

3rd Quarterly Report of the KWS Group

Fiscal year 2012/2013

July 1, 2012, to March 31, 2013



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since 1856

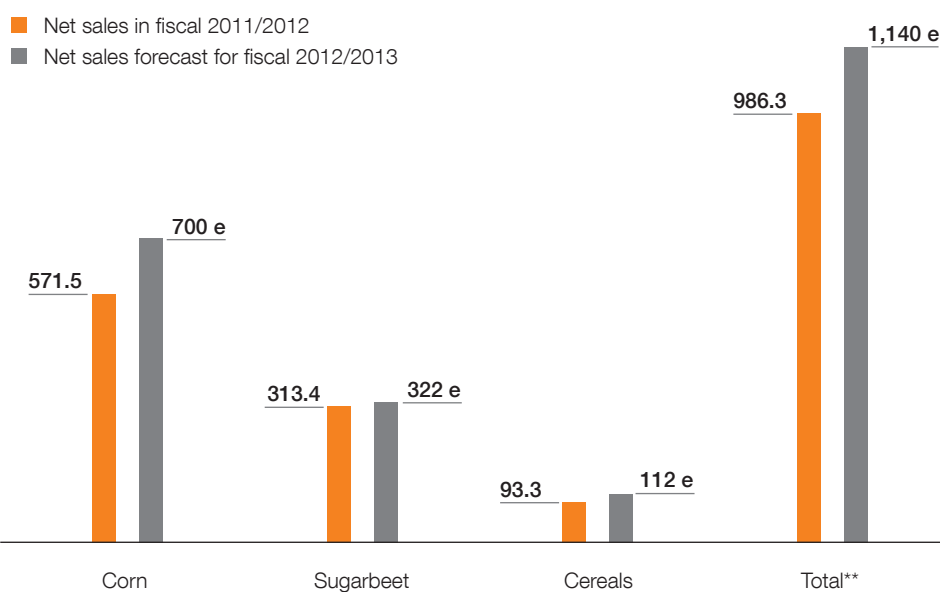


Guidance for fiscal year 2012/2013 (ending June 30, 2013)

- We confirm our guidance for the KWS Group as given in the Semiannual Report (February 26, 2013) and expect net sales to grow by approximately 15% to €1,140 (986.3)* million.
- Operating income (EBIT) will be up slightly from the previous year's figure at around €145 (140.9) million.
- The EBIT margin would then be 12.7% (14.3%).
- The research and development budget for the current fiscal year is being raised by approximately €13 million to around €140 (126.6) million.

Outlook for the segments and the Group

in € million



EBIT margin

in %

	Forecast Fiscal year 2012/13	Fiscal year 2011/12
Corn	12.6 e	13.6
Sugarbeet	22.4 e	25.5
Cereals	20.5 e	20.3
Total**	12.7 e	14.3

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

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

Overview of quarters 1 to 3, 2012/2013

KWS Group

Rise in EBIT despite expansion of R&D and sales structures.

- Net sales increased by 11.0% to €880.9 (793.7) million
- EBIT increased by 8.5% to €185.6 (171.0) million

Corn Segment

Strong growth in North and South America.

- Net sales: €524.2 (463.8) million; change: +13.0%
- EBIT: €105.1 (90.8) million; change: +15.7%

Sugarbeet Segment

Gains in market share in North America compensate for decline in cultivation areas in Europe.

- Net sales: €247.5 (235.0) million; change: +5.3%
- EBIT: €76.8 (76.3) million; change: +0.7%

Cereals Segment

Net sales for cereals break the €100 million mark for the first time. Hybrid rye business contributes more than 50% to the segment's net sales.

- Net sales: €104.8 (87.5) million; change: +19.8%
- EBIT: €31.9 (26.6) million; change: +19.9%

Corporate

Planned expansion of activities in all central functions.

- Net sales: €4.4 (7.4) million; change: -40.5%
- EBIT: €-28.2 (-22.7) million; change: -24.2%

