

Investor Presentation

KWS SAAT SE | February 2018

SEEDING
THE FUTURE
SINCE 1856





- About KWS
 - Fundamentals
 - Research & Development
- Update 6M
- Forecast
- Review
- Appendix



About KWS

About KWS – Fundamentals

KWS at a glance



Highlights

- **Strong market positions** in the global agricultural crop market. Market leader in sugarbeet, silage corn and hybrid rye
- Diverse gene pool with **proprietary varieties**
- **Sustainable business model** with strong fundamental pillars (global demand for food and feed)
- Strategy and management with **long-term orientation**, enabled by family shareholders

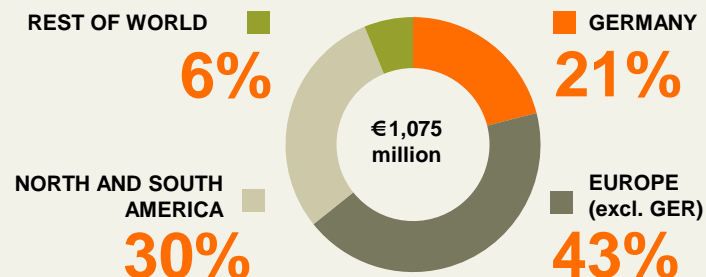
Key financials KWS Group 2016/2017

SALES in million € 1,075	EBIT in million € 132	EBIT MARGIN in % from sales 12.2
R&D INTENSITY in % from sales 17.7	EARNINGS / SHARE in € 14.78	EMPLOYEES number of employees (avg.) 4,937

10-year development 2007 – 2017¹

SALES DEVELOPMENT in % p.a. (avg.) +10.0	EBIT DEVELOPMENT in % p.a. (avg.) +9.5	SHAREPRICE DEVELOPMENT in % p.a. (avg.) +10.3
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Net sales by region 2016/2017



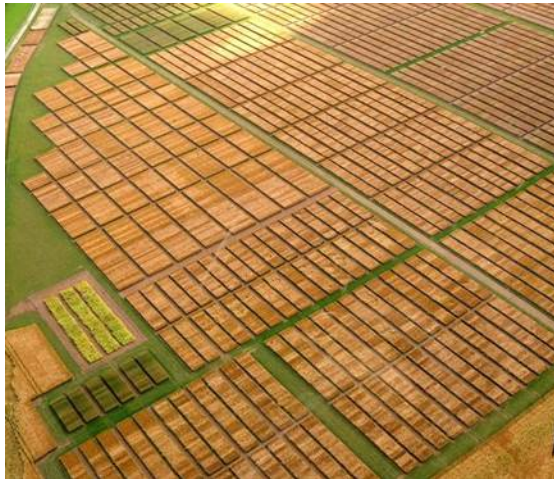
¹ Incl. our at equity-accounted joint ventures and associated companies.

About KWS – Fundamentals

Essential business processes of KWS



Further development of yield characteristics



Seed quality



Capable consulting



KWS is specialized in **developing, producing and distributing high-quality crop varieties** for agriculture

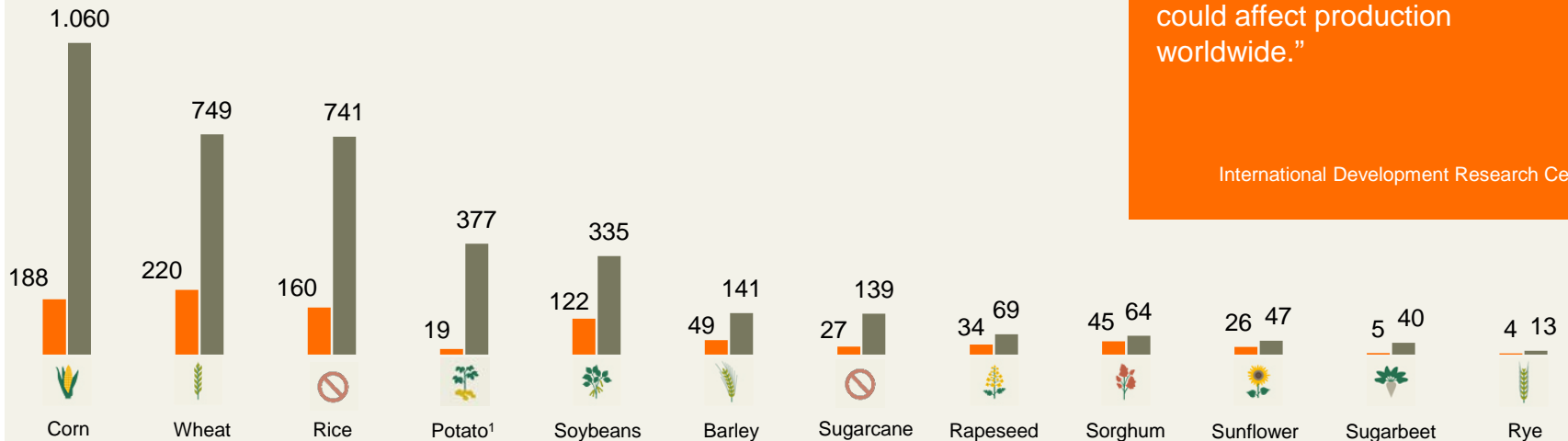
About KWS – Fundamentals

Global importance of agricultural crops



Global acreage and production

- Area harvested (in ha million)
- Production (in t million)
- Minor strategic potential for KWS



” Wheat, rice, and corn provide just over 50 percent of the world’s plant-derived food energy. [...] It is vital to ensure continued genetic diversity of these major crops to avoid vulnerability to diseases that could affect production worldwide.”

International Development Research Center

Source: faostat.fao.org (Daten für 2016), zuckerverbaende.de; ¹ No commercial business for KWS, but target of strategic research and development.

The KWS portfolio consists of a **broad, diversified, proprietary genepool** for the development of agricultural crops.

About KWS – Fundamentals

Plant breeding serves fundamental demands



Population growth



Food demand is expected to rise by 60% through 2050

Harvest losses



High harvest losses due to insects (15%), weeds (13%), fungal diseases (13%), damage in storage (10%)

Climate change



Change in abiotic stress requires new variety characteristics

Resource efficiency



Modern varieties need less input from limited resources like fertilizer, plant protection and fresh water



Steadily **increasing demand** for improved varieties

About KWS – Fundamentals

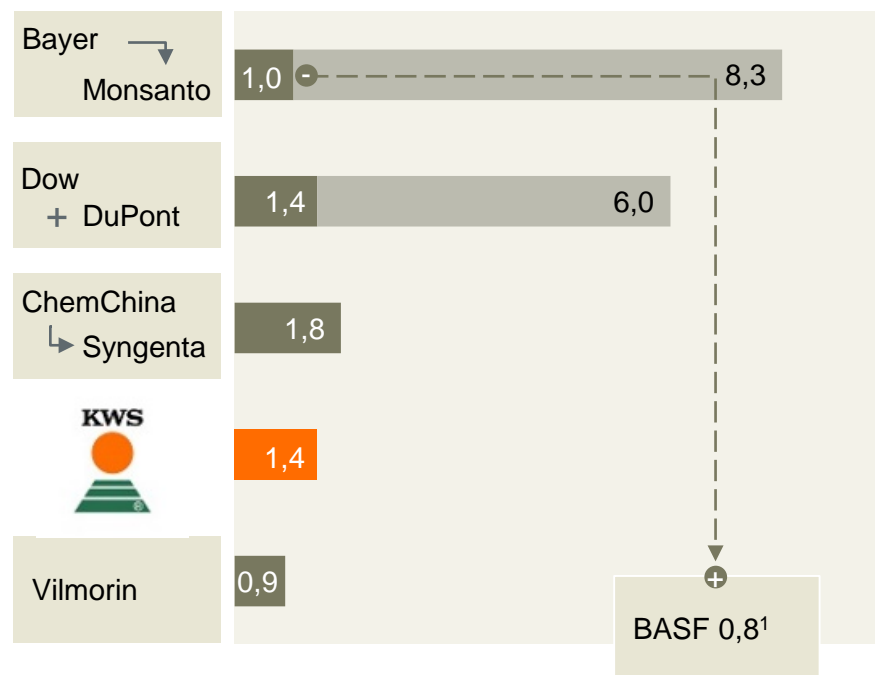
TOP 5 Global agricultural seed companies



Net sales of agricultural sales

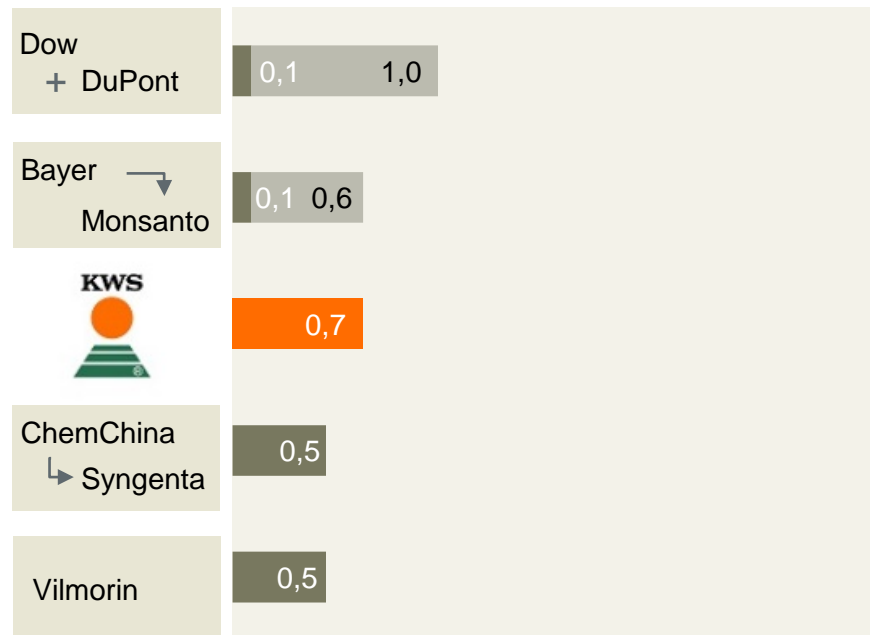
Globale net sales

in € billion



Net sales in Europe

in € billion



Sources: Companies' Annual Reports, Phillips McDougall consultants; own estimates, BASF on October 13, 2017. For Europe: estimated sales for 2016, McDougall ; own estimates
 Bayer: FY 2016 (1/1 to 12/31); "Seeds" w/o flowers and vegetables.
 Monsanto: FY 2015/2016 (9/1 to 8/31; 1.11 USD/EUR); „Seeds & Genomics“ w/o vegetables.
 Dow: FY 2016 (1/1 to 12/31; 1.11 USD/EUR); „Agriculture-Seeds“.
 DuPont: FY 2016 (1/1 to 12/31; 1.11 USD/EUR); „Agricultural Sciences-Seeds“.
 Syngenta: FY 2016 (1/1 to 12/31; 1.11 USD/EUR); „Seeds“ w/o „Vegetables“ and „Lawn and Garden“.
 KWS: FY 2016/2017 (7/1. to 6/30); incl. at equity consolidated companies.
 Vilmarin: FY 2016/2017 (7/1. to 6/30); incl. at equity consolidated companies.

