

Semiannual Report 2016|2017

July 1 to December 31, 2016

**SEEDING
THE FUTURE**
SINCE 1856



KWS Update – First Half of 2016/2017

Economic environment	Earnings	Guidance
<ul style="list-style-type: none"> ■ Development of the global sugar price positive for sugarbeet cultivation area in 2017 ■ Increase in corn areas in Argentina and Brazil ■ Different exchange rate trends in the regions of relevance to the financial statements 	<ul style="list-style-type: none"> ■ Consolidated net sales in the first six months higher by 28% ■ EBIT improves by 34% 	<ul style="list-style-type: none"> ■ Growth in net sales: still almost 5% ■ EBIT margin: at least 10.5% ■ R&D intensity: around 17%

KWS in Figures

KWS Group

in € millions	1st half of 2016/2017	1st half of 2015/2016 ¹	1st half of 2014/2015	1st half of 2013/2014
Net sales and income				
Net sales	280.0	219.5	194.0	178.8
EBIT	-70.3	-106.3	-96.8	-79.3
Net financial income/expenses	-25.8	-28.7	-21.3	-20.0
Net income for the period	-64.3	-95.8	-80.1	-70.0
Financial position and assets				
Capital expenditure	33.6	54.2	78.7	25.2
Depreciation and amortization	23.4	24.2	19.3	16.5
Equity	702.6	617.2	566.7	543.7
Equity ratio in %	47.4	45.5	45.4	50.2
Net debt ²	236.6	281.6	225.5	97.5
Total assets	1,481.0	1,356.7	1,249.0	1,082.2
Cash flow from operating activities	-85.1	-99.8	-101.4	-84.6
Employees				
Number of employees ³	5,042	4,990	4,816	4,212
Key figures for the share				
Earnings per share in €	-9.73	-14.42	-12.17	-11.12

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 December 31, 2016

Reconciliation for the first half of 2016/2017¹

in € millions	Segments	Reconciliation	KWS Group
Net sales	312.6	-32.6	280.0
EBIT	-92.1	21.8	-70.3

¹ The reconciliation shows the difference between the KWS Group's statement of comprehensive income and the total for the segments.

Contents

4	Interim Group Management Report
4	Importance of the First Half for the Fiscal Year
4	Employees
4	Economic Report
4	Performance of the KWS Group in the First Half of the Fiscal Year
5	Earnings, Financial Position and Assets
8	Segment Reports
10	Report on Events after the Balance Sheet Date
10	Opportunity and Risk Report
10	Forecast Report
11	Abridged Interim Consolidated Financial Statements
11	Statement of Comprehensive Income
12	Balance Sheet
13	Statement of Changes in Equity
13	Cash Flow Statement
14	Abridged Notes to the Interim Consolidated Financial Statements
19	Additional Disclosures

Interim Group Management Report

Importance of the First Half for the Fiscal Year

Our main markets are in the northern hemisphere, where our sales drivers corn and sugarbeet are not sown until the spring. Only winter cereals business is over by the end of the period under review. In addition, net sales of corn, soybean and sugarbeet seed from our activities in the southern hemisphere are included in the quarterly financial statements. The first half of the year (July to December) most recently contributed around 20% of the KWS Group's annual net sales due to this strongly seasonal nature of our business.

Employees

Number of employees by region

	1st half of 2016/2017	1st half of 2015/2016
Germany	1,829	1,816
Europe (excluding Germany)	1,292	1,340
North and South America	1,710	1,659
Rest of world	211	175
Total	5,042	4,990

At December 31, 2016, we had 5,042 employees¹ worldwide.

Economic Report

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

The growth trend from the first quarter continued in the second quarter of the period under review. KWS increased its net sales significantly in South America – in particular in Brazil – in the first half of the year. Corn and soybean business went well. Our winter rapeseed business in Europe was successfully completed. Early sales of corn seed also increased, but that does not allow any conclusion to be drawn about the trend for the entire fiscal year. As anticipated, winter cereals business was slightly weaker than in the previous year and net sales from cereals fell. Net sales of sugarbeet seed are still comparatively low after the second quarter for seasonal reasons. Slight increases in net sales were achieved in the Middle East and Northern and Eastern Europe. There were sharp exchange rate effects on the KWS Group's net sales in some regions. The average exchange rate for the Argentinean peso was still dramatically below that of the same period in the previous year, for example. The devaluation of pound sterling also had a negative impact in the second quarter. However, the Brazilian real appreciated. Overall, there was a negative effect from exchange rates on the KWS Group's net sales.

