

Roskilde, 21 February 2019

DLF SEEDS A/S INTERIM REPORT 1.7.-31.12.2018¹

Financial highlights of the DLF Seeds Group for the period 1 July to 31 December 2018:

- Revenue: DKK 1,598 mill. (DKK 1,301 mill.);
- EBITDA: DKK 32.5 mill. (DKK 10.5 mill.)
- EBIT: DKK -11.4 mill. (DKK -25.8 mill.);
- Profit before tax: DKK -25.2 mill. (DKK -35.7 mill.) og
- Profit after tax: DKK -22.1 mill. (DKK -27.6 mill.).

Strong half year performance

Revenue is reported at DKK 1,598 mill. (DKK 1,301 mill.), an increase of 23 pct. compared to the period 1 July to 31 December 2017. Adjusted for acquisitions, organic growth amounted to 13 pct. on a like-for-like basis².

The forage and turf seed activities led the way with strong autumn sales, especially the distribution business in Western Europe benefitted from the hot and dry spell during the summer of 2018. Sales were also up in North and South America. In New Zealand, increased sales of fodder beet seed drove revenue higher for this reporting period compared to half-year 2017.

EBITDA is reported at DKK 32.5 mill. (DKK 10.5 mill.). Adjusted for acquisitions, EBITDA would be reported at DKK 95.7 mill. (DKK 49.6 mill.) as the acquired businesses have their main sales seasons in the spring. Strong autumn sales in the West European distribution business coupled with increased sales in North America drove contribution and contribution margin higher. Contribution margin increased to 41.7 pct. for the period; up by 3.6 percentage points from the corresponding period of the previous year.

EBIT was DKK -11.4 mill. (DKK -25.8 mill.). Financial costs have increased due to acquisitions.. Profit before tax was DKK -25.2 mill. (DKK -35.7 mill.).

Looking ahead

The full-year 2018/19 outlook remains positive. Revenue forecast is up against FY 2017/18 and previous guidance for FY 2018/19 , especially within the forage and turf

¹ Figures for the reference period 1 July to 31 December 2017 in brackets ().

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

seed business, which is expected to continue to build on a strong first half-year. Revenue forecast for the other businesses is slightly down compared to the former year.

EBIT is expected to be up against FY 2017/18 and previous earnings guidance for FY 2018/19 due to the strong performance of the forage and turf seed business. It is noted, however, that previous outlook guidance for FY 2018/19 assumed a closing of the PGG Wrightson Seeds Holdings Ltd, New Zealand (“PGW Seeds”) acquisition was to occur on 31 December 2018, but is still pending, please see below. Thereby, in DLF Seeds Group’s consolidated result for FY 2018/19, PGW Seeds’ result will decrease by the earnings for the period 1 January 2019 until the closing date compared to previous guidance.

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

“DLF’s performance in the autumn of 2018 was very strong. Our forage and turf seed business laid the grounds for an exceptional half-year result. We are widely a spring business as approximately 2/3 of our sales occur in the spring, and despite the turbulence surrounding Brexit and a world economy possibly set to lose some momentum, we look at the full-year with some comfort, given this strong half-year. But there is still a lot to be done.”

The acquisition of PGW Seeds pending to close

DLF Seeds A/S and PGG Wrightson Ltd. signed an agreement for DLF Seeds A/S to acquire all the shares in the capital of PGW Seeds (New Zealand) in August 2018. Settlement remains subject to regulatory approval by the Overseas Investment Office in New Zealand.

To partly finance the acquisition, DLF Seeds A/S issued and floated hybrid bonds in November 2018. The proceeds of this €90 mill. issuance remain in deposit until settlement occurs. However, in accordance with Danish GAAP, the hybrid bond is booked as part of the equity of DLF Seeds A/S and the Group.

With settlement pending, neither the interim financial account nor the outlook for the full year 2018/19 as disclosed herein, incorporate any PGW Seeds financial numbers. Once closing has occurred, PGW Seeds will be fully consolidated in DLF Seeds Group financial accounts from day of settlement and onwards.

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 2019 will be published on 14 May 2019.

More information

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DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1.7. - 31.12.2018

Profit & Loss

t.DKK	Group	
	H1 2018/19	H1 2017/18
Revenue	1.597.702	1.300.948
Cost of goods sold	931.561	805.264
Contribution	666.141	495.684
<i>Contribution margin</i>	41,7%	38,1%
Other operating income	12.403	0
Gross OPEX	339.481	242.084
Personnel costs	306.581	243.090
EBITDA	32.481	10.509
<i>EBITDA margin</i>	2,0%	0,8%
Depreciations / Amortizations	43.927	36.357
EBIT	-11.446	-25.847
Financial items (net)	-13.762	-9.815
Profit before tax	-25.208	-35.663
Corporate tax	3.114	8.021
Profit for the period	-22.094	-27.642
Profit for the year is attributable to:		
Shareholder of DLF Seeds A/S	-24.234	-26.518
Hybrid capital owners, coupon payments after tax	3.110	0
Minority share	-970	-1.124
Total	-22.094	-27.642

Balance Sheet

t.DKK	Group		
	Dec 31, 2018	Jun 30, 2018	Dec 31, 2017
Fixed assets	893.785	885.348	836.847
Inventory	1.536.222	833.292	1.329.632
Receivables	552.184	976.597	735.609
Cash and bank balances	695.711	18.569	21.934
Total assets	3.677.902	2.713.806	2.924.021
Equity	1.214.476	1.303.700	1.108.796
Hybrid capital	675.167	0	0
Minority interests	16.844	17.805	14.402
Total equity	1.906.487	1.321.505	1.123.197
Provisions	45.202	53.464	78.294
Non-current liabilities	562.037	399.156	723.476
Current liabilities	1.164.177	939.681	999.055
Total equity and liabilities	5.584.389	4.035.311	4.047.218

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	-7.109	0	-149	-7.258
Profit of the year	-26.518	0	-1.124	-27.642
Value adjustment of hedging instrument and other movements	-1.739	0	0	-1.739
Equity 31.12.2017	1.108.795	0	14.402	1.123.197
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
Hybrid bond	0	672.057	0	672.057
Profit of the year	-24.234	3.110	-970	-22.094
Value adjustment of hedging instrument and other movements	-15.887	0	0	-15.887
Equity 31.12.2018	1.214.476	675.167	16.844	1.906.487

Cash Flow statement

t.DKK	Group	
	H1 2018/19	H1 2017/18
Cash flow from operating activities before change in working capital	17.070	9.103
Change in working capital	-484.700	-597.107
Cash flow from operating activities	-467.630	-588.003
Cash flow from investing activities	-49.515	-383.629
Cash flow from financing activities	1.194.287	803.618
Net cash flow	677.142	-168.015
Cash, July 1	18.569	189.949
Cash, December 31	695.711	21.934