

Roskilde, 26 September 2019

DLF SEEDS A/S FULL YEAR FINANCIAL REPORT 2018/19¹

Financial highlights of the DLF Seeds Group for the period 1 July 2018 to 30 June 2019:

- Revenue: DKK 5,294 mill. (DKK 4,325 mill.)
- EBITDA: DKK 386.7 mill. (DKK 353.9 mill.)
- EBIT: DKK 273.7 mill. (DKK 234.5 mill.)
- Profit before tax: DKK 226.7 mill. (DKK 213.8 mill.)
- Profit after tax: DKK 161.5 mill. (DKK 174.5 mill.)

In above key numbers for FY 2018/19 PGG Wrightson Seed and Grain (PGW Seeds) is consolidated as from 1 May 2019.

Strong Sales and Earnings

Revenue is reported at DKK 5,294 mill. (DKK 4,325 mill.), an increase of 22 pct. compared to the former year FY 2017/18. Adjusted for acquisitions, organic growth amounted to 7 pct. on a like-for-like basis.

The forage and turf seed activities showed very solid sales performance through-out the year. Demand was strong across Europe and North America due to weather inflicted damages on paddocks and lawns. The distribution business, especially in north-west Europe and North America, benefitted significantly from the upturn in demand. The wholesale business benefitted too.

In terms of revenue, the beet and vegetable seed activities were on par compared to FY 2017/18². Revenue in the spinach seed multiplication business decreased as a result of a low yielding crop due to the hot and dry summer in Denmark, which in turn was off-set by an increase in the beet seed and seed potato business.

EBITDA is reported at DKK 386.7 mill. (DKK 353.9 mill.) for financial year 2018/19 equal to an increase of 9 pct. year-on-year. The strong sales performance within forage and turf seed was the primary driver behind the improved EBITDA. It is noted that May and June are two loss-making months for PGW Seeds as it is low season in the Southern Hemisphere. The beet and vegetable seed activities reported a slightly lower EBITDA for the

¹ Figures for the reference period 1 July 2017 to 30 June 2018 in brackets ().

² On a like-for-like basis taking into account that MariboHilleshög was acquired on 1 October 2017 and consolidated for only 9 month in FY 2017/18.

year compared to FY 2017/18. The low-yielding spinach seed crop and full-year consolidation of MariboHilleshög in FY 2018/19, including a loss-making Q1 due to low sales season, was only partly compensated by better results within the seed potato activities.

EBIT was DKK 273.7 mill. (DKK 234.5 mill.). Financial costs have increased due to acquisitions. Profit before tax was DKK 226.7 mill. (DKK 213.8 mill.).

Looking away from the PGW Seeds addition to the DLF Seeds Group, the “old” DLF Seeds Group out-performed expectations for FY 2018/19 as expressed in the annual report FY 2017/18.

Reported full year 2018/19 figures have been audited by the company’s auditors.

FY 2019/20 Forecast

Revenue and EBIT for FY 2019/20 are forecasted to increase about 30 pct. on FY 2018/19. Full year consolidation of PGW Seeds will result in a significant growth in revenue and EBIT. At the same time, market demand in Europe and North America for forage and turf seed is expected to return to “normal”. Consequently, a drop in revenue and EBIT in these markets compared to FY 2018/19 is forecasted.

Collectively, revenue is forecasted to increase within the beet and vegetable seed activities in FY 2019/20 with multiplication acreages of spinach seed being record high for crop 2019. As these multiplication acreages are contracted back-to-back with sales contracts, higher seed production is forecasted to result in a higher EBIT.

In a comment to the full year 2018/19 financial results and FY 2019/20 forecast, Mr. Truels Damsgaard, CEO, DLF Seeds A/S said:

“The performance within forage and turf seed was very strong in FY 2018/19. Our distribution platform in core-value markets like Denmark, Benelux and the British Isles parred with a broad product portfolio and an agile supply chain proved its value, as we managed to efficiently respond to the upturn in market demand. The longstanding strategic emphasis on developing our distribution business, with La Crosse Seed (USA) being added in June 2018, underlines the robustness of our set-up.”

With the PGW Seeds deal now behind us, we are putting quite some efforts into consolidation of the businesses in South America and New Zealand. In South America we have divested or are winding down non-strategic business activities with the goal to reduce complexity and de-risk the businesses in a challenging economic environment, especially in Argentina. We expect better performance in South America this year.”

