

Roskilde, 28 October 2019

DLF SEEDS A/S INTERIM REPORT 1.7.-30.09.2019¹

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

- Revenue: DKK 1,409 mill. (DKK 929 mill.);
- EBITDA: DKK 4.2 mill. (DKK 40.1 mill.);
- EBIT: DKK -33.3 mill. (DKK 17.4 mill.);
- Profit before tax: DKK -55.9 mill. (DKK 12.7 mill.); and
- Profit for the period: DKK -45.0 mil. (DKK 8.2 mill.).

Sales in line with expectations

Revenue is reported at DKK 1,409 mill. (DKK 929 mill.), an increase of 51 pct. compared to the period 1 July to 30 September 2018, which is attributable to the PGG Wrightson Seeds acquisition. Adjusted for acquisitions, revenue was on par with the previous year.

The first quarter forage and turf seed sales have generally lived up to expectations, despite that revenue is down by approximately 5% compared to autumn 2018 on a like-for-like basis. First quarter sales 2018 were particularly strong following the very hot and dry summer 2018 in especially Western Europe. Lower revenue in the forage and turf seed business on a like for like basis was compensated by an increase within the beet and vegetable seed business.

EBITDA is reported at DKK 4.2 mill. (DKK 40.1 mill.). The lower EBITDA is a result of a lower contribution margin realised in the European forage and turf seed business due to lower sales and higher cost of sales and an aggregated operating loss for PGG Wrightson Seeds in the first quarter. PGG Wrightson Seeds performed in line with expectations in Oceania whilst South American performance was below, mainly driven by the tough political and financial environment in Argentina. The North American forage and turf seed business continued to show a strong performance in the first quarter of FY 2019/20.

EBIT was DKK -33.3 mill. (DKK 17.4 mill.) and profit before tax was DKK -55.9 mill. (DKK 12.7 mill.) for the period under review. Financial costs increased to DKK 22.3 mill. (DKK 4.7 mill.) for the period due to recent acquisitions.

¹ Figures for the reference period 1 July to 30 September 2018 in brackets ()

Looking ahead

The full-year 2019/20 outlook remains positive. The forage and turf market is generally in good balance, especially in Europe, North America and New Zealand, whereas the South American business continues to be challenged. The integration processes between PGG Wrightson Seeds and DLF are well-progressed, where the South American businesses have undergone significant restructuring. The New Zealand businesses have also been aligned.

Within the sugar beet and vegetable seed business aggregate revenue is expected to increase, primarily in the vegetable seed multiplication business.

Revenue and EBITDA are expected to increase by approximately 30% against FY 2018/19 mainly as a result of the PGG Wrightson Seeds acquisition.

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

“The year has had a satisfactory start although EBITDA is down, which was only to be expected following an exceptional first quarter of FY2018/19. The DLF - PGG Wrightson Seeds integration process is progressing nicely. We have cut away costs through alignment and restructuring and, as a consequence hereof, we expect performance to improve this year. Generally, we have momentum in the business and a good spirit in the organisation. We expect DLF Seeds Group earnings to increase significantly in FY 2019/20 compared to the former year.”

Interim report and half-year report

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

Report for the six months ending 31 December 2019 is expected to be published on 20 February 2020.

More information

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DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1.7. - 30.09.2019 IN DKK 1,000

Profit & Loss

t.DKK	Group 1/7 - 30/9	
	Act 2019/20	Act 2018/19
Revenue	1.408.685	929.185
Cost of goods sold	961.147	582.968
Contribution	447.538	346.217
<i>Contribution margin</i>	31,8%	37,3%
Gross OPEX	221.703	158.889
Personnel costs	221.593	147.257
EBITDA	4.242	40.071
<i>EBITDA margin</i>	0,3%	4,3%
Depreciations / Amortizations	37.563	22.641
EBIT	-33.321	17.430
Income from investments in affiliates and associates	-275	0
Financial items (net)	-22.277	-4.712
Profit before tax	-55.873	12.718
Corporate tax	10.849	-4.506
Profit for the period	-45.024	8.212

Profit for the year is attributable to:

Shareholder of DLF Seeds A/S	-53.120	8.333
Hybrid capital owners, coupon payments after tax	8.404	0
Minority share	-308	-121
Total	-45.024	8.212

Balance Sheet

t.DKK	Group		
	Sep 30, 2019	Sep 30, 2018	Jun 30, 2019
Fixed assets	2.107.515	893.009	2.114.510
Inventory	1.889.566	1.029.959	1.576.380
Receivables	1.496.792	1.020.294	1.527.820
Cash and bank balances	539.867	54.728	634.971
Total assets	6.033.740	2.997.990	5.853.681
Equity	1.365.104	1.305.325	1.413.261
Hybrid capital	700.130	0	691.726
Minority interests	19.552	17.821	20.070
Total equity	2.084.786	1.323.146	2.125.057
Provisions	141.297	51.513	132.538
Non-current liabilities	1.941.795	379.545	1.924.513
Current liabilities	1.865.862	1.243.786	1.671.573
Total equity and liabilities	6.033.740	2.997.990	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	0	0	0	0
Currency adjustment	3.609	0	137	3.746
Profit of the year	8.333	0	-121	8.212
Value adjustment of hedging instrument and other movements	-10.317	0	0	-10.317
Equity 30.09.2018	1.305.325	0	17.821	1.323.146
Equity 30.6.2019	1.413.261	691.726	20.070	2.125.057
Dividend paid	0	0	0	0
Currency adjustment	4.963	0	-210	4.753
Hybrid bond	0	0	0	0
Profit of the year	-53.120	8.404	-308	-45.024
Value adjustment of hedging instrument and other movements	0	0	0	0
Equity 30.09.2019	1.365.104	700.130	19.552	2.084.786

Cash Flow statement

t.DKK	Group 1/7 - 30/9	
	Act 2019/20	Act 2018/19
Cash flow from operating activities before change in working capital	739	28.428
Change in working capital	-15.422	124.250
Cash flow from operating activities	-14.682	152.678
Cash flow from investing activities	-14.814	-30.184
Cash flow from financing activities	-71.501	-86.335
Net cash flow	-100.997	36.159
Cash, July 1	634.971	18.569
Currency	5.893	0
Cash, September 30	539.867	54.728