



3rd Quarterly Report  
Fiscal year 2014/2015

July 1, 2014 to March, 31 2015

SEEDING THE FUTURE  
SINCE 1856

**KWS**



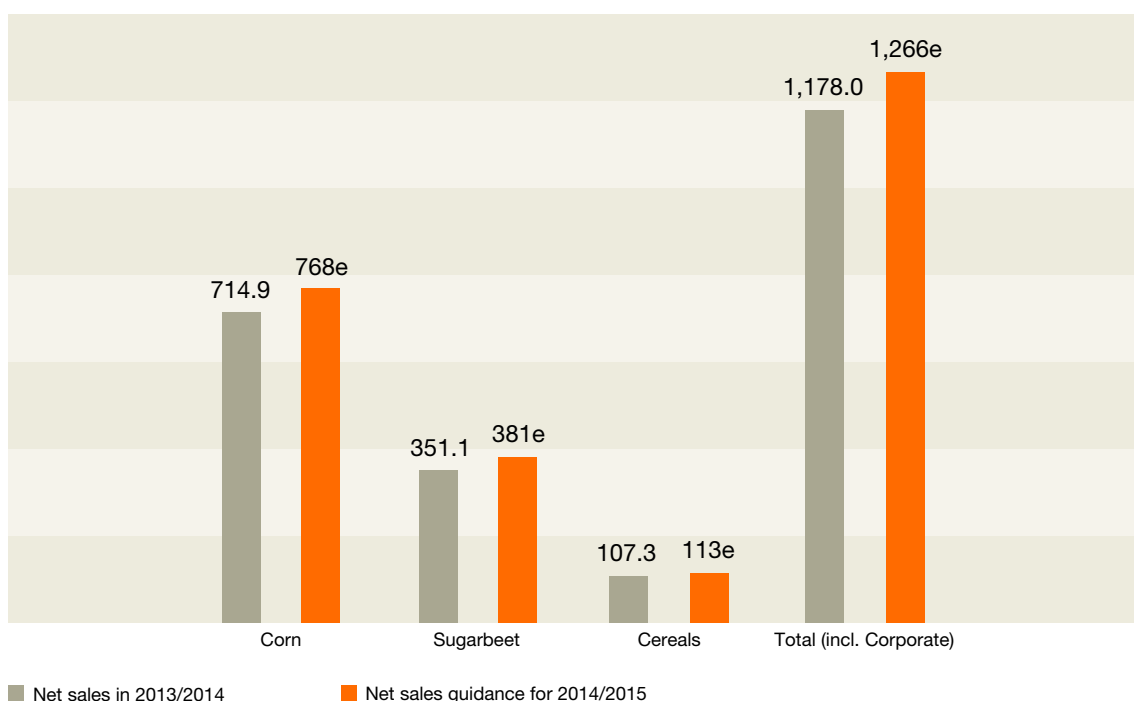
## 1st to 3rd quarter of 2014/2015

- Growth in net sales for corn and sugarbeet
- Extensive capital spending program continued
- Expenditures aimed at securing further growth impact the earnings for the period

## Guidance for 2014/2015\*

- Guidance stable despite lower cultivation areas for corn, sugarbeet and rye
- Net sales expected to grow by around 7% across all segments
- R&D expenditure around 13% of net sales
- EBIT margin still in the double digits

### Outlook in accordance with segment reporting (in € million)



### Outlook EBIT margin in accordance with segment reporting

in %		
	Fiscal year 2014/2015	Fiscal year 2013/2014
Corn	10.7e	14.1
Sugarbeet	22.2e	20.0
Cereals	10.3e	15.9
<b>Total (incl. Corporate)</b>	<b>10.0e</b>	<b>11.8</b>

\* The forecast relates to the total for the segments in accordance with segment reporting, including proportionate consolidation of our 50:50 joint ventures.

# The KWS Group at a glance

## Overview\*

		1st – 3rd quarter	
		2014/2015	2013/2014
<b>Net sales and income</b>			
Net sales	€ million	777.8	727.4
EBIT	€ million	140.1	145.8
Net income for the period	€ million	103.2	115.0
<b>Capital expenditure</b>			
Capital expenditure on property, plant and equipment	€ million	69.7	33.2
Capital expenditure on intangible assets	€ million	25.6	4.0
Investments in financial assets	€ million	0.3	0.3
Total capital expenditure	€ million	95.6	37.5
Depreciation, amortization and write-downs	€ million	29.8	26.3
<b>Capital structure</b>			
Total assets	€ million	1,581.5	1,369.5
Equity	€ million	789.0	720.6
Equity ratio	%	49.9	52.6
Net borrowings	€ million	177.7	119.5
Net borrowings as a % of equity (gearing)	%	22.5	16.6
<b>Employees in the KWS Group</b>		<b>4,753</b>	<b>4,212</b>
<b>Share</b>			
Number of shares		6,600,000	6,600,000
Last day of trading in the third quarter		March 31, 2015	March 31, 2014
Closing price on last day of trading in the third quarter	€	271.50	262.90
Market capitalization on last day of trading in the third quarter	€ million	1,792	1,735
Market capitalization of free float on last day of trading in the third quarter	€ million	516	522

\* In accordance with IFRS 11, excluding proportionate consolidation of our 50:50 joint ventures.

