

1st Quarterly Statement 2016|2017

July 1 to September 30, 2016

**SEEDING
THE FUTURE**
SINCE 1856



Update for the 1st Quarter of 2016/2017

Economic environment	Earnings	Guidance
<ul style="list-style-type: none"> High supply and low prices for agricultural raw materials still prevail Increase in corn cultivation area in Argentina Sharp devaluation in the Argentinean peso 	<ul style="list-style-type: none"> Consolidated net sales increase by almost 14% in the first three months EBIT improves by about 39% 	<ul style="list-style-type: none"> Growth in net sales still below 5% EBIT margin between 10.0% and 10.5% R&D intensity around 17%

KWS in Figures

KWS Group

in € millions	1st quarter of 2016/2017	1st quarter of 2015/2016 ¹	1st quarter of 2014/2015	1st quarter of 2013/2014
Net sales and income				
Net sales	133.3	117.2	105.3	97.7
EBIT	-28.8	-47.0	-35.1	-26.8
Net financial income/expenses	-19.5	-19.2	-17.0	-14.7
Net income for the period	-34.8	-44.5	-35.4	-29.3
Financial position and assets				
Capital expenditure	18.5	15.7	56.2	13.2
Depreciation and amortization	11.7	10.8	8.9	8.2
Equity	729.3	686.5	624.0	611.4
Equity ratio in %	51.6	53.2	49.8	56.7
Net debt ²	190.1	163.9	131.3	23.0
Total assets	1,414.2	1,290.8	1,253.2	1,078.5
Cash flow from operating activities	-77.2	-41.3	-54.2	-38.7
Employees				
Number of employees ³	5,037	4,808	4,691	4,178
Key figures for the share				
Earnings per share	-5.22	-6.66	-5.30	-4.85

1 Balance sheet figures adjusted in accordance with IAS 8 and 12
2 = Short-term and long-term borrowings – cash and cash equivalents – securities
3 Number of employees on September 30, 2016

Reconciliation for the 1st quarter of 2016/2017

in € millions	Segments	Reconciliation	KWS Group
Net sales	135.6	-2.3	133.3
EBIT	-45.9	17.1	-28.8

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Interim Group Management Report

Importance of the 1st Quarter for the Fiscal Year

Our main markets are in the northern hemisphere, where our main sales drivers, corn and sugarbeet, are not sown until the spring. The first quarter (July to September) contributes between 10% and 15% of the KWS Group's annual net sales due to this strongly seasonal nature of our business. Only our winter cereals business is largely well-advanced by the end of the quarter. In addition, net sales of corn, soybean and sugarbeet seed from our activities in the southern hemisphere are included in the quarterly financial statements.

Employees

Number of employees by region

	1st quarter of 2016/2017	1st quarter of 2015/2016
Germany	1,999	1,992
Europe (excluding Germany)	1,695	1,645
North and South America	1,069	1,006
Rest of world	274	165
Total	5,037	4,808

At September 30, 2016, we had 5,037 employees¹ worldwide.

Economic Report

Performance of the KWS Group in the first quarter

The KWS Group increased its net sales sharply in the first quarter. That was attributable to the successful performance of the Corn Segment in South America and good winter rapeseed business in Europe. However, winter cereals business was a little weaker than in the previous year and net sales from cereals fell. Net sales of sugarbeet seed are generally low in the first quarter and remained at the level of the previous year. The average exchange rate for the Argentinean peso in the first quarter fell dramatically year on year. The Brazilian real only rose slightly in value. That led to a sharp negative impact on the KWS Group's net sales. The devaluation of the British pound did not have any significant impact in the first quarter.

¹ Number of employees as of September 30, 2016, not including our equity-accounted companies.

