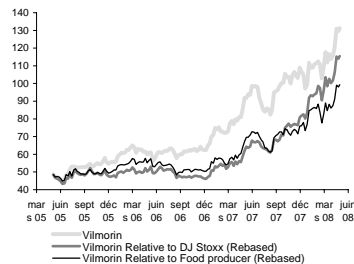


Vilmorin

Food products France

Share issue

Recommendation	Buy (1)
Price (28/05/2008)	131.31 EUR
Target price	116.50 EUR



Reuter: VILM.PA
 Bloomberg: RIN FP
 12-month high: 131.48
 12-month low: 82.30

Multiples

	06/07	06/08e	06/09e	06/10e
P/E	17.0	29.8	27.0	24.4
Net. yield (%)	2.4%	1.4%	1.6%	1.8%
FCF yield (%)	2.2%	3.5%	2.9%	3.6%
P/Book value	1.5	2.7	2.6	2.4
EV/Sales	1.4	2.4	2.2	2.1
EV/EBITDA	8.4	11.1	10.4	9.6
EV/EBIT(recur)	16.4	19.5	18.5	16.9

Per share data

EUR	06/07	06/08e	06/09e	06/10e
EPS (AANP)	4.09	4.40	4.87	5.39
%Change	2.3%	7.5%	10.7%	10.7%
EPS (ANP)	4.09	4.55	4.87	5.39
%Change	-10.6%	11.2%	7.0%	10.7%
Dividend	1.66	1.87	2.05	2.32
Book value	45.43	48.32	51.33	54.67

Income statement

(EUR m)	06/07	06/08e	06/09e	06/10e
Sales	938.3	895.7	925.3	959.5
%Change	88.7%	-4.5%	3.3%	3.7%
Op.profit(recur.)	80.5	108.1	112.7	121.3
%Change	42.8%	34.3%	4.2%	7.6%
Op.profit(EBIT)	95.0	108.1	112.7	121.3
Attr. net profit	54.8	60.9	65.2	72.2
Adj. attr. NP	54.8	58.9	65.2	72.2

Financial data

	06/07	06/08e	06/09e	06/10e
ROCE bef. Tax	12.1%	9.9%	10.2%	10.8%
ROCE after Tax	9.4%	7.3%	7.5%	8.0%
ROE	11.8%	9.4%	9.8%	10.2%
FCF	20.5	61.8	51.5	63.0
Net debt	345	306	279	244
Gearing	48.9%	40.8%	35.1%	28.8%
Net Debt/EBITDA	2.2	1.6	1.4	1.1
EBITDA/Interest	8.0	9.1	11.5	13.3

Performance

	1 mo	3 mos	12 mos
Absolute perf.	16.2%	15.4%	51.9%
Perf./country	1.22	1.37	1.79
Perf./DJ sector	1.13	1.24	1.47

Liquidity

Market Cap.	1 758
EV	2 081
No. of shares (m)	13.4
avg.volume /d	636
Groupe Limagrain	69.0%
Free Float	31.0%

Jean-François Granjon
 +33 (0)4 72 68 27 05
 jfgranjon@oddo.fr

OCEANE bond issue

Vilmorin has announced a € 130m OCEANE bond issue (€ 149.5m with extension clauses) with the aim of strengthening its financial resources in order to continue with its investment in R&D and step up its development through acquisitions. Remember that the company benefits from a particularly healthy balance sheet (estimated gearing of 44%). The issue will be subject to a premium of 20% and, in the event of conversion, will represent 6-7% of the company's current share capital.

We reiterate our Buy (1) recommendation with a target price of € 116.5m under review. Study to come.

€130m OCEANE bond issue

Vilmorin has announced a € 130m OCEANE bond issue that may be increased to € 149.5m if the extension clause is fully exercised.

The face value of the bonds will present a 20% premium to the benchmark share price during trading on May 29, 2008 (€ 131.31). The bonds will be issued at par. Interest will be at a rate of 4-4.5% a year, payable on July 1 of each year. The bonds will be fully redeemed on July 1, 2015.

Parent company Limagrain Holding states that was not involved in the issue.

Motivations

This issue will therefore strengthen the company's resources:

- Its main aim is to strengthen the company's resources, having recently confirmed its aggressive investment strategy for the trade seed market. The company intends to step up its R&D investment in parallel with withdrawing from consumer activities. R&D expenses currently represent 14% of sales.
- The company's development strategy is also based on further targeted acquisitions in a sector undergoing continuing consolidation (e.g. the recent acquisition of De Ruiter by world market leader Monsanto, strengthening its presence in the fruit and vegetable seeds market). Vilmorin is expected to build on its presence in the Asian market (Japan, India and China), which presents huge potential, with China accounting for 15% of the worldwide market. It is also planning to increase its market share (currently No. 4). The top 10 companies currently control 60% of the market.
- This issue with strengthen the company's balance sheet, although its gearing is already very reasonable (estimated at 44% for 2008, margin to increase debt by €400m). It is expected to result in the issue of 825,000 to 950,000 shares, representing 6-7% of the current share capital.

Buy (1) recommendation confirmed – Target price of €116.5 under review

This issue confirms the validity of the company's strategy.

We reiterate our Buy (1) recommendation with a target price of € 116.5 under review. We are due to publish a study in the near future with upgraded estimates following an excellent Q3 and similar trends for next year. We also intend to revise our target price in order to take account of these factors.

Next event: full-year sales on August 5 (after market close)

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A WHOLLY OWNED SUBSIDIARY OF ODDO ET CIE

PATRICK ODDOUX PRESIDENT, ODDO SECURITIES CORP. (NEW YORK), poddoux@oddonyc.com

150 EAST 52ND STREET
NEW YORK, NEW YORK 10022
212-481-4002