Our main revenue drivers – corn and sugarbeet – are sown in the third quarter (January to March) of our fiscal year. Consequently, we typically generate most of our sales in this period, while our structural costs are spread evenly over the entire fiscal year.

# Interim Group Management Report

As already announced, we changed the presentation of the companies consolidated in the KWS Group at the beginning of fiscal 2014/2015 due to an amendment to the International Financial Reporting Standards (IFRS 11). The main change is that we are no longer allowed to recognize net sales and costs of our 50:50 joint ventures in the KWS Group by way of proportionate consolidation. The earnings contributed by these companies are instead included as a sum total under net financial income/expenses. So as to ensure that there is no impairment to the transparency of our operational development, we will continue to present our business activity at the segment level in accordance with our internal corporate controlling structure and include our 50:50 joint ventures proportionately.

## Business performance

### Overall economic environment

The overall economic environment in the agricultural sector has changed only slightly from the situation described in the Semiannual Report: In Europe there have been the anticipated restrictions in cultivation area for our main sales drivers corn, sugarbeet and rye, while corn area in North America appears to be remaining stable despite low producer prices. As a result of the in some cases significant depreciation of the ruble and hryvnia, market conditions in Russia and Ukraine are more difficult, while the US dollar's appreciation is helping our business in North America. All in all, the positive currency effects somewhat outweigh the negative ones.

### Latest developments

In December 2014, the Annual Shareholders' Meeting of KWS SAAT AG decided to convert the company's legal form into a European Stock Corporation (Societas Europaea or SE). This change took effect upon entry in the commercial register in April. The company now operates under the name KWS SAAT SE. The change in legal form and the related establishment of a European Employee Committee reflect our comprehensive business activities in Europe. However, the identity of the legal entity will remain the same and all contracts and agreements will still be valid. Conversion to an SE does not therefore have any impact on the vested rights of our shareholders or the customers of KWS.

As also announced at the last Annual Shareholders' Meeting, we are planning to merge KWS MAIS GMBH with KWS SAAT SE, effective the current fiscal year. KWS MAIS GMBH now generates the highest net sales in the KWS Group and consistently makes a large contribution to earnings. The company's reintegration marks a first step in simplifying the Group's structure. Our objective with the merger is also to make internal processes more efficient and reduce our administrative overhead. The structure of our segments will not be affected by this measure.

The system of combating weeds in sugarbeet cultivation that has been jointly developed by Bayer Crop-Science and KWS will be available beginning in 2018 under the name CONVISO® SMART. The varieties, which have been bred using conventional methods, have tolerance to selected herbicides. The system enables weeds to be combated with low amounts of herbicide and with a reduced frequency of application.

Our corn production and distribution joint venture KENFENG-KWS SEED CO. LTD in China (Kenfeng 51%, KWS 49%) was awarded its business license effective last December. As a result, the company can now commence its operating activities. The joint venture began multiplying seed in the 2015 vegetation period, meaning that it can supply the market for the first time with products for the 2016 sowing season.

As stated in the Semiannual Report, the remaining 51% stake in the French seed company SOCIETE DE MARTINVAL S.A. (MOMONT) was acquired effective September 30, 2014; this acquisition will account for a large part of this year's capital spending. Capital spending, allowing for the changes in the consolidated group, will be around €136 (69.4) million at the end of the fiscal year.

## Earnings, financial position and assets

### Earnings

#### Abridged income statement

in € million	1st – 3rd quarter	
	2014/2015	Previous year
Net sales	777.8	727.4
Operating income	140.1	145.8
Net financial income/expenses	7.6	12.2
Result of ordinary activities	147.7	158.0
Taxes	44.5	43.0
<b>Net income for the period</b>	<b>103.2</b>	<b>115.0</b>
<b>Earnings per share (€)</b>	<b>15.30</b>	<b>16.57</b>

#### Net sales increase

The KWS Group's net sales in the first nine months of fiscal 2014/2015 were €777.8 (727.4) million, a year-on-year increase of 6.9%.

#### Expansion of distribution and higher research budget impact operating income

As reported for the first half of the year, function costs – in particular for research and development and for distribution – were increased as planned in the current fiscal year as part of the company's growth strategy. The KWS Group's operating income (EBIT) in the first three quarters was consequently below the level of the previous year (€140.1 million versus €145.8 million).

Income from capital investments was low due to the continued low level of interest rates, with the result that net financial income/expenses fell to € -7.6 (-5.5) million. The result was mainly impacted by interest expenses from the financing of business expansion. Together with net income from equity investments totaling €18.2 (20.4) million and other financial expenses of € -3.0 (-2.7) million, net financial income/expenses fell to €7.6 (12.2) million.

### Earnings per share of €15.30 for the period

Earnings before taxes (EBT) in the period under review were €147.7 (158.0) million. Calculated income taxes were €44.5 (43.0) million. 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. All in all, net income for the period fell by 10.3% to €103.2 (115.0) million. Taking into account the shares of minority interests in the net income for the period, earnings per share are €15.30 (16.57).

