

1st Quarterly Report of the KWS Group Fiscal Year 2013/2014

July 1 to September 30, 2013



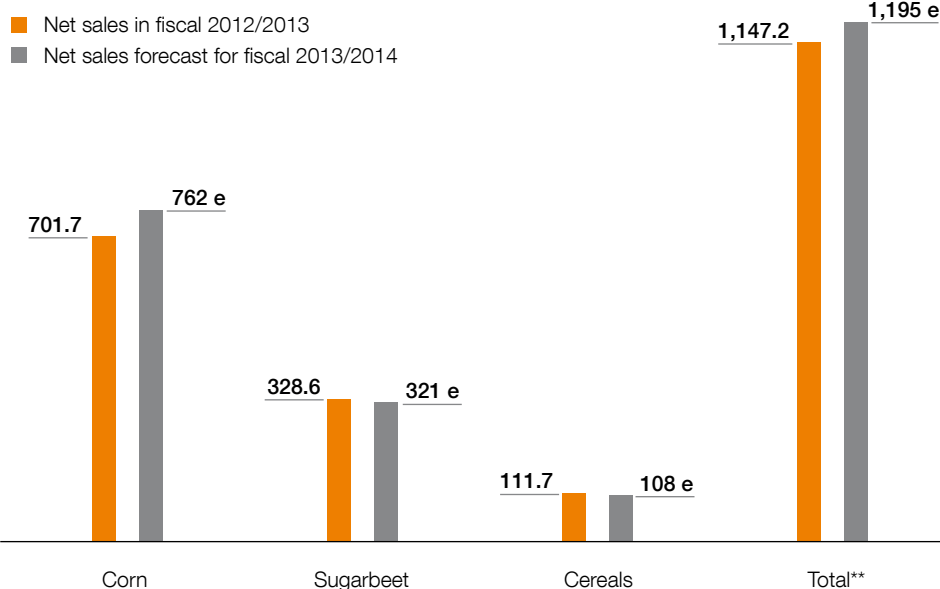
Seeding the future
since 1856

Guidance for fiscal 2013/2014 (ending June 30, 2014)

- Guidance for the full year confirmed, despite restrained trend in the 1st quarter. Following completion of the first quarter, we expect the KWS Group to grow its net sales by up to 5% to around €1.2 billion (1,147.2 million)*.
- We expect our operating income (EBIT) to be reduced by approximately 8% (previous year: €150.7 million) as a result of our high expenditure on research and development as well as on expanding our seed production and strengthening distribution.
- The EBIT margin will likely be 11.5% (13.1%).
- The research and development budget for the current fiscal year is being raised by 13% to about €159 (140.8) million.

Outlook for the segments and the Group

in € million



EBIT margins

in %

	Forecast Fiscal year 2013/2014	Fiscal year 2012/2013
Corn	13.3 e	13.1
Sugarbeet	20.2 e	22.4
Cereals	17.6 e	24.0
Total**	11.5 e	13.1

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

** Includes net sales and EBIT for the Corporate Segment, which are not explicitly shown in detail here.

Overview of the 1st quarter of 2013/2014

KWS Group

Net sales moved lower and EBIT is reduced as the company intensifies expansion of R&D and distribution.

- Net sales were €103.1 (113.1) million, down by 8.8%
- EBIT dropped by 75.2% to € -38.9 (-22.2) million

Corn Segment

Net sales grew, in particular in new markets.

- Net sales: €36.2 (32.7) million; change: +10.7%
- EBIT: € -28.1 (-24.4) million; change: -15.2%

Sugarbeet Segment

Shifts between quarters and higher expenses impacted the segment's net sales and income.

- Net sales: €6.8 (9.0) million; change: -24.4%
- EBIT: € -18.0 (-14.3) million; change: -25.9%

Cereals Segment

Cereals business was weaker year on year due to unfavorable price trends in the market for cereals for consumption.