About KWS – Fundamentals

Objectives



The KWS Group's medium- and long-term objectives

Profitable growth

- Increase in consolidated net sales by an average of 5 to 10% p.a.
- EBIT margin \geq 10%

Research & Development

- R&D intensity of around 17% of consolidated net sales
- 1% to 2% increase in yields p.a. and development of tolerances and resistances

Internationalization

- Expansion of the portfolio for subtropical markets

Sustainability

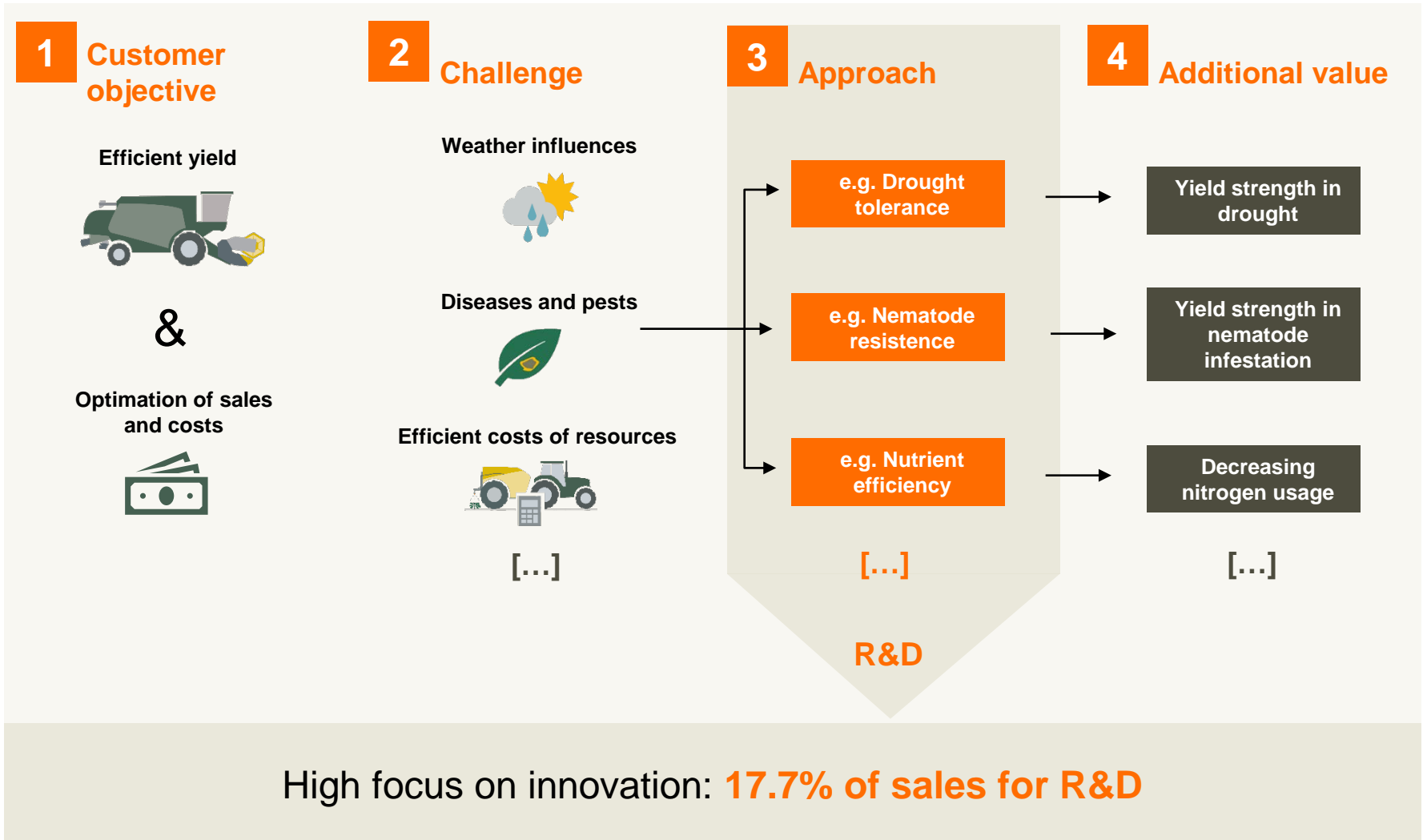
- Integration of international subsidiaries in KWS' sustainability reporting