### Segment report

#### Overview after nine months

Net sales in € million	3rd quarter		1st – 3rd quarter	
	2014/2015	Previous year	2014/2015	Previous year
Corn	497.2	465.8	596.9	561.3
Sugarbeet	259.7	233.3	288.6	259.2
Cereals	14.5	11.9	98.2	97.2
Corporate	0.8	1.3	3.4	4.0
<b>Net sales</b>	<b>772.2</b>	<b>712.3</b>	<b>987.1</b>	<b>921.7</b>
<b>Reconciliation</b>	<b>-188.3</b>	<b>-163.7</b>	<b>-209.3</b>	<b>-194.3</b>
<b>Net sales acc. to statement of comprehensive income</b>	<b>583.9</b>	<b>548.6</b>	<b>777.8</b>	<b>727.4</b>

EBIT in € million	3rd quarter		1st – 3rd quarter	
	2014/2015	Previous year	2014/2015	Previous year
Corn	151.0	159.5	87.8	103.4
Sugarbeet	130.8	110.9	88.6	75.6
Cereals	-2.8	0.2	20.9	25.4
Corporate	-7.9	-9.1	-40.5	-36.7
<b>Operating income</b>	<b>271.1</b>	<b>261.5</b>	<b>156.8</b>	<b>167.7</b>
<b>Reconciliation</b>	<b>-34.1</b>	<b>-36.3</b>	<b>-16.7</b>	<b>-21.9</b>
<b>Operating income acc. to statement of comprehensive income</b>	<b>237.0</b>	<b>225.2</b>	<b>140.1</b>	<b>145.8</b>

### **Corn Segment**

The results from the third quarter show that the Corn Segment continues to grow. KWS was able to impress with strong varieties in just about all markets and gain market share. Our Brazilian production and distribution company RIBER KWS SEMENTES S.A. once again increased net sales sharply, while our North American joint venture AGRELIANT recorded steady business performance at March 31, 2015, compared with the same period of the previous year. Net sales for the segment rose by 6.3% to €596.9 (561.3) million. In Europe, it seems that corn cultivation area is declining as expected for the 2015 spring sowing season, so sales prospects have become less rosy. In view of high inventories, we made write-downs on them in the past quarter, in accordance with our strict policy on provisions. In addition, function costs were increased in the Corn Segment, in particular for distribution and research and development, in line with the corporate strategy of long-term growth, and are higher than the positive effects from the lower cost of sales. The sharp depreciation of the ruble and hryvnia also had a negative impact, but was more than compensated for by the stronger US dollar. The segment's income at March 31, 2015, was €87.8 (103.4) million.

### **Sugarbeet Segment**

KWS' sugarbeet varieties currently occupy leading positions in terms of performance in all major markets. That is confirmed by the positive course of business, in some cases under tough market conditions, in the first three quarters of the current fiscal year. In North America, sales were able to be increased again from a very high base. Despite a fall in cultivation area in the EU and exchange rate fluctuations in Eastern Europe, the company captured market share in both regions. Seed sales were also gratifying in Turkey. However, sales in the seed potato business were lower than the previous year. Net sales at the Sugarbeet Segment in the period under review were €288.6 (259.2) million. Its income was €88.6 (75.6) million.

### **Cereals Segment**

Net sales in cereal business in the first nine months were €98.2 (97.2) million. The segment's income was reduced by non-recurring effects from the acquisition of MOMONT and was €20.9 (25.4) million at the end of the period under review.

### **Corporate**

Net sales at the Corporate Segment come from revenue from our farms. They remained in the single-digit million range. Our cross-segment function costs and research expenditures thus have a dominant impact on results here. The segment's income at March 31, 2015, was € -40.5 (-36.7) million in the first nine months and thus within our annual projections.

## Financial situation

### Abridged statement of comprehensive income

in € million	1st – 3rd quarter	
	2014/2015	Previous year
Cash and cash equivalents at March 31	85.1	66.2
Net cash from operating activities	-47.2	-90.6
Net cash from investing activities	-93.9	-37.5
Net cash from financing activities	95.6	40.6

Cash earnings in the period under review were €102.7 million and thus slightly up year on year, despite the lower net income for the period. The net cash used in operating activities was €47.2 (90.6) million. This is mainly attributable to the increase in trade payables and short-term provisions.

The net cash used in investing activities was €93.9 (37.5) million and was impacted by the acquisition of MOMONT and capital expenditure on property, plant and equipment.

The cash proceeds from financing activities rose by €55.0 million to €95.6 million. Net cash from financing activities was impacted by raising a borrower's note loan with a volume of €100 million in the first quarter of the current fiscal year and the simultaneous repayment of a variable tranche of the borrower's note loan from October 2012 in the amount of €19.8 million.