The KWS Group at a glance

Quarters 1 to 3, 2012/2013*

		1 st – 3 rd quarter 2012/2013	1 st – 3 rd quarter 2011/2012
Net sales and income			
Net sales	€ million	880.9	793.7
EBIT	€ million	185.6	171.0
Net income for the period	€ million	124.6	122.9
Capital expenditure			
Capital expenditure on property, plant and equipment	€ million	38.7	32.3
Investments in financial assets	€ million	0.1	0.0
Total capital expenditure	€ million	41.7	33.8
Depreciation, amortization and write-downs	€ million	25.8	19.9
Capital structure			
Total assets	€ million	1,432.5	1,202.5
Equity	€ million	708.7	647.4
Equity ratio	%	49.5	53.8
Net borrowings	€ million	13.2	-27.7
Net borrowings as a % of equity (gearing)	%	1.9	-4.3
Employees in the KWS Group		4,562	3,972
Share			
Number of shares		6,600,000	6,600,000
Last day of trading in the first nine months		Mar. 28, 2013	Mar. 30, 2012
Closing price on last day of trading in first nine months of the year	€	278.0	169.0
Market capitalization on last day of trading in first nine months of the year	€ million	1,835	1,115
Market capitalization of free float on last day of trading in first nine months of the year	€ million	552	336

* The third quarter of the fiscal year is usually the one in which we generate the largest net sales, since our main products – corn and sugarbeet – are sown in this period. However, our structural costs are spread evenly over the entire fiscal year.

3rd Quarterly Report 2012/2013

Business performance in the first three quarters

Income statement

in € million				
	3 rd quarter		1 st – 3 rd quarter	
	2012/13	Previous year	2012/13	Previous year
Net sales	674.6	602.2	880.9	793.7
Operating income	244.7	202.2	185.6	171.0
Net financial income/expenses	-3.4	-0.5	-6.4	-3.5
Result of ordinary activities	241.3	201.7	179.2	167.5
Income taxes	70.7	55.5	54.6	44.6
Net income for the period	170.6	146.2	124.6	122.9
of which shareholders of KWS SAAT AG	169.4	146.0	118.3	119.0
of which minority interest	1.2	0.2	6.3	3.9
Earnings per share (€)	25.67	22.12	17.92	18.03

KWS Group

The KWS Group's net sales in the first nine months rose to a total of €880.9 (793.7) million, a year-on-year increase of 11.0%. Net sales increased in all three product segments. In particular, our corn business in North and South America developed well, as did sugar-beet seed business in the U.S. As already noted in the Semiannual Report, the cereal business has also developed very well, and it now surpassed the €100 million mark for the first time. Operating income (EBIT) benefited from this growth and was €185.6 million at March 31, compared with €171.0 million in the same period of the previous fiscal year (+8.5%).

While interest rates were still low and the Group's liquidity situation remained good, its net financial income/expenses were impacted by interest accrued on long-term provisions. The figure for income tax expenses was obtained by applying the effective tax rate for the fiscal year as a whole to the pre-tax profits for the first nine months.

Statement of comprehensive income

in € million				
	3 rd quarter		1 st – 3 rd quarter	
	2012/13	Previous year	2012/13	Previous year
Net income for the period	170.6	146.2	124.6	122.9
Gain/loss from financial instruments available for sale	0.0	-0.2	0.1	-0.1
Currency translation for foreign subsidiaries	4.4	-3.0	-5.7	10.0
Comprehensive income for the period	175.0	143.0	119.0	132.8
of which shareholders of KWS SAAT AG	173.6	142.7	112.6	128.6
of which minority interest	1.4	0.3	6.4	4.2

The statement of comprehensive income reconciles the income for the period with the change in equity. Currency translations on the reporting date resulted in a reduction of equity by €5.7 million.

Segment report

Segment report

in € million

	3 rd quarter		1 st – 3 rd quarter	
	2012/13	Previous year	2012/13	Previous year
Net sales	674.6	602.2	880.9	793.7
Corn	441.3	392.3	524.2	463.8
Sugarbeet	222.0	197.8	247.5	235.0
Cereals	10.3	9.4	104.8	87.5
Corporate	1.0	2.7	4.4	7.4
Operating income	244.7	202.2	185.6	171.0
Corn	149.4	123.9	105.1	90.8
Sugarbeet	105.9	83.0	76.8	76.3
Cereals	-5.3	-1.4	31.9	26.6
Corporate	-5.3	-3.3	-28.2	-22.7

Corn Segment

Net sales at the Corn Segment rose in the first nine months of the year by 13.0% to €524.2 (463.8) million. The main contributory factors were our new business operations in South America and the continuing growth of our North American joint venture AgReliant. We were also able to win market share in France, the largest corn market in the EU 27. The segment's income rose in the first nine months by 15.7% to €105.1 (90.8) million. As is usual in the fourth quarter, however, it will weaken again by the end of the year (see the forecast on page 12).

