



**Informative meeting October 12<sup>th</sup> 2006**



## **Agenda**

- > **Introduction**
- > **Annual financial statements 2005-2006**
- > **Strategy and development files**
- > **Perspectives for 2006-2007**
- > **Conclusion**

**Informative meeting – Oct. 12th 2006**



Annual financial statements 2005-2006

**Consolidated financial statements**

**Scope**

- + Kyowa PI 40% → GI 100%
- + Mikado GI as of May 1st 2006
- Ferry Morse deconsolidated as of July 1st 2005

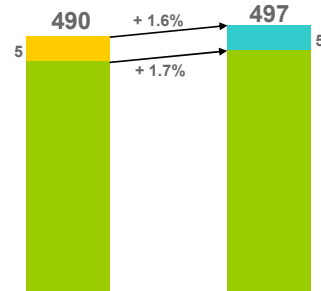
NB: financial statements on June 30th 2006 before integrating Limagrain's field seeds business.

**Currency**

\$ average = 1.22 close = 1.27  
 ¥ average = 140 close = 146

**Sales\***

in M€  
**2004-2005**      **2005-2006**



\* Revenue from ordinary activities

Like for like

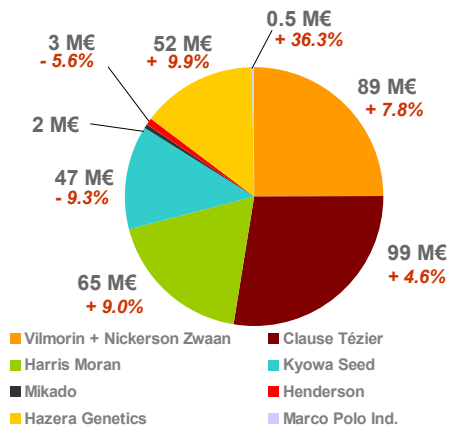
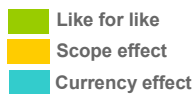
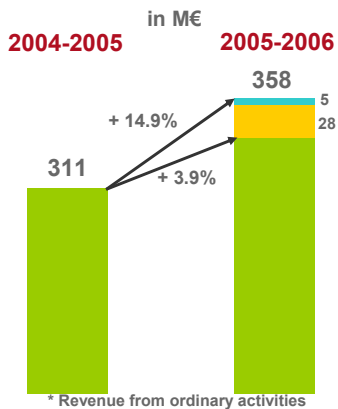
Scope effect

Currency effect

# Consolidated financial statements



## Sales\* Professional Division



Contribution to consolidation like for like

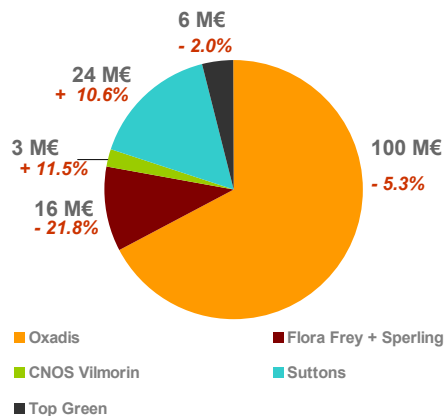
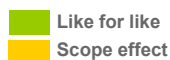
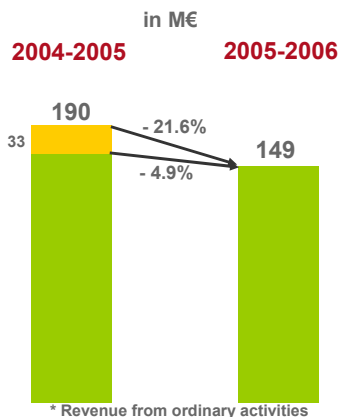
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# Consolidated financial statements



## Sales\* Home Garden Division



Contribution to consolidation like for like

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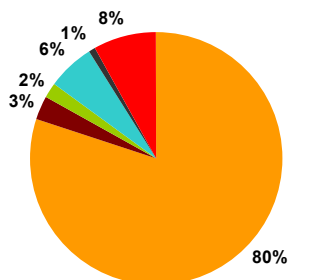
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# Consolidated financial statements