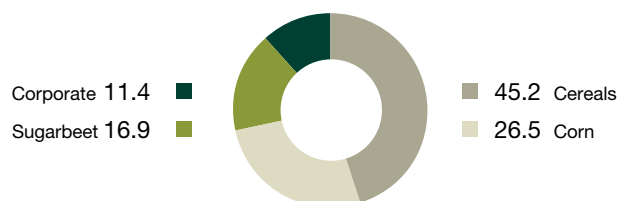
### Capital expenditure

in € million	3rd quarter		1st – 3rd quarter	
	2014/2015	Previous year	2014/2015	Previous year
<b>Total</b>	<b>18.3</b>	<b>14.1</b>	<b>95.3</b>	<b>37.2</b>
Corn	6.2	2.4	25.2	15.6
Sugarbeet	7.1	5.6	16.1	10.8
Cereals	2.6	1.5	43.1	4.2
Corporate	2.4	4.6	10.9	6.6

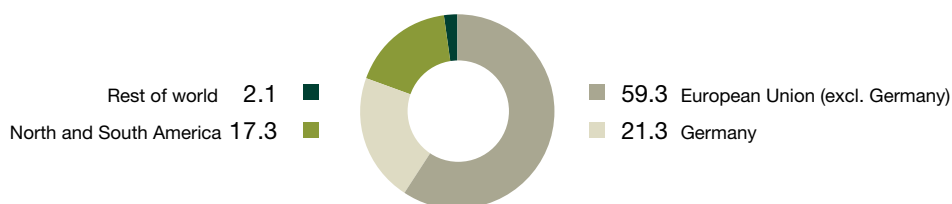
In the first three quarters, KWS invested €95.3 (37.2) million in property, plant and equipment and intangible assets. The capital spending comprised acquisition of the remaining shares in MOMONT and significant single investments such as construction of a corn processing plant in Serbia and measures relating to further expansion of the Einbeck location. Depreciation in the period under review was €29.8 (26.3) million and thus well below capital spending.



### Capital expenditure by segment (in %)



### Capital expenditure by region (in %)



## Assets

### Abridged balance sheet

in € million		
	March 31, 2015	June 30, 2014
<b>Assets</b>		
Noncurrent assets	642.4	538.7
Current assets	939.1	626.3
<b>Equity and liabilities</b>		
Equity	789.0	637.8
Noncurrent liabilities	334.6	253.0
Current liabilities	457.9	274.2
<b>Total assets</b>	<b>1,581.5</b>	<b>1,165.0</b>

Compared with the figure at June 30, 2014, the KWS Group's total assets increased by €416.5 million to €1,581.5 million. This is due in particular to capital spending on property, plant and equipment, the acquisition of MOMONT in the first quarter of this fiscal year and the increase in trade receivables.

Inventories in the first three quarters of the current fiscal year rose by €94.5 million to €227.2 (184.5) million. They are usually high at the end of the third quarter and fall in the fourth quarter as a result of sales.

The KWS Group's net financial debt reflects the seasonal course of its business. Following €31.6 million at June 30, 2014, and €225.5 million at December 31, 2014, net financial debt at March 31, 2015, was €177.7 (119.5) million. The equity ratio at the end of the third quarter was 49.9% compared with 54.7% on June 30, 2014.

## Employees

### Employees by region

	March 31	
	2014/2015	Previous year
Germany	1,849	1,816
Europe (excluding Germany)	1,356	1,152
Americas	1,394	1,111
Other countries	154	133
<b>Total</b>	<b>4,753</b>	<b>4,212</b>

At March 31, 2015, we had 4,753 employees worldwide. Application of IFRS 11 means the 524 employees of the associated companies that used to be included proportionately in the consolidated financial statements are not included in the above table.

## Report on events after the balance sheet date

There were no events after March 31, 2015, that can be expected to have a significant impact on the KWS Group's earnings, financial position and assets.

## Opportunity and risk report

There is currently talk of further consolidation in the pesticide industry and seed sector. At any rate, any changes in the already highly concentrated industry will be subject to extensive examinations by antitrust authorities. The extent to which the related processes and results harbor opportunities and risks for KWS cannot be seen at present.

Apart from that, there has been no significant change in the situation as to opportunities and risks at the KWS Group compared with at June 30, 2014. Risks that jeopardize the company's existence are not currently discernible. Detailed information on the risk management system and the risk situation at the Group can be found in the Management Report in the section "Opportunity and risk report" on pages 50 to 56 of the 2013/2014 Annual Report.

## Forecast report

### KWS Group

Our corporate planning and controlling comprises all operating business units and thus also the joint ventures AGRELIANT and GENEACTIVE, which up to now had been included proportionately in the consolidated financial statements. Including these companies, we expect net sales as a total for all

segments to increase by just over 7% (previous year: €1,178 million) and to generate an EBIT margin of just over 10% in fiscal 2014/2015. The anticipated figure for net sales in our sugarbeet seed business was raised slightly again compared with the first half of the year, while corn business will probably grow a little more weakly than expected. The R&D intensity at the end of the year is expected to be around 13%. We expect the selling expense ratio to be just over 18%.

