

Roskilde, 20 February 2020

DLF SEEDS A/S

INTERIM REPORT 1.7.-31.12.2019¹

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

- Revenue: DKK 2,753 mill. kr. (DKK 1.598 mill.);
- EBITDA: DKK 33.3 mill. (DKK 32.5 mill.)
- EBIT: DKK -45.9 mill. (DKK -11.4 mill.);
- Profit before tax: DKK -85.0 mill. (DKK -25.2 mill.);
- Profit after tax and minority interests: DKK -66.3 mill. (DKK -22.1 mill.).

Strong half year growth

Revenue is reported at DKK 2,753 mill. (DKK 1,598 mill.). The acquisition of PGG Wrightson Seeds closed on 1 May 2019. Hence, the addition of PGG Wrightson Seeds had a significant impact on reported turnover for the period under review. Organic growth amounted to 4 pct., primarily stemming from the vegetable seed business.

The wholesale forage and turf business increased sales. Markets were generally in good balance and prices remained firm. This said, some downward pressures on prices in some species in North America were notable. The distribution business in Europe and the US could not reach previous year's levels, where consumption was exceptionally high following the hot and dry summer. However, compared to autumn sales 2017 where market conditions were more similar to those of autumn 2019, sales were in fact up.

The PGG Wrightson Seeds sales exceeded expectations in New Zealand. The New Zealand operations had a good spring campaign in terms of higher sales of brassicas in the domestic market and higher forage and turf seed sales internationally. Sales were slightly down in Australia compared to expectations as a consequence of continued droughts. Sales were also down in the consolidated South American business. This was, however, a consequence of initiated measures to cut back non-strategic business and de-risk the general market exposures in South America. In Australia and South America, the spring campaign is smaller compared to the autumn.

EBITDA is reported at DKK 33.3 mill. (32.5 mill.). Lower sales in the distribution business contributed to drive EBITDA lower for the two first quarters of FY 2019/20. At the same time, for Australia and South America the seasonality of the business means that the first half of the financial year traditionally is loss making. In the beet and vegetable business, the sugar beet seed business reported a lower EBITDA compared to 2018/19, which was

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

partly a consequence of one-off income items in 2018/19. The vegetable seed business, on the other hand, reported a higher EBITDA for the period compared to the same period 2018/19.

EBIT was DKK -45.9 mill. (DKK -11.4 mill.). The acquisition of PGG Wrightson Seeds is associated with increased costs for amortizations of goodwill.

Profit before tax was DKK -85.0 mill. (DKK -25.2 mill.).

It is noted that interests accrued on the hybrid bond are considered as part of distribution of profits for the period.

Looking ahead

The full-year 2019/20 outlook remains positive. Revenue forecast is in line with previous expectations and significantly higher than full-year 2018/19 turnover due to the PGG Wrightson Seeds acquisition. PGG Wrightson Seeds will be fully consolidated into the Group's financial statements for 2019/20 as opposed to only two months' consolidation in the previous year.

For the same reason, EBITDA is expected to be significantly up full-year 2019/20 against 2018/19. EBITDA is expected to be in line with previous communicated expectations.

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

“We had the perfect storm in the autumn 2018 with widespread damages to paddocks, lawn, parks etc. following the hot and dry summer. Although demand in the Northern Hemisphere was fairly strong during the autumn 2019, it was well-below autumn 2018. The drop in market demand effected mostly our European distribution business.

The addition of PGG Wrightson Seeds in Oceania and South America contributes significantly to the growth in reported turnover and our full-year forecast. Especially the New Zealand performance has been good. The situation in Australia remains uncertain, not so much that the extensive bush fires have affected the forage and turf seed consumption, but the wider impact on the economy and the general sentiment is a concern. South America, and especially Argentina, has its challenges. We have worked an extensive restructuring program for the consolidated South American business. We now look to harvest the benefits.”

Interim report and Q3 report

Reported interim figures have not been audited or reviewed by the company's auditors. Report for the nine months ending 31 March 2020 will be published on 13 May 2020.

Further information:

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DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1.7. - 31.12.2019 IN DKK 1,000

t.DKK	Group 1/7 - 31/12	
	Act 2019/20	Act 2018/19
Revenue	2.753.480	1.597.702
Cost of goods sold	1.803.287	931.561
Contribution	950.193	666.141
<i>Contribution margin</i>	34,5%	41,7%
Other operating income	0	12.403
Gross OPEX	468.373	339.481
Personnel costs	448.521	306.581
EBITDA	33.299	32.482
<i>EBITDA margin</i>	1,2%	2,0%
Depreciations / Amortizations	79.223	43.927
EBIT	-45.924	-11.445
Income from investments in affiliates and associates	522	0
Financial items (net)	-39.601	-13.762
Profit before tax	-85.003	-25.207
Corporate tax	18.690	3.114
Profit for the period	-66.313	-22.093

Profit for the year is attributable to:

Shareholder of DLF Seeds A/S	-81.954	-24.233
Hybrid capital owners, coupon payments after tax	16.807	3.110
Minority share	-1.166	-970
Total	-66.313	-22.093

Balance Sheet

t.DKK	Group		
	Dec 31, 2019	Dec 31, 2018	Jun 30, 2019
Fixed assets	2.071.930	893.785	2.114.510
Inventory	2.263.578	1.536.222	1.576.380
Receivables	1.353.084	552.184	1.527.820
Cash and bank balances	516.606	695.711	634.971
Total assets	6.205.198	3.677.902	5.853.681
Equity	1.366.158	1.214.476	1.413.261
Hybrid capital	675.096	675.167	691.726
Minority interests	18.664	16.844	20.070
Total equity	2.059.918	1.906.487	2.125.057
Provisions	135.774	45.202	132.538
Non-current liabilities	2.144.641	562.037	1.924.513
Current liabilities	1.864.865	1.164.177	1.671.573
Total equity and liabilities	6.205.198	3.677.902	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	897	0	9	906
Hybridbond	0	672.057	0	672.057
Profit of the year	-24.233	3.110	-970	-22.093
Value adjustment of hedging instrument and other movements	-15.887	0	0	-15.887
Equity 31.12.2018	1.214.477	675.167	16.844	1.906.488
Equity 30.6.2019	1.413.261	691.726	20.070	2.125.057
Currency adjustment	31.573	0	-240	31.333
Hybrid bond, coupon payment	-9.250	-33.437	0	-42.687
Profit of the year	-81.954	16.807	-1.166	-66.313
Value adjustment of hedging instrument and other movements	12.528	0	0	12.528
Equity 31.12.2019	1.366.158	675.096	18.664	2.059.918

Cash Flow statement

t.DKK	Group 1/7 - 31/12	
	Act 2019/20	Act 2018/19
Cash flow from operating activities before change in working capital	28.733	17.070
Change in working capital	-555.941	-484.700
Cash flow from operating activities	-527.208	-467.629
Cash flow from investing activities	-20.450	-49.515
Cash flow from financing activities	417.448	1.194.287
Net cash flow	-130.210	677.142
Cash, July 1	634.971	18.569
Currency	11.845	0
Cash, Dec 31	516.606	695.712