- Net sales: €58.7 (69.5) million; change: -15.5%
- EBIT: €20.7 (27.6) million; change: -25.0%

Corporate

Expansion of activities as planned in all central functions.

- Net sales: €1.4 (1.9) million; change: -26.3%
- EBIT: € -13.5 (-11.1) million; change: -21.6%

The KWS Group at a glance

1st quarter of 2013/2014*

		1st quarter 2013/2014	1st quarter 2012/2013
Net sales and income			
Net sales	€ million	103.1	113.1
EBIT	€ million	-38.9	-22.2
Net income for the period	€ million	-29.3	-16.4
Capital expenditure			
Capital expenditure on property, plant and equipment	€ million	18.1	17.2
Capital expenditure on intangible assets	€ million	0.3	0.5
Investments in financial assets	€ million	0.0	0.0
Total capital expenditure	€ million	18.4	17.7
Depreciation, amortization and write-downs	€ million	9.1	8.7
Capital structure			
Total assets	€ million	1,147.1	1,026.7
Equity	€ million	612.0	570.3
Equity ratio	%	53.4	55.5
Net borrowings	€ million	42.4	23.8
Net borrowings as a % of equity (gearing)	%	6.9	4.2
Employees in the KWS Group		4,819	4,423
Share			
Number of shares		6,600,000	6,600,000
Last day of trading in the first three months		Sept. 30, 2013	Sept. 28, 2012
Closing price on last day of trading in first three months of the year	€	257.0	207.4
Market capitalization on last day of trading in first three months of the year	€ million	1,969	1,369
Market capitalization of free float on last day of trading in first three months of the year	€ million	511	412

* The first quarter (July to September) contributes only around 10% of the KWS Group's annual net sales due to the strongly seasonal nature of our business. Only our cereal business is largely over in this period. Initial net sales from corn and sugarbeet hybrids in the southern hemisphere – in Argentina, Brazil and Chile – can also be registered in the first quarter. However, our main markets are in the northern hemisphere, where corn and sugarbeet are not sown until the spring. Our structural costs, on the other hand, are spread evenly over the entire fiscal year.

1st Quarterly Report 2013/2014

Business development in the first quarter

Income statement

in € million	1st quarter	
	2013/2014	Previous year
Net sales	103.1	113.1
Operating income	-38.9	-22.2
Net financial income/expenses	-2.7	-1.5
Result of ordinary activities	-41.6	-23.7
Income taxes	-12.3	-7.3
Net income for the period	-29.3	-16.4
of which shareholders of KWS SAAT AG	-32.0	-19.5
of which minority interest	2.7	3.1
Earnings per share (€)	-4.85	-2.96

KWS Group

KWS' growth is based on systematic expansion of our research and breeding activities and our distribution and production units over many years. That is why we increase our budgets year after year. In the current fiscal year we have earmarked additional expenditure of around €40 million, which is spread fairly evenly over the four quarters. However, our growth is typically seen in the second half of our fiscal year (ending June 30) – when our main contributors to net sales, corn and sugarbeet, are primarily sold. Revenue in the first quarter therefore falls relative to annual net sales, whereas expenses increase in line with our planning. Ultimately, that necessarily results in lower net income for the first half of the year, which explains the 75% drop in income for the first quarter. On the back of weaker cereals business, the KWS Group's net sales in the first quarter fell by 8.8% to €103.1 (113.1) million. Operating income (EBIT) was € -38.9 (-22.2) million.

Net financial income/expenses contain only low interest income from the positive net cash balance. Interest expense from the financing of business expansion in South America impacted net financial income/expense in the first quarter. The figure for income taxes was obtained by applying the effective tax rate per company planned for the fiscal year as a whole to the pre-tax profits for the quarter.

Statement of comprehensive income

in € million	1st quarter	
	2013/2014	Previous year
Net income for the period	-29.3	-16.4
Currency translation for foreign subsidiaries	-9.0	-4.9
Comprehensive income for the period	-38.3	-21.3
of which shareholders of KWS SAAT AG	-40.7	-24.5
of which minority interest	2.4	3.2

The statement of comprehensive income reconciles the income for the period with total income. Currency translations on the reporting date resulted in a reduction of equity by €9.0 (reduction of €4.9) million.