### **Corn Segment**

We expect net sales at the Corn Segment to grow by approximately 8% to around €768 (714.9) million despite the strained economic situation of our customers in Eastern Europe and the continuing low level of producer prices for corn. In North America, AGRELIANT will be able to increase its net sales year on year on the back of a strong appreciation in the US dollar. There are also indications there of a sharp improvement in cultivation conditions for the final quarter, with the result that we no longer assume that cultivation area will decrease. However, cultivation area in Europe will probably decline slightly. In some regions there was a sharp increase in seed inventories as a result of the high yields from seed multiplication in the previous year; these have now been written down in accordance with our strict policy for provisions. In addition, the depreciation of currencies and write-down of receivables from Eastern Europe will have a negative impact on the segment's income. As far as can be seen at present, we expect an EBIT margin of almost 11%.

### **Sugarbeet Segment**

On the back of the gratifying business performance so far, we have revised our expectations in the Sugarbeet Segment upward for the fiscal year. In North America, the indications are that we will again increase our already high market share. Despite difficult market conditions in the EU and Eastern Europe, we were also able to gain market share there; we have also been able to grow seed sales in Turkey significantly. In contrast, seed potato business will not be able to maintain the level of net sales from the previous year (€32.6 million), given lower cultivation area and extremely low consumer prices, and will post a negative contribution to earnings below expectations. All in all, we anticipate that net sales in fiscal 2014/2015 will rise by around 8% to €381 (351.1) million. The segment's income at the end of the fiscal year is expected to be around €85 (70.1) million.

### **Cereals Segment**

KWS' cereals business is largely over when the fall sowing season has finished, which is why there is only low sales potential for this segment in the course of the spring sowing season. We still anticipate net sales of approximately €113 (107.3) million for the current fiscal year, i.e. slightly above the level of the previous year. Savings from the lower costs of sales will be more than offset by the planned increase in function costs and non-recurring costs in connection with acquisition of MOMONT. On top of that, there is additional amortization on that company's purchased intangible assets, with the result that the segment's income is now expected to be about 30% below the previous year (€17.1 million).

### **Corporate**

The cross-segment costs grouped under Corporate, such as the costs of central functions or long-term research projects, usually exceed the revenue from our farms by a significant margin. As far as can be seen at present, function costs and research expenditures will be just over 4% higher year on year at the end of this fiscal year, giving income for the Corporate Segment of around € -52 (-49.7) million .

# Abridged interim consolidated financial statements

## Statement of comprehensive income of the KWS Group

in € million	3rd quarter		1st – 3rd quarter	
	2014/2015	Previous year	2014/2015	Previous year
Net sales	583.9	548.6	777.8	727.4
Operating income	237.0	225.2	140.1	145.8
Net financial income/expenses	29.0	32.1	7.6	12.2
Results of ordinary activities	265.9	257.2	147.7	158.0
Taxes on income	82.6	72.3	44.5	43.0
<b>Net income for the period</b>	<b>183.3</b>	<b>184.9</b>	<b>103.2</b>	<b>115.0</b>
of which shareholders of KWS SAAT SE	181.3	106.4	101.0	109.4
of which minority interest	2.0	2.8	2.2	5.6
Earnings per share (in €)	27.47	27.68	15.30	16.57
<b>Net income for the period</b>	<b>183.3</b>	<b>184.9</b>	<b>103.2</b>	<b>115.0</b>
Revaluation of available-for-sale financial assets	0.0	0.0	0.0	0.0
Currency translation difference for economically independent foreign units	39.8	-7.5	61.9	-23.5
Items that may have to be subsequently reclassified as profit or loss	39.8	-7.5	61.9	-23.5
Revaluation of net liabilities/assets from defined benefit plans	0.0	0.0	0.0	0.0
Items not reclassified as profit or loss	0.0	0.0	0.0	0.0
Other comprehensive income after tax	39.8	-7.5	61.9	-23.5
<b>Comprehensive income for the period</b>	<b>223.1</b>	<b>177.4</b>	<b>165.1</b>	<b>91.5</b>
of which shareholders of KWS SAAT SE	222.6	83.3	165.0	86.2
of which minority interest	0.5	2.4	0.1	5.3

## Balance sheet of the KWS Group

Assets (in € million)			
	March 31, 2015	June 30, 2014	March 31, 2014
Intangible assets	89.8	73.9	77.3
Property, plant and equipment	337.3	283.9	263.1
Shares in associated companies	141.3	126.1	111.3
Financial assets	2.7	2.7	15.5
Noncurrent tax assets	3.3	4.2	4.1
Deferred tax assets	68.0	47.9	54.6
<b>Noncurrent assets</b>	<b>642.4</b>	<b>538.7</b>	<b>525.9</b>
Inventories and biological assets	227.2	132.7	184.5
Trade receivables	512.0	297.8	524.8
Marketable securities	29.4	69.2	13.6
Cash and cash equivalents	55.7	53.1	52.7
Current tax assets	48.2	45.3	34.7
Other current assets	66.6	28.2	33.3
<b>Current assets</b>	<b>939.1</b>	<b>626.3</b>	<b>843.6</b>
<b>Total assets</b>	<b>1,581.5</b>	<b>1,165.0</b>	<b>1,369.5</b>