¹Number of employees on December 31, 2016, not including our equity-accounted companies.

Earnings, Financial Position and Assets

Earnings

Abridged income statement

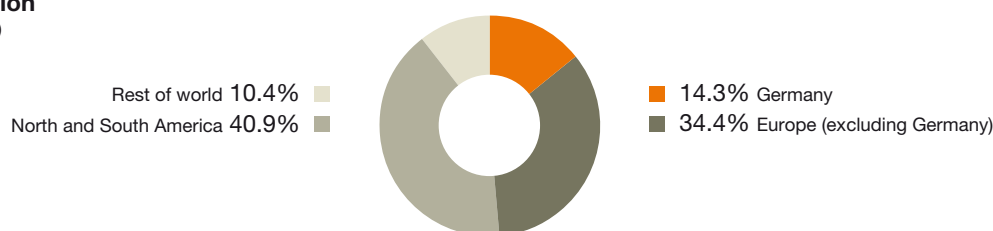
in € millions	1st half of 2016/2017	1st half of 2015/2016	+/-
Net sales	280.0	219.5	27.6%
Operating income	-70.3	-106.3	33.9%
Net financial income/expenses	-25.8	-28.7	10.1%
Result of ordinary activities	-96.1	-135.0	28.8%
Income taxes	-31.8	-39.2	18.9%
Net income for the period	-64.3	-95.8	32.9%
Earnings per share (in €)	-9.73	-14.42	32.5%

Net sales increase by 27.6%

The KWS Group grew its net sales in the first half of fiscal 2016/2017 by 27.6% to a total of €280.0 (219.5)¹ million. Our corn and soybean seed business in Brazil and Argentina made a particular contribution to that. Business in Europe also went positively, all in all, and net sales increased. At the Group level, net sales in North America are determined by sales of sugarbeet seed. Revenues from sugarbeet are usually still low at this time of the year and remained stable year on year. Revenues from our North American joint ventures are only included at the segment level (see the section “Segment reports” on page 8). After adjustment for exchange rate effects, the KWS Group’s net sales were €289.4 million, a rise of 31.8%.

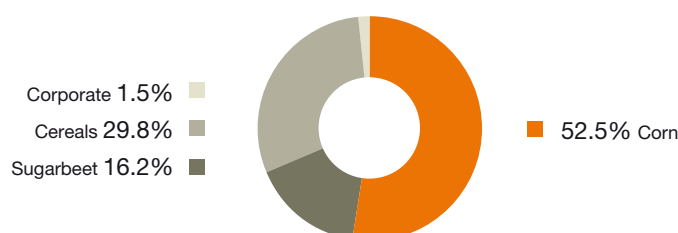
Net sales by region

(1st half of 2016/2017)



Net sales by segment

(1st half of 2016/2017)



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

Improvement in quarterly earnings

The KWS Group's operating income (EBIT) is always negative after the first half of the year, since most of the corn and sugarbeet seed we sell is for the sowing season in the third quarter (January to March). No reliable trends for the year as a whole can be deduced from these earnings. Please refer to the forecast report on page 10 for details of our expectations for the year as a whole.

The KWS Group's EBIT rose sharply in the first half of fiscal 2016/2017 by 33.9% to €-70.3 (-106.3) million. The growth in net sales in Brazil and Argentina was the main factor behind that and, together with an improvement in cost of sales, resulted in a sharp rise in the contribution margin. Along with the planned increase in our distribution and research & development expenditure, administrative expenses fell. There were lower negative exchange rate effects on other operating income and expenses. There was also a positive impact due to the fact that there were no negative contributions to earnings from our seed potato operations, which we sold last year.