Segment report

Segment report

in € million

	1st quarter	
	2013/2014	Previous year
Net sales	103.1	113.1
Corn	36.2	32.7
Sugarbeet	6.8	9.0
Cereals	58.7	69.5
Corporate	1.4	1.9
Operating income	-38.9	-22.2
Corn	-28.1	-24.4
Sugarbeet	-18.0	-14.3
Cereals	20.7	27.6
Corporate	-13.5	-11.1

Cereals Segment

A drop in consumer prices for cereals – especially rye – reduced sales of our cereal varieties. Rye cultivation area declined significantly in Germany and Poland. We assume that wheat was increasingly sown using farm saved seed, since wheat and rapeseed sales also fell slightly. Consequently, net sales in the Cereals Segment decreased by 15.5% to €58.7 (69.5) million in the first quarter. The lower contribution margins from hybrid rye business, coupled with additional expenditure on product development and distribution, were reflected in a 25.0% reduction in the segment's income to €20.7 (27.6) million.

Corn Segment

The Corn Segment grew its net sales by 10.7% to €36.2 (32.7) million in the first quarter. Increases were achieved in South America while winter rapeseed business remained at the level of the previous year. The segment's income fell by 15.2% to € -28.1 (-24.4) million, reflecting the planned increase in function costs.

Sugarbeet Segment

The fall in net sales at the Sugarbeet Segment of 24.4% to €6.8 (9.0) million in the first quarter is not a hard-and-fast indication of the market situation or anticipated performance of the segment for the year as a whole. Instead, we assume there are shifts between the periods. The segment's income was € -18.0 (-14.3) million, in line with the already described general trend for the first quarter.

Corporate

Our cross-segment function costs and research expenditures are reported in the Corporate Segment. On the back of net sales of €1.4 (1.9) million – mainly from our farms in Einbeck, Wetze, Wiebrechtshausen and Klein Wanzleben – the cross-segment costs in the first three months of the fiscal year resulted in income of € –13.5 (–11.1) million.

Capital expenditure

Capital expenditure

in € million

	1st quarter	
	2013/2014	Previous year
Total	18.4	17.7
Corn	13.1	7.3
Sugarbeet	2.9	6.8
Cereals	1.1	2.2
Corporate	1.3	1.4

In the first quarter, KWS invested €18.1 (17.2) million in property, plant and equipment. As in previous years, it is therefore showing capital expenditure well above depreciation at €9.1 (8.7) million. The main single investments related to expenditures for the expansion of corn production capacities in North America and France.

Out of total capital expenditure of €18.4 (17.7) million within the KWS Group, 71.2% was in the Corn Segment, 15.8% in the Sugarbeet Segment, 6.0% in the Cereals Segment and 7.0% in the Corporate Segment.

Capital expenditure by region

in %

3.8 (0.9)

Rest of world

21.1 (18.5)

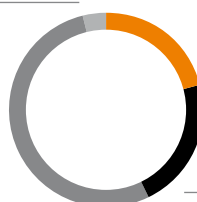
Germany

53.3 (44.7)

North and South America

21.8 (35.9)

European Union
(excl. Germany)



Balance sheet of the KWS Group

Assets

in € million			
	Sept. 30, 2013	June 30, 2013	Sept. 30, 2012
Intangible assets	104.5	101.9	109.3
Property, plant and equipment	295.3	287.6	270.0
Financial assets	1.6	9.8	4.6
Noncurrent tax assets	5.6	5.7	6.2
Deferred tax assets	63.8	44.5	49.6
Noncurrent assets	470.8	449.5	439.7
Inventories and biological assets	207.9	144.4	187.2
Trade receivables	271.1	359.9	258.9
Marketable securities	44.5	100.9	23.0
Cash and cash equivalents	73.3	101.5	58.4
Current tax assets	28.5	24.4	21.8
Other current assets	51.0	40.1	37.7
Current assets	676.3	771.2	587.0
Total assets	1,147.1	1,220.7	1,026.7

