

Roskilde, 13 May 2020

DLF SEEDS A/S

INTERIM REPORT 1.7.2019-31.03.2020¹

Financial highlights of the DLF Seeds Group for the period 1 July 2019 to 31 March 2020:

- Revenue: DKK **5,398** mill. (DKK **3,505** mill.)
- EBITDA: DKK **480.8** mill. (DKK **388.5** mill.)
- EBIT: DKK **363.6** mill. (DKK **323.2** mill.)
- Profit before tax: DKK **306.6** mill. (DKK **300.1** mill.)
- Profit after tax: DKK **217.7** mill. (DKK **229.8** mill.)

It is noted that the acquisition of PGG Wrightson Seeds Holdings Ltd. (PGW Seeds) closed on 1 May 2019.

Strong Revenue Growth

Revenue is reported at DKK 5,398 mill. (DKK 3,505 mill.), an increase of 54 pct. compared to the period 1 July to 31 March 2019. The acquisition of PGW Seeds contributes significantly to reported revenue growth. In addition, Jensen Seeds also reported strong growth in revenue due to a big crop.

Within the forage and turf seed business, European and North American sales continued on a good note for the nine months under review. As part of the essential food supply chain, sales of forage seed were generally unaffected by the widespread lock-downs of societies in Europe and North America during the third quarter. Turf seed sales were more affected. In New Zealand and Australia, sales were up compared to last year. Australia had a strong sales performance as rainfalls provided good autumn sowing conditions. South America saw increased price competition. Despite achieving sales targets on volume, price reductions did cause revenue to fall.

The sugar and fodder beet business saw revenue decrease as sales in China and Russia were lower due to carryover stocks from the former sales campaign. In addition, the Russian Ruble weakened, adding to the decline in reported revenue.

EBITDA is reported at DKK 480.8 mill. (DKK 388.5 mill.), amounting to an increase of 24 pct. year-on-year. The forage and turf seed business performed generally in line with last year. However, contribution in the South American business was hit, as price pressures translated into reduced contribution margins. Similarly, the sugar and fodder beet seed business saw EBITDA reduced due to lower sales and the weaker Russian Ruble. Overall, contribution margin over sales decreased to 35.0 pct. (40.2 pct.) for the period.

¹ Figures for the reference period 1 July to 31 March 2019 in brackets ().

EBIT was DKK 363.6 mill. (DKK 323.2 mill.). Depreciations have increased due to acquisitions.

Profit before tax was DKK 306.6 (DKK 300.1 mill.).

Looking ahead

For the fourth quarter, the business is generally expected to continue in line with expectations. Revenue and earnings forecasts for FY 2019/20 are substantially maintained compared to earlier guidance.

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

“Our performance so far this year has been in line with expectation for the first nine months, even slightly up for some business units. Much effort has been dedicated to keeping operations running during high season in order to meet market needs for seed for spring and autumn sowings in the Northern and Southern Hemispheres respectively. Just now, it seems that we will manage to come through FY 2019/20 with a result generally in line with expectations.

Our concern is next year. The forage seed business is likely to be most resilient to an economic downturn, whereas the professional turf seed business probably is impacted the most, should the global economy head into recession. Regardless we foresee a challenging year ahead of us for all business units.”

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 2020 will be published on 23 September 2019.

The shareholders’ meeting will take place on 27 October 2020.

More information

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DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1.7.2019 - 31.03.2020

Profit & Loss

t.DKK	Group 1/7 - 31/03	
	Act 2019/20	Act 2018/19
Revenue	5.397.837	3.505.034
Cost of goods sold	3.510.119	2.096.330
Contribution	1.887.718	1.408.704
<i>Contribution margin</i>	35,0%	40,2%
Other operating income	0	12.400
Gross OPEX	730.756	563.378
Personnel costs	676.124	469.276
EBITDA	480.838	388.450
<i>EBITDA margin</i>	8,9%	11,1%
Depreciations / Amortizations	117.198	65.265
EBIT	363.640	323.185
Income from investments in affiliates and associates	1.599	0
Financial items (net)	-58.640	-23.057
Profit before tax	306.599	300.128
Corporate tax	-88.884	-70.317
Profit for the period	217.715	229.811

Profit for the year is attributable to:

Shareholder of DLF Seeds A/S	191.922	217.014
Hybrid capital owners, coupon payments after tax	24.663	11.344
Minority share	1.130	1.453
Total	217.715	229.811

Balance Sheet

t.DKK	Group		
	Mar 31, 2020	Mar 31, 2019	Jun 30, 2019
Fixed assets	2.016.543	893.904	2.114.510
Inventory	2.022.100	1.255.939	1.576.380
Receivables	2.160.463	1.341.128	1.527.820
Cash and bank balances	453.973	743.575	634.971
Total assets	6.653.079	4.234.546	5.853.681
Equity	1.501.262	1.467.392	1.413.261
Hybrid capital	682.952	683.401	691.726
Minority interests	27.261	19.285	20.070
Total equity	2.211.475	2.170.078	2.125.057
Provisions	139.655	43.360	132.538
Non-current liabilities	2.142.408	587.604	1.924.513
Current liabilities	2.159.541	1.433.504	1.671.573
Total equity and liabilities	6.653.079	4.234.546	5.853.681

Statement of changes in equity

t.DKK	Group			
	Total	Hybrid capital	Minority interests	Total
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
Hybridbond	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
Equity 30.6.2019	1.413.261	691.726	20.070	2.125.057
Aquisition of minority share	0	0	4.627	4.627
Currency adjustment	-87.365	0	1.434	-85.931
Hybrid bond, coupon payment	-9.250	-33.437	0	-42.687
Profit of the year	191.922	24.663	1.130	217.715
Value adjustment of hedging instrument and other movements	-7.306	0	0	-7.306
Equity 31.03.2020	1.501.262	682.952	27.261	2.211.475

Cash Flow statement

t.DKK	Group 1/7 - 31/03	
	Act 2019/20	Act 2018/19
Cash flow from operating activities before change in working capital	317.509	284.812
Change in working capital	-396.419	-458.157
Cash flow from operating activities	-78.910	-173.345
Cash flow from investing activities	-25.058	-60.719
Cash flow from financing activities	-68.360	959.070
Net cash flow	-172.328	725.006
Cash, July 1	634.971	18.569
Currency	-8.670	0
Cash, March 31	453.973	743.575