



# INFORMATIONAL MEETING

MARCH 7, 2016



## AGENDA

KEY POINTS

HIGHLIGHTS OF THE 1<sup>ST</sup> SEMESTER 2015-2016

RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2015-2016

LATEST NEWS

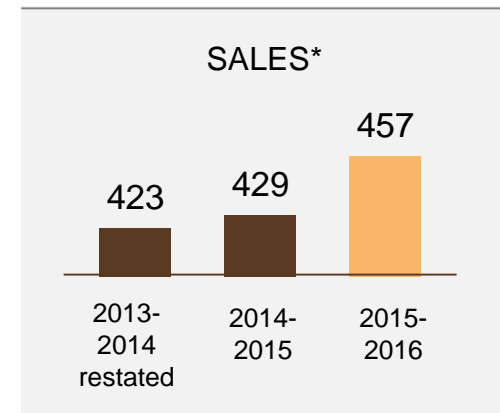
CHALLENGES AND OUTLOOK FOR END OF FISCAL YEAR 2015-2016

SCHEDULE

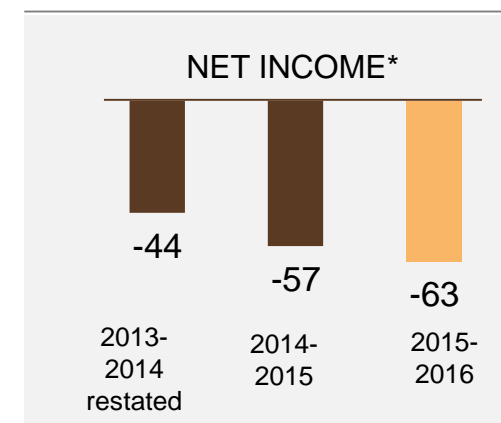
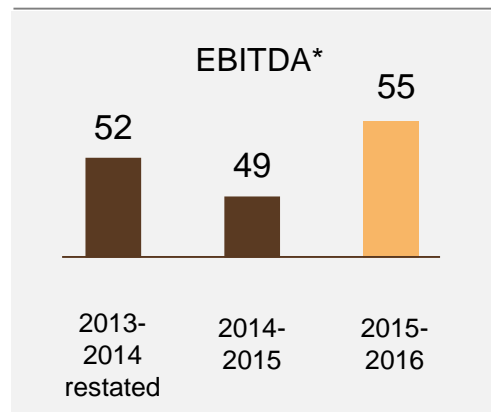
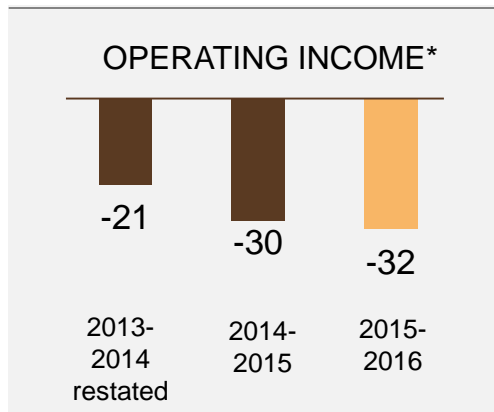
*APPENDICES*

## Significant increase in sales for the first semester: +6.5%\*\*

- Excellent performance of the Vegetable seeds activity: +12.7%\*\*
- Business at almost the same level for the Field seeds division, in a market context that remains difficult: -1%\*\*



## A contraction in income for the first semester, with a net loss of €63 M (including a group share loss of €61 M), due to increased research expenditure and non-recurring items



## Objectives maintained for 2015-2016

\* In M€

\*\* With current data





# HIGHLIGHTS

## OF THE 1<sup>ST</sup> SEMESTER 2015-2016

## WHEAT SEEDS. CANADA. JULY 2015

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■ Creation, in July 2015, of a joint venture between Vilmorin & Cie (70%) and Canterra Seeds (30%) specialized in the development and breeding of cereals.



- Objective: ultimately develop leading cereal varieties (particularly for wheat) for the western Canadian market.

■ Purchase of a minority stake of 30% in Canterra Seeds.

- Bolstering of the partnership between the two companies in order to develop cereal distribution in western Canada too.