Dividend

- A dividend payout ratio of 20% to 25% of the KWS Group's net income

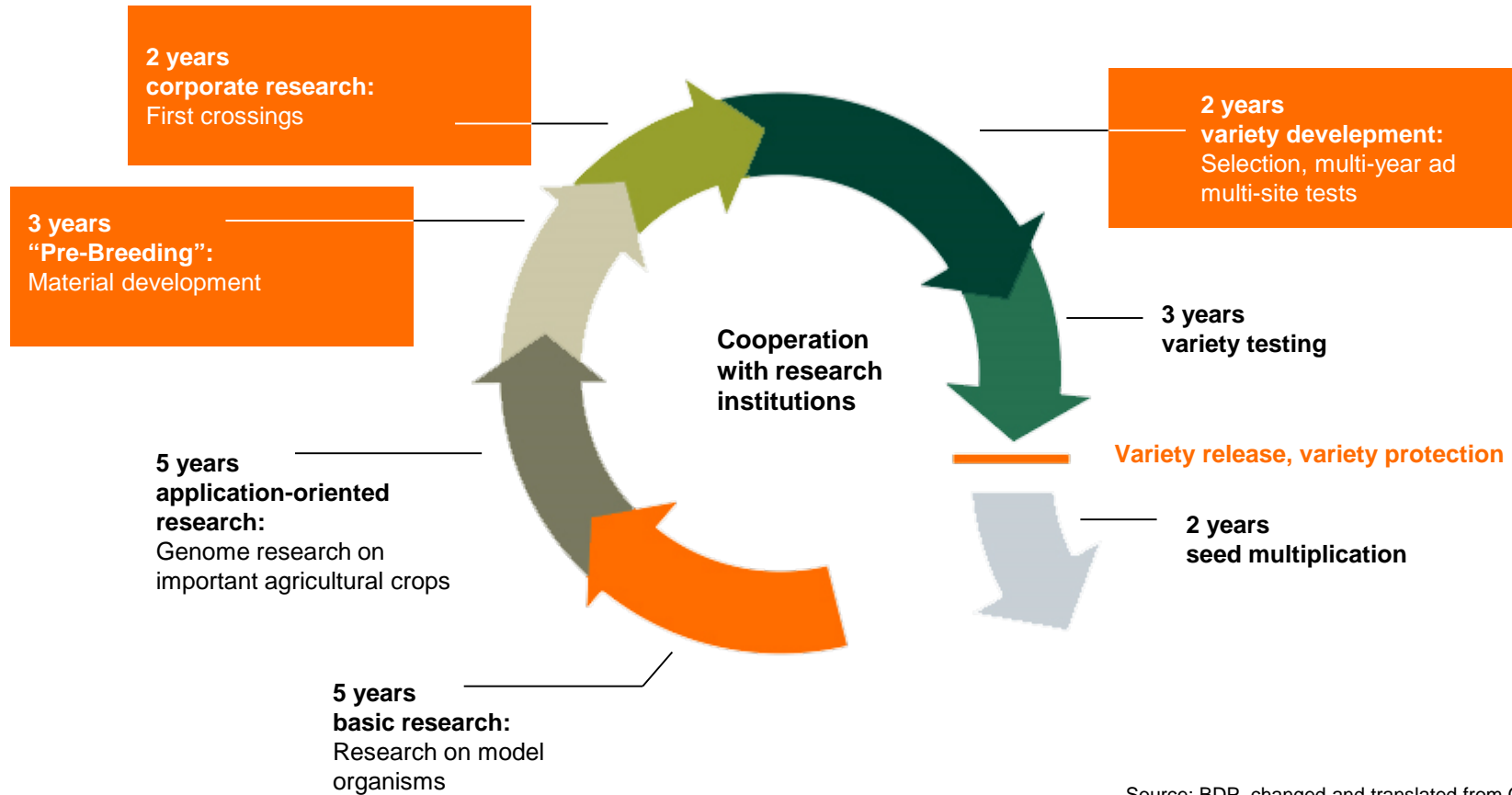
About KWS – Fundamentals

Strategic approach: Earning additional value for farmers with R&D



About KWS – Research & Development

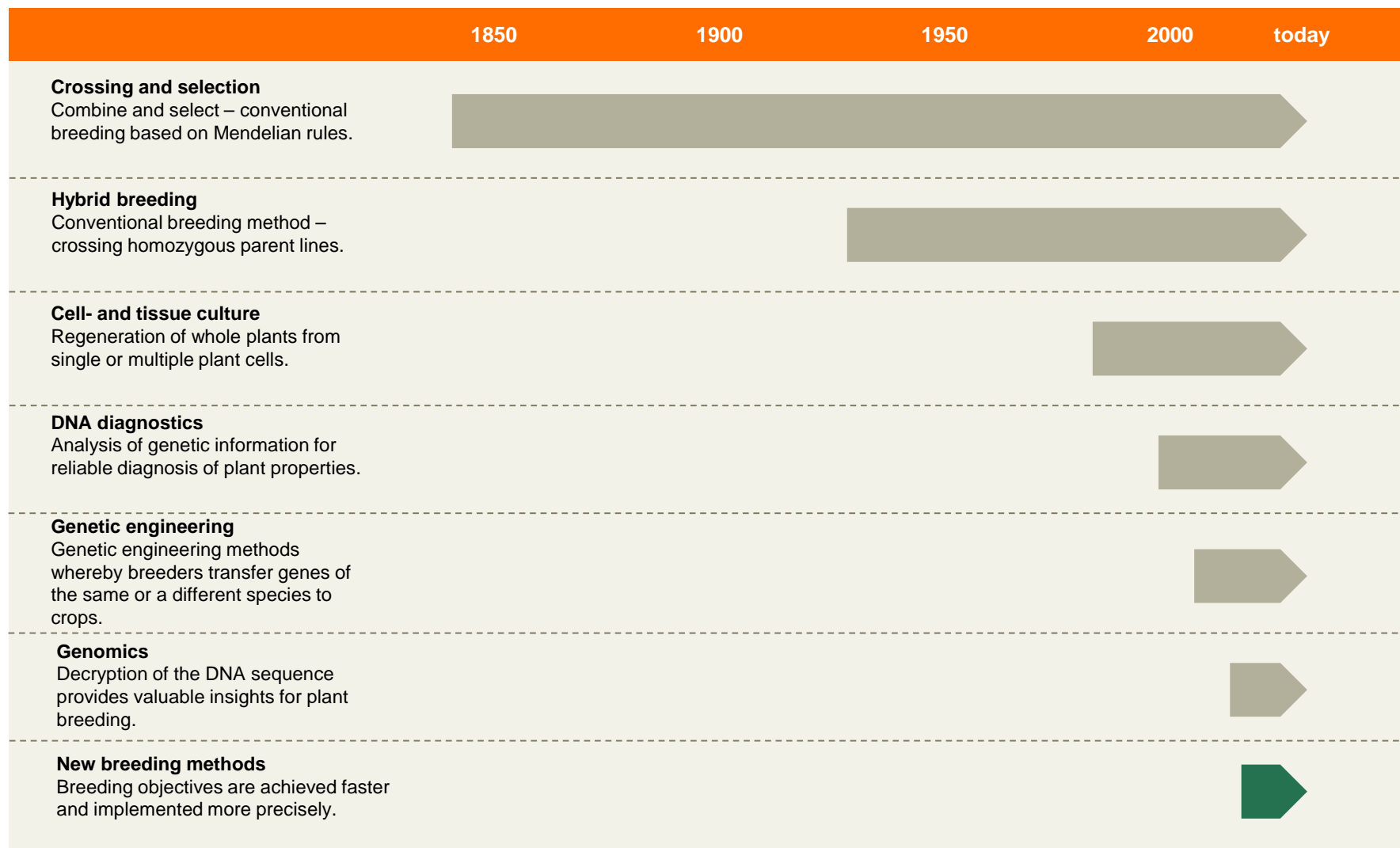
The long road to a new variety



Source: BDP, changed and translated from German

About KWS – Research & Development

Genesis of modern plant breeding



About KWS – Research & Development

Genome Editing: A method. Many possibilities.



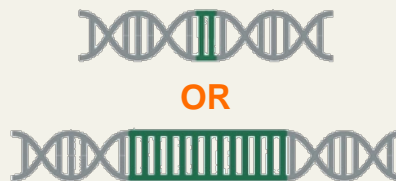
Model 1

Directed, random change of small DNA building blocks (e.g. point mutations or deletions)



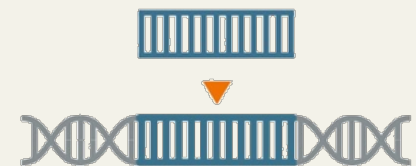
Model 2

Directed, targeted transmission of species-specific DNA sections



Model 3

Directed, targeted transmission of non-species-specific genes or gene components



Plants that are produced in this way could also arise naturally in nature or through classical cross- and combination-breeding and are therefore nature-identical. Separate regulation is not necessary.

Plants that are produced in this way are genetically modified and fall under the German Genetic Engineering Act in the EU.

About KWS – Research & Development

Why do we need new breeding methods?



Breeding objectives

- Resistance to pests and diseases
- Abiotic tolerances
- Herbicide tolerance
- Optimized composition of plant components
- ...



Accelerate innovation in favor of sustainable agriculture

- Ensure earnings progress and earnings stability
- Reduced consumption of resources, such as water, fertilizer, chemicals
- Increased energy and nutrient content
- Even niche cultures or cultures that could only be bred with a great deal of effort can benefit from genome editing





Update 6M 2017/2018

Net Sales	EBIT
-12.8%	-27.5%

- Slight decrease in net sales in South America and Turkey
- Good winter oilseed rape and hybrid rye seed business
- Planned increase of costs
- Sales & EBIT outlook confirmed

Update 6M – Earnings of the KWS Group

July 1, 2017 – December 31, 2017 vs. previous period



Abridged income statement

in € millions	6M 2017/2018	6M 2016/2017	+/-
Net sales	244.1	280.0	-12.8%
Operating income (EBIT)	-89.6	-70.3	-27.5%
Net financial income/expenses	-29.0	-25.8	-12.4%
Result of ordinary activities	-118.6	-96.1	-23.4%
Income taxes	-38.0	-31.8	-19.5%
Net income for the period	-80.6	-64.3	-25.3%
Earnings per share (in €)	-12.23	-9.73	-25.7%

Other figures

Employees	Total assets	Capex	Net dept ¹
5,422 (+7.5%)	1,464 € million (-2.1%)	27,9 € million (-17.0%)	223,8 € million (-5.4%)

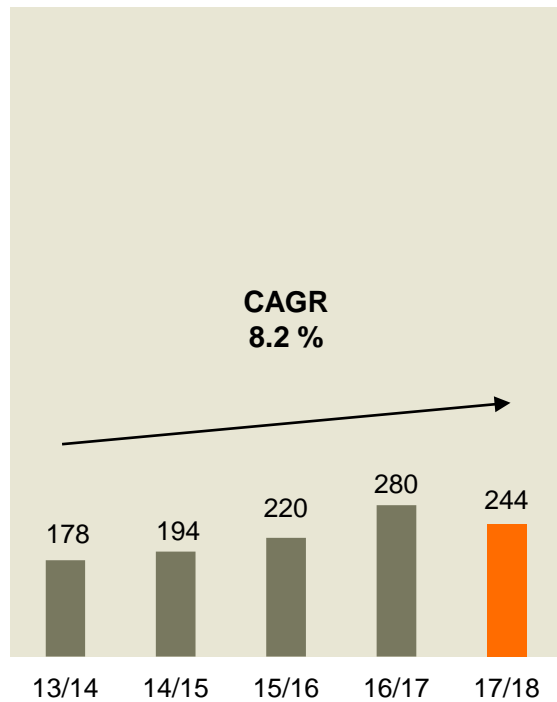
¹ The development of the working capital is impacted by the seasonal cours of the business.

Update 6M – Earnings of the KWS Group

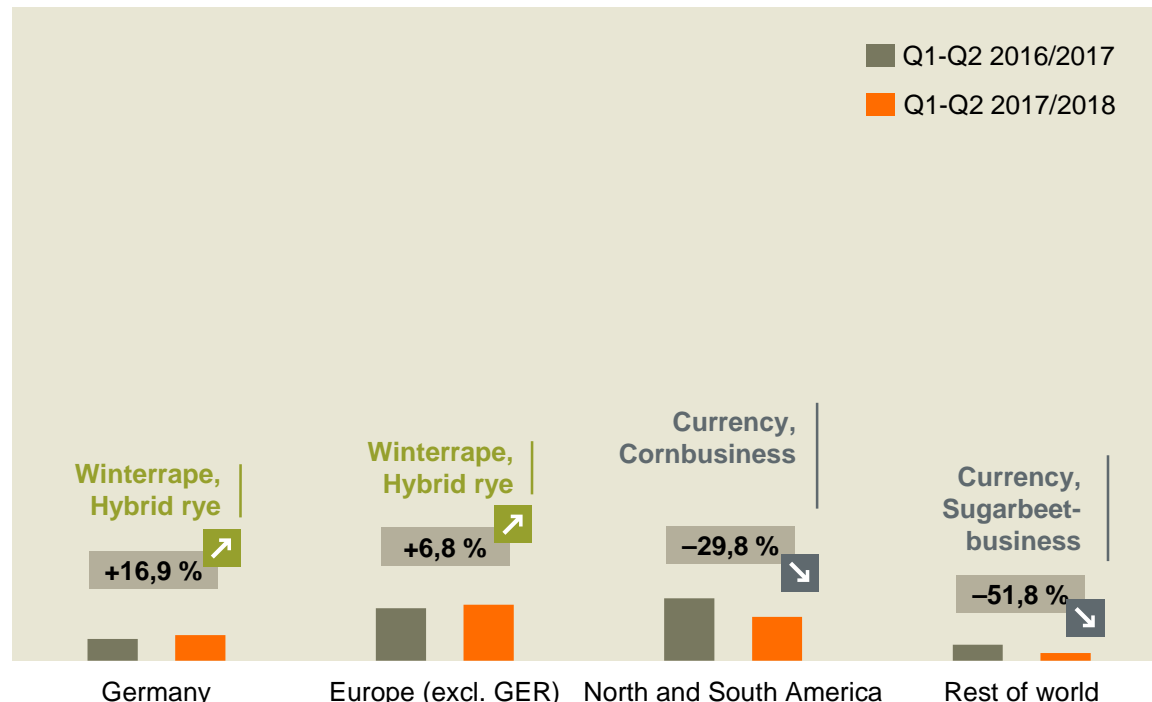
July 1, 2017 – December 31, 2017 vs. previous period