Net financial income/expenses at the end of the first half of the year was €-25.8 (-28.7) million and thus up on the previous year, as a result of lower interest expenses. The interest result is negative due to the fact that interest expense was higher than interest income, but improved by 50.6% to €-3.8 million due to better borrowing terms. Net income from equity investments is also usually 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 €-22.0 million, slightly down year on year.

Income taxes were €-31.8 (-39.2) million on earnings before taxes (EBT) of €-96.1 (-135.0) million. The result was a 32.9% improvement in net income for the period to €-64.3 (-95.8) million, corresponding to earnings per share for the period of €-9.73 (€-14.42).

Financial situation

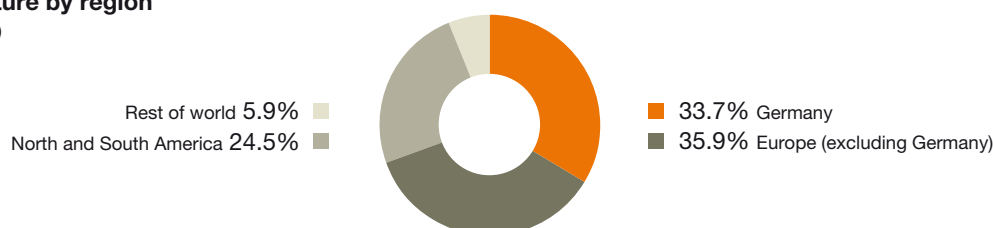
Selected key figures for the financial situation

in € millions	1st half of 2016/2017	1st half of 2015/2016	+/-
Cash and cash equivalents	104.8	83.9	24.9%
Net cash from operating activities	-85.1	-99.8	14.7%
Net cash from investing activities	-42.1	-59.3	29.0%
Net cash from financing activities	66.8	135.9	-50.8%

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 cash flow statement, which changes significantly in the course of the year. For example, net cash from operating activities is reduced by, among other things, funds tied up due to a buildup in inventories, a factor that mainly has an effect in the first half of the year. Cash earnings at December 31, 2016, were €-61.2 (-98.8) million, while net cash from operating activities was €-85.1 (-99.8) million, despite the increase in inventories. The year-on-year improvement resulted from an expansion of operational business in the first six months. The net cash from investing activities totaled €-42.1 (-59.3) million. Last year's figure included payments for licenses for corn trait technology. Net cash from financing activities fell to €66.8 (135.9) million. In November 2016, KWS issued short-term commercial papers for the first time in order to finance its general business operations during the year. They offer lower-interest terms than our available credit lines. Borrowings were lower overall compared with the same period of the previous year, thus reducing the net cash from financing activities. Cash and cash equivalents totaled €104.8 (83.9) million.

Capital expenditure by region

(1st half of 2016/2017)



Capital expenditure by segment

(1st half of 2016/2017)



KWS invested a total of €33.6 (54.2) million in the first half of the year. The main focus of that was on erecting and expanding production and research & development capacities. Among other things, expansion of sugarbeet seed production started and the greenhouse complex was completed in Germany, for example. A corn seed production plant was also built in Ukraine.

Assets

Abridged balance sheet

in € millions	December 31, 2016	June 30, 2016	+/-
Assets			
Noncurrent assets	705.4	667.9	5.6%
Current assets	775.6	768.7	0.9%
Equity and liabilities			
Equity	702.6	767.9	-8.5%
Noncurrent liabilities	373.1	393.6	-5.2%
Current liabilities	405.3	275.1	47.3%
Total assets	1,481.0	1,436.6	3.1%

Our seasonal course of business also 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 year. Net assets at December 31, 2016, were €1,481.0 (1,436.6)¹ million. The main changes to assets related to the increase in inventories by €157.2 million to €343.0 million and the fall in trade receivables by €98.4 million to €195.5 million. On the other side of the balance sheet, negative income resulted in the decline in equity customary at this time of the year. The equity ratio was 47.4% (53.5%). The short-term financial liabilities included the previously mentioned commercial papers and totaled €134.0 (23.1) million. Net debt at December 31, 2016, likewise increased for seasonal reasons and was €236.6 (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	312.6	-32.6	280.0
EBIT	-92.1	21.8	-70.3
Number of employees as of December 31, 2016	5,773	-731	5,042
Capital expenditure	36.6	-3.0	33.6
Total assets	1,755.2	-274.2	1,481.0