Earnings, Financial Position and Assets

Earnings

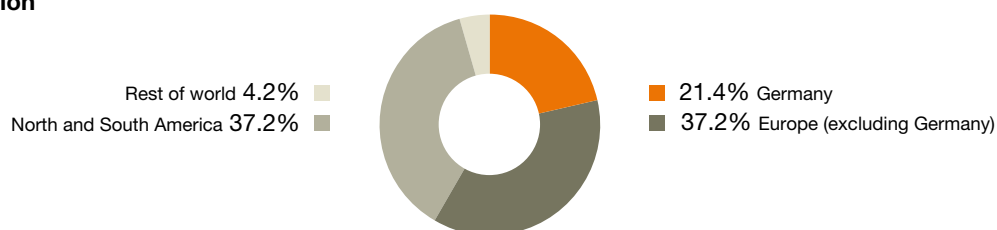
Abridged income statement

in € millions	1st quarter of 2016/2017	1st quarter of 2015/2016	+/-
Net sales	133.3	117.2	13.7%
Operating income	-28.8	-47.0	38.7%
Net financial income/expenses	-19.5	-19.2	-1.6%
Result of ordinary activities	-48.3	-66.2	27.0%
Income taxes	-13.5	-21.7	37.8%
Net income for the period	-34.8	-44.5	21.8%
Earnings per share (in €)	-5.22	-6.66	22.4%

Net sales increase by 13.7%

The KWS Group's net sales in the first quarter of fiscal 2016/2017 totaled €133.3 (117.2)¹ million. The increases in revenue were almost wholly generated in Argentina and Brazil. After adjustment for exchange rate effects, net sales were €145.7 million, an increase of 24.3%.

Net sales by region



Positive quarterly earnings performance

The KWS Group's operating income (EBIT) rose sharply in the first quarter of fiscal 2016/2017 by 38.7% to €-28.8 (-47.0) million. The main factor in this increase was the growth in net sales in the southern hemisphere. In Argentina, the fact that we no longer had to pay license fees for corn technology led, as expected, to a sharp improvement in our earnings situation. While there was a planned increase in our research & development expenditure, administrative expenses fell slightly. There were also lower expenses due to exchange rate effects. EBIT is always negative after the first quarter, since most of the corn and sugarbeet seed we sell is for the sowing season in the third quarter (January to March). That means no reliable trends for the year as a whole can be deduced from the earnings. Please refer to the forecast report on page 9 for details of our expectations for the year as a whole.

Net financial income/expenses remained stable at €-19.5 (-19.2) million. Net income from equity investments is always well in the red in the first quarter, since the main revenue from our equity-accounted companies does not materialize until the third quarter. It was €-17.4 million, down 11.3% year on year. The interest result is likewise negative due to the fact that interest expense was higher than interest income, but improved year on year by 40.6% to €-2.1 million.

Income taxes were €-13.5 (-21.7) million on earnings before taxes (EBT) of €-48.3 (-66.2) million. The result was a 21.8% improvement in net income for the period to €-34.8 (-44.5) million, corresponding to earnings per share for the period of €-5.22 (€-6.66).

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

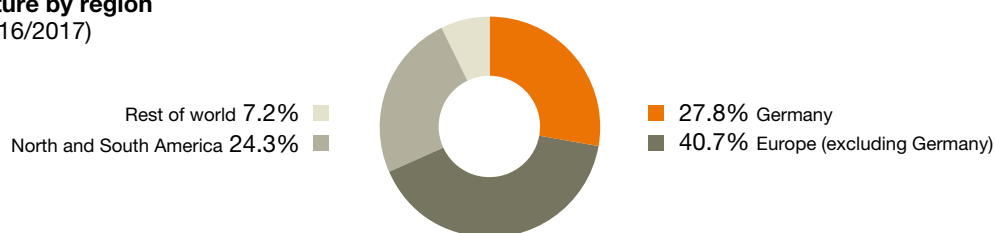
Financial situation

Selected key figures for the financial situation

in € millions	1st quarter of 2016/2017	1st quarter of 2015/2016	+/-
Cash and cash equivalents	68.7	63.5	8.2%
Net cash from operating activities	-77.2	-41.3	-86.9%
Net cash from investing activities	-26.0	-21.8	-19.3%
Net cash from financing activities	8.0	19.6	-59.2%

The net cash used in operating activities in the first quarter of the fiscal year was €-77.2 (-41.3) million. The higher cash outflow was mainly due to the increase in inventories. Good weather conditions influenced the yields from seed multiplication. Capital expenditure on property, plant and equipment meant that net cash used in investing activities increased slightly to €-26.0 (-21.8) million. Net cash from financing activities fell to €8.0 (19.6) million as a result of the lower level of short-term loans that were raised. Due to the much higher level of cash and cash equivalents at the start of the period, cash and cash equivalents at September 30, 2016, were €68.7 (63.5) million, slightly above the figure for the previous year.