Sugarbeet Segment

Net sales at the Sugarbeet Segment rose in the first nine months of the current fiscal year by 5.3% to €247.5 (235.0) million. As expected, reductions in cultivation areas resulting from the sugar price led to lower net sales in the EU 27 as well as in Russia and Ukraine. We were able to compensate for this effect by again winning market share in North America, where almost all farmers now use genetically improved, herbicide-tolerant sugarbeet varieties. Sales of seed potatoes remained at the previous year's level. The segment's income was €76.8 million, on a par with the same period of the previous year (€76.3 million). However, lower sales volumes in Europe require allowances on inventories, which will reduce the segment's income by the end of the fiscal year.

Cereals Segment

Net sales at the Cereals Segment at March 31 were €104.8 (87.5) million. This 19.8% increase is primarily attributable to good business performance in Germany, Poland and the UK. KWS' cereal business is dominated by sales of winter varieties. Hybrid rye is the mainstay here, contributing more than 50% of net sales. Only slight net sales are generated from summer cereal varieties in the second half of the year (January 1 to June 30). Because structural costs are still incurred regularly throughout the year, the segment's income will fall by the end of the fiscal year. It increased by almost 19.9% to €31.9 (26.6) million at the end of the third quarter.

Corporate

Net sales at the Corporate Segment come from revenue from our farms. They amounted to €4.4 million at March 31. Crucial factors here are our cross-segment function costs and research expenditures. They resulted in income of € -28.2 (-22.7) million in the first nine months of the fiscal year.

Capital expenditure

Capital expenditure

in € million

	3 rd quarter		1 st – 3 rd quarter	
	2012/13	Previous year	2012/13	Previous year
Total	12.9	5.8	41.7	33.8
Corn	6.4	2.7	17.2	10.6
Sugarbeet	4.5	0.5	15.4	11.6
Cereals	1.3	2.6	4.9	4.6
Corporate	0.7	0.0	4.2	7.0

The KWS Group invested a total of €41.7 (33.8) million in the first three quarters of the fiscal year, with property, plant and equipment accounting for around €39 million. As in previous years, it is therefore showing capital expenditure well above depreciation at €25.8 (19.9) million.

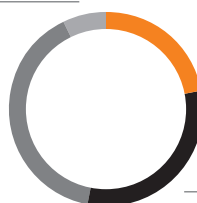
As reported for the first half of the year, investments in property, plant and equipment were made mainly in North America and include expenditure on modernization of our sugarbeet seed production operations and expansion of corn production capacities.

Capital expenditure by region

in %

7.1 Rest of world

39.8 North and South America



Germany 22.1

European Union 31.0
(excl. Germany)

Balance sheet of the KWS Group

Assets

in € million

	Mar. 31, 2013	June 30, 2012	Mar. 31, 2012
Intangible assets	108.0	111.7	58.9
Property, plant and equipment	279.2	261.5	243.8
Financial assets	4.3	5.0	4.0
Noncurrent tax assets	5.0	6.1	5.0
Deferred tax assets	31.8	26.0	31.4
Noncurrent assets	428.3	410.3	343.1
Inventories and biological assets	204.9	139.7	156.0
Trade receivables	595.3	309.4	527.4
Marketable securities	44.2	40.4	33.8
Cash and cash equivalents	91.1	142.6	99.9
Current tax assets	26.0	25.9	20.8
Other current assets	42.7	24.0	21.5
Current assets	1,004.2	682.0	859.4
Total assets	1,432.5	1,092.3	1,202.5

Equity and liabilities

in € million

	Mar. 31, 2013	June 30, 2012	Mar. 31, 2012
Subscribed capital	19.8	19.8	19.8
Capital reserve	5.5	5.5	5.5
Retained earnings	647.4	553.3	597.4
Minority interests	36.0	24.5	24.7
Equity	708.7	603.1	647.4
Long-term provisions	94.4	92.3	62.3
Long-term borrowings	66.2	23.0	17.8
Trade payables	1.7	1.9	2.3
Deferred tax liabilities	37.7	36.0	20.4
Other long-term liabilities	9.5	8.2	8.5
Noncurrent liabilities	209.5	161.4	111.3
Short-term provisions	156.8	134.0	152.2
Short-term borrowings	82.3	52.1	88.2
Trade payables	156.9	74.1	105.7
Current tax payables	58.0	24.1	54.0
Other liabilities	60.3	43.5	43.7
Current liabilities	514.3	327.8	443.8
Liabilities	723.8	489.2	555.1
Total equity and liabilities	1,432.5	1,092.3	1,202.5

We increased our inventories as planned in order to avoid supply bottlenecks. As a result of the late sowing season this spring, they will fall sharply in the fourth quarter and reach the level of the previous year by the end of the fiscal year. We have accounted for possible risks of realization by means of adjustments.