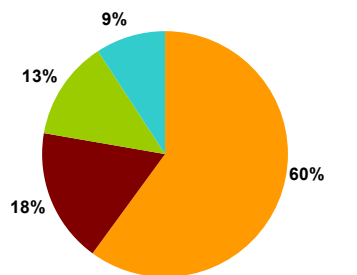


## Sales breakdown 2005-2006

by product



by geographic zone



# Consolidated financial statements



## Income statement

in M€	2004-2005	2005-2006	Variation
Sales*	489.6	497.5	1.6%
Commercial margin	252.9	247.7	-5.2 M€
Commercial margin rate	51.7%	49.8%	-1.9 pt
Operating income	43.8	52.5	+8.8 M€
Operating margin	8.9%	10.6%	+1.7pt

including =  
 ▪ scope -1.4 pt  
 ▪ stocks -0.5 pt

including =  
 ▪ impairments 0.9 M€  
 ▪ reorganization 0.9 M€

\* Revenue from ordinary activities

## Consolidated financial statements



### Income statement

in M€	2004-2005	2005-2006	Variation
<b>Sales*</b>	<b>489.6</b>	<b>497.5</b>	<b>1.6%</b>
<b>Commercial margin</b>	<b>252.9</b>	<b>247.7</b>	<b>-5.2 M€</b>
<i>Commercial margin rate</i>	<i>51.7%</i>	<i>49.8%</i>	<i>-1.9 pt</i>
<b>Operating income</b>	<b>43.8</b>	<b>52.5</b>	<b>+8.8 M€</b>
<i>Operating margin</i>	<i>8.9%</i>	<i>10.6%</i>	<i>+1.7pt</i>
<b>Financial income</b>	<b>2.0</b>	<b>(3.7)</b>	<b>-5.7 M€</b>
Profit from associated companies	0.9	1.6	+0.7 M€
Taxes	-11.9	-6.7	+5.2 M€
Profit from discontinued operations	-	5.5	+5.5 M€
<b>Net income</b>	<b>34.8</b>	<b>49.2</b>	<b>+14.4 M€</b>
<b>Net income group share</b>	<b>32.3</b>	<b>43.8</b>	<b>+11.5 M€</b>

\* Revenue from ordinary activities

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## Consolidated financial statements



### Key figures for the Professional Division

in M€	2004-2005	2005-2006
<b>Sales*</b>	<b>311</b>	<b>358</b>
<b>Operating income</b>	<b>46.3</b>	<b>56.3</b>
<b>Net income</b>	<b>32.6</b>	<b>45.4</b>

\* Revenue from ordinary activities

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## Consolidated financial statements

### Key figures for the Home Garden Division

in M€	2004-2005	2005-2006
Sales*	190	149
Operating income	8.1	5.7
Net income including subsidy to Flora Frey	3.4	2.3
Net income before subsidy to Flora Frey	-4.6	-2.6

\* Revenue from ordinary activities

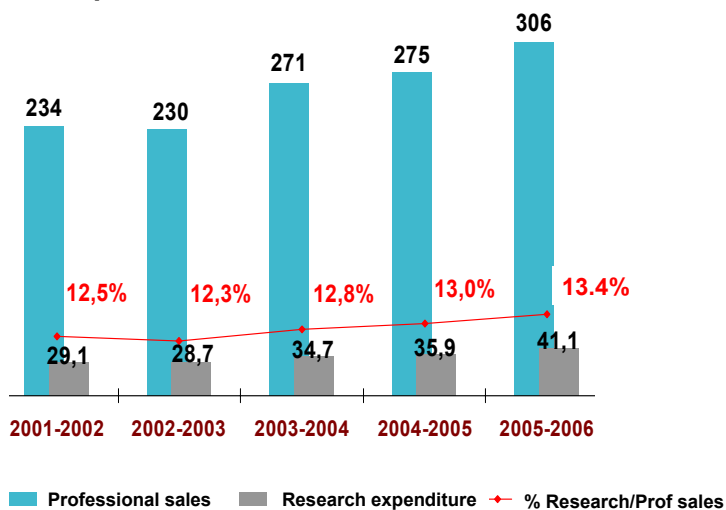
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## Consolidated financial statements