Equity and Liabilities

in € million			
	Sept. 30, 2013	June 30, 2013	Sept. 30, 2012
Subscribed capital	19.8	19.8	19.8
Capital reserve	5.5	5.5	5.5
Retained earnings	552.5	593.2	512.0
Minority interests	34.2	31.8	33.0
Equity	612.0	650.3	570.3
Long-term provisions	90.2	91.7	91.1
Long-term borrowings	96.2	98.5	46.5
Trade payables	1.7	1.7	1.7
Deferred tax liabilities	29.0	29.7	35.9
Other long-term liabilities	10.5	9.1	8.1
Noncurrent liabilities	227.6	230.7	183.3
Short-term provisions	80.3	131.4	70.9
Short-term borrowings	64.0	33.3	58.7
Trade payables	84.2	82.7	74.6
Current tax payables	26.1	31.9	27.7
Other liabilities	52.9	60.4	41.2
Current liabilities	307.5	339.7	273.1
Liabilities	535.1	570.4	456.4
Total equity and liabilities	1,147.1	1,220.7	1,026.7

The increase in inventories is due to the absorption of the new harvest in 2013. The potential risks of realization were reflected by additional adjustments.

More than 50% of our accounts receivable, which at June 30, 2013, were €50 million higher year on year due to increases in sales volumes, were settled within the first three months of the new fiscal year. Given the net sales in the first quarter, trade receivables at September 30, 2013, were therefore only around €12 million higher than a year ago. Net financial debt at September 30, 2013, was €42.4 (23.8) million, following a net financial balance of €70.6 (75.9) million on June 30, 2013.

The long-term provisions increased by €25 million, which was taken directly to equity, as a result of the revaluation of pension provisions in accordance with IAS 19R, and the figure for the previous year was adjusted accordingly. The short-term provisions include royalties that are not yet due on the higher net sales of the previous year. The long-term financial borrowings also include our option to purchase further shares in the Brazilian production and distribution company.

Despite the seasonally related negative income, the equity ratio at September 30, 2013, was 53.4% after 53.3% on June 30, 2013.

Cash flow statement

Cash flow statement

in € million

	1st quarter	
	2013/2014	Previous year
Net income for the period	-29.3	-16.4
Cash earnings	-50.3	-31.0
Funds tied up in net current assets	-42.7	-56.5
Net cash from operating activities	-93.0	-87.5
Net cash from investing activities	-18.3	-40.3
Net cash from financing activities	28.7	26.8
Change in cash and cash equivalents	-82.6	-101.0
Cash and cash equivalents at beginning of period	202.4	183.0
Changes in cash and cash equivalents due to exchanging rate, consolidated group and measurement changes	-2.0	-0.6
Cash and cash equivalents at end of period	117.8	81.4

Despite lower net income for the period and the sharp increase in inventories, net cash used in operating activities was at the level of the previous year at €93.0 million.

Net cash used in investing activities was €18.3 million compared with €40.3 million last year, when there was the burden of the purchase price for our commitment in Brazil. The raising of loans in our growth markets resulted in net cash from financing activities of €28.7 million following €26.8 million in the previous year.

