

Roskilde, 26 October 2020

DLF SEEDS A/S INTERIM REPORT 1.7.-30.09.2020¹

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

- Revenue: DKKm 1,530 (DKKm 1,409);
- EBITDA: DKKm 101.7 (DKKm 4.2);
- EBIT: DKKm 63,2 (DKKm -33.3);
- Profit before tax: DKKm 50.6 (DKKm -55.9); and
- Profit for the period: DKKm 29.7 (DKKm -45.0).

Vibrant close to FY 2019/20 continues into first quarter of 2020/21

Revenue is reported at DKKm 1,530 (DKKm 1,409), an increase of nine pct. compared to the period 1 July to 30 September 2019. The increase is attributable to the forage and turf seed business.

The first quarter 2020/21 benefitted from good autumn demand for forage and turf seed in the northern hemisphere and an early spring start in Oceania. In Europe, the increase was widely distributed across the wholesale and distribution businesses. In North America, the US consumer and professional turf businesses showed a particularly strong performance together with the Canadian wholesale and international businesses. In Oceania, the business recorded strong sales performance in domestic markets across most forage seed species and internationally.

The beet and vegetable seed business saw revenue fall. This was an expected drop due to the sharp contraction of the multiplication acreage within the vegetable seed activity of Jensen Seeds following the record-high 2019 crop.

EBITDA is reported at DKKm 101,7 (DKKm 4.2). The significant increase in reported EBITDA for the period under review is attributable to the growth in revenue and an increase in contribution margin percent. Contribution increased by DKKm 65.2 to DKKm 512.7 in Q1 of 2020/21. Further, various discretionary cost measures and ongoing restructuring of businesses in South America and Australia, rolled-over from the previous year, contributed to the improved performance during Q1 compared to the same period of 2019/20.

¹ Figures for the reference period 1 July to 30 September 2019 in brackets ()

A drop in reported EBITDA within the beet and vegetable seed business was a consequence of the reduced activity of Jensen Seeds. This was only partly mitigated by improved performance within the potato and beet seed businesses during Q1.

EBIT was DKKm 63.2 (DKKm -33.3 mill.) and pre-tax profit was DKKm 50.6 (DKKm -55.9 mill.) for the period under review.

Looking ahead

The full-year 2020/21 outlook remains positive from a strict market perspective. Fundamentals within the forage and turf seed markets are generally viewed as favourable. Seed availability is well-balanced against demand. Prices remain firm across most forage and turf seed species and geographies.

In Oceania, the strong Q1 performance is partly due to the early spring, and through-out the forage and turf business there may be an element of phasing in Q1 performance. The months February to May remain, as always, highly decisive for the full-year performance. The beet and vegetable seed businesses are expected to see a decline in revenue and EBITDA, on aggregate, due to the drop in the vegetable seed crop contracted by customers.

The South American businesses continue to undergo restructuring, which is expected to continue for most of the current year. Together with other cost measures implemented across all businesses, cost efficiencies are expected to materialise in the full-year performance.

Despite strong market fundamentals and a good start to the year, there are still reasons for a cautious guidance for full-year performance due to uncertainties related to the ongoing global health situation and its potential wider repercussions. Uncertainties linked to second half of the year remain. During a later forecast process, the full-year guidance will be updated.

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

“With an unexpected buoyant start to the year, it’s a bit of a paradox not yet to provide more clear guidance for full-year performance. Clearly, performance during Q1 has been outstanding. Our customers have been very active and our broad market coverage and long-term customer relations prove their value when demand suddenly takes off. There may be an element of phasing in shipments; possibly customers have asked for early deliveries to beat potential new lock-downs due to Covid-19. It is hard to tell. But we are cautious as to the world economy and the broader macro environment. We remain hopeful for the full-year performance, but we still have the all-important months ahead of us “

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 2020 is expected to be published on 25 February 2021.

More information

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DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1.7. - 30.09.2020 IN DKK 1,000

Profit & Loss

t.DKK	Group 1/7 - 30/9	
	Act 2020/21	Act 2019/20
Revenue	1.529.780	1.408.685
Cost of goods sold	1.017.055	961.147
Contribution	512.725	447.538
<i>Contribution margin</i>	33,5%	31,8%
Other operating income	42	0
Gross OPEX	195.619	221.703
Personnel costs	215.403	221.593
EBITDA	101.745	4.242
<i>EBITDA margin</i>	6,7%	0,3%
Depreciations / Amortizations	38.523	37.563
EBIT	63.222	-33.321
Income from investments in affiliates and associates	190	-275
Financial items (net)	-12.817	-22.277
Profit before tax	50.595	-55.873
Corporate tax	-20.894	10.849
Profit for the period	29.701	-45.024

Profit for the year is attributable to:

Shareholder of DLF Seeds A/S	21.542	-53.120
Hybrid capital owners, coupon payments after tax	8.404	8.404
Minority share	-245	-308
Total	29.701	-45.024

Balance Sheet

t.DKK	Group		
	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
Fixed assets	1.999.464	2.107.515	2.002.297
Inventory	1.539.395	1.889.566	1.505.140
Receivables	1.520.376	1.496.792	1.356.991
Cash and bank balances	289.561	539.867	471.830
Total assets	5.348.796	6.033.740	5.336.258
Equity	1.565.429	1.365.104	1.579.438
Hybrid capital	696.241	700.130	687.837
Minority interests	17.171	19.552	17.476
Total equity	2.278.841	2.084.786	2.284.751
Provisions	102.974	141.297	105.918
Non-current liabilities	1.270.104	1.941.795	1.252.397
Current liabilities	1.696.876	1.865.862	1.693.192
Total equity and liabilities	5.348.796	6.033.740	5.336.258

Statement of changes in equity

t.DKK	Group			
	Total	Hybrid capital	Minority interests	Total
Equity 30.6.2019	1.413.261	691.726	20.070	2.125.057
Currency adjustment	4.963	0	-210	4.753
Profit of the year	-53.120	8.404	-308	-45.024
Equity 30.09.2019	1.365.104	700.130	19.552	2.084.786
Equity 30.06.2020	1.579.438	687.837	17.476	2.284.751
Currency adjustment	-35.551	0	-60	-35.611
Profit of the year	21.542	8.404	-245	29.701
Equity 30.09.2020	1.565.429	696.241	17.171	2.278.841

Cash Flow statement

t.DKK	Group 1/7 - 30/9	
	Act 2020/21	Act 2019/20
Cash flow from operating activities before change in working capital	92.289	739
Change in working capital	-6.263	-15.422
Cash flow from operating activities	86.026	-14.683
Cash flow from investing activities	-68.742	-14.814
Cash flow from financing activities	-199.553	-65.607
Net cash flow	-182.269	-95.104
Cash, July 1	471.830	634.971
Cash, September 30	289.561	539.867