### Research expenditure

in M€

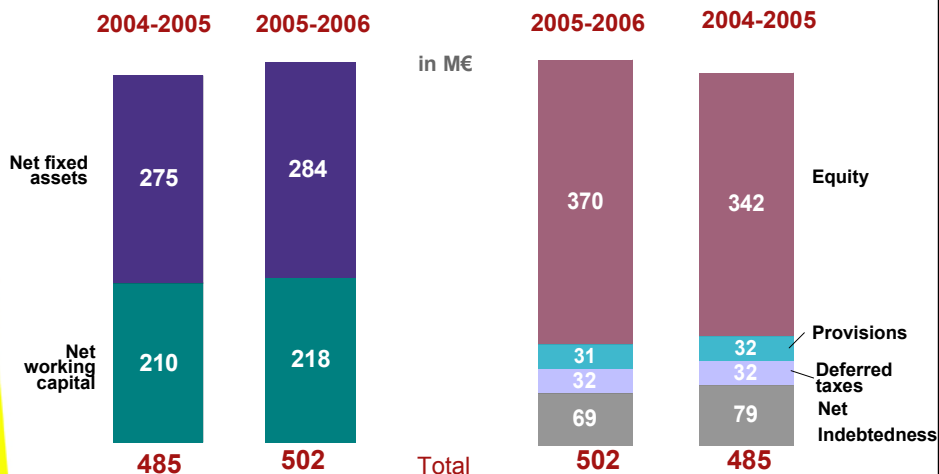


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# Consolidated financial statements

## Balance sheet structure



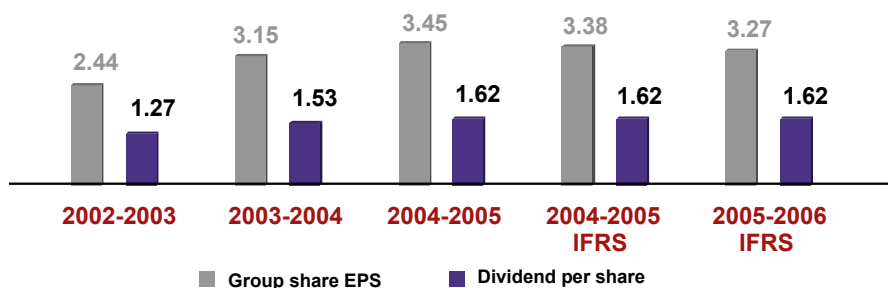
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# Consolidated financial statements

## Proposed dividends

in €



Pay-out 52%      48.6%      47%      47.9%      49.5%

NB. Calculated on the basis of 9 566 979 shares, then 13 391 857 shares for 2005-2006

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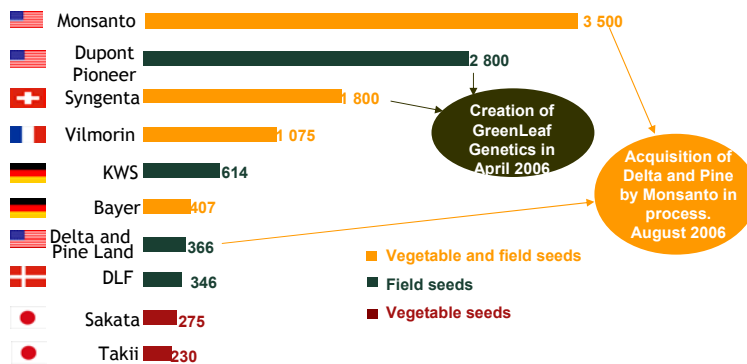
## Strategy and development files



### Integration of the field seeds business

#### > New market challenges

- Concentration of the market (sales for 2005 in millions of \$)