Equity and liabilities (in € million)			
	March 31, 2015	June 30, 2014	March 31, 2014
Subscribed capital	19.8	19.8	19.8
Capital reserve	5.5	5.5	5.5
Retained earnings	755.5	604.4	659.0
Minority interests	8.2	8.1	36.3
<b>Equity</b>	<b>789.0</b>	<b>637.8</b>	<b>720.6</b>
Long-term provisions	97.9	99.0	88.5
Long-term borrowings	189.8	113.8	95.2
Trade payables	1.6	1.5	5.4
Deferred tax liabilities	32.3	26.2	27.2
Other long-term liabilities	13.0	12.5	11.7
<b>Noncurrent liabilities</b>	<b>334.6</b>	<b>253.0</b>	<b>228.0</b>
Short-term provisions	101.3	74.8	120.1
Short-term borrowings	73.0	40.1	90.6
Trade payables	120.5	56.8	100.6
Current tax payables	80.0	35.4	38.7
Other liabilities	83.1	67.0	70.9
<b>Current liabilities</b>	<b>457.9</b>	<b>274.2</b>	<b>420.9</b>
<b>Liabilities</b>	<b>792.5</b>	<b>527.2</b>	<b>648.9</b>
<b>Total equity and liabilities</b>	<b>1,581.5</b>	<b>1,165.0</b>	<b>1,369.5</b>

## Statement of changes in equity for the KWS Group

in € million			
	Group interests	Minority interests	Group equity
<b>Balance as at June 30, 2013</b>	<b>617.9</b>	<b>31.8</b>	<b>649.7</b>
Dividends paid	-19.8	-0.8	-20.6
Net income for the year	109.4	5.6	115
Other comprehensive income after tax	-23.1	-0.4	-23.5
Total consolidated gains (losses)	86.2	5.3	91.5
Changes in minority interest	0	0	0
Other changes	0	0	0
<b>Balance as at March 31, 2014</b>	<b>684.3</b>	<b>36.3</b>	<b>720.6</b>
<b>Balance as at June 30, 2014</b>	<b>629.7</b>	<b>8.1</b>	<b>637.8</b>
Dividends paid	-19.8	0	-19.8
Net income for the year	101.0	2.2	103.2
Other comprehensive income after tax	64.0	-2.1	61.9
Total consolidated gains (losses)	165.0	0.1	165.1
Changes in minority interest	0	0	0
Other changes	5.9	0	5.9
<b>Balance as at March 31, 2015</b>	<b>780.8</b>	<b>8.2</b>	<b>789.0</b>

## Cash flow statement of the KWS Group

in € million		1st – 3rd quarter	
	2014/2015	Previous year	
<b>Net income for the period</b>	<b>103.2</b>	<b>115.0</b>	
<b>Cash earnings</b>	<b>102.7</b>	<b>97.3</b>	
Funds tied up in net current assets	-149.9	-187.9	
<b>Net cash from operating activities</b>	<b>-47.2</b>	<b>-90.6</b>	
<b>Net cash from investing activities</b>	<b>-93.9</b>	<b>-37.5</b>	
<b>Net cash from financing activities</b>	<b>95.6</b>	<b>40.6</b>	
Change in cash and cash equivalents	-45.5	-87.5	
Cash and cash equivalents at beginning of period (July 1)	122.3	155.8	
Changes in cash and cash equivalents due to exchanging rate, consolidated group and measurement changes	8.3	-2.1	
<b>Cash and cash equivalents at end of period (March 31)</b>	<b>85.1</b>	<b>66.2</b>	

## Abridged 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.

As presented in the Notes on pages 72 to 74 of the 2013/2014 Annual Report, new and amended standards and interpretations had to be applied in preparation of the interim financial statements.

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.

The abridged interim financial statements of the KWS Group as of March 31, 2015, 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, 2014, were used, with the exception of the new IFRS 11. The explanations in the Notes to the annual financial statements as of June 30, 2014, on pages 76 to 80 of the Annual Report therefore apply accordingly.

The 2013/2014 Annual Report of the KWS Group can be read and downloaded at the following address:

[www.kws.com](http://www.kws.com) > Company > Investor Relations > Financial Reports

### Changes in the consolidated companies

As of the start of fiscal 2014/2015, mandatory application of IFRS 11 (Joint Arrangements) means that all joint ventures that have been consolidated proportionately up to now are now carried using the equity method. That results in effects on the balance sheet, statement of comprehensive income and other parts of the financial statements. Retrospective application of IFRS 11 resulted in adjustments to the interim financial statements in the comparison periods presented.

The result from associated companies is carried in net financial income/expenses. In line with internal company controlling, the 50:50 joint ventures are still included proportionately in the segments. Proportionate inclusion of the joint ventures in segment reporting results in an increase in net sales and operating income for the segments. The relationship of operating income to net sales is preserved, thus ensuring comparability of the key figures with those of previous periods.

