

Roskilde, 23 September 2020

## **DLF SEEDS A/S**

### **FULL YEAR FINANCIAL REPORT 2019/20<sup>1</sup>**

Financial highlights of the DLF Seeds Group for the period 1 July 2019 to 30 June 2020:

- Revenue: DKK 7,437 mill. (DKK 5,294 mill.)
- EBITDA: DKK 582.9 mill. (DKK 386.7 mill.)
- EBIT: DKK 406.6 mill. (DKK 273.7 mill.)
- Profit before tax: DKK 320.9 mill. (DKK 226.7 mill.)
- Profit after tax: DKK 226.9 mill. (DKK 161.5 mill.)

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

#### **Record sales and earnings**

Revenue is reported at DKK 7,437 mill. (DKK 5,294 mill.), an increase of 40.5 pct. compared to the previous year FY 2018/19.

The forage and turf seed activities continued to show solid sales performance and grew 48 pct. year-on-year. Adjusted for the PGW Seeds acquisition, organic growth amounted to 4 pct. on a like-for-like basis, led by the European forage and turf seed activities. Organic growth was mainly attributable to the wholesale activities and consumer turf distribution business. The Covid-19 pandemic and widespread lock-downs across the globe impacted operations, but order books for the year were more or less complete at that time. Accordingly, the main concern was to keep operations running in order to fulfil customers' need for seed. Generally, the group managed to satisfy customer orders.

In respect of the acquired PGW Seeds business, the New Zealand and Australian activities showed good sales performance with growth in revenue. Domestic market conditions were generally favourable, especially in New Zealand. In South America, revenue fell, partly due to increased price competition and partly due to divestures of non-strategic businesses and other structural changes to the business.

Within the beet and vegetable seed activities, the spinach and vegetable seed multiplication business doubled its revenue compared to FY 2018/19. Contracted production acreages of spinach seed for customers were record high and yields above standards. This growth in revenue more than outweighed lower sales by the beet seed activities. Totally,

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<sup>1</sup> Figures for the reference period 1 July 2018 to 30 June 2019 in brackets ( ).

revenue within the beet and vegetable seed activities grew 8 pct. this financial year compared to the former year.

EBITDA is reported at DKK 582.9 mill. (DKK 386.7 mill.) for financial year 2019/20, equal to an increase of 50.7 pct. year-on-year. The full-year impact of PWG Seeds and a significantly improved performance in the vegetable seed multiplication business were the main drivers behind the strongly improved EBITDA. The European and North American forage and turf seed activities' earnings also outperformed the former year's strong result.

EBIT was DKK 406.6 mill. (DKK 273.7 mill.). Profit before tax was DKK 320.9 mill. (DKK 226.7 mill.).

Reported full year 2019/20 figures have been audited by the company's auditors.

### **FY 2020/21 Forecast**

The Covid-19 pandemic gives raise to caution in respect of any performance forecast for FY 2020/21, as it is difficult to form an educated view on the wider implications to markets and operations.

Covid-19 pandemic aside for a moment, the fundamentals of forage and turf seed markets as such are generally reasonably favourable looking at Europe, Oceania and North America. Price levels seem to hold up from previous year, especially when benchmarked on the European wholesale level. Seed availability in certain North American produced species is even somewhat short. The macroeconomics for South America continue to be vulnerable and a cautious approach is required in respect of inventories and production commitments. It seems that China's demand for US produced seed is somewhat under pressure.

However, GDP reports from around the world indicate that a global economic downturn is occurring. The professional turf segment is traditionally most exposed to an economic downturn, but it may also spill over on farmers' appetite for capital spending. In addition to the economic effects, new Covid-19 outbreaks may disrupt operations.

Within the beet and vegetable seed business, we have witnessed a significant reduction in the contracted acreage of spinach seed, crop 2020, as customers have now built inventories. This decline can only to some extent be compensated by the beet or potato seed activities. As a hole, for the beet and vegetable seeds business a drop in revenue and earnings is expected.

