes to Significant Accounting Policies

First-time application of new IFRSs

The KWS Group applied the new standards IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” for the first time effective July 1, 2018, and recognized the cumulated effects directly in equity at the time of initial adoption without adjusting the figures for the comparison period.

IFRS 9 specifies that a provision must be recognized in the balance sheet for expected credit losses for financial assets measured at amortized cost. The KWS Group uses the simplified approach for determining impairment of trade receivables and contract assets. Accordingly, a risk provision for the amount of credit losses anticipated over the entire term of each receivable in question must be set up. Historical credit losses and forward-looking information for each geographical region are taken into account in that. The one-time effect from measurement of the receivables on the basis of the expected loss impairment model is €5.7 million at the time of application of the new regulations. This effect was taken directly to the retained earnings.

In addition, first-time application of IFRS 15 results in new balance sheet items such as contract assets, contract liabilities and refund liabilities.

The other changes to IFRS 9 and IFRS 15 did not have any significant impact on the KWS Group’s assets, liabilities, financial position and results. Further explanations of the changes in accordance with IFRS 9 and IFRS 15 can be found on pages 86 and 87 of the 2017/2018 Annual Report.

Financial reporting in hyperinflationary economies

The 3-year cumulative inflation rate in Argentina exceeded the 100% mark for several months in succession. Consequently, Argentina was rated a hyperinflationary economy for the first time this fiscal year, as a result of which IAS 29 “Financial Reporting in Hyperinflationary Economies” was applied to KWS Argentina S.A. Application of IAS 29 mainly comprises:

- Adjustment of the historical costs and cumulative depreciation and impairment of non-monetary assets and liabilities between the date of purchase and reporting date on the basis of changes in a general price index.
- Adjustment of the components of equity – with the exception of revenue reserves and revaluation reserves – from the time they are allocated to equity, using a general price index.
- Adjustment of the items in the income statement for the current year under review to the current price level using the change in the general price index.
- Adjustment of the net income for the period by the monetary gain or loss on the basis of the company’s net monetary position.

On the basis of the current inflation index, application of IAS 29 resulted in the following effects for current financial reporting at December 31, 2018:

- An increase of €4.9 million in non-monetary noncurrent assets
- An increase of €2.4 million in non-monetary current assets
- An increase of €2.3 million in deferred tax liabilities
- An increase of €5.0 million in equity
- An increase of €3.5 million in net sales and an increase of €2.2 million in cost of sales
- Gain from the net monetary position: €0.8 million

Consolidated Group and Changes in the Consolidated Group

The condensed interim financial statements of the KWS Group for the first six months of fiscal 2018/2019 include the single-entity financial statements of KWS SAAT SE and its subsidiaries and joint ventures in Germany and other countries, the associated companies and the joint operation, which are carried in accordance with IFRS 11 and IAS 28. Subsidiaries that are considered immaterial for the presentation and evaluation of the financial position and performance of the Group are not included.

The companies KWS International Holding B.V. (in the Netherlands), KWS Kuban O.O.O. and Seed Plant KWS O.O.O. (both in Russia) were established in the first half of 2018/2019. The number of companies consolidated in the KWS Group thus increased from 71 at June 30, 2018, to 74.

Segment Reporting

Sales per segment

in € millions	Segment sales 1st half		Internal sales 1st half		External sales 1st half	
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
Corn	145.3	110.6	0.0	0.1	145.3	110.5
Sugarbeet	45.8	34.2	0.4	0.3	45.3	33.8
Cereals	139.3	123.5	0.2	0.1	139.0	123.3
Corporate	3.0	2.9	0.3	0.5	2.7	2.4
Segments acc. to management approach	333.4	271.2	0.9	1.0	332.3	270.0
Elimination of equity-accounted financial assets					-43.2	-25.9
Segments acc. to consolidated financial statements					289.1	244.1

Segment earnings

in € millions	2nd quarter of	2nd quarter of	1st half of	1st half of
	2018/2019	2017/2018	2018/2019	2017/2018
Corn	-23.7	-35.9	-64.1	-76.3
Sugarbeet	-5.3	-9.9	-22.7	-27.3
Cereals	19.1	6.4	47.0	34.3
Corporate	-26.5	-20.2	-51.6	-45.3
Segments acc. to management approach	-36.4	-59.6	-91.4	-114.6
Elimination of equity-accounted financial assets	-5.8	8.8	14.8	25.0
Segments acc. to consolidated financial statements	-42.2	-50.8	-76.6	-89.6
Net financial income/expenses	-2.8	-10.7	-21.1	-29.0
Earnings before taxes	-45.0	-61.5	-97.7	-118.6