Net sales development Q1-Q2
in € million



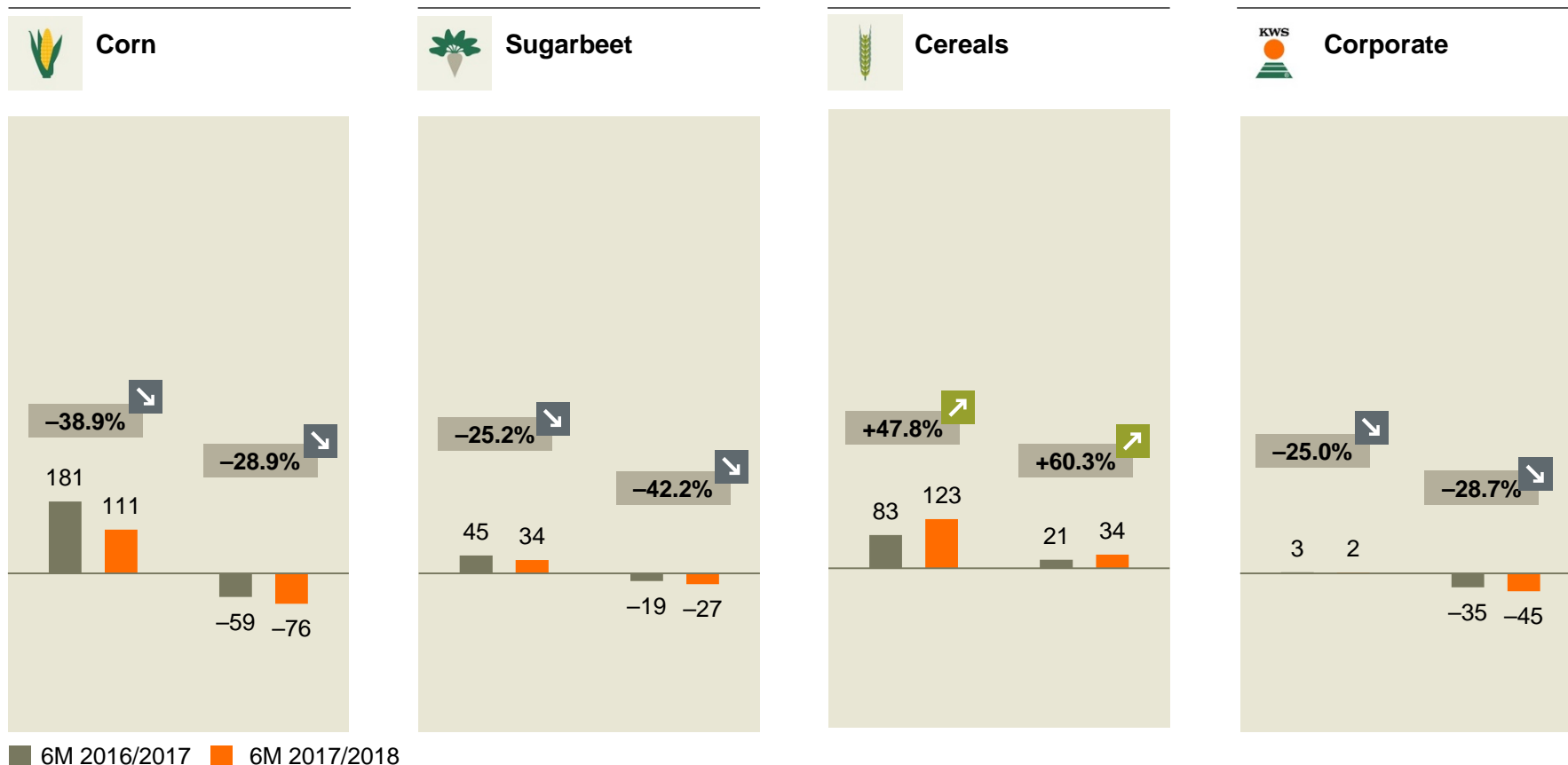
Net sales development Q1-Q2 by region
in %



The first half of the year (July to December) most **recently contributed around 25%** of the Group's annual net sales due to this strongly seasonal nature of our business.

Update 6M – Earnings of the KWS Group

July 1, 2017 – December 31, 2017 vs. previous period



Reconciliation (in €million)	Segments	Reconciliation	KWS Group
Net sales	270.0	-25.9	244.1
EBIT	-114.5	24.9	-89.6

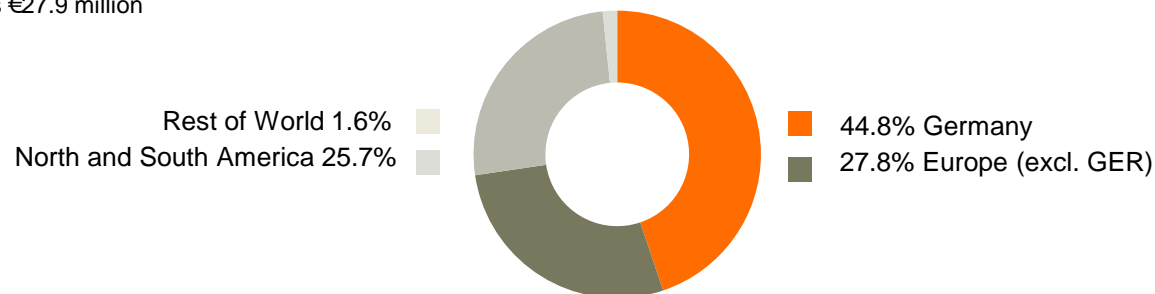
Update 6M – Capital Expenditures

July 1, 2017 – December 31, 2017



Capital expenditures by region¹

Total capital expenditures €27.9 million



Capital expenditures by segments¹

Total capital expenditures €27.9 million



¹ Without our equity-accounted joint ventures.

Capital Expenditures 2017/2018 (e)

> €100 million

A woman with brown hair tied in a bun is seen in profile, looking out a window. She is holding a white cup of coffee with steam rising from it. The window looks out onto a bright, green, leafy outdoor scene. An orange rectangular overlay is positioned on the right side of the image, containing the word "Forecast" in white text.

Forecast

Forecast

Forecast for the KWS Group | Fiscal year 2017/2018



Forecast for the KWS Group according to IFRS 11

	Tendency 1st to 2nd quarter	Forecast as the 02/27/2018 (2nd quarter)	Forecast as at 11/23/2017 (1st quarter)	2016/2017
Net sales	→	slight increase	slight increase	€1,075 million
EBIT margin	→	11.0 – 12.0%	double-digit EBIT margin below previous year	12.2%
R&D intensity	→	>18.0%	slight increase	17.7%

Update 02/27/2018

- With the publication of the Semiannual Report 2017/2018 on February 27, 2018 we have **specified our annual** forecast
- The tendency indicates the direction in which an expected value has developed **since the last forecast**
- The forecast is based on the **recent business performance** and the **quarterly updated corporate planning**; The first half of the year (July to December) most recently contributed around 25% of the Group's annual net sales
- More detailed statements at this time are unreliable due to the high importance of the spring sowing and **hard-to-anticipate external factors** such as weather conditions and fluctuations in acreage and therefore not published

Forecast

Forecast for the segment reporting^{1,2} | Fiscal year 2017/2018



Sugarbeet

	Tendency 1st to 2nd quarter	Forecast as the 02/27/2018 (2nd quarter)	Forecast as at 11/23/2017 (1st quarter)	2016/2017
Net sales	↗	below previous year	below previous year	€455 million
EBIT margin	↗	at the previous year's level	slightly below previous year	33.2%

Corn

	Tendency 1st to 2nd quarter	Forecast as the 02/27/2018 (2nd quarter)	Forecast as at 11/23/2017 (1st quarter)	2016/2017
Net sales	↘	below previous year ²	above previous year ²	€825 million
EBIT margin	↘	slightly above previous year	slightly above previous year	7.1%

Cereals

	Tendency 1st to 2nd quarter	Forecast as the 02/27/2018 (2nd quarter)	Forecast as at 11/23/2017 (1st quarter)	2016/2017
Net sales	→	approx +30 % ²	≥ +20% ²	€109 million
EBIT margin	↗	slightly above previous year	at the previous year's level	9.4%

Corporate

	Tendency 1st to 2nd quarter	Forecast as the 02/27/2018 (2nd quarter)	Forecast as at 11/23/2017 (1st quarter)	2016/2017
Net sales	→	at the previous year's level	at the previous year's level	€4,8 million
EBIT	↘	> €-70 million	€-65 to -75 million	€-60,6 million

¹ Included our equity-accounted joint ventures. ² Taking into account the transfer of rapeseed business into the cereals segment, see Annual Report 16/17, page 60.



Review Business performance of the KWS Group

Net sales

+3.7%

EBIT

+16.7%

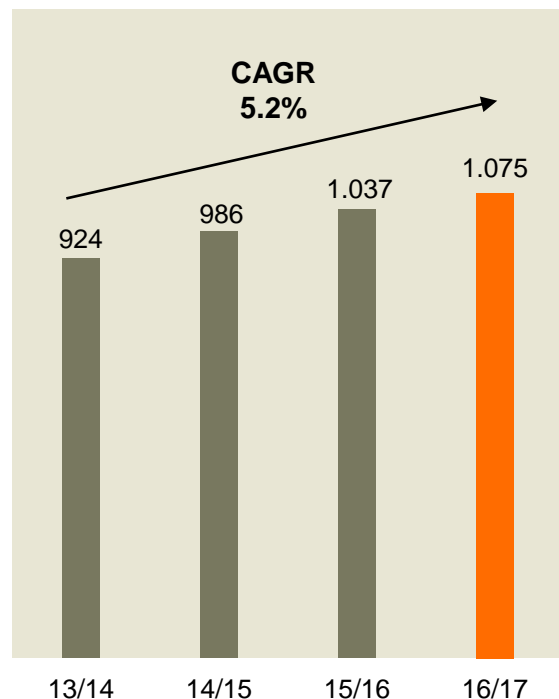
- Net sales in South America increased
- Strong sugarbeet business
- Successful oilseed business
- Cereals net sales decreased slightly