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

Corn Segment

In the first half of the year, net sales at the Corn Segment rose year on year by 56.3% to €180.8 (115.7) million. Corn seed business was grown by 68% and oil seed business by 35%. The increases are mainly attributable to our successful business performance in South America. Net sales in Brazil were more than doubled. That was helped by the appreciation in the Brazilian real and a slight increase in cultivation area. There was a sharp increase in corn cultivation area in Argentina, but the increase in net sales, which are consolidated in euros, was curbed by the peso's devaluation. In North America, our joint ventures increased their early revenue for corn seed, while soybean revenue declined slightly. In Europe, only little revenue is usually generated from early sales of corn seed in the first half of the year; it increased slightly. Winter rapeseed business was expanded significantly. The increase in the segment's net sales and a better earnings situation in Argentina – as a result of the fact that we no longer pay license fees for corn technology there, among other things – were the main reasons for the increase in the segment's income. Allowing for the increase in expenditure on research & development and on distribution, EBIT rose to €–59.1 (–87.3) million. It was reduced to a smallish extent by exchange rate effects.

Sugarbeet Segment

The Sugarbeet Segment generated net sales of €45.2 million, or around the level of the previous year (€46.9 million, despite the sale of our seed potato operations). Revenue from the sale of sugarbeet seed rose by around 17% and, at this stage of the year, comes mainly from the regions Asia, Northern Europe and South America. No significant net sales are generated in the other regions at this stage. The segment's income improved to €–19.2 (–28.6) million due to the increase in sales and the fact that sale of our seed potato operations means they will no longer reduce its earnings this fiscal year. As in the Corn Segment, there were lower costs due to exchange rate influences.

Cereals Segment

There was no turnaround in the demand for high-quality cereal seed in the winter cereals business for the past season. Farmers still tended to use farm saved seed from their harvests of previous years. The segment's net sales declined slightly to €83.4 (86.0) million. That was mainly attributable to exchange rate effects from the devaluation of pound sterling and the Polish zloty. That impacted rye, barley and rapeseed sales. However, revenue from our wheat business increased. The segment's income was €21.4 (19.0) million.

Corporate Segment

The segment's net sales are mainly generated by our farms and were €3.2 (€2.6) million. Since all cross-segment function costs and basic research expenditure are charged to the Corporate Segment, its income is usually negative. It was €–35.2 (–33.0) million after the first half of the year, among other things due to the increase in research expenditure.

Overview of the segments

in € millions	2nd quarter of 2016/2017	2nd quarter of 2015/2016	1st half of 2016/2017	1st half of 2015/2016
Net sales				
Corn	109.4	65.4	180.8	115.7
Sugarbeet	32.4	34.0	45.2	46.9
Cereals	33.4	29.6	83.4	86.0
Corporate	1.8	1.6	3.2	2.6
Total	177.0	130.6	312.6	251.2
EBIT				
Corn	–34.6	–42.1	–59.1	–87.3
Sugarbeet	–6.0	–12.3	–19.2	–28.6
Cereals	9.5	3.2	21.4	19.0
Corporate	–15.0	–16.2	–35.2	–33.0
Total	–46.1	–67.4	–92.1	–129.9

Report on Events after the Balance Sheet Date

There were no events after December 31, 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 at June 30, 2016. Risks that jeopardize the company's existence are not currently discernible. You can find detailed information on the risk management system and the risk situation at the KWS Group in the Combined Management Report 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 almost 5% for the current fiscal year ending June 30, 2017. As far as can be seen at present, the KWS Group's EBIT margin will be at least 10.5% as a result of the improved income expected from the Sugarbeet Segment.