Capital expenditure by region (1st quarter of 2016/2017)



KWS invested a total of €18.5 (15.7) million in the first quarter. The focus of that was on expanding production capacities in Germany, Ukraine and North America.

Assets

Abridged balance sheet

in € millions	September 30, 2016	June 30, 2016	+/-
Assets			
Noncurrent assets	670.1	667.9	0.3%
Current assets	744.1	768.7	-3.2%
Equity and liabilities			
Equity	729.3	767.9	-5.0%
Noncurrent liabilities	390.1	393.6	-0.9%
Current liabilities	294.8	275.1	7.2%
Total assets	1,414.2	1,436.6	-1.6%

The KWS Group's business activities are geared in particular to the spring sowing season in the northern hemisphere. Our seasonal course of business impacts our balance sheet during the year. There are usually significant changes in balance sheet items, in particular for working capital, in the course of the fiscal year. Net assets from June 30, 2016, to September 30, 2016, were €1,414.2 (1,436,6)¹ million. The main changes in assets related to an increase in inventories of €58.2 million to €256.5 million and a reduction in cash and cash equivalents of €88.8 million to €44.4 million due to financing of our general business operations. Trade receivables fell slightly by €8.6 million to €285.3 million. On the other side of the balance sheet, negative operating income resulted in the decline in equity customary at this time of the year. The equity ratio was 51.6% (53.5%). Net debt at September 30, 2016, likewise increased for seasonal reasons and was €190.1 (87.9) million.

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 cannot carry the revenues and costs of our equity-accounted joint ventures and associated companies in the statement of comprehensive income (in accordance with IFRS 11), so the KWS Group's net sales and EBIT are lower than the total for the segments. The earnings contributed by the equity-accounted companies are instead included under net financial income/expenses. So as to retain transparency on our operational development, the equity-accounted companies are included in the segment reports in accordance with the stakes held in them. 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	135.6	-2.3	133.3
EBIT	-45.9	17.1	-28.8
Number of employees as of September 30, 2016	5,616	-579	5,037
Capital expenditure	20.6	-2.1	18.5
Total assets	1,542.0	-127.8	1,414.2

¹ The figures in parentheses in this section are those at June 30, 2016.

Corn Segment

The Corn Segment's net sales increased to €71.4 (50.3) million, a rise of 41.9% compared with the same period of the previous year. More than half of the segment's net sales in the first quarter was generated from oil seed business, which rose by almost 40%. In particular, business with soybean seed in Brazil and winter rapeseed in Europe grew sharply. Revenues from corn seed in Argentina and Brazil likewise increased significantly. As anticipated, corn cultivation area grew in Argentina. The election of Mauricio Macri as Argentina's president resulted in major changes in agricultural policy. Export taxes were reduced or completely lifted, among other things. In Europe, there is usually only little revenue generated from early sales of corn seed in the first quarter. Net sales here were down a little compared to the previous year. The segment's income benefited from a better earnings situation in Argentina, one of the reasons for which was that we no longer had to pay license fees for corn technology. Successful oil seed business also helped improve the segment's earnings. Allowing for the increase in expenditure on research & development and on distribution, EBIT rose to €-24.5 (-45.2) million. It was reduced to a smallish extent by exchange rate effects.

Sugarbeet Segment

Net sales in the Sugarbeet Segment were €12.8 (12.8) million, once again a good figure for this time of the year. Revenues come mainly from the sale of sugarbeet seed in the U.S., Chile and the Middle East. No significant net sales are generated in the other regions at this early stage. The segment's income in the first quarter was €-13.1 (-16.4) million. Research & development expenditure increased as planned, but that on administration and distribution was a little lower. As in the Corn Segment, there were lower costs due to exchange rate influences.

Cereals Segment

The prices of agricultural raw materials such as wheat or rye have not changed significantly in recent times and remained low compared with the good levels in 2012 and 2013. As a result, demand for certified cereals seed continues to be restrained. The segment's net sales fell to €50.0 (56.4) million. This was due in particular to lower winter rapeseed business as a result of revenue shifts into the second quarter, a slight reduction in net sales from rye and the devaluation of the British pound. However, net sales for wheat rose slightly. The segment's income in the first quarter was €11.9 (15.7) million on the back of largely stable function costs.