Statements of changes in equity

Statement of changes in equity of the KWS Group

in € million	Group interests	Minority interests	Group equity
Balance as at June 30, 2012	578.6	24.5	603.1
Adjustment for IAS 19R	-16.8	-0.4	-17.2
Balance as at June 30, 2012 (adjusted)	561.8	24.1	585.9
Dividends paid	0.0	0.0	0.0
Changes in consolidated companies	0.0	0.0	0.0
Other changes	0.0	5.7	5.7
Consolidated net income for the period	-19.5	3.1	-16.4
Other gains (losses)	-5.0	0.1	-4.9
Total consolidated gains (losses)	-24.5	3.2	-21.3
Balance as at September 30, 2012	537.3	33.0	570.3
Balance as at June 30, 2013	635.3	32.2	667.5
Adjustment for IAS 19R	-16.8	-0.4	-17.2
Balance as at June 30, 2013 (adjusted)	618.5	31.8	650.3
Dividends paid	0.0	0.0	0.0
Changes in consolidated companies	0.0	0.0	0.0
Other changes	0.0	0.0	0.0
Consolidated net income for the period	-32.0	2.7	-29.3
Other gains (losses)	-8.7	-0.3	-9.0
Total consolidated gains (losses)	-40.7	2.4	-38.3
Balance as at September 30, 2013	577.8	34.2	612.0

Equity in the first quarter is usually impacted by the seasonally related negative profit for the quarter. The other changes relate to the adjustments required in fiscal 2013/2014 in accordance with IAS 8 as a result of the change in pension provisions under IAS 19R. The KWS Group's equity was also reduced by a total of €9.0 (4.9) million resulting from currency translation for foreign subsidiaries on the balance sheet date and was not recognized in profit. This was attributable in particular to weaker currencies in South America and Eastern Europe.

No dividends were paid out in the period under review.

Employees

Employees by regions

	1st quarter*	
	2013/2014	Previous year
Germany	1,856	1,703
Europe (excluding Germany)	1,351	1,245
Americas	1,433	1,340
Other countries	179	135
Total	4,819	4,423

*at quarter end

At September 30, 2013, we had 4,819 (4,423) employees worldwide. The growth in the workforce was spread evenly over all regions. In line with our planning, just over 10% more people will be employed at the KWS Group at the end of the current fiscal year, compared with the previous year's total of 4,443.

Risks and opportunities

You can find detailed information on the risk management system and the risk situation at the Group in the section "Risks for future development" on pages 42–45 of the 2012/2013 Annual Report.

We address the liquidity risk with professional cash management, sufficient long-term, syndicated credit lines and a high equity ratio. Our loan agreements include "financial covenants", compliance with which has been ensured at all times to date. KWS uses extensive trade credit insurance to minimize the risk of losing receivables in risky regions and business segments. We also pursue an active receivables management policy so that impending payment defaults can be avoided.

We continue to see opportunities in our intensified research and development activities and in the planned expansion of our production and sales structures.

There has been no significant change in the situation as to opportunities and risk at the KWS Group compared with at June 30, 2013. Risks that jeopardize the company's existence are not currently discernible.

Report on events after the balance sheet date

There were also no events after September 30, 2013, that can be expected to have a significant impact on the KWS Group's earnings, financial position and assets.

Forecast for 2013/2014

KWS Group

We expect net sales for the current fiscal year 2013/2014 totaling about €1.2 billion (previous year: €1,147 million). Given weaker cereals business and slightly lower net sales at the Sugarbeet Segment, the rise in net sales of up to 5% is expected to be achieved solely thanks to the Corn Segment. After the excellent results of previous years, which were shaped by positive special effects, we currently anticipate an EBIT margin of 11.5% (13.1%). The lower EBIT margin is largely due to the up-front costs for developing our new markets and products. In the current fiscal year, we will spend around €159 (140.8) million on product development alone in order to advance our still young breeding programs (tropical corn, corn for Eastern Europe, potatoes, winter wheat for North America, and sunflowers) and the technology joint venture GENECTIVE with our French partner Vilmorin. We are also underpinning our future growth with large investments of about €100 million. We need to expand our capacities significantly, above all in corn production, to be able to achieve the planned increases in sales volumes.

Corn Segment

The greatest growth potential at the KWS Group is again in the Corn Segment. However, the first quarter, where only up to 5% of net sales for the year are generated, is not an indicator for the year as whole. The crucial factor for the segment will be the price of corn for consumption in the spring of 2014. In particular, that will sway the decision of farmers in North America as to what to grow. Thanks to our outstanding portfolio of varieties, an increase of around 9% in net sales (previous year: €701.7 million) and income (previous year: €92.0 million) will likely be possible.