Changes in the forecast for segment reporting¹

In the **Corn Segment**, we are sticking by our guidance from the 1st Quarterly Report. Net sales are expected to grow between 5% and 10%, with an anticipated EBIT margin between 8% and 9%. We expect net sales at the **Sugarbeet Segment** to decline by a maximum of 5%. This fall is due the sale of our potato business last fiscal year, with the result that no more revenue will be generated from seed potatoes in the future (net sales in the previous year: around €28 million). As regards earnings, we currently assume that the EBIT margin will improve year on year due to an increase in cultivation area. In the **Cereals Segment**, we are revising our net sales forecast downward and now anticipate a decline of around 10%. We are sticking to our forecast for a stable EBIT margin of 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	2nd quarter of 2016/2017	2nd quarter of 2015/2016	1st half of 2016/2017	1st half of 2015/2016
I. Income statement				
Net sales	146.7	102.3	280.0	219.5
Operating income	-41.5	-59.2	-70.3	-106.3
Net financial income/expenses	-6.3	-9.6	-25.8	-28.7
Result of ordinary activities	-47.8	-68.8	-96.1	-135.0
Income taxes	-18.3	-17.6	-31.8	-39.2
Net income for the period	-29.5	-51.2	-64.3	-95.8
II. Other comprehensive income				
Items that may have to be subsequently reclassified as profit or loss	22.6	2.1	18.8	-5.7
thereof revaluation of available-for-sale financial assets	0.0	0.0	0.0	0.0
thereof currency translation difference for economically independent foreign units	15.9	-1.0	12.6	-7.7
thereof currency translation difference from equity-accounted financial assets	6.7	3.1	6.2	2.0
Items not reclassified as profit or loss	0.0	0.0	0.0	0.0
thereof revaluation of net liabilities/assets from defined benefit plans	0.0	0.0	0.0	0.0
Other comprehensive income after tax	22.6	2.1	18.8	-5.7
III. Comprehensive income (total of I. and II.)				
Net income for the period after shares of minority interests	-29.7	-51.2	-64.2	-95.2
Share of minority interests	0.2	0.0	-0.1	-0.6
Net income for the period	-29.5	-51.2	-64.3	-95.8
Comprehensive income after shares of minority interests	-7.1	-49.8	-45.4	-100.2
Share of minority interests	0.2	0.6	-0.1	-1.3
Comprehensive income	-6.9	-49.2	-45.5	-101.5
Earnings per share (in €)	-4.51	-7.76	-9.73	-14.42

Balance Sheet

Assets

in € millions	December 31, 2016	June 30, 2016	December 31, 2015 ¹
Intangible assets	90.9	95.1	101.8
Property, plant and equipment	395.6	378.6	357.6
Equity-accounted financial assets	131.1	147.5	110.1
Financial assets	3.6	2.2	2.6
Noncurrent tax assets	3.2	3.4	2.2
Other noncurrent financial assets	0.1	0.1	0.0
Deferred tax assets	80.9	41.0	78.7
Noncurrent assets	705.4	667.9	653.0
Inventories	343.0	185.8	308.6
Biological assets	6.1	12.5	10.2
Trade receivables	195.5	293.9	148.9
Marketable securities	9.1	30.7	23.9
Cash and cash equivalents	95.7	133.2	60.0
Current tax assets	73.0	55.5	78.0
Other current financial assets	38.4	45.1	32.9
Other current assets	14.8	12.0	41.2
Current assets	775.6	768.7	703.7
Total assets	1,481.0	1,436.6	1,356.7

Equity and liabilities

in € millions	December 31, 2016	June 30, 2016	December 31, 2015 ¹
Subscribed capital	19.8	19.8	19.8
Capital reserve	5.5	5.5	5.5
Retained earnings	675.0	740.2	590.1
Minority interests	2.3	2.4	1.8
Equity	702.6	767.9	617.2
Long-term provisions	133.4	136.5	110.4
Long-term borrowings	207.4	228.7	221.1
Trade payables	1.3	1.4	1.4
Deferred tax liabilities	11.3	9.4	6.7
Other noncurrent financial liabilities	0.4	0.7	0.5
Other long-term liabilities	19.3	16.9	12.3
Noncurrent liabilities	373.1	393.6	352.4
Short-term provisions	35.0	80.9	27.2
Short-term borrowings	134.0	23.1	144.4
Trade payables	103.0	75.0	89.7
Current tax liabilities	29.1	21.1	32.6
Other current financial liabilities	1.9	14.0	1.9
Other liabilities	102.3	61.0	91.3
Current liabilities	405.3	275.1	387.1
Liabilities	778.4	668.7	739.5
Total assets	1,481.0	1,436.6	1,356.7