Corporate Segment

The segment's net sales are generated mainly by our farms; in the first quarter they were €1.4 (1.1) million. Since all cross-segment function costs and basic research expenditure are charged to the Corporate Segment, its income is usually negative. It was €-20.2 (-16.8) million after the first quarter, among other things due to the increase in research expenditure.

Overview of the segments

in € millions	1st quarter of 2016/2017	1st quarter of 2015/2016	+/-
Net sales			
Corn	71.4	50.3	41.9%
Sugarbeet	12.8	12.8	0%
Cereals	50.0	56.4	-11.3%
Corporate	1.4	1.1	27.3%
EBIT			
Corn	-24.5	-45.2	45.8%
Sugarbeet	-13.1	-16.4	20.1%
Cereals	11.9	15.7	-24.2%
Corporate	-20.2	-16.8	-20.2%

Report on Events after the Balance Sheet Date

There were no events after September 30, 2016, that can be expected to have a significant impact on the KWS Group's earnings, financial position and assets.

Opportunity and Risk Report

There has been no significant change in the situation as to opportunities and risks compared with that at June 30, 2016. Critical risks 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 on page 49 et seq. of the 2015/2016 Annual Report.

Forecast Report

Changes to the forecast for the KWS Group's statement of comprehensive income

We still expect net sales at the KWS Group to rise by below 5% for the current fiscal year 2016/2017. As far as can be seen at present, the EBIT margin of 11% anticipated to date for the KWS Group will not be achieved. Additional expenses as a result of newly planned distribution projects, a rise in the cost of sales and higher anticipated write-downs of inventories due to the above-average increase in inventories in the first quarter will reduce expected earnings at the end of the fiscal year. We now expect an EBIT margin of between 10% and 10.5%.

Changes in the forecast for segment reporting¹

In the **Corn Segment**, we confirm our net sales expectations from the 2015/2016 Annual Report, namely 5% to 10% for the fiscal year (ending June 30, 2017). We have reduced anticipated earnings to an EBIT margin of 8% to 9%. A rise in the cost of sales, higher expected write-downs of inventories and additional projects for research & development and distribution contributed to that. We also confirm our net sales expectations for the **Sugarbeet Segment**. We still expect them to fall by -5% to -10%. As a result of the sale of our potato business last fiscal year, we will have no revenue from seed potato business in the future (last year's net sales: about €28 million.) We are increasing our anticipated earnings figure. The EBIT margin is expected to be slightly up over the previous year. The main reasons for that are additional contribution margins from a slight increase in anticipated net sales and reversal of allowances. In the **Cereals Segment**, the signs are that net sales will fall compared to the previous year (€118.0 million). We expect net sales from our rye business, which posts strong earnings, to decline. Consequent, the segment's EBIT margin will likewise come in lower at around 8%. Developments in the **Corporate Segment** are still within the parameters of the guidance we issued in the Annual Report (stable net sales, EBIT between €-55 and €-60 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.

Abridged Interim Consolidated Financial Statements

Statement of Comprehensive Income

in € millions	1st quarter of 2016/2017	1st quarter of 2015/2016
Net sales	133.3	117.2
Operating income	-28.8	-47.0
Net financial income/expenses	-19.5	-19.2
Result of ordinary activities	-48.3	-66.2
Income taxes	-13.5	-21.7
Net income for the period	-34.8	-44.5
of which shareholders of KWS SAAT SE	-34.5	-43.9
of which minority interest	-0.3	-0.6
Earnings per share (in €)	-5.22	-6.66
Net income for the period	-34.8	-44.5
Revaluation of available-for-sale financial assets	0.0	0.0
Currency translation difference for economically independent foreign entities	-3.4	-6.7
Currency translation difference of equity-accounted financial assets	-0.4	-1.0
Items that may have to be subsequently reclassified as profit or loss	-3.8	-7.7
Revaluation of net liabilities/assets from defined benefit plans	0.0	0.0
Items not reclassified as profit or loss	0.0	0.0
Other income after taxes	-3.8	-7.7
Comprehensive income for the period	-38.6	-52.2
of which shareholders of KWS SAAT SE	-38.3	-50.4
of which minority interest	-0.3	-1.8