Despite good fundamentals of the forage and turf seed market, we forecast a drop in revenue and EBITDA around 10 pct., factoring in Covid-19 uncertainties.

In a comment to the full year 2019/20 financial results and FY 2020/21 forecast, Mr. Truels Damsgaard, CEO, DLF Seeds A/S said:

*"The big test for us in FY 2019/20 was the amalgamation of PGW Seeds and DLF Seeds. I dare say that in concerted efforts the integration went well. 40 pct. growth in revenue and 50 pct. growth in EBITDA tells a story in its own right. PGW Seeds complements nicely our European and North American businesses that also put up strong performances in FY 2019/20.*

*The South American activities have undergone quite a few structural changes in order to create a more robust foundation under the business. We are still following our plan to make the business less complex and more focused. This plan includes the implementation of the DLF Group ERP system which is planned to be rolled out in Oceania as well. It will then be used throughout the DLF Seeds group.*

*Looking into FY 2020/21, Covid-19 is the elephant in the room. Under regular circumstances, I would have expressed some optimism as the forage and turf seed markets are generally healthy. With Covid-19, potential external impacts to our businesses are not easy to predict. We have taken certain cost measures to try to cushion our bottom line and hope this will prove sufficient to deliver a satisfactory result. We have forecasted cautiously, but it is hard to get a firm grip on the macro environment these days.”*

### **Annual Shareholders’ Meeting and Interim Reports FY 2020/21**

The issuer will host its annual shareholders’ meeting on 27 October 2020. The annual report FY 2019/20 will be available for download approximately two weeks in advance.

The interim reports and full year report FY 2020/21 will be published on the following dates:

- 26 October 2020: Report for the three months ending 30 September 2020<sup>2</sup>
- 22 February 2021: Half-year 2020/21 financial report for the six months ending 31 December 2020<sup>3</sup>
- 18 May 2021: Report for the nine months ending 31 March 2021<sup>4</sup>
- 23 September 2021: Full year 2020/21 financial report (audited by the Issuer’s auditor)<sup>5</sup>

### **More information**

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

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<sup>2</sup> Not audited or reviewed by the Issuer’s auditor

<sup>3</sup> Not audited or reviewed by the Issuer’s auditor

<sup>4</sup> Not audited or reviewed by the Issuer’s auditor

<sup>5</sup> Audited by the Issuer’s auditor

## DLF SEEDS GROUP FINANCIAL HIGHLIGHTS 1/7/2019 - 30/6/2020

### Profit & Loss

| t.DKK  | Group 1/7 - 30/6 |                  |
|--|------------------|------------------|
|  | Act 2019/20      | Act 2018/19      |
| Revenue  | 7.437.401        | 5.294.360        |
| Cost of goods sold                                   | 4.938.123        | 3.372.449        |
| <b>Contribution</b>                                  | <b>2.499.278</b> | <b>1.921.911</b> |
| <i>Contribution margin</i>                           | 33,6%            | 36,3%            |
| Other operating income                               | 0                | 22.400           |
| Gross OPEX   | 987.298          | 852.827          |
| Personnel costs                                      | 929.036          | 704.741          |
| <b>EBITDA</b>  | <b>582.944</b>   | <b>386.743</b>   |
| <i>EBITDA margin</i>                                 | 7,8%             | 7,3%             |
| Depreciations / Amortizations                        | 176.308          | 113.057          |
| <b>EBIT</b>  | <b>406.636</b>   | <b>273.686</b>   |
| Income from investments in affiliates and associates | 2.967            | 142              |
| Financial items (net)                                | -88.704          | -47.173          |
| <b>Profit before tax</b>                             | <b>320.899</b>   | <b>226.655</b>   |
| Corporate tax  | -93.973          | -65.153          |
| <b>Profit for the period</b>                         | <b>226.926</b>   | <b>161.502</b>   |
| <b>Profit for the year is attributable to:</b>       |                  |                  |
| Shareholder of DLF Seeds A/S                         | 192.050          | 138.037          |
| Hybrid capital owners, coupon payments after tax     | 33.407           | 19.669           |
| Minority share                                       | 1.469            | 3.796            |
| <b>Total</b>   | <b>226.926</b>   | <b>161.502</b>   |