Operating assets and operating liabilities per segment

in € millions	Operating assets		Operating liabilities	
	2018/2019	2017/2018	2018/2019	2017/2018
Corn	839.1	720.7	137.5	129.4
Sugarbeet	287.7	284.3	61.6	83.6
Cereals	136.4	131.1	24.9	25.3
Corporate	134.1	116.4	90.0	86.3
Segments acc. to management approach	1,397.3	1,252.5	314.0	324.6
Elimination of equity-accounted financial assets	-333.1	-244.9	6.8	-54.9
Segments acc. to consolidated financial statements	1,064.2	1,007.6	320.8	269.7
Others	532.7	455.9	477.9	488.7
KWS Group acc. to consolidated financial statements	1,596.9	1,463.5	798.7	758.4

Financial Instruments

The explanations and methods stated in the section “Financial instruments” in the 2017/2018 Annual Report (pages 116 to 122) apply. The carrying amounts and fair values of the financial assets (financial instruments), split into the measurement categories in accordance with IAS 39, are as follows:

Carrying amounts and fair values of the financial assets at December 31, 2018

in € millions	Financial instruments				
	Fair Values	Carrying amounts			
		Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Total carrying amount
Financial liabilities					
Financial assets	4.4	0.0	0.0	4.4	4.4
Other noncurrent financial assets	0.0	0.0	0.0	0.0	0.0
of which derivative financial instruments	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Trade receivables	190.1	190.1	0.0	0.0	190.1
Securities	30.3	0.0	0.0	30.3	30.3
Cash and cash equivalents	119.7	119.7	0.0	0.0	119.7
Other current financial assets	36.6	35.1	1.5	0.0	36.6
of which derivative financial instruments	(1.5)	(0.0)	(1.5)	(0.0)	(1.5)
Total	381.1	344.9	1.5	34.7	381.1

Carrying amounts and fair values of the financial assets at June 30, 2018

in € millions	Financial instruments				
	Fair Values	Carrying amounts			
		Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Total carrying amount
Financial liabilities					
Financial assets	3.6	0.0	0.0	3.6	3.6
Other noncurrent financial assets	0.0	0.0	0.0	0.0	0.0
of which derivative financial instruments	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Trade receivables	310.1	310.1	0.0	0.0	310.1
Securities	18.3	0.0	0.0	18.3	18.3
Cash and cash equivalents	174.3	174.3	0.0	0.0	174.3
Other current financial assets	52.9	47.6	5.3	0.0	52.9
of which derivative financial instruments	(5.3)	(0.0)	(5.3)	(0.0)	(5.3)
Total	559.2	532.0	5.3	21.9	559.2

The carrying amounts and fair values of the financial liabilities (financial instruments), split into the measurement categories in accordance with IAS 39, are as follows:

Carrying amounts and fair values of the financial liabilities at December 31, 2018

in € millions	Financial instruments			
	Fair Values	Carrying amounts		
		Financial liabilities measured at amortized cost	Financial liabilities held for trading	Total carrying amount
Financial liabilities				
Long-term borrowings	157.3	158.0	0.0	158.0
Long-term trade payables	0.8	0.8	0.0	0.8
Other noncurrent financial liabilities	23.6	23.6	0.0	23.6
of which derivative financial instruments	(0.0)	(0.0)	(0.0)	(0.0)
Short-term borrowings	166.6	166.6	0.0	166.6
Short-term trade payables	120.5	120.5	0.0	120.5
Other current financial liabilities	9.1	7.3	1.8	9.1
of which derivative financial instruments	(1.8)	(0.0)	(1.8)	(1.8)
Total	477.9	476.8	1.8	478.6

Carrying amounts and fair values of the financial liabilities at June 30, 2018

in € millions	Financial instruments			
	Fair Values	Carrying amounts		
		Financial liabilities measured at amortized cost	Financial liabilities held for trading	Total carrying amount
Financial liabilities				
Long-term borrowings	171.0	168.7	0.0	168.7
Long-term trade payables	1.0	1.0	0.0	1.0
Other noncurrent financial liabilities	0.3	0.2	0.2	0.4
of which derivative financial instruments	(0.2)	(0.0)	(0.2)	(0.2)
Short-term borrowings	61.3	61.3	0.0	61.3
Short-term trade payables	75.7	75.7	0.0	75.7
Other current financial liabilities	11.3	9.1	2.2	11.3
of which derivative financial instruments	(2.0)	(0.0)	(2.2)	(2.2)
Total	320.6	316.0	2.4	318.4