Review – Earnings

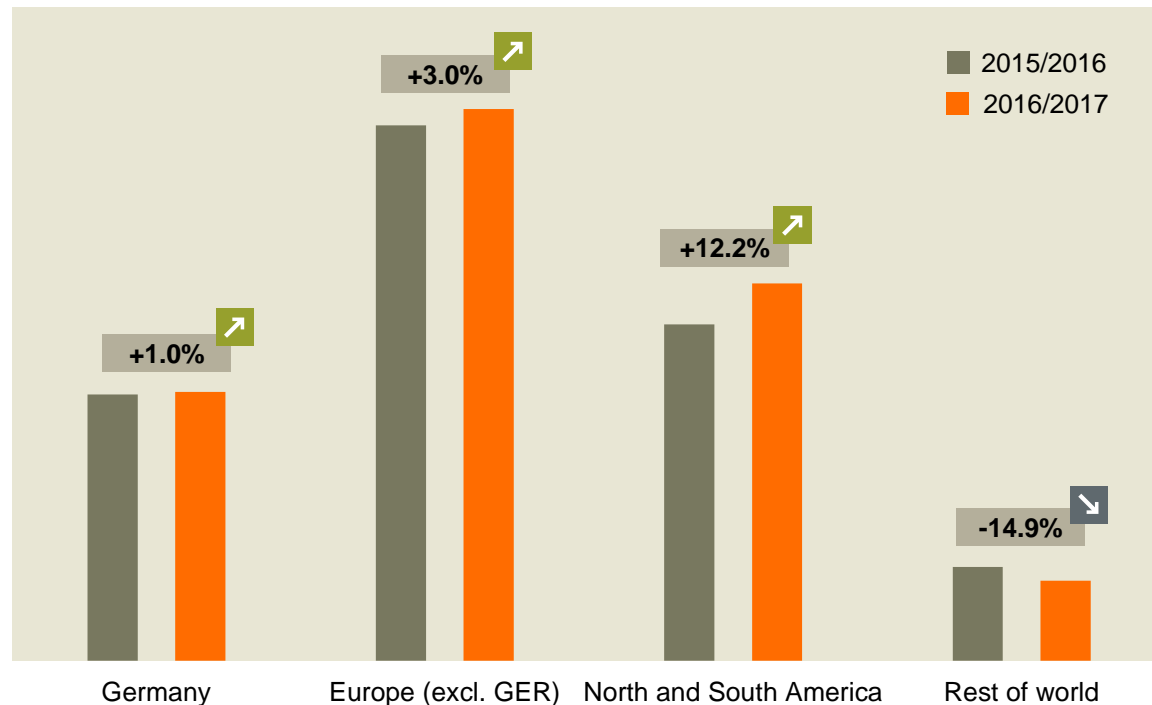
Net sales 2016/2017



Net sales development
in € million



Net sales development by region
in € million



Net sales KWS Group

+3.7%

South america

**Brazilian net sales
> €100 million**

Europe

**Strong rapeseed and
sugarbeet business**

Rest of world

**Chinese corn acreage
decreased**

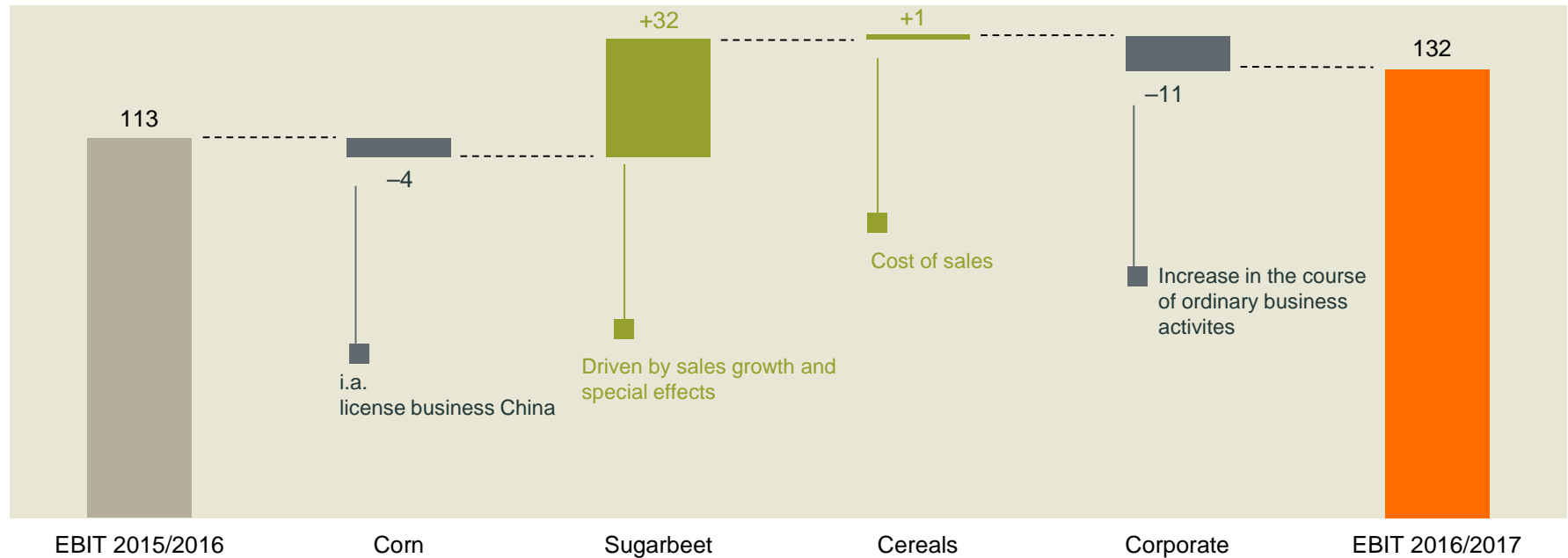
Review – Earnings

EBIT 2016/2017



EBIT development by segments (at equity)

in million €*



* = there may be rounding differences

EBIT increased by 16.7%. EBIT margin at 12.2 (10.9)%



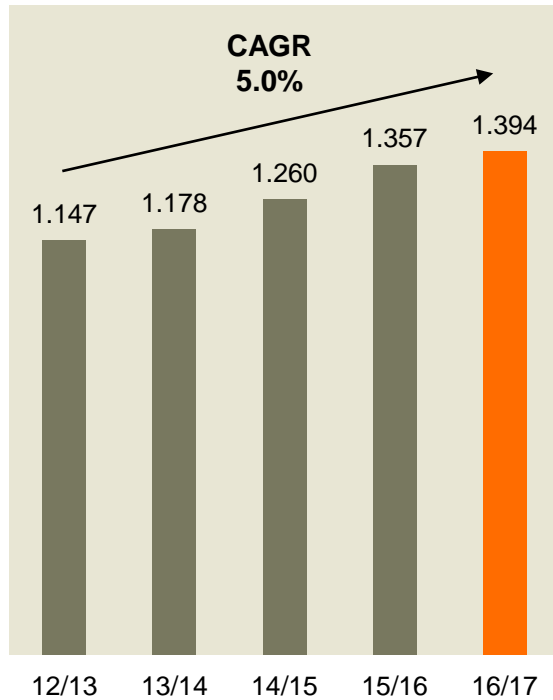
Segment reports

Review

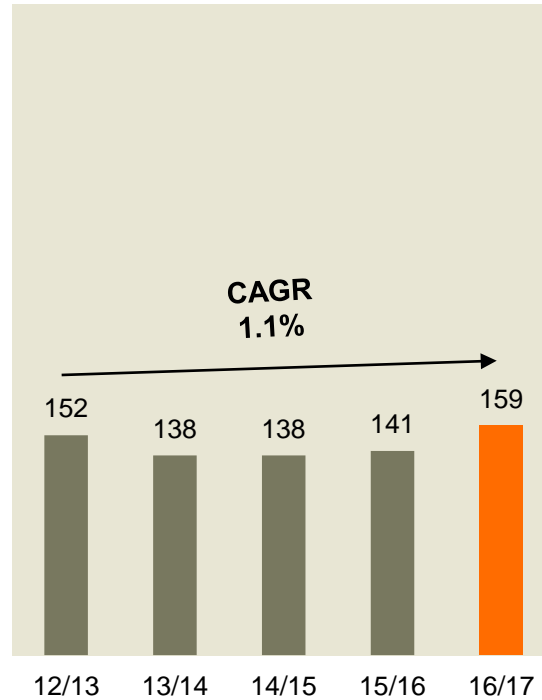
KWS track record according to management approach¹



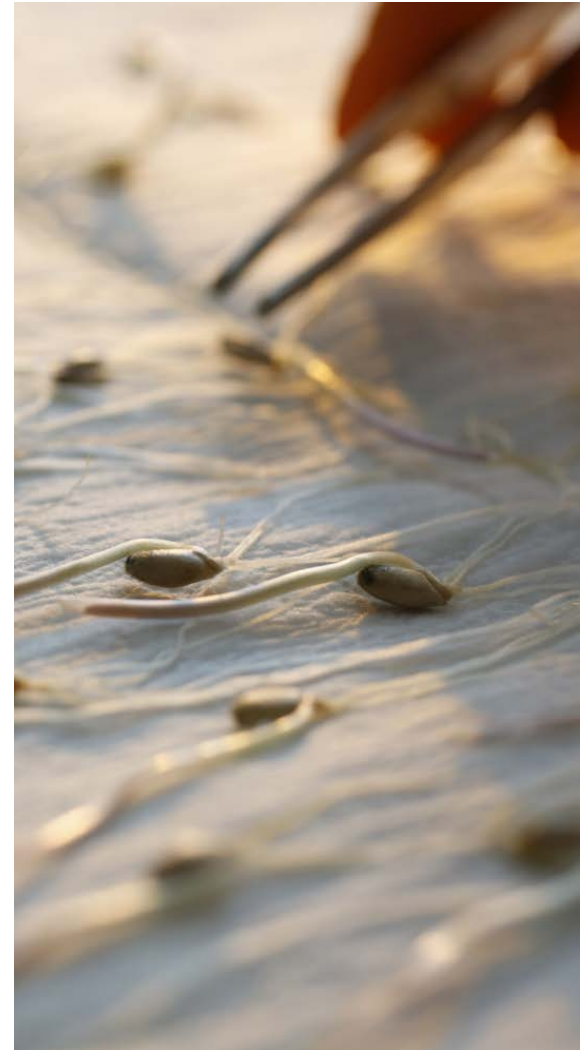
Net sales development¹
in € million



EBIT development¹
in € million



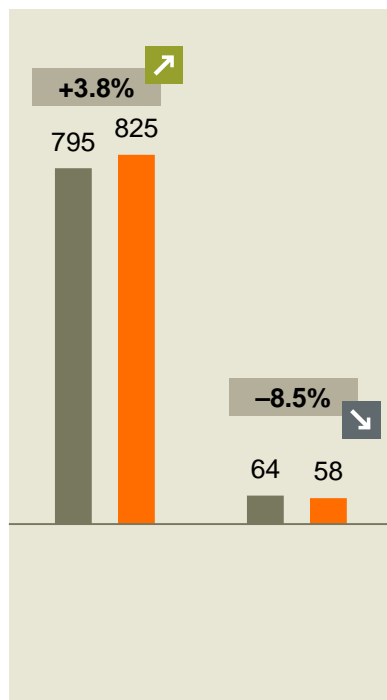
¹ Including net sales and earnings contributed by our equity-accounted joint ventures and associated companies.