### Balance Sheet

| t.DKK                               | Group            |                  |
|-------------------------------------|------------------|------------------|
|                                     | Jun 30, 2020     | Jun 30, 2019     |
| Fixed assets                        | 2.002.297        | 2.114.510        |
| Inventory                           | 1.505.140        | 1.576.380        |
| Receivables                         | 1.356.991        | 1.527.820        |
| Cash and bank balances              | 471.830          | 634.971          |
| <b>Total assets</b>                 | <b>5.336.258</b> | <b>5.853.681</b> |
| Equity                              | 1.579.438        | 1.413.261        |
| Hybrid capital                      | 687.837          | 691.726          |
| Minority interests                  | 17.476           | 20.070           |
| <b>Total equity</b>                 | <b>2.284.751</b> | <b>2.125.057</b> |
| Provisions                          | 105.918          | 132.538          |
| Non-current liabilities             | 1.252.397        | 1.924.513        |
| Current liabilities                 | 1.693.192        | 1.671.573        |
| <b>Total equity and liabilities</b> | <b>5.336.258</b> | <b>5.853.681</b> |

### Statement of changes in equity

| t.DKK  |                  | Group          |                    |                  |
|--|------------------|----------------|--------------------|------------------|
|  | Total            | Hybrid capital | Minority interests | Total            |
| <b>Equity 30.6.2018</b>                                    | <b>1.303.700</b> | <b>0</b>       | <b>17.805</b>      | <b>1.321.505</b> |
| Dividend paid  | -50.000          | 0              | 0                  | -50.000          |
| Aquisition   | 0                | 0              | 3.441              | 3.441            |
| Aquisition of minority share, DLF Estero                   | 0                | 0              | -2.955             | -2.955           |
| Currency adjustment  | 39.342           | 0              | -544               | 38.798           |
| Minority dividend  | 0                | 0              | -1.473             | -1.473           |
| Hybridbond   | 0                | 672.057        | 0                  | 672.057          |
| 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          |
| <b>Equity 30.06.2019</b>                                   | <b>1.413.261</b> | <b>691.726</b> | <b>20.070</b>      | <b>2.125.057</b> |
| Correction of minority PGGW                                | 0                | 0              | -3.441             | -3.441           |
| Currency adjustment  | -27.352          | 0              | -373               | -27.725          |
| Hybrid bond, coupon payment                                | 0                | -37.296        | 0                  | -37.296          |
| Minority dividend  | 0                | 0              | -249               | -249             |
| Profit of the year   | 192.050          | 33.407         | 1.469              | 226.926          |
| Value adjustment of hedging instrument and other movements | 1.479            | 0              | 0                  | 1.479            |
| <b>Equity 30.06.2020</b>                                   | <b>1.579.438</b> | <b>687.837</b> | <b>17.476</b>      | <b>2.284.751</b> |

### Cash Flow statement

| t.DKK  | Group 1/7 - 30/6 |                |
|--|------------------|----------------|
|  | Act 2019/20      | Act 2018/19    |
| Cash flow from operating activities before change in working capital | 432.618          | 260.371        |
| Change in working capital  | 183.264          | 122.606        |
| <b>Cash flow from operating activities</b>                           | <b>615.882</b>   | <b>382.977</b> |
| Cash flow from investing activities                                  | -69.554          | -1.843.965     |
| Cash flow from financing activities                                  | -709.469         | 2.077.390      |
| <b>Net cash flow</b>   | <b>-163.141</b>  | <b>616.402</b> |
| Cash, July 1   | 634.971          | 18.569         |
| <b>Cash, June 30</b>   | <b>471.830</b>   | <b>634.971</b> |