

Roskilde, 25 February 2021

DLF SEEDS A/S INTERIM REPORT 1.7.-31.12.2020¹

Financial highlights of the DLF Seeds Group for the period 1 July to 31 December 2020:

- Revenue: DKKm 2,929 (DKKm 2,753);
- EBITDA: DKKm 145.2 mill. (DKKm 33.3)
- EBIT: DKKm 68.1 (DKKm -45.9);
- Profit before tax: DKKm 40.1 (DKKm -85.0);
- Profit for the period: DKKm 17.1 (DKKm -66.3).

Home garden segment stands out

Revenue is reported at DKKm 2,929 (DKKm 2,753). The global forage and turf seed business grew by 10 pct. in the period compared to the same period of the previous year. The growth was captured across, practically, all geographies and segments with the home garden segment as the stand-out, especially in North America and Europe. The beet and vegetable seed business saw an expected decline in revenue, as the contracted production with Jensen Seed for crop 2020 was significantly reduced due to less demand from vegetable breeders following a record production year in 2019. This drop in revenue was only partly offset by an increase in sugar beet seed revenue.

The autumn 2020 demand for forage and turf seed was strong in the northern hemisphere. The COVID-19 restrictions underpinned the home garden segment with consumers caring for the gardens while sent home. The development was very noticeable, maybe even unprecedented, in North America and Europe. Sales of forage and pro turf seed were also up against the former year. The only category not to exceed former year's sales were cover crops in North America. Weather conditions with hurricanes reduced demands from especially US arable farmers.

Sales in the southern hemisphere were helped by an early spring in Oceania. Demand for forage seed, especially brassicas and fodder beets in New Zealand, were strong and sales increased. At the same time, rains in Australia came at the right time for sowing. Due to similar circumstances as in the northern hemisphere, the home garden market also took off. Finally, we saw increased demand from international clients resulting in an increase in exports during first half of 2020/21 compared to the previous year.

¹ Figures for the reference period 1 July to 31 December 2019 in brackets ()

The forage business in South America was up for the reporting period in comparison with the former year. This was due to an increase of domestic sales and exports from Argentina. Continued drought in parts of South America, however, meant stagnant sales of summer crop seed and consequential to this, lower sales of crop protection in the distribution business.

EBITDA is reported at DKKm 145.2 (DKKm 33.3). All geographical forage and turf seed business units reported increased earnings for the first half of 2020/21 compared to prior year. The main drivers behind the positive development were especially i) the European wholesale and UK and Benelux distribution businesses, ii) the New Zealand domestic forage business as well as the export business from New Zealand and Australia, and iii) the North American wholesale and home garden businesses. In South America, the on-going cost-cutting programs showed good results which were noticeable in the improved performance of the DLF Group, although the COVID-19 situation slowed the implementation of the programs. COVID-19 restrictions generally reduced travel, entertainment and similar business related activities, which in turn resulted in reductions in certain cost items.

EBIT was DKKm 68.1 (DKKm -45.9), and profit before tax was DKKm 40.1 (DKKm -85.0).

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

Looking ahead

The strong half-year 2020/21 performance allows for a more positive forecast for full-year results 2020/21 compared to earlier projections. Although first half year of 2020/21 was better than expected and better than 2019/20, a prudent forecast for the second half would calculate with lower demands compared to former year, where market demands were quite strong, too. DLF Group revenue for the full-year 2020/21 is forecasted to be in line with or marginally below 2019/20. Full-year EBIT is forecasted to be generally in line with previous year, but clearly higher than previous communicated guidance.

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

“The business has moved strongly forward during the first half year of 2020/21. Bearing in mind the COVID-19 situation across the globe, we have closely monitored potential impacts on our businesses and operations. Looking back, we have adapted well to the situation. I’m very proud of the response and commitment of our staff during these times.

It seems that home projects at large have flourished during lock-downs. The turf seed industry has witnessed such a strong development within the home garden segment during this half year. We have been caught somewhat by surprise. It has however vacuumed the commodity end of the market for supply, and this is likely helping to support prices across all segments. The strong price development for arable commodities may impact contracting of forage and turf seed multiplication this coming half year, which together with reduced carry-over stocks may further restrict seed availability through-out our industry for the coming year.

As for full-year 2020/21 performance we remain optimistic and expect to reach our forecast.”

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 2021 will be published on 19 May 2021.

Further information:

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

DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1.7. - 31.12.2020 IN DKK 1,000

Profit & Loss

t.DKK	Group 1/7 - 31/12	
	Act 2020/21	Act 2019/20
Revenue	2.928.958	2.753.480
Cost of goods sold	1.900.700	1.803.287
Contribution	1.028.258	950.193
<i>Contribution margin</i>	35,1%	34,5%
Gross OPEX	427.955	468.373
Personnel costs	455.148	448.521
EBITDA	145.155	33.299
<i>EBITDA margin</i>	5,0%	1,2%
Depreciations / Amortizations	77.015	79.223
EBIT	68.140	-45.924
Income from investments in affiliates and associates	1.047	522
Financial items (net)	-29.134	-39.601
Profit before tax	40.053	-85.003
Corporate tax	-22.926	18.690
Profit for the period	17.127	-66.313
Profit for the year is attributable to:		
Shareholder of DLF Seeds A/S	1.063	-81.954
Hybrid capital owners, coupon payments after tax	16.807	16.807
Minority share	-743	-1.166
Total	17.127	-66.313

Balance Sheet

t.DKK	Group		
	Dec 31, 2020	Dec 31, 2019	Jun 30, 2020
Fixed assets	1.977.228	2.071.930	2.002.297
Inventory	1.942.292	2.263.578	1.505.140
Receivables	1.312.916	1.353.084	1.356.991
Cash and bank balances	554.988	516.606	471.830
Total assets	5.787.424	6.205.198	5.336.258
Equity	1.557.120	1.366.158	1.579.438
Hybrid capital	671.207	675.096	687.837
Minority interests	16.220	18.664	17.476
Total equity	2.244.547	2.059.918	2.284.751
Provisions	104.175	135.774	105.918
Non-current liabilities	1.353.851	2.144.641	1.252.397
Current liabilities	2.084.851	1.864.865	1.693.192
Total equity and liabilities	5.787.424	6.205.198	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	31.573	0	-240	31.333
Hybridbond, 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
Equity 30.6.2020	1.579.438	687.837	17.476	2.284.751
Currency adjustment	-2.493	0	-513	-3.006
Hybrid bond, coupon payment	-9.250	-33.437	0	-42.687
Profit of the year	1.063	16.807	-743	17.127
Value adjustment of hedging instrument and other movements	-11.638	0	0	-11.638
Equity 31.12.2020	1.557.120	671.207	16.220	2.244.547

Cash Flow statement

t.DKK	Group 1/7 - 31/12	
	Act 2020/21	Act 2019/20
Cash flow from operating activities before change in working	92.720	28.733
Change in working capital	-331.865	-555.941
Cash flow from operating activities	-239.145	-527.208
Cash flow from investing activities	-81.397	-20.450
Cash flow from financing activities	408.083	417.448
Net cash flow	87.541	-130.210
Cash, July 1	471.830	634.971
Currency	-4.383	11.845
Cash, Dec 31	554.988	516.606