The Acquisition of PGW Seeds

The acquisition of PGW Seeds closed on 1 May 2019. However, DLF acquired PGW Seeds with economic effect on 30 June 2018 in a locked-box transaction model. The acquired assets were consolidated on the DLF Group balance sheet as per the closing date, whereas the PGW Seeds operating result for the months May and June 2019 was consolidated in the DLF Group profit and loss account for FY 2018/19.

The €90 mill. hybrid bond was booked as part of the equity of DLF Seeds A/S.

Annual Shareholders’ Meeting and Interim Reports FY 2019/20

The company will hold its annual shareholders’ meeting on 29 October 2019.

The interim reports and full year report FY 2019/20 will be published on the following dates:

- 19 November 2019: Report for the three months ending 30 September 2019³
- 20 February 2020: Half-year 2019/20 financial report for the six months ending 31 December 2019⁴
- 14 May 2020: Report for the nine months ending 31 March 2020⁵
- 22 September 2020: Full year 2019/20 financial report (audited by the Issuer's auditor)⁶

More information

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³ Not audited or reviewed by the Issuer's auditor

⁴ Not audited or reviewed by the Issuer's auditor

⁵ Not audited or reviewed by the Issuer's auditor

⁶ Audited by the Issuer's auditor

DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1/7/2018 - 30/6/2019

Profit & Loss

t.DKK	Group 1/7 - 30/6	
	2018/19	2017/18
Revenue	5,294,360	4,324,894
Cost of goods sold	3,372,449	2,763,511
Contribution	1,921,911	1,561,383
<i>Contribution margin</i>	36.3%	36.1%
Other operating income	22,400	99,667
Gross OPEX	852,827	753,907
Personnel costs	704,741	553,233
EBITDA	386,743	353,910
<i>EBITDA margin</i>	7.3%	8.2%
Depreciations / Amortizations	113,057	119,415
EBIT	273,686	234,495
Income from investments in affiliates and associates	142	576
Financial items (net)	-47,173	-21,239
Profit before tax	226,655	213,832
Corporate tax	-65,153	-39,330
Profit for the period	161,502	174,502
Profit for the year is attributable to:		
Shareholder of DLF Seeds A/S	138,037	172,175
Hybrid capital owners, coupon payments after tax	19,669	0
Minority share	3,796	2,327
Total	161,502	174,502

Balance Sheet

t.DKK	Group	
	Jun 30, 2019	Jun 30, 2018
Fixed assets	2,114,510	885,348
Inventory	1,576,380	833,292
Receivables	1,527,820	976,597
Cash and bank balances	634,971	18,569
Total assets	5,853,681	2,713,806
Equity	1,413,261	1,303,700
Hybrid capital	691,726	0
Minority interests	20,070	17,805
Total equity	2,125,057	1,321,505
Provisions	132,538	53,464
Non-current liabilities	1,924,513	399,156
Current liabilities	1,671,573	939,681
Total equity and liabilities	5,853,681	2,713,806

Statement of changes in equity

t.DKK	Group			
	Total	Hybrid capital	Minority interests	Total
Equity 30.6.2017	1,149,265	0	15,675	1,164,940
Dividend paid	-5,141	0	0	-5,141
Currency adjustment	-12,739	0	-17	-12,756
Profit of the year	172,175	0	2,327	174,502
Value adjustment of hedging instrument and other movements	140	0	0	140
Equity 30.06.2018	1,303,700	0	17,805	1,321,505
Equity 30.6.2018	1,303,700	0	17,805	1,321,505
Dividend paid	-50,000	0	0	-50,000
Aquisition	0	0	3,441	3,441
Aquisition of minority share, DLF Ester	0	0	-2,955	-2,955
Currency adjustment	39,342	0	-544	38,798
Hybrid bond	0	672,057	0	672,057
Minority dividend	0	0	-1,473	-1,473
Profit of the year	138,037	19,669	3,796	161,502
Value adjustment of hedging instrument and other movements	-17,818	0	0	-17,818
Equity 31.03.2019	1,413,261	691,726	20,070	2,125,057

Cash Flow statement

t.DKK	Group 1/7 - 30/6	
	2018/19	2017/18
Cash flow from operating activities before change in working capital	260,646	212,767
Change in working capital	122,331	47,371
Cash flow from operating activities	382,977	260,138
Cash flow from investing activities	-1,843,965	-429,185
Cash flow from financing activities	2,077,390	-2,333
Net cash flow	616,402	-171,380
Cash, July 1	18,569	189,949
Cash, June 30	634,971	18,569