➔ The top 10 = 58% of the market

Internal source. Pro-forma 2005 and corporate disclosures



# Strategy

## Ambitions

### > Strengthen our position as a major player in the new market context characterized by:

- globalization of the seeds business and concentration of the global players
- progress made in upstream technology

### > Reinforce our original organization and management model

### > Continue sustained growth through new opportunities for expansion and international development



# Development files

## Objectives

### > Fortify existing bases

- Hazera Genetics. Israel. Vegetables
- Mikado - Kyowa. Japan. Vegetables



### > Accelerate external growth

- Avesthagen. India. Vegetables and Field Seeds

### > Give impetus to core business

- Innoseeds – DLF agreement. Field seeds



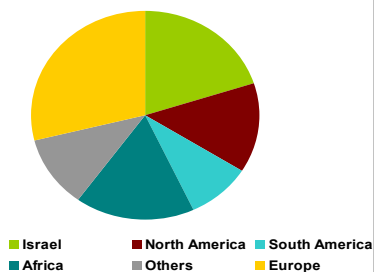
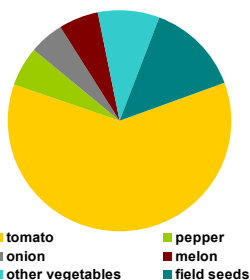
## Development files

### Hazera Genetics. Israel. Vegetables



#### > Key figures

- Sales 2005: > \$65 million
- Net income 2005 : \$8 million
- Sales by product
- Sales by geographic zone

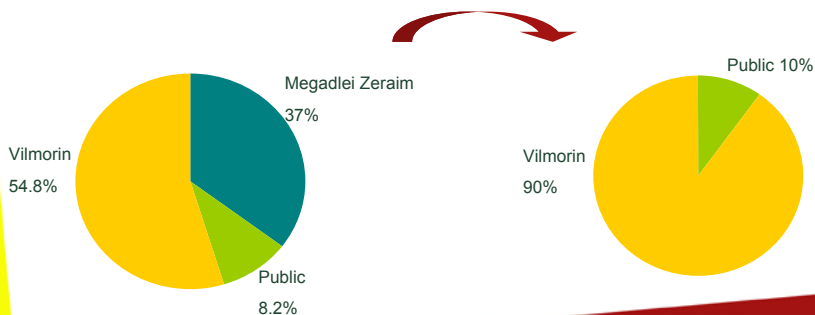


## Development files

### Hazera Genetics. Israel. Vegetables

#### > The operation

- Acquisition in July 2006 of the stake held by the kibbutzim
- Total value of Hazera Genetics = \$91 million
  - Amount involved by the operation \$34 million



## Development files

Hazera Genetics. Israel. Vegetables

### > Objectives

- Accompany the long-term development of Hazera
- Reinforce cooperation with the other professional companies in the division
- Intensify Hazera's agreements with Israeli public research



### Impact

Increase in net income Group share: nearly 3 M€



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## Development files

Mikado – Kyowa. Japan. Vegetables

### > Key figures

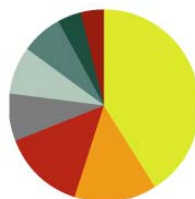
Mikado Seed Growers



- Sales 05-06\* = €19 million (40% seeds)

KYOWA SEED

- Sales 05-06 = €47 million (almost 40% seeds)



- Other species
- Kabocha squash
- Cucumber
- Onion
- Daikon radish
- Melon
- Water melon
- Cabbage