Balance Sheet

Assets

in € millions	September 30, 2016	June 30, 2016	September 30, 2015 ¹
Intangible assets	92.4	95.1	80.8
Property, plant and equipment	386.2	378.6	353.3
Equity-accounted financial assets	129.7	147.5	112.8
Financial assets	2.2	2.2	2.5
Noncurrent tax assets	3.0	3.4	2.4
Other noncurrent financial assets	0.1	0.1	0.0
Deferred tax assets	56.5	41.0	60.6
Noncurrent assets	670.1	667.9	612.4
Inventories	251.7	185.8	228.8
Biological assets	4.8	12.5	3.7
Trade receivables	285.3	293.9	246.7
Marketable securities	24.3	30.7	14.5
Cash and cash equivalents	44.4	133.2	49.0
Current tax assets	62.8	55.5	64.3
Other current financial assets	48.5	45.1	49.8
Other current assets	22.3	12.0	21.6
Current assets	744.1	768.7	678.4
Total assets	1,414.2	1,436.6	1,290.8

Equity and liabilities

in € millions	September 30, 2016	June 30, 2016	September 30, 2015 ¹
Subscribed capital	19.8	19.8	19.8
Capital reserve	5.5	5.5	5.5
Retained earnings	701.9	740.2	656.0
Minority interests	2.1	2.4	5.2
Equity	729.3	767.9	686.5
Long-term provisions	134.9	136.5	110.8
Long-term borrowings	226.9	228.7	173.4
Trade payables	1.2	1.4	1.4
Deferred tax liabilities	9.8	9.4	8.7
Other noncurrent financial liabilities	0.3	0.7	0.4
Other long-term liabilities	17.0	16.9	11.2
Noncurrent liabilities	390.1	393.6	305.9
Short-term provisions	83.2	80.9	75.7
Short-term borrowings	31.9	23.1	54.0
Trade payables	89.6	75.0	86.9
Current tax liabilities	24.9	21.1	28.4
Other current financial liabilities	2.7	14.0	4.0
Other liabilities	62.5	61.0	49.4
Current liabilities	294.8	275.1	298.4
Liabilities	684.9	668.7	604.3
Total assets	1,414.2	1,436.6	1,290.8

¹ Balance sheet figures adjusted in accordance with IAS 8 and 12

Statement of Changes in Equity

Changes in equity

in € millions	Group interests	Minority interests	Group equity
Balance as at June 30, 2015	731.1	7.7	738.7
Dividends paid	0.0	0.0	0.0
Net income for the year	-43.9	-0.6	-44.5
Other income after taxes	-6.5	-1.2	-7.7
Total comprehensive income	-50.4	-1.8	-52.2
Changes in minority interests	0.7	-0.7	0.0
Other changes	0.0	0.0	0.0
Balance as at September 30, 2015	681.3	5.2	686.5
Balance as at June 30, 2016	765.5	2.4	767.9
Dividends paid	0.0	0.0	0.0
Net income for the year	-34.5	-0.3	-34.8
Other comprehensive income after taxes	-3.8	0.0	-3.8
Total comprehensive income	-38.3	-0.3	-38.6
Changes in minority interests	0.0	0.0	0.0
Other changes	0.0	0.0	0.0
Balance as at September 30, 2016	727.2	2.1	729.3

Cash Flow Statement

Cash proceeds and payments

in € millions	1st quarter of 2016/2017	1st quarter of 2015/2016
Net income for the period	-34.8	-44.5
Cash earnings	-22.9	-43.8
Funds tied up in net current assets	-54.3	2.5
Net cash from operating activities	-77.2	-41.3
Net cash from investing activities	-26.0	-21.8
Net cash from financing activities	8.0	19.6
Change in cash and cash equivalents	-95.2	-43.5
Cash and cash equivalents at beginning of period (July 1)	163.9	108.2
Changes in cash and cash equivalents due to exchange rate, consolidated group and measurement changes	0.0	-1.2
Cash and cash equivalents at end of period	68.7	63.5

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. 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. Exactly the same accounting methods applied in the preparation of the consolidated financial statements as of June 30, 2016, were used. The explanations in the Notes to the annual financial statements as of June 30, 2016, on pages 80 to 85 of the Annual Report therefore apply accordingly. The 2015/2016 Annual Report of the KWS Group can be read and downloaded at www.kws.com/ir.