Eight joint ventures were proportionately consolidated in the financial statements of the KWS Group as of June 30, 2014, and have to be included in the consolidated financial statements using the equity method as of July 1, 2014. They are the joint ventures AGRELIANT GENETICS LLC. (USA), AGRELIANT GENETICS INC. (Canada), GENEACTIVE S.A. (France) and the companies of the SOCIETE DE MARTINVAL Group (France).

Acquisition of the remaining shares in SOCIETE DE MARTINVAL S.A. and the simultaneous sale of the shares in its subsidiary HAMET SCA effective September 30, 2014, mean that the remaining companies of the SOCIETE DE MARTINVAL Group must be fully consolidated in the KWS Group's consolidated financial statements as of the time of acquisition. The 51% stake in the French cereals business of the Momont family and measurement of the existing 49% stake at fair value resulted in the following fully consolidated assets at September 30, 2014:

Capital Employed	€30.0 million
Customer base	€0.7 million
Brand name	€0.9 million
Gene pool	€3.7 million
Variety portfolio	€15.6 million

Goodwill of €2.6 million was acquired and deferred tax liabilities totaling €4.5 million were recognized.

The French service company KWS SERVICES MEDITERRANEAN S.A.S. was merged with KWS FRANCE S.A.R.L. effective July 1, 2014. In Brazil, the Brazilian company KWS SEMENTES BRASIL PARTICIPACOES LTDA. was renamed KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA. effective July 1, 2014. In addition, KWS BRASIL PARTICIPACOES LTDA. was split up and merged with the companies RIBER KWS SEMENTES S.A. and KWS MELHORAMENTO LTD. The service company KWS SERVICES NORTH AMERICA LLC. was established in the U.S. on July 17, 2014. In addition, the joint venture KENFENG-KWS SEED CO. LTD. was granted its business license by the Chinese authorities on December 15, 2014.



## Effects of first-time application of IFRS 11

### Reconciliation of the statement of comprehensive income to the first three quarters of 2013/2014\*

in € million	1st – 3rd quarter		
	Previous year Adjusted (at equity)	Adjustment	Previous year As reported (proportionate consolidation)
Net sales	727.4	–194.3	921.7
Operating income	145.8	–22.0	167.8
Net financial income/expenses	12.2	20.5	–8.3
Results of ordinary activities	158.0	–1.5	159.5
Taxes on income	43.0	0.0	44.5
<b>Net income for the period</b>	<b>115.0</b>	<b>0.0</b>	<b>115.0</b>
of which shareholders of KWS SAAT AG	109.4	0.0	109.4
of which minority interest	5.6	0.0	5.6
Earnings per share (in €)	16.57	0.00	16.57
<b>Net income for the period</b>	<b>115.0</b>	<b>0.0</b>	<b>115.0</b>
Revaluation of available-for-sale financial assets	0.0	0.0	0.0
Currency translation difference for economically independent foreign units	–23.5	0.6	–24.1
Items that may have to be subsequently reclassified as profit or loss	–23.5	0.6	–24.1
Revaluation of net liabilities/assets from defined benefit plans	0.0	0.0	0.0
Items not reclassified as profit or loss	0.0	0.0	0.0
Other comprehensive income after tax	–23.5	0.6	–24.1
<b>Comprehensive income for the period</b>	<b>91.5</b>	<b>0.6</b>	<b>90.9</b>
of which shareholders of KWS SAAT AG	86.2	0.6	85.6
of which minority interest	5.3	0.0	5.3

\*The reconciliation with items from the statement of comprehensive income shows the effect of first-time application of IFRS 11.

Reconciliation of the balance sheet as of March 31, 2014, and the balance sheet as of June 30, 2014\*

Assets (in € million)						
	June 30, 2014		June 30, 2014	March 31, 2014		March 31, 2014
	Adjusted (at equity)	Adjustment	As reported (proportionate consolidation)	Adjusted (at equity)	Adjustment	As reported (proportionate consolidation)
Intangible assets	73.9	-25.9	99.8	77.3	-25.8	103.1
Property, plant and equipment	283.9	-38.0	321.9	263.1	-37.7	300.8
Shares in associ- ated companies	126.1	126.1	0.0	111.3	111.3	0.0
Financial assets	2.7	-0.1	2.8	15.5	13.6	1.9
Noncurrent tax assets	4.2	0.0	4.2	4.1	0.0	4.1
Deferred tax assets	47.9	-0.2	48.1	54.6	-0.1	54.7
<b>Noncurrent assets</b>	<b>538.7</b>	<b>61.9</b>	<b>476.8</b>	<b>525.9</b>	<b>61.3</b>	<b>464.6</b>
Inventories and biological assets	132.7	-60.3	193.0	184.5	-59.3	243.8
Trade receivables	297.8	-63.8	361.6	524.8	-57.0	581.8
Marketable securities	69.2	-7.5	76.7	13.6	-6.1	19.7
Cash and cash equivalents	53.1	-25.1	78.2	52.7	-31.0	83.7
Current tax assets	45.3	-0.3	45.6	34.7	-0.1	34.8
Other current assets	28.2	-2.7	30.9	33.3	-3.1	36.4
<b>Current assets</b>	<b>626.3</b>	<b>-159.7</b>	<b>786.0</b>	<b>843.6</b>	<b>-156.6</b>	<b>1,000.2</b>
<b>Total assets</b>	<b>1,165.0</b>	<b>-97.8</b>	<b>1,262.8</b>	<b>1,369.5</b>	<b>-95.3</b>	<b>1,464.8</b>

\*The reconciliation with items from the balance sheet shows the effects of first-time application of IFRS 11.