Mikado – Kyowa  
Sales distribution by species

\* over 12 months

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## Development files

### Mikado – Kyowa. Japan. Vegetables

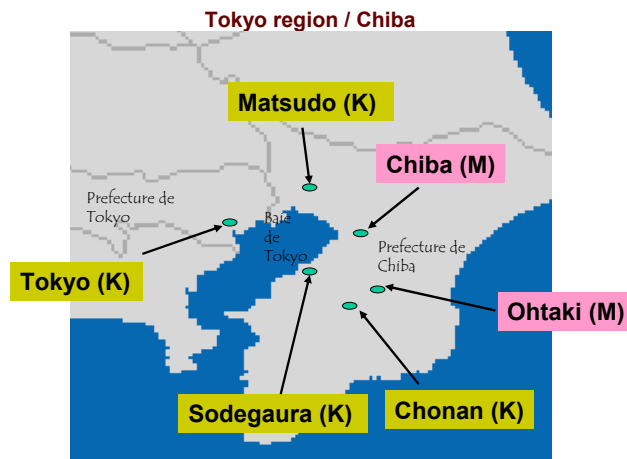
#### > The operation

- Majority takeover of:
  - Kyowa Seed. April 2005. 59%
  - Mikado Seed Growers. March 2006. 54%
- Agreement of the AGMs for a legal merger of the two companies as of January 1st 2007
- Process underway for combining operations for the two organizations and a plan to relocate the companies' industrial site

## Development files

### Mikado – Kyowa. Japan. Vegetables

#### > Different sites



## Development files

### Mikado – Kyowa. Japan. Vegetables

#### > Objectives

- Create the fourth largest Japanese seeds company, a base from which to do business throughout the Asian markets
- Better use of original and diversified germplasm



#### Impacts of Mikado

- Sales = + €15 to €17 million
- Operating income = > 0
- Net income = > 0

## Development files

### Avesthagen. India. Vegetables and field seeds

#### > Key figures

- Creation: 1998. Bangalore (“The Indian Technology Valley”)
- Activity: biotechnology laboratory
- Headcount: 200 employees including 25 specialists in plant biotechnology
- Partners: Nestlé, Biomérieux, Novartis, Astra Zeneca...



## Development files

### Avesthagen. India. Vegetables and field seeds

#### > Objectives

- Develop a centre for vegetable seeds and field seeds on the Indian market through the creation of joint-ventures
- Co-operate in biotechnology applied to plant breeding
  - Run joint research projects
  - Provide reciprocal access to technology platforms
  - Gain access to Indian public research institutes



## Development files

### DLF agreement. Field seeds



#### > The operation: Innoseeds

- Take-over of the cereal (wheat, barley) and pea businesses of Innoseeds, a subsidiary of DLF
  - 2 main sites in Holland: Vlijmen (head office + grass seeds business) and Lelystad (cereals business)
  - Subsidiaries in the United Kingdom, France, German and Czech Republic
- Planned synergies
  - Closing of the existing structures in France, Germany and the United Kingdom and transfer to the structures of Limagrain Verneuil Holding
  - Integration of the R&D programs
  - Consolidation of the marketing/sales functions

## Development files

DLF agreement. Field seeds

### > The operation: sale of grass seeds business

- Sale to DLF of the research and production activities in forage and amenity grass and also wholesale distribution
- Distribution of grass seeds in certain European markets through privileged and exclusive access to the products emerging from DLF's research



## Development files

DLF agreement. Field seeds

### > Objectives

- Increase market shares in strategic species:
  - Market share for wheat in western Europe: > 30%
- Develop cover of eastern European markets:
  - > particularly in the Czech Republic and Slovakia
- Reconfigure the portfolio of products around strategic species



## Development files

DLF agreement. Field seeds

### > Principles of the DLF agreement

- Sale of the grass seeds business on the basis of the net book value (fixed assets + net working capital) + goodwill
- Acquisition of the Innoseeds business on the basis of the net book value + goodwill
- Dilution of Vilmorin's participation in Top Green following the contribution of the professional amenity grass seeds assets in France made by DLF (consolidation method = PI → Equivalence)

### Impacts

- Sales = estimate of - €7 million
- Operating income = €1 to €2 million
- Net income = > 0
- Net cash = €15/20 million

## Development files

China

### > Existing business

- Research: in co-operation with the CAAS
- Production: Vilmorin's farm in Linze, in the province of Gansu.
- Distribution structures (distribution network for the professional companies) and subsidiary Mikado- Kyowa in Dalian (Liaoning province)