The table below shows the financial assets and liabilities measured at fair value:

Assets and liabilities measured at fair value

in € millions	December 31, 2018				June 30, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative financial instruments not part of a hedge under IAS 39	0.0	1.5	0.0	1.5	0.0	5.3	0.0	5.3
Available-for-sale financial assets	34.7	0.0	0.0	34.7	21.9	0.0	0.0	21.9
Financial assets	34.7	1.5	0.0	36.2	21.9	5.3	0.0	27.2
Derivative financial instruments not part of a hedge under IAS 39	0.0	1.8	0.0	1.8	0.0	2.4	0.0	2.4
Financial liabilities	0.0	1.8	0.0	1.8	0.0	2.4	0.0	2.4

Related Parties

The related party disclosures in the 2017/2018 Annual Report and under Other notes in the section Notes for the KWS Group are essentially the same.

Report on Events after the Balance Sheet Date

After the balance sheet date, the KWS Group sold 50% of its shares in KWS Potato B.V. (in future Aardevo B.V.), Netherlands, which had previously been fully consolidated in the consolidated financial statements, to J.R. Simplot Company, U.S. The two shareholders will pursue research and development activities under their joint control with the goal of developing extremely high-yielding potato varieties by means of hybrid breeding. Sale of the shares will have a significant positive effect on the KWS Group's net income for the third quarter of fiscal 2018/2019.

Declaration by Legal Representatives

We declare to the best of our knowledge that these interim consolidated financial statements give a true and fair view of the assets, financial position and earnings of the KWS Group in compliance with the accounting principles applicable to interim reporting, and that an accurate picture of the course of business, including business results, and the Group's situation is conveyed by the interim group management report, and that it describes the main opportunities and risks of the KWS Group's anticipated development.

Einbeck, February 2019
KWS SAAT SE
 The Executive Board



Hagen Duenbostel



Felix Büchting



Léon Broers



Peter Hofmann



Eva Kienle

Additional Disclosures

Share

Share performance in the period under review

July 1, 2018, to December 31, 2018, XETRA closing prices



Shareholder structure at December 31, 2018

(6,600,000 shares)



Share data

KWS SAAT SE	
Securities identification number	707400
ISIN	DE0007074007
Stock exchange identifier	KWS
Transparency level	Prime Standard
Index	SDAX
Share class	Individual share certificates
Number of shares	6,600,000

Financial Calendar

Date	
May 16, 2019	9M Report 2018/2019
October 23, 2019	Publication of the 2018/2019 annual statements, Annual Press Conference and Analysts' Conference in Frankfurt
November 26, 2019	Q1 Report 2019/2020
December 17, 2019	Annual Shareholders' Meeting in Einbeck

About this Report

The quarterly report can be downloaded on our websites at www.kws.de and www.kws.com. The KWS Group's fiscal year begins on July 1 and ends on June 30. Unless otherwise specified, figures in parentheses relate to the same period or date in the previous year. There may be rounding differences for percentages and numbers.

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Safe Harbor Statement

This document contains forward-looking statements about future developments based on the current assessments of management. These forward-looking statements may be identified by words such as “forecast,” “assume,” “believe,” “assess,” “expect,” “intend,” “can/may/might,” “plan,” “should” or similar expressions. These statements are subject to certain elements of uncertainty, risks and other factors that may result in significant deviations between expectations and actual circumstances. Examples of such risks and factors are market risks (such as changes in the competitive environment or risks of changes in interest or exchange rates), product-related risks (such as production losses as a result of bad weather, failure of production plants or quality-related risks), political risks (such as changes in the regulatory environment, including those with regard to the general regulatory framework for the cultivation of energy plants, or violations of existing laws and regulations, for example those regarding genetically modified organisms in seed) and general economic risks. Forward-looking statements must therefore not be regarded as a guarantee or pledge that the developments or events they describe will actually occur. We do not intend, nor do we assume any obligation, to update or revise these forward-looking statements, since they are based solely on circumstances on the day they were published.

Photo credits

Alex Telfer

Date of publication: February 26, 2019

This translation of the original German version of the Semiannual Report 2018/2019 has been prepared for the convenience of our English-speaking shareholders. The German version is legally binding.