Segment overview



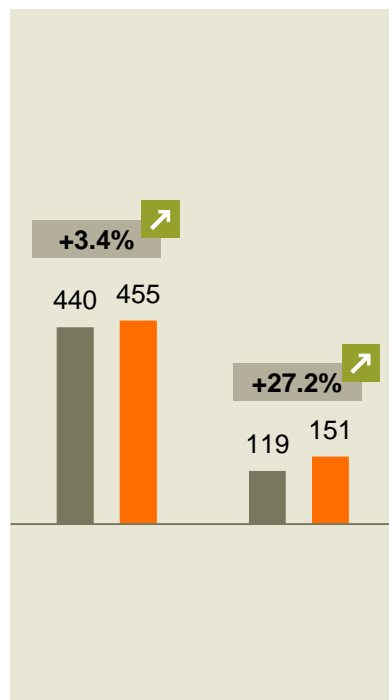
Corn



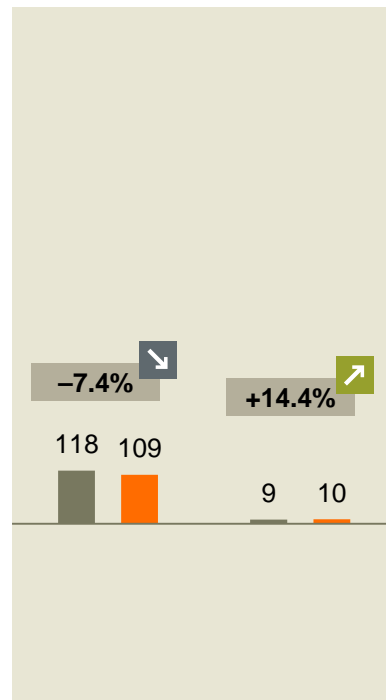
■ 2015/2016 ■ 2016/2017



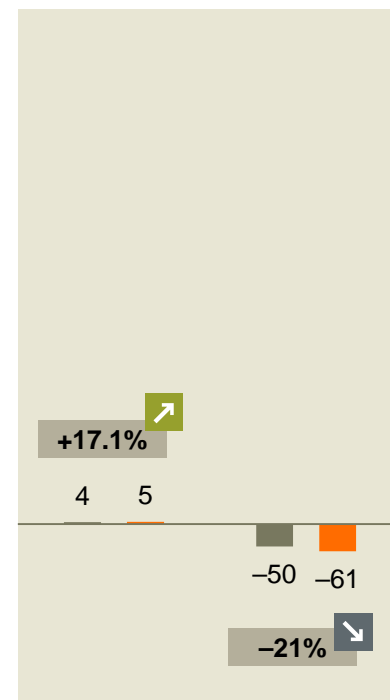
Sugarbeet



Cereals



Corporate



Reconciliation (in €million)

	Segments	Reconciliation	KWS Group
Net sales	1,394.0	-318.8	1,075.2
EBIT	158.8	-27.2	131.6



Corn Segment

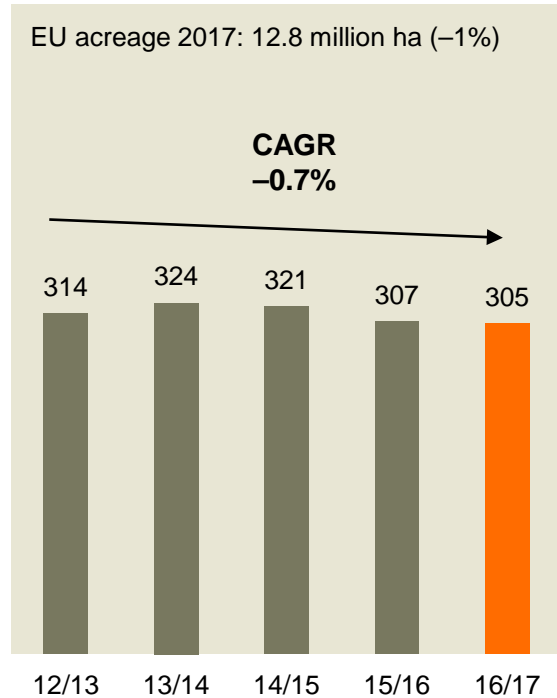
Net sales	€825 mill. (+3.8%)
EBIT	€58 mill. (−8.5%)
Capex	€25 mill. (−79.0%)
ROCE (avg.)	8.0%

Review – Corn EU 28

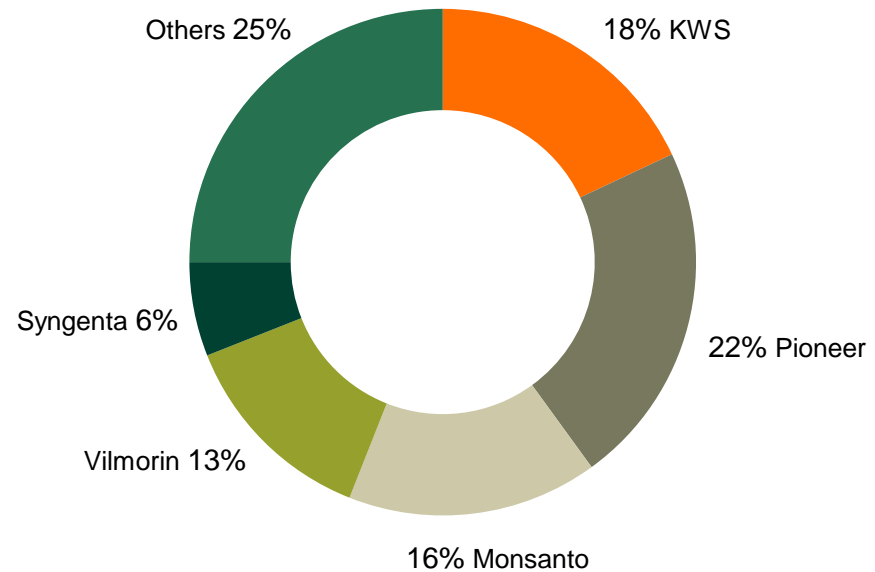
Net sales development and market share



Net sales¹
in € million



Market share²
2016/2017



¹ Including net sales from oilseeds & catch crops.

² Source: Kleffmann, own estimates.

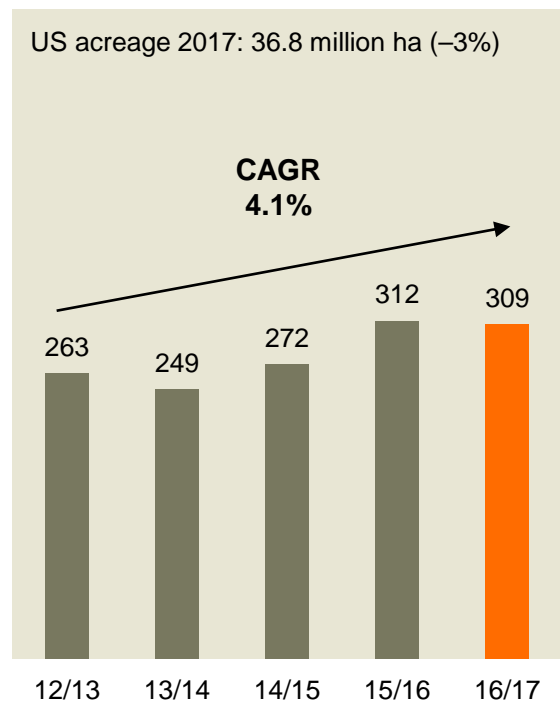
Review – Corn, North America

Net sales development and market share



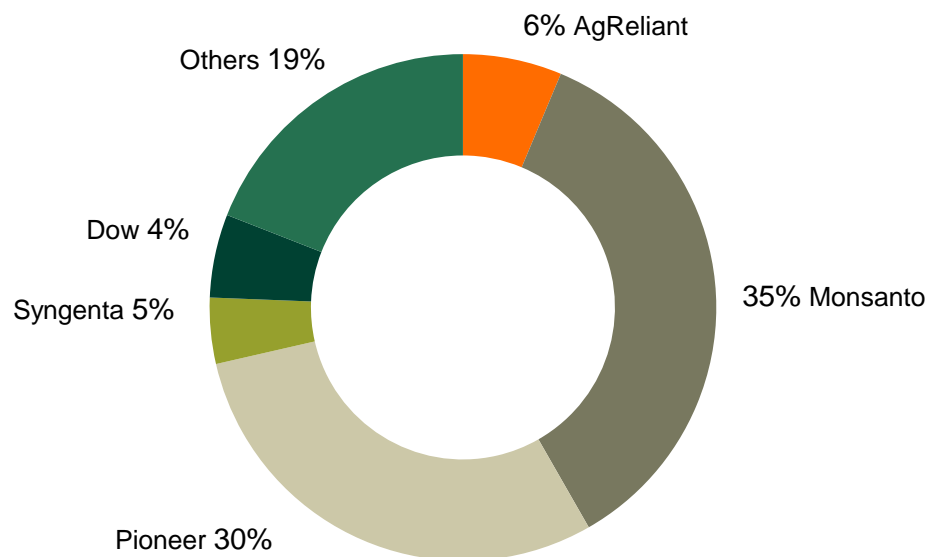
Net sales^{1,2}

in € million



Market share³

2016/2017



¹ KWS Share.

² Including net sales from oilseeds & catch crops.

³ Source: own estimates.