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
06/30/2015	731.1	7.7	738.7
Dividends paid	-19.8	-0.3	-20.1
Net income for the year	-95.2	-0.6	-95.8
Other income after taxes	-5.0	-0.7	-5.7
Total comprehensive income	-100.2	-1.3	-101.5
Changes in minority interests	4.3	-4.3	0.0
Other changes	0.0	0.0	0.0
12/31/2015	615.4	1.8	617.2
06/30/2016	765.5	2.4	767.9
Dividends paid	-19.8	0.0	-19.8
Net income for the year	-64.2	-0.1	-64.3
Other comprehensive income after taxes	18.8	0.0	18.8
Total comprehensive income	-45.4	-0.1	-45.5
Changes in minority interests	0.0	0.0	0.0
Other changes	0.0	0.0	0.0
12/31/2016	700.3	2.3	702.6

Cash Flow Statement

Cash proceeds and payments

in € millions	1st half of 2016/2017	1st half of 2015/2016
Net income for the period	-64.3	-95.8
Cash earnings	-61.2	-98.8
Funds tied up in net current assets	-23.9	-1.0
Net cash from operating activities	-85.1	-99.8
Net cash from investing activities	-42.1	-59.3
Net cash from financing activities	66.8	135.9
Change in cash and cash equivalents	-60.4	-23.2
Changes in cash and cash equivalents due to exchange rate, consolidated group and measurement changes	1.3	-1.1
Cash and cash equivalents at beginning of period (July 1)	163.9	108.2
Cash and cash equivalents at end of period	104.8	83.9

Abridged Notes to the Interim Consolidated 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. The abridged interim financial statements of the KWS Group as of December 31, 2016, were prepared in accordance with IAS 34. 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

The abridged interim financial statements of the KWS Group for the first half 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.

The Brazilian company RIBER KWS SEMENTES S.A. was merged with KWS MELHORAMENTO E SEMENTES LTDA. effective October 1, 2016. The company will operate in the future under the name RIBER KWS SEMENTES LTDA. In addition, the company KWS R&D INVEST B.V., Emmeloord, Netherlands, was founded on October 25, 2016. The number of companies consolidated in the KWS group is thus the same as that at June 30, 2016.

Segment Reporting

Sales per segment

in € millions	Segment sales 1st half		Internal sales 1st half		External sales 1st half	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Corn	181.5	115.7	0.7	0.0	180.8	115.7
Sugarbeet	45.5	46.9	0.3	0.0	45.2	46.9
Cereals	84.1	87.3	0.7	1.3	83.4	86.0
Corporate	3.8	5.7	0.6	3.1	3.2	2.6
Segments acc. to management approach	314.9	255.6	2.3	4.4	312.6	251.2
Elimination of equity-accounted financial assets					-32.6	-31.7
Segments acc. to consolidated financial statements					280.0	219.5

Segment earnings

in € millions	2nd quarter of	2nd quarter of	1st half of	1st half of
	2016/2017	2015/2016	2016/2017	2015/2016
Corn	-34.6	-42.1	-59.1	-87.3
Sugarbeet	-6.0	-12.3	-19.2	-28.6
Cereals	9.5	3.2	21.4	19.0
Corporate	-15.0	-16.2	-35.2	-33.0
Segments acc. to management approach	-46.1	-67.4	-92.1	-129.9
Elimination of equity-accounted financial assets	4.6	8.2	21.8	23.6
Segments acc. to consolidated financial statements	-41.5	-59.2	-70.3	-106.3
Net financial income/expenses	-6.3	-9.6	-25.8	-28.7
Earnings before taxes	-47.8	-68.8	-96.1	-135.0