Consolidated Group and Changes in the Consolidated Group

Exactly the same accounting methods applied at the balance sheet date were used. The abridged interim financial statements of the KWS Group for the first quarter of fiscal 2016/2017 include the single-entity financial statements of KWS SAAT SE and its subsidiaries and joint ventures in Germany and other countries, its 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.

KWS SEEDS THAILAND CO., LTD. was included in the consolidated companies for the first time effective July 1, 2016. In addition, KWS SERVICES NORTH B.V. was liquidated effective September 30, 2016, with the result that the number of companies consolidated in the KWS group is the same as that at June 30, 2016.

Related Parties

The related party disclosures in the 2015/2016 Annual Report and under "Other notes" in the section "Notes for the KWS Group" are essentially the same.

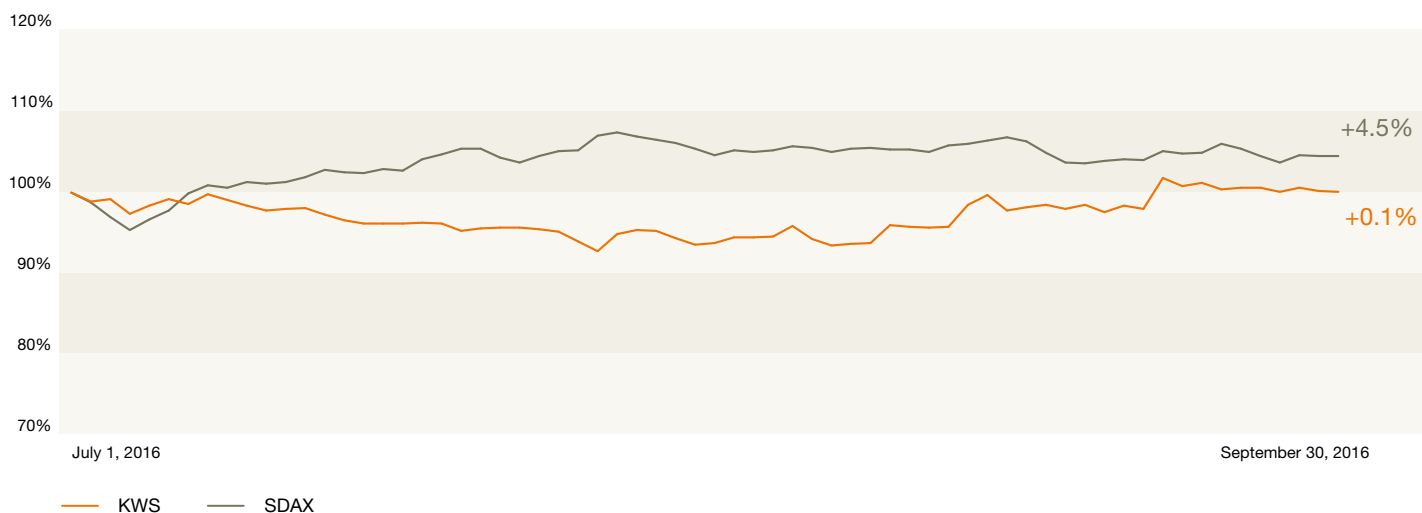
Einbeck, November 2016
KWS SAAT SE
The Executive Board

Additional Disclosures

Share

Share performance

July 1, 2016, to September 30, 2016, XETRA closing prices



Shareholder structure at October 28, 2016 (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	Event
December 15, 2016	Annual Shareholders' Meeting in Einbeck
March 7, 2017	Report on the 2nd quarter of 2016/2017
May 23, 2017	Report on the 3rd quarter of 2016/2017
October 26, 2017	Publication of the 2016/2017 annual statements, annual press conference and analysts' conference in Frankfurt
November 23, 2017	Report on the 1st quarter of 2017/2018
December 14, 2017	Annual Shareholders' Meeting

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.

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

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