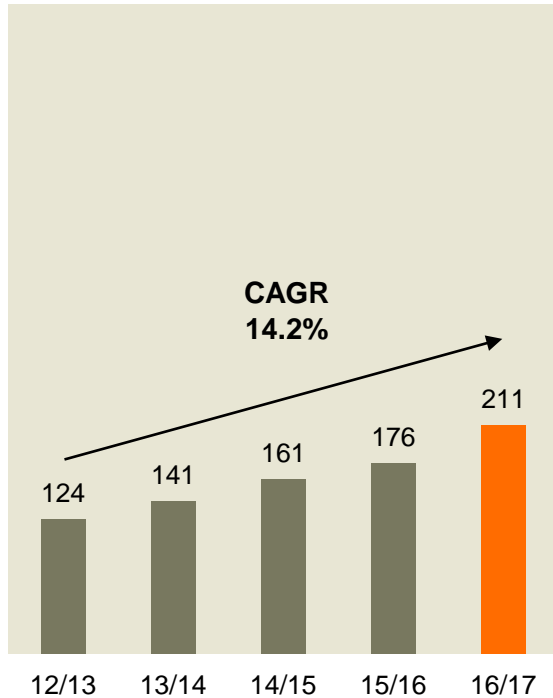
50:50-JV with Vilmorin, France

Review – Corn, other regions

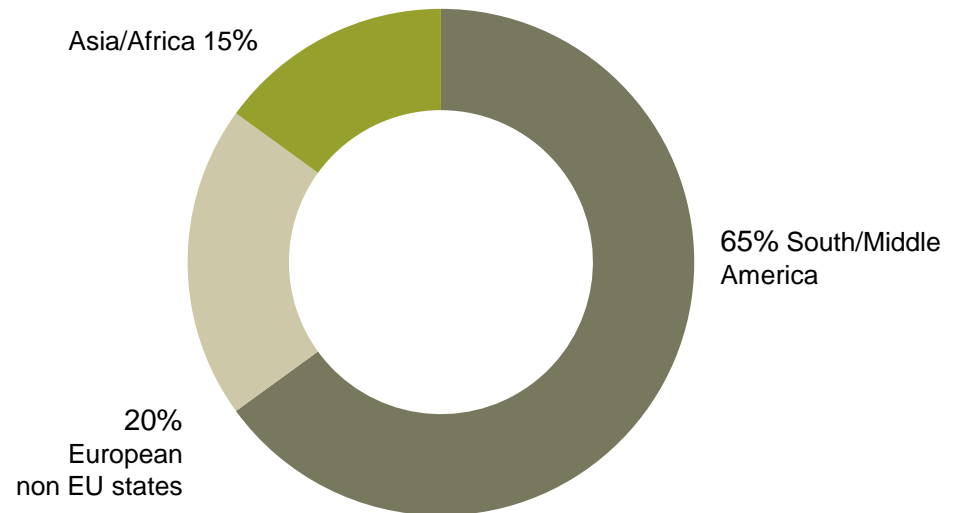
Net sales development



Net sales¹
in € million



Sales breakdown¹
2016/2017



¹ Including net sales from oilseeds & catch crops.



Sugarbeet Segment

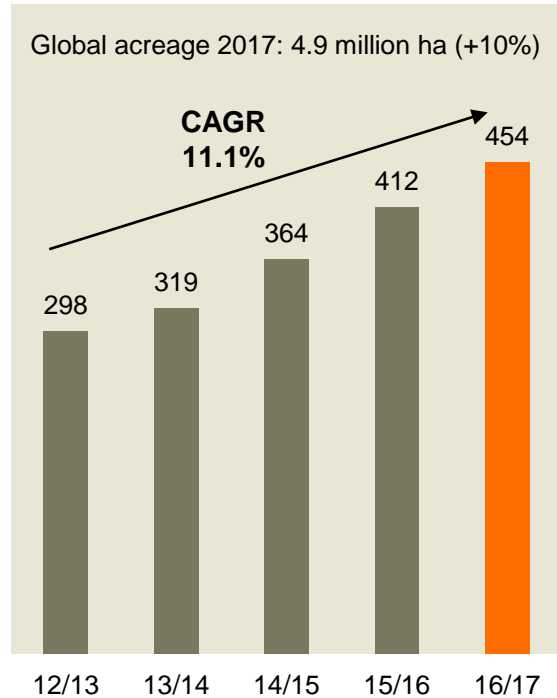
Net sales	€455 mill. (+3.4%)
EBIT	€151 € mill. (+27.2%)
Capex	€17 mill. (−2.3%)
ROCE (avg.)	58.0%

Review – Sugarbeet worldwide

Net sales development and market share

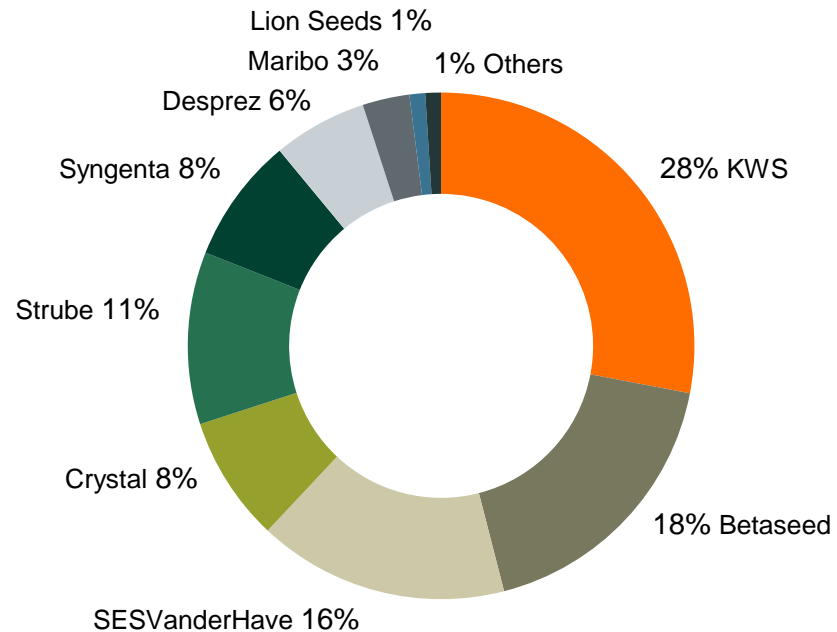


Net sales¹
in € million



¹ Sugarbeet w/o potato.

Market share¹
2016/2017



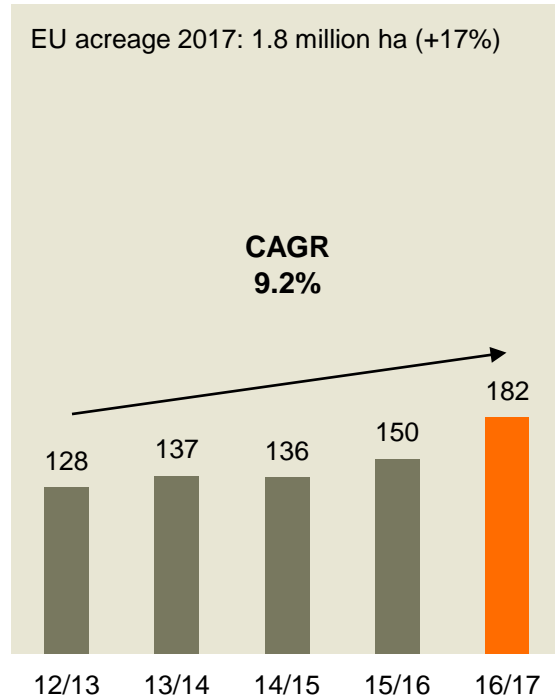
¹ Sugarbeet w/o potato. Own data KWS, 2017. The sugarbeet activities of Syngenta (including Maribo) have been acquired by DLF. Since October 2017 the activities are managed under the brand „MariboHilleshög“.

Review – Sugarbeet, EU 28

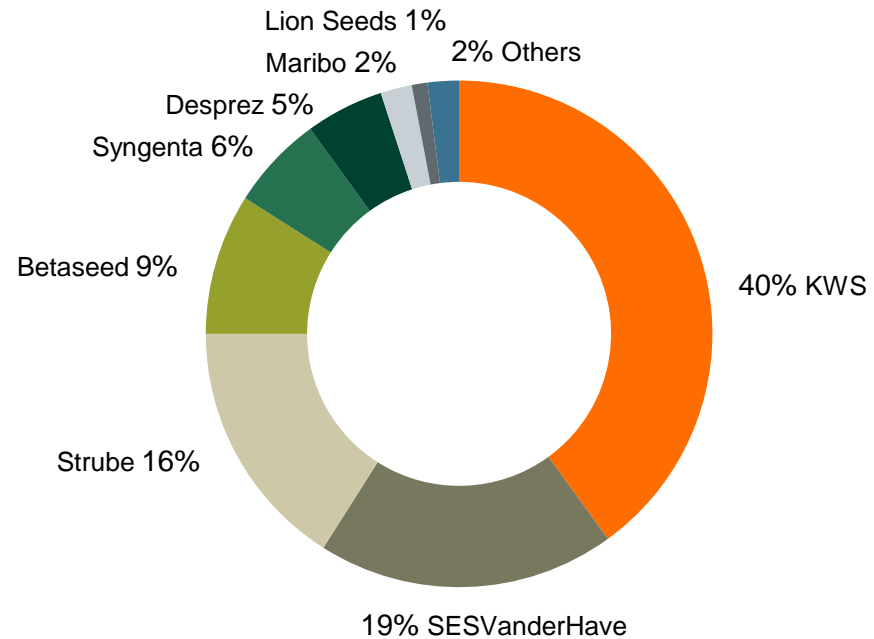
Net sales development and market share



Net sales¹
in € million



Market share¹
2016/2017



¹ Sugarbeet w/o potato.

¹ Sugarbeet w/o potato. Own data KWS, 2017. The sugarbeet activities of Syngenta (including Maribo) have been acquired by DLF. Since October 2017 the activities are managed under the brand „MariboHilleshög“.

What is CONVISO® SMART?



CONVISO® SMART is an innovative weed control system in sugarbeet naturally developed jointly by KWS and Bayer CropScience consisting of two key components:

KWS

Modern sugarbeet varieties with
“CONVISO® SMART” technology¹



Bayer

Dedicated herbicide¹ “CONVISO”
based on ALS inhibitors



¹ Conventionally bred varieties tolerant to CONVISO® ONE

² Broad efficacy against all major weeds

- CONVISO® SMART will play an important role in many sugarbeet markets:
 - Returning competitive advantages in areas with hard to fight weeds
 - For Eastern Europe, where weeds are a limiting factor for yield due to the large expanse of fields
 - Successive product launch in initial countries in 2017/2018

A close-up photograph of a person's hand holding a single stalk of grain, likely corn, against a background of a lush green field. The lighting is warm and golden, suggesting late afternoon or early morning. The hand is positioned on the left side of the frame, with the fingers gently gripping the stalk. The background is a dense field of similar plants, slightly out of focus, creating a sense of depth.