Operating assets and operating liabilities per segment

in € millions	Operating assets		Operating liabilities	
	2016/2017	2015/2016	2016/2017	2015/2016
Corn	765.8	690.9	134.6	122.5
Sugarbeet	257.1	248.2	61.2	64.2
Cereals	124.0	127.3	30.2	21.2
Corporate	111.7	104.3	83.7	71.3
Segments acc. to management approach	1,258.6	1,170.7	309.7	279.2
Elimination of equity-accounted financial assets	-227.5	-243.6	-37.9	-51.3
Segments acc. to consolidated financial statements	1,031.1	927.1	271.8	227.9
Others	449.9	429.6	506.6	511.6
KWS Group acc. to consolidated financial statements	1,481.0	1,356.7	778.4	739.5

Financial Instruments

The explanations and methods stated in the section “Financial instruments” in the 2015/2016 Annual Report (pages 106 to 112) apply. The carrying amounts and fair values of the financial assets (financial instruments), split into the measurement categories in accordance with IAS 39, are as follows:

Carrying amounts and fair values of the financial assets at December 31, 2016

in € millions	Financial instruments				
	Fair Values	Carrying amounts			
		Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Total carrying amount
Financial liabilities					
Financial assets	3.6	0.0	0.0	3.6	3.6
Other noncurrent financial assets	0.1	0.0	0.1	0.0	0.1
of which derivative financial instruments	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)
Trade receivables	195.5	195.5	0.0	0.0	195.5
Securities	9.1	0.0	0.0	9.1	9.1
Cash and cash equivalents	95.7	95.7	0.0	0.0	95.7
Other current financial assets	38.4	35.7	2.7	0.0	38.4
of which derivative financial instruments	(2.7)	(0.0)	(2.7)	(0.0)	(2.7)
Total	342.4	326.9	2.8	12.7	342.4

Carrying amounts and fair values of the financial assets at June 30, 2016

in € millions	Financial instruments				
	Fair Values	Carrying amounts			
		Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Total carrying amount
Financial liabilities					
Financial assets	2.2	0.0	0.0	2.2	2.2
Other noncurrent financial assets	0.1	0.0	0.1	0.0	0.1
of which derivative financial instruments	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)
Trade receivables	293.9	293.9	0.0	0.0	293.9
Securities	30.7	0.0	0.0	30.7	30.7
Cash and cash equivalents	133.2	133.2	0.0	0.0	133.2
Other current financial assets	45.1	42.1	3.0	0.0	45.1
of which derivative financial instruments	(3.0)	(0.0)	(3.0)	(0.0)	(3.0)
Total	505.2	469.2	3.1	32.9	505.2

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

Carrying amounts and fair values of the financial liabilities at December 31, 2016

in € millions	Financial instruments			
	Fair Values	Carrying amounts		
		Financial liabilities measured at amortized cost	Financial liabilities held for trading	Total carrying amount
Financial liabilities				
Long-term borrowings	202.6	207.4	0.0	207.4
Long-term trade payables	1.3	1.3	0.0	1.3
Other noncurrent financial liabilities	0.4	0.0	0.4	0.4
of which derivative financial instruments	(0.4)	(0.0)	(0.4)	(0.4)
Short-term borrowings	134.0	134.0	0.0	134.0
Short-term trade payables	103.0	103.0	0.0	103.0
Other current financial liabilities	1.9	0.7	1.2	1.9
of which derivative financial instruments	(1.2)	(0.0)	(1.2)	(1.2)
Total	443.2	446.4	1.6	448.0

Carrying amounts and fair values of the financial liabilities at June 30, 2016

in € millions	Financial instruments			
	Fair Values	Carrying amounts		
		Financial liabilities measured at amortized cost	Financial liabilities held for trading	Total carrying amount
Financial liabilities				
Long-term borrowings	233.6	228.7	0.0	228.7
Long-term trade payables	1.4	1.4	0.0	1.4
Other noncurrent financial liabilities	0.7	0.2	0.5	0.7
of which derivative financial instruments	(0.5)	(0.0)	(0.5)	(0.5)
Short-term borrowings	23.1	23.1	0.0	23.1
Short-term trade payables	75.0	75.0	0.0	75.0
Other current financial liabilities	14.0	13.0	1.0	14.0
of which derivative financial instruments	(1.0)	(0.0)	(1.0)	(1.0)
Total	347.8	341.4	1.5	342.9