Reconciliation of the balance sheet as of March 31, 2014, and the balance sheet as of June 30, 2014\*

Equity and liabilities (in € million)						
	June 30, 2014		June 30, 2014	March 31, 2014		March 31, 2014
	Adjusted (at equity)	Adjustment	As reported (proportionate consolidation)	Adjusted (at equity)	Adjustment	As reported (proportionate consolidation)
Subscribed capital	19.8	0.0	19.8	19.8	0.0	19.8
Capital reserve	5.5	0.0	5.5	5.5	0.0	5.5
Retained earnings	604.4	0.0	604.4	659.0	0.0	659.0
Minority interests	8.1	0.0	8.1	36.3	0.0	36.3
<b>Equity</b>	<b>637.8</b>	<b>0.0</b>	<b>637.8</b>	<b>720.6</b>	<b>0.0</b>	<b>720.6</b>
Long-term provisions	99.0	-0.6	99.6	88.5	-0.8	89.3
Long-term borrowings	113.8	0.0	113.8	95.2	0.0	95.2
Trade payables	1.5	0.0	1.5	5.4	0.0	5.4
Deferred tax liabilities	26.2	-0.1	26.3	27.2	-0.9	28.1
Other long-term liabilities	12.5	-0.5	13.0	11.7	-1.7	13.4
<b>Noncurrent liabilities</b>	<b>253.0</b>	<b>-1.2</b>	<b>254.2</b>	<b>228.0</b>	<b>-3.4</b>	<b>231.4</b>
Short-term provisions	74.8	-57.0	131.8	120.1	-18.5	138.6
Short-term borrowings	40.1	-13.3	53.4	90.6	-26.2	116.8
Trade payables	56.8	-24.3	81.1	100.6	-13.8	114.4
Current tax payables	35.4	-0.1	35.5	38.7	-24.2	62.9
Other liabilities	67.0	-2.0	69.0	70.9	-9.2	80.1
<b>Current liabilities</b>	<b>274.2</b>	<b>-96.6</b>	<b>370.8</b>	<b>420.9</b>	<b>-91.9</b>	<b>512.8</b>
<b>Liabilities</b>	<b>527.2</b>	<b>-97.8</b>	<b>625.0</b>	<b>648.9</b>	<b>-95.3</b>	<b>744.2</b>
<b>Total equity and liabilities</b>	<b>1,165.0</b>	<b>-97.8</b>	<b>1,262.8</b>	<b>1,369.5</b>	<b>-95.3</b>	<b>1,464.8</b>

\*The reconciliation with items from the balance sheet shows the effects of first-time application of IFRS 11.

## Reconciliation of the cash flow statement for the first three quarters of 2013/2014\*

in € million	1st – 3rd quarter		
	Previous year Adjusted (at equity)	Adjust- ment	Previous year As reported (proportionate consolidation)
<b>Net income for the period</b>	<b>115.0</b>	<b>0.0</b>	<b>115.0</b>
<b>Cash earnings</b>	<b>97.3</b>	<b>-14.3</b>	<b>111.6</b>
Funds tied up in net current assets	-187.9	35.2	-223.1
<b>Net cash from operating activities</b>	<b>-90.6</b>	<b>20.9</b>	<b>-111.5</b>
<b>Net cash from investing activities</b>	<b>-37.5</b>	<b>11.1</b>	<b>-48.5</b>
<b>Net cash from financing activities</b>	<b>40.6</b>	<b>-24.9</b>	<b>65.5</b>
Change in cash and cash equivalents	-87.5	7.0	-94.5
Cash and cash equivalents at beginning of period (July 1)	155.8	-46.6	202.4
Changes in cash and cash equivalents due to exchanging rate, consolidated group and measurement changes	-2.1	2.3	-4.4
Cash and cash equivalents at end of period (March 31)	66.2	-37.3	103.5

\*The reconciliation with items from the cash flow statement shows the effects of first-time application of IFRS 11.

## Related parties

The related party disclosures under “Other notes” in the section “Notes for the KWS Group” in the 2013/2014 Annual Report are essentially the same.

Einbeck, May 28, 2015

**KWS SAAT SE**

The Executive Board

  
Hagen Duenbostel

  
Léon Broers

  
Peter Hofmann

  
Eva Kienle

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## Financial calendar

Date	
October 15, 2015	Publication of the 2014/2015 financial statements, Annual press conference and analyst conference in Frankfurt
November 24, 2015	Report on the 1st quarter 2015/2016
December 17, 2015	Annual Shareholders' Meeting

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## Disclaimer

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.

This translation of the original German version of the 3rd Quarterly Report has been prepared for the convenience of our English-speaking shareholders. The German version is legally binding.

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