Sugarbeet Segment

Sugarbeet cultivation area in the 2013 sowing season fell to 4.2 (4.7) million hectares. Although that impacted our seed sales, we were able to compensate for it thanks to our high-yielding varieties and strong market share. KWS built on its leading market position in this segment of the industry worldwide. It can be assumed that there will not be further reductions in area – in particular in the EU 28 – in the coming cultivation period, so we see opportunities there. Trends in North America will also be key to this segment. It will hardly be able to maintain the recent market share of more than 70%, with the result that we anticipate that net sales from sugarbeet seed will decline overall by around 4%. It will only be possible to compensate for that in part through growth in seed potato business. We expect net sales at the segment to fall slightly from the previous year (€328.6 million) and, due to higher function costs, its income (previous year: €73.5 million) to drop by just over 10%.

Cereals Segment

As far as can be seen at present, net sales for the Cereals Segment will be around €108 (111.7) million – at a very high level despite the year-on-year decline. Above all, our hybrid rye business, with its strong contribution margins, has suffered. However, it experienced a special boost last year because rye prices were above those for wheat for the first time. The lower contribution margins and cost increases – among other things for our new wheat breeding program in North America – are expected to reduce the segment's income (previous year: €26.8 million) by just over 30%.

Corporate

The cross-segment function costs and research expenditures reported under the Corporate Segment are currently expected to be approximately 13% above the previous year (Corporate's EBIT: € –41.6 million).

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. The quarterly financial statements of the KWS Group were prepared in accordance with IAS 34, and exactly the same accounting methods applied in the preparation of the consolidated financial statements as of June 30, 2013, were used. The Notes appended to the annual financial statements as of June 30, 2013, therefore apply accordingly. 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.

Companies consolidated in the KWS Group

The quarterly consolidated financial statements of the KWS Group include the single-entity financial statements of KWS SAAT AG and its subsidiaries in Germany and other countries in which it directly or indirectly controls more than 50% of the voting rights. In addition, joint ventures are proportionately consolidated according to the percentage of equity held in those companies. Subsidiaries and joint ventures that are considered immaterial for the presentation and evaluation of the financial position and performance of the Group are not included.

The 50% stake acquired last year in the French research company GENECTIVE S.A. has – like our other joint ventures – been included proportionately in the consolidated financial statements since July 1, 2013. KWS SERVICES MEDITERRANEAN S.L. in Spain and KWS PERU S.A.C. in Peru were founded at the start of the fiscal year. Consequently, the number of companies consolidated in the KWS Group increased by two fully consolidated companies and one proportionately consolidated company, giving a total of 57 fully consolidated and eight proportionately consolidated companies in fiscal 2013/2014.

Our Annual Shareholders' Meeting will be held on December 19, 2013, at 11:00 a.m., as usual at the company's headquarters in Einbeck.

Einbeck, November 28, 2013

KWS SAAT AG

The Executive Board



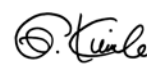
Philip von dem Bussche



Léon Broers



Hagen Duenbostel



Eva Kienle

Financial calendar

Financial calendar

December 19, 2013	Annual Shareholders' Meeting in Einbeck
February 25, 2014	Report on the 2nd quarter of 2013/2014
May 27, 2014	Report on the 3rd quarter of 2013/2014
October 16, 2014	Publication of the 2013/2014 financial statements, Annual press and analyst conference in Frankfurt
November 26, 2014	Report on the 1st quarter of 2014/2015
December 18, 2014	Annual Shareholders' Meeting in Einbeck

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 corn 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.

A German version of the 1st Quarterly Report 2013/2014 is available at www.kws.de/ir.

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This translation of the original German version of the 1st Quarterly Report has been prepared for the convenience of our English-speaking shareholders. The German version is legally binding.