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

Assets and liabilities measured at fair value

in € millions	December 31, 2016				June 30, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative financial instruments not part of a hedge under IAS 39	0.0	2.8	0.0	2.8	0.0	3.1	0.0	3.1
Available-for-sale financial assets	12.0	0.0	0.0	12.0	32.4	0.0	0.0	32.4
Financial assets	12.0	2.8	0.0	14.8	32.4	3.1	0.0	35.5
Derivative financial instruments not part of a hedge under IAS 39	0.0	1.6	0.0	1.6	0.0	1.5	0.0	1.5
Financial liabilities	0.0	1.6	0.0	1.6	0.0	1.5	0.0	1.5

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.

Declaration by Legal Representatives

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

Einbeck, February 2017
KWS SAAT SE
 The Executive Board



Hagen Duenbostel



Léon Broers



Peter Hofmann



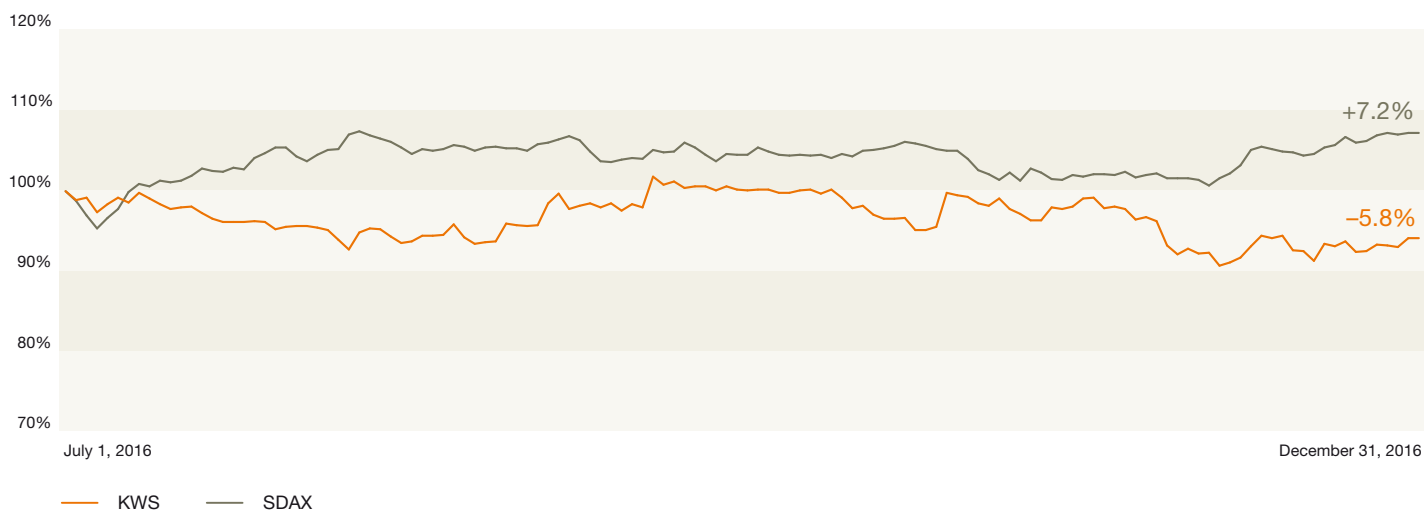
Eva Kienle

Additional Disclosures

Share

Share performance

July 1, 2016, to December 31, 2016, XETRA closing prices



Shareholder structure at January 20, 2017

(6,600,000 shares)



Share data

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

Financial calendar

Date	
May 23, 2017	Report on the 3rd quarter 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 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 Semiannual Report 2016/2017 has been prepared for the convenience of our English-speaking shareholders. The German version is legally binding.

KWS SAAT SE

Grimsehlstrasse 31
P.O. Box 1463
37555 Einbeck
Germany

Contact

Phone +49 (0)5561 311 0
Fax +49 (0)5561 311 322
investor.relations@kws.com
www.kws.com

Photo credits: Eberhard Franke