

Roskilde, 14 May 2019

DLF SEEDS A/S INTERIM REPORT 1.7.-31.03.2019¹

Financial highlights of the DLF Seeds Group for the period 1 July to 31 March 2019:

- Revenue: DKK 3,505 mill. (DKK 3,043 mill.)
- EBITDA: DKK 388.5 mill. (DKK 336.9 mill.)
- EBIT: DKK 323.2 mill. (DKK 282.9 mill.)
- Profit before tax: DKK 300.1 mill. (DKK 265.9 mill.)
- Profit after tax: DKK 229.8 mill. (DKK 219.3 mill.)

Strong Spring Sales

Revenue is reported at DKK 3,505 mill. (DKK 3,043 mill.), an increase of 15 pct. compared to the period 1 July to 31 March 2018. Adjusted for acquisitions, organic growth amounted to 9 pct. on a like-for-like basis².

The forage and turf seed activities continue to show strong sales performance. Sales volumes increased by 9 pct. for the nine month reporting period compared to the same period of 2017/18. On a like-for-like basis the increase was 5 pct. Sales were up across the board, however, with the strongest performance within the European wholesale and distribution businesses.

EBITDA is reported at DKK 388.5 mill. (DKK 336.9 mill.) amounting to an increase of 15 pct. year-on-year. Adjusted for acquisitions, EBITDA would be reported at DKK 320.7 mill. (DKK 235.6 mill.). The strong performance is primarily explained by the increase in revenue following strong autumn and spring sales campaigns and a higher contribution margin over sales. Contribution margin increased to 40.2 pct. (39.3 pct.) for the period.

EBIT was DKK 323.2 mill. (DKK 282.9 mill.). Financial costs have increased due to acquisitions.. Profit before tax was DKK 300.1 mill. (DKK 265.9 mill.).

Looking ahead

The full-year 2018/19 outlook remains positive. Revenue forecast for FY 2018/19 is up against FY 2017/18 and in line with previous guidance provided in conjunction with the half year interim report. The forage and turf seed business is expected to continue to build on a strong year-to-date performance.

¹ Figures for the reference period 1 July to 31 March 2018 in brackets ().

² La Crosse Seed was acquired on 30 June 2018; MariboHilleshög was acquired on 1 October 2017.

EBIT is expected to be up against FY 2017/18 and on par with the earnings guidance for FY 2018/19 as disclosed in the half year statement.

In a comment to the interim results and full-year forecast, Mr. Truels Damsgaard, CEO, DLF Seeds A/S said:

“Our performance this year continues to be strong. The West European forage and turf market has developed nicely with high demand for seeds in the autumn of last year as well as in the spring of this year enhanced by the drought last autumn. It is very gratifying to see that DLF is so strongly positioned in all important distribution markets in Western Europe to benefit from favourable conditions on the demand side. Especially, the performance in the UK has been remarkable bearing in mind the Brexit turmoil. The same can be said about the performance in the Netherlands. I’m also pleased about the performance in the other business areas, especially in North America where our forage and turf operations have turned out a solid performance.”

The Acquisition of PGG Wrightson Seed Holdings Ltd. Has Closed

The acquisition of PGG Wrightson Seed Holdings Ltd. (PGW Seeds) closed on 1 May 2019, as the sales and purchase agreement became unconditional on 17 April 2019, when the final regulatory clearance was obtained from the Overseas Investment Office in New Zealand.

DLF acquired PGW Seeds with economic effect on 30 June 2018 in a locked-box transaction model. The acquired assets will be 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 will be consolidated over the profit and loss account of the DLF Group for the financial year 2018/19.

The €90 mill. proceeds from the issuance of hybrid bonds have been released from escrow and was utilised to partly pay the purchase price of PGW Seeds. The hybrid bond is booked as part of the equity of DLF Seeds A/S and the Group.

Interim report and full year report

Reported interim figures have not been audited or reviewed by the company’s auditors.

Report for the full financial year ending 30 June 2019 will be published on 26 September 2019.

More information

Morten Andersen, CFO, DLF Seeds A/S
Phone: +45 21 692 901
Mail: ma@dlf.com

DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1.7. - 31.03.2019

Profit & Loss

t.DKK	Group 1/7 - 31/3	
	2018/19	2017/18
Revenue	3.505.034	3.043.844
Cost of goods sold	2.096.330	1.846.967
Contribution	1.408.704	1.196.877
<i>Contribution margin</i>	40,2%	39,3%
Other operating income	12.400	0
Gross OPEX	565.378	471.824
Personnel costs	467.276	388.137
EBITDA	388.450	336.916
<i>EBITDA margin</i>	11,1%	11,1%
Depreciations / Amortizations	65.264	54.023
EBIT	323.187	282.893
Financial items (net)	-23.058	-16.982
Profit before tax	300.129	265.911
Corporate tax	-70.317	-46.574
Profit for the period	229.812	219.337
Profit for the year is attributable to:		
Shareholder of DLF Seeds A/S	217.015	218.823
Hybrid capital owners, coupon payments after tax	11.344	0
Minority share	1.453	514
Total	229.812	219.337

Balance Sheet

t.DKK	Group		
	Mar 31, 2019	Jun 30, 2018	Mar 31, 2018
Fixed assets	893.904	885.348	843.627
Inventory	1.255.939	833.292	1.292.547
Receivables	1.341.128	976.597	1.448.102
Cash and bank balances	743.575	18.569	51.363
Total assets	4.234.546	2.713.806	3.635.639
Equity	1.467.392	1.303.700	1.350.906
Hybrid capital	683.401	0	0
Minority interests	19.285	17.805	16.063
Total equity	2.170.078	1.321.505	1.366.969
Provisions	43.360	53.464	59.604
Non-current liabilities	587.604	399.156	575.362
Current liabilities	1.433.505	939.681	1.633.704
Total equity and liabilities	4.234.546	2.713.806	3.635.639

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	-5.104	0	0	-5.104
Currency adjustment	-16.867	0	-126	-16.993
Profit of the year	218.823	0	514	219.337
Value adjustment of hedging instrument and other movements	4.789	0	0	4.789
Equity 31.03.2018	1.350.906	0	16.063	1.366.969
Equity 30.6.2018	1.303.700	0	17.805	1.321.505
Dividend paid	-50.000	0	0	-50.000
Currency adjustment	11.377	0	27	11.404
Hybrid bond	0	672.057	0	672.057
Profit of the year	217.015	11.344	1.453	229.812
Value adjustment of hedging instrument and other movements	-14.700	0	0	-14.700
Equity 31.03.2019	1.467.392	683.401	19.285	2.170.078

Cash Flow statement

t.DKK	Group 1/7 - 31/3	
	2018/19	2017/18
Cash flow from operating activities before change in working capital	284.812	291.754
Change in working capital	-458.156	-847.980
Cash flow from operating activities	-173.345	-556.225
Cash flow from investing activities	-60.719	-208.319
Cash flow from financing activities	959.070	625.958
Net cash flow	725.006	-138.586
Cash, July 1	18.569	189.949
Cash, March 31	743.575	51.363