The increase in sales in the third quarter entailed higher accounts receivable. The other current assets mainly comprise advance payments made to our multiplication partners.

The rise in long-term liabilities results from the borrower's note loan, which was placed in October 2012 with a volume of €50 million and a term of five years to refinance the acquisitions in Brazil.

Short-term accounts payable are attributable to higher purchased goods, most of which are due for payment by the end of the fiscal year.

Cash flow statement

Cash flow statement

in € million

	1 st – 3 rd quarter	
	2012/13	Previous year
Net income for the period	124.6	122.9
Cash earnings	133.5	116.7
Funds tied up in net current assets	-197.4	-156.1
Net cash from operating activities	-63.9	-39.4
Net cash from investing activities	-66.5	-34.2
Net cash from financing activities	82.9	56.6
Change in cash and cash equivalents	-47.5	-17.0
Cash and cash equivalents at beginning of period (July 1)	183.0	146.9
Changes in cash and cash equivalents due to exchanging rate, consolidated group and measurement changes	-0.2	3.7
Cash and cash equivalents at end of period (March 31)	135.3	133.6

The net cash from operating activities is impacted by higher working capital as a result of further expansion of our business and was € -63.9 (-39.4) million after the first three quarters.

The net cash from investing activities includes not only expenditure on expanding production capacities, but also the purchase price of around €23 million for our Brazilian production and distribution company RIBER KWS S.A.

The net cash from financing activities was €82.9 (56.6) million as a result of placement of the borrower's note loan.

Cash and cash equivalents at the end of the period totaled €135.3 (133.6) million.

Statements of changes in equity

Statements of changes in equity of the KWS Group

in € million	Group interests	Minority interests	Group equity
Balance as at June 30, 2011	509.3	21.0	530.3
Dividends paid	-15.2	-0.5	-15.7
Changes in consolidated companies	0.0	0.0	0.0
Other changes	0.0	0.0	0.0
Consolidated net income for the period	119.0	3.9	122.9
Other gains (losses)	9.6	0.3	9.9
Total consolidated gains (losses)	128.6	4.2	132.8
Balance as at March 31, 2012	622.7	24.7	647.4
Balance as at June 30, 2012	578.6	24.5	603.1
Dividends paid	-18.5	-0.6	-19.1
Changes in consolidated companies	0.0	0.0	0.0
Other changes	0.0	5.7	5.7
Consolidated net income for the period	118.3	6.3	124.6
Other gains (losses)	-5.7	0.1	-5.6
Total consolidated gains (losses)	112.6	6.4	119.0
Balance as at March 31, 2013	672.7	36.0	708.7

Equity is impacted by the consolidated net income, payout of our dividend in December 2012 and currency translation not recognized in the income statement.

The dividend was set at €2.80 for each of the 6.6 million shares pursuant to a resolution adopted by the Annual Shareholders' Meeting on December 13, 2012, in Einbeck, resulting in a total payout of €18.5 (15.2) million. Minority interests increased in the first nine months by €5.0 (3.7) million due to successful cereals business and by €5.7 million due to capital increases in Brazil.

Employees

Employees by regions

	1 st – 3 rd quarter	
	2012/13	Previous year
Germany	1,667	1,580
Europe (excl. Germany)	1,104	1,040
Americas	1,658	1,231
Other countries	133	121
Total	4,562	3,972

The number of employees at the KWS Group as of March 31, 2013, was 4,562 (3,972). The largest increase in our headcount was in South America. The workforce is to be increased at the KWS Group by 15% compared with the previous year's level of 3,851 by the end of the fiscal year.

Risks and opportunities

You can find detailed information on the risk management system and the risk situation at the Group in the section "Risks for future development" on page 44–47 of the 2011/2012 Annual Report.

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

We are continuing to increase our research and development expenditure and expand our production and distribution structures as planned.

There has been no significant change in the situation as to opportunities and risk at the KWS Group compared with that at June 30, 2012. Risks that jeopardize the company's existence are not currently discernible.

Report on events after the balance sheet date

There were also no events after March 31, 2013, that can be expected to have a significant impact on the KWS Group's earnings, financial position and assets.

Forecast for 2012/2013

KWS Group

We expect the KWS Group's net sales to grow by just over 15% to around €1,140 (986.3) million by the end of the fiscal year. All our segments will show gratifying growth, and the KWS Group will post net sales in excess of one billion euros for the first time. At the same time, we are underpinning this growth with a large number of measures to expand our distribution and production activities. We will again increase our research and development expenditure by 10% to around €140 (126.6) million by the end of the fiscal year. This underscores our strategic approach to maintaining our innovative strength. Operating income (EBIT) will probably slightly exceed the figure for the previous year. We currently anticipate that the KWS Group will post income of €145 (140.9) million, giving an EBIT margin of 12.7%. It was 14.3% last year on the strength of special effects.