Cereals segment

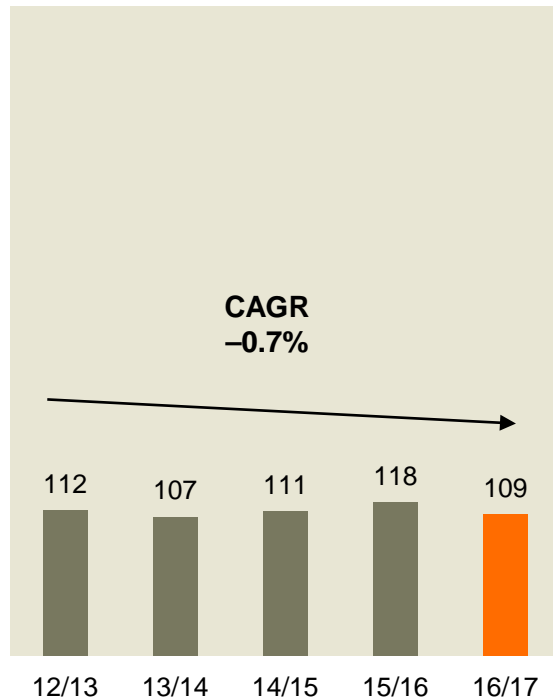
Net sales	€109 mill. (–7.4%)
EBIT	€10 mill. (+14.4%)
Capex	€5 mill. (–45.7%)
ROCE (avg.)	9.0%

Review – Cereals

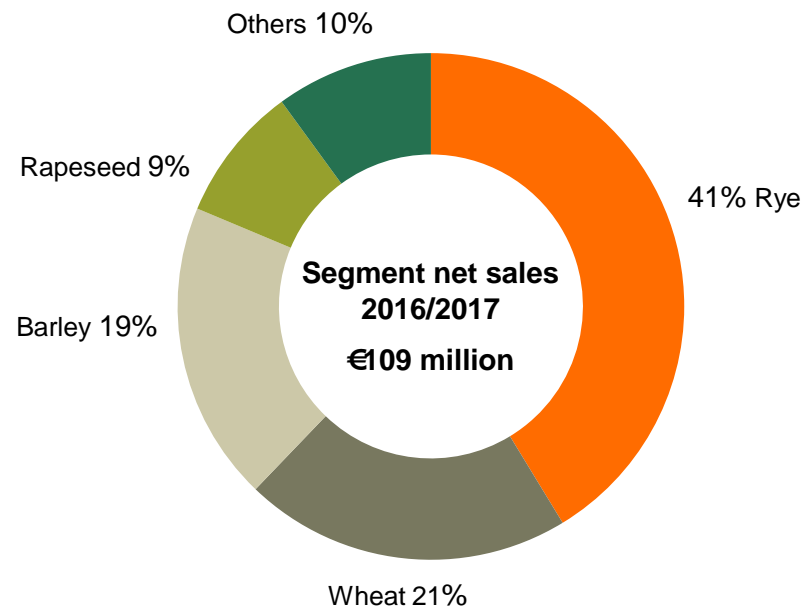
Net sales development and net sales breakdown by product group



Net sales
in € million



Net sales breakdown
2016/2017



Clear market leader in hybrid rye



Appendix

ZUKUNFT SÄEN
SEIT 1856





Dr. Hagen Duenbostel
(1970)

- CEO/Member of the Executive Board since 2003
- Responsibility: Corn, Development & Communication, Compliance
- Degree in Business Administration; Dr. rer. pol.



Dr. Léon Broers
(1960)

- Member of the Executive Board since 2007
- Responsibility: Research, Breeding
- Ph.D. in Plant Breeding; Master of Business Administration



Dr. Peter Hofmann
(1960)

- Member of the Executive Board since 2014
- Responsibility: Sugarbeet, Cereals, Marketing
- Degree in Agronomy; Ph.D. in Seed Physiology



Eva Kienle
(1967)

- Member of the Executive Board since 2013
- Responsibility: Finance, Law, Procurement, Controlling, IT, HR, Global Services, Investor Relations
- Degree in Business Administration

Key figures for the KWS share

December 31, 2017



1 General data

ISIN	DE0007074007
Number of shares	6,600,000
Type	No-bar value shares

2 Closing price in €

December, 31 2017	334.00
December, 31 2016	282.00

3 Daily trading volume (avg.) in shares/day

6M 2017/2018	1,752
6M 2016/2017	2,260

4 Market capitalization in € million

December, 31 2017	2,204
December, 31 2016	1,861

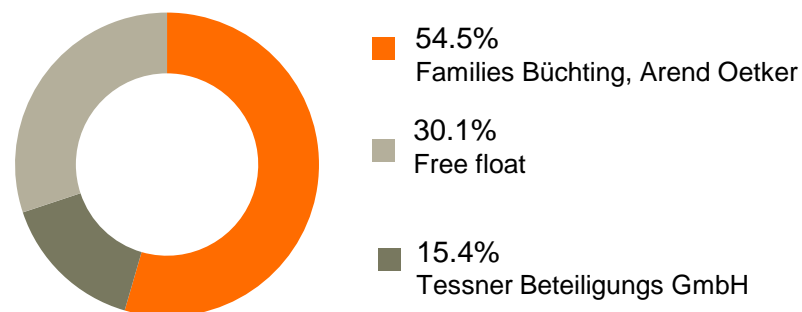
5 Earnings per share in €

December, 31 2017	-12.23
December, 31 2016	-9.73

6 Daily price fluctuation (avg.) in % of closing price

6M 2017/2018	2.0%
6M 2016/2017	1.7%

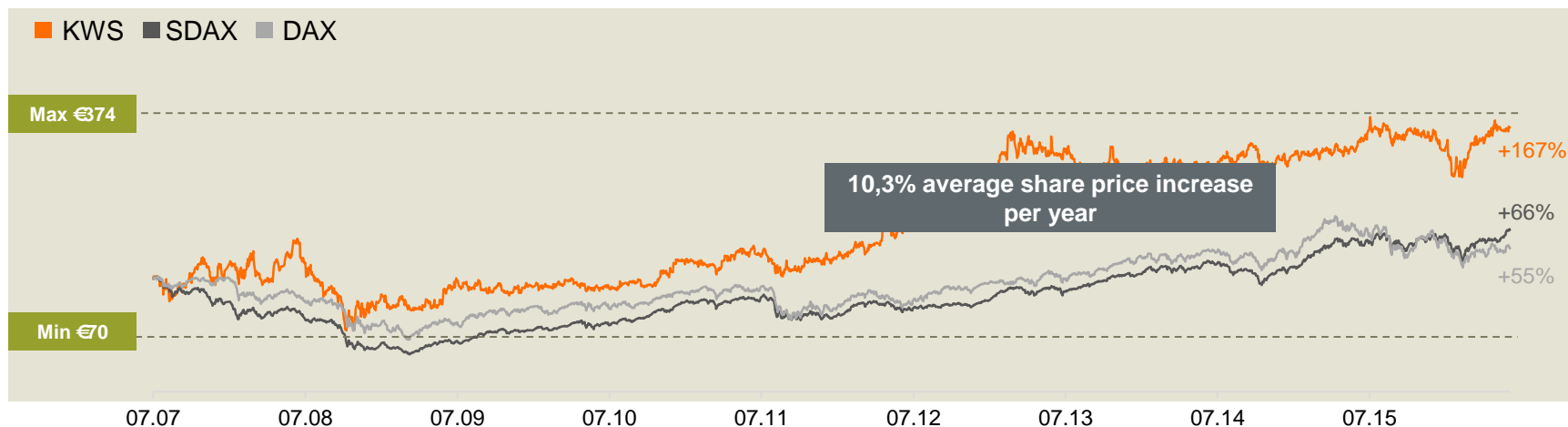
Anteilsbesitz



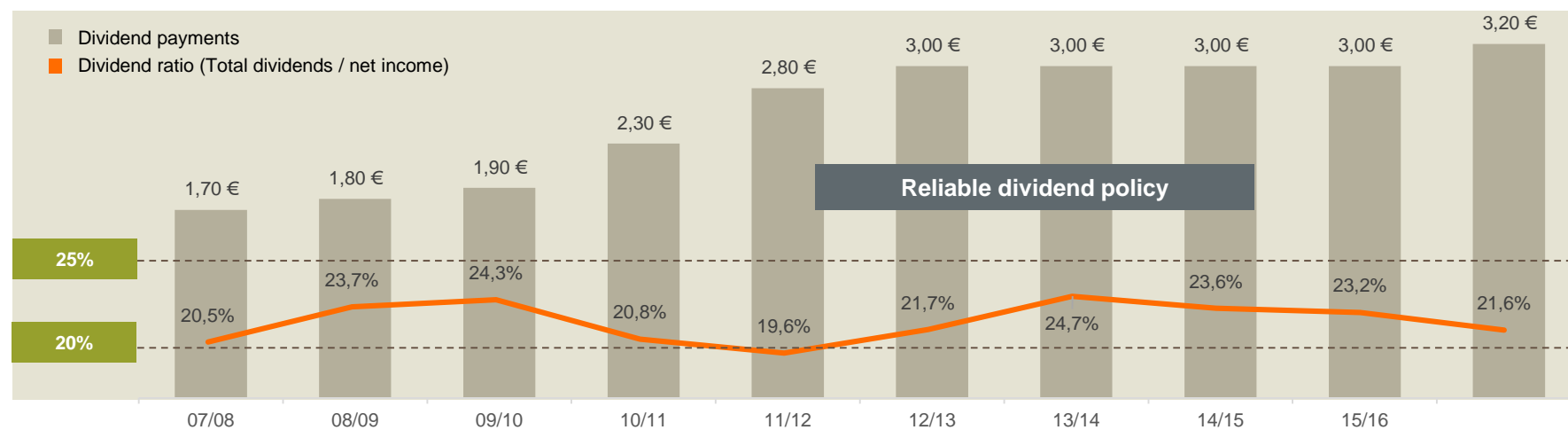
KWS share price and dividend development 10-years-view



Share price development of the past 10 years (Closing price Xetra, July 1, 2007 – June 30, 2017)



Dividends & dividend ratios of the past 10 years



Financial calendar and IR contact



Financial calendar

Date	
May 17, 2018	Quarterly Report 9M 2017/2018
October 24, 2018	Publication of 2017/2018 financial statements, annual press and analyst conference in Frankfurt
November 27, 2018	Quarterly Report Q1 2018/2019
December 14, 2018	Annual Shareholders' Meeting in Einbeck



Wolf-Gebhard von der Wense
Head of Investor Relations

+49 (0) 5561 311-968
investor.relations@kws.com

KWS SAAT SE
Grimsehlstr. 31
37574 Einbeck



Tatjana Kasper
Investor Relations Manager

+49 (0) 5561 311-14 84
investor.relations@kws.com

KWS SAAT SE
Grimsehlstr. 31
37574 Einbeck

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