30 people. Sales of 65 M RMB in 2005



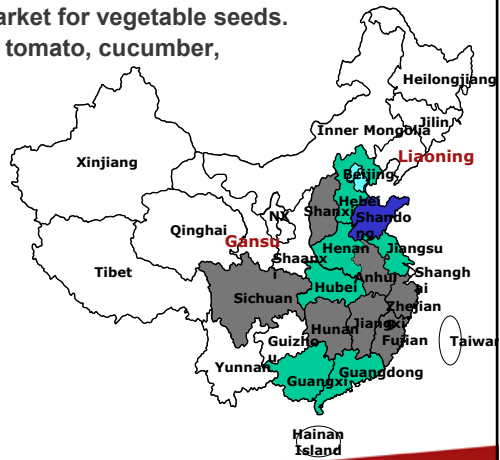


## Development files

### China

#### > Objectives

- Consolidate our presence on the market for vegetable seeds.  
Main species: water melon, pepper, tomato, cucumber, Chinese cabbage...
- Develop the field seeds business.  
Main species: wheat, hybrid rice (?)
- Gain access to new gene pools

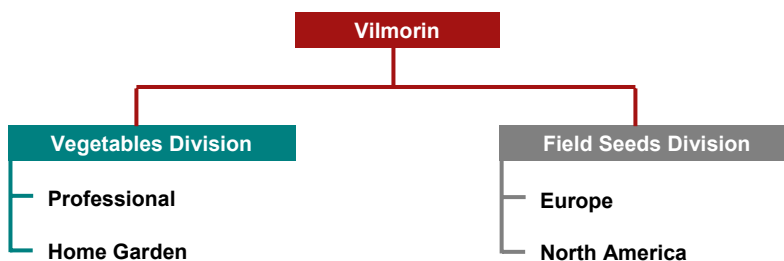


Perspectives for 2006-2007

## Perspectives for 2006-2007

### New Vilmorin scope

- > As of July 3rd 2006, integration of the field seeds businesses of Limagrain through the contribution of securities belonging to the holding company Biofina
  - ↻ Increase of equity by €241 million (including the share premium)



## Perspectives for 2006-2007

### Field seeds

#### > Operations handled in 2005-2006

- Integration of the European activities of Advanta acquired in February 2005 and global reorganization of LVH / Advanta operations
- Negotiations with DLF for the sale of the grass seeds business (research / production / wholesale) and to take control of the Innoseeds cereal activities. Finalization in October 2006
- Launch of the reorganization of Biogemma (biotechnology)
- Development files: Avesthagen (India), ...

## Perspectives 2006-2007

### Field seeds

#### > Pro-forma data\* for 2005-2006 in M€

<b>Sales</b>	<b>425</b>
<i>including Europe</i>	331
<i>Including North America</i>	94
<b>Operating income</b>	<b>2.3</b>
<i>including net reorganization costs</i>	(17)
<b>Indebtedness**</b>	<b>272</b>

\* NB: provisional unaudited figures

\*\* including Biofina

## Perspectives

### Objectives 2006-2007

#### > Vegetables Division

- Professional business

Pursue development, while intensifying investment in research and organic growth

Look out for opportunities for external growth



**Growth of the Professional vegetables  
business 2006-2007 = + 4 to 5%**

## Perspectives

### Objectives 2006-2007

#### > Vegetables division

- Home Garden business



Finalize application of the reorientation plan of the activities, particularly in Germany

**Priority to improving the operating margin of the Home Garden vegetables business, with an objective of 7 to 8% fixed for 2008**

## Perspectives

### Objectives 2006-2007

#### > Field Seeds Division

- North America

Continue the organic growth of AgReliant

Consolidation of research investment



**Growth objective for the field seeds business in North America in 2006-2007: from 4 to 5%**

# Perspectives

## Objectives 2006-2007

### > Field Seeds Division

- Europe

Achieve synergies through the integration of Advanta

Integration of the new Innoseeds business

Reconfiguration of upstream research



**Growth objective for field seeds  
in Europe in 2006-2007: + 2 to 3%**



Conclusion