Corn Segment

Our expectations for net sales in the corn markets of North America, France and Central and Eastern Europe have been clearly surpassed in the current fiscal year. Prices have developed positively and we expect an increase in sales of our corn seed totaling 10% by the end of the year. That reflects the high quality of our varieties. Our new activities in Brazil are also developing very well. On top of that are royalties we are generating from the first varieties we have bred specifically for the Chinese market. A reduction of just over 10% in corn cultivation area in Germany resulted in a corresponding decline in net sales there after the previous year's winterkill of the cereals crop had resulted in an exceptional increase in area. Net sales at the Corn Segment are thus expected to increase by approximately 22% to almost €700 (571.5) million and probably improve the segment's income (EBIT) by around 13% to some €88 (77.8) million. The segment's return would thus be 12.6%.

Sugarbeet Segment

There was a correction in the world market price for sugar as a consequence of very good sugar yields in the past two growing seasons and the resultant high inventories. As expected, this led to a reduction in sugar cultivation area in the 2013 sowing season in the EU 27, Russia and Ukraine. Nevertheless, we expect to again grow our net sales of sugarbeet seed slightly, above all due to sales of our genetically improved sugarbeet varieties in the U.S. As announced in February, our North American sugarbeet business will break the €100 million mark for net sales for the first time. We expect to generate net sales of around €322 (313.4) million in the Sugarbeet Segment, with our seed potato business remaining roughly constant. However, the segment's income will probably be approximately €72 million, around 10% lower year on year and giving a return of 22.4%. Income in the previous year was considerably boosted by special effects.

Cereals Segment

The Cereals Segment will again grow slightly by the end of the year. We expect sales for the year as a whole to increase by around 20% to approximately €112 (93.3) million. We anticipate that the segment's income will increase by around 22% to almost €23 (18.9) million. A virtually unchanged return of 20.5% (20.3%) is expected.

Corporate

Under Corporate we report our cross-segment costs for research and central functions. Expenses here will rise to around €38 (35.7) million by the end of fiscal 2012/2013.

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. Exactly the same accounting methods applied in the preparation of the consolidated financial statements as of June 30, 2012, were used. The Notes appended to the annual financial statements as of June 30, 2012, therefore apply accordingly; intersegment sales are not shown. Income taxes were calculated on the basis of the individual country-specific income tax rates, taking account of the planning for the fiscal year as a whole.

Companies consolidated in the KWS Group

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

The number of companies consolidated in the KWS Group did not change in the third quarter of the fiscal year. As a result, a total of 55 companies will be fully consolidated and seven proportionately consolidated in 2012/2013.

Einbeck, May 28, 2013

KWS SAAT AG

The Executive Board



Christoph Amberger



Léon Broers



Philip von dem Bussche



Hagen Duenbostel



Eva Kienle

Financial calendar

Financial calendar

October 24, 2013	Publication of the 2012/2013 financial statements, Annual Press Conference and Analysts' Conference in Frankfurt
November 28, 2013	Report on the 1 st quarter 2013/2014
December 19, 2013	Annual Shareholders' Meeting in Einbeck
February 25, 2014	Report on the 2 nd quarter 2013/2014

Safe harbor statement

This document contains forward-looking statements about future developments based on the current assessments of management. These forward-looking statements may be identified by words such as "forecast," "assume," "believe," "assess," "expect," "intend," "can/may/might," "plan," "should" or similar expressions.

These statements are subject to certain elements of uncertainty, risks and other factors that may result in significant deviations between expectations and actual circumstances. Examples of such risks and factors are market risks (such as changes in the competitive environment or risks of changes in interest or exchange rates), product-related risks (such as production losses as a result of bad weather, failure of production plants or quality-related risks), political risks (such as changes in the regulatory environment, including those with regard to the general regulatory framework for the cultivation of energy plants, or violations of existing laws and regulations, for example those regarding genetically modified organisms in corn seed) and general economic risks. Forward-looking statements must therefore not be regarded as a guarantee or pledge that the developments or events they describe will actually occur. We do not intend, nor do we assume any obligation, to update or revise these forward-looking statements, since they are based solely on circumstances on the day they were published.

A German version of the 3rd Quarterly Report 2012/2013 is available at www.kws.de/ir.

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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.