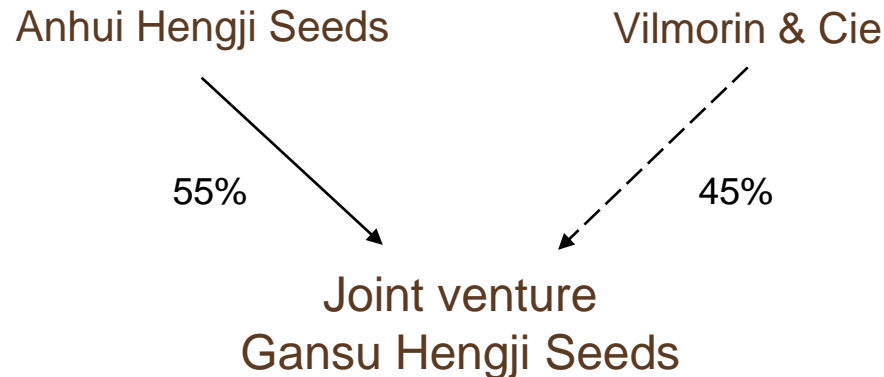


## CORN SEEDS. JOINT VENTURE IN CHINA. SEPTEMBER 2015

Authorization from the Chinese administration, in September 2015, for the creation of the joint venture Gansu Hengji Seeds



- Joint venture for the production and distribution of corn seeds



A major step in the development  
of Vilmorin & Cie on this key market

## LICENSING AGREEMENTS WITH SYNGENTA. GM CORN TRAITS. OCTOBER 2015

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■ In October 2015, Vilmorin & Cie and KWS signed long-term licensing agreements with Syngenta, concerning GM corn traits.

- Strategic interest of the operation:
  - Gain access to a broader range of highly competitive GM corn traits.
  - Propose more options and highly competitive corn seed varieties to farmer customers.



Vilmorin & Cie is strengthening its strategic orientation,  
to deliver its own genetically modified traits  
for corn seeds in the coming years.





# RESULTS FOR THE FIRST SEMESTER 2015-2016



## REFERENCES

### Accounting reference

- IFRS on December 31, 2015

### Consolidation scope

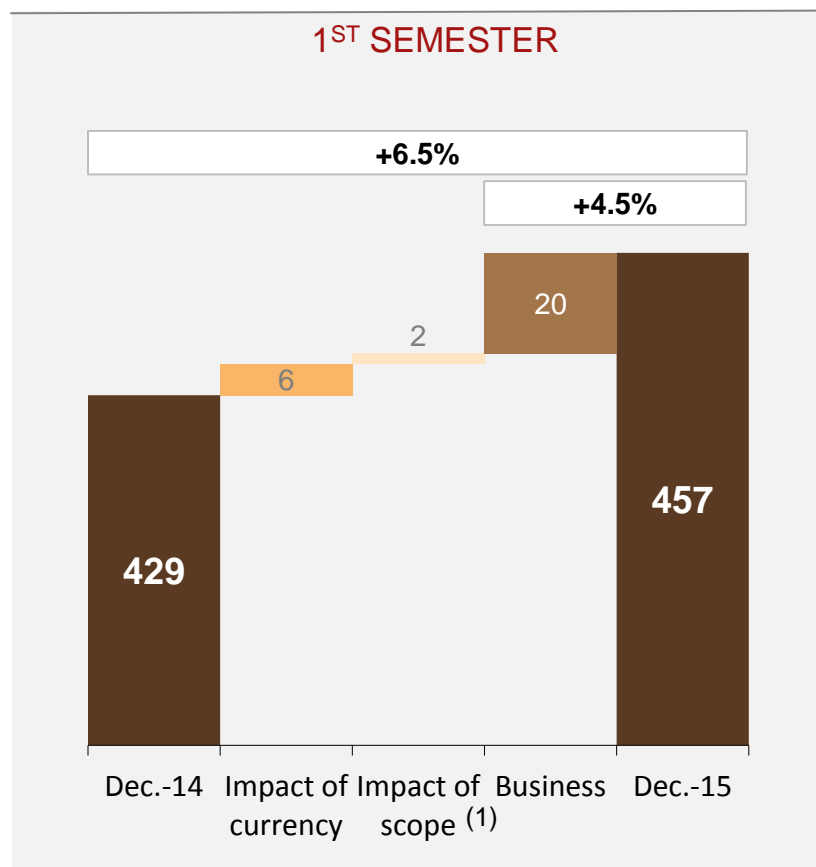
- Acquisition of Tropdicorp (Vietnam. Vegetable seeds) in March 2015
- Purchase of a stake in Canterra Seeds (Canada. Field seeds) and creation of a joint venture for research in cereals

### Rates of the main currencies on December 31, 2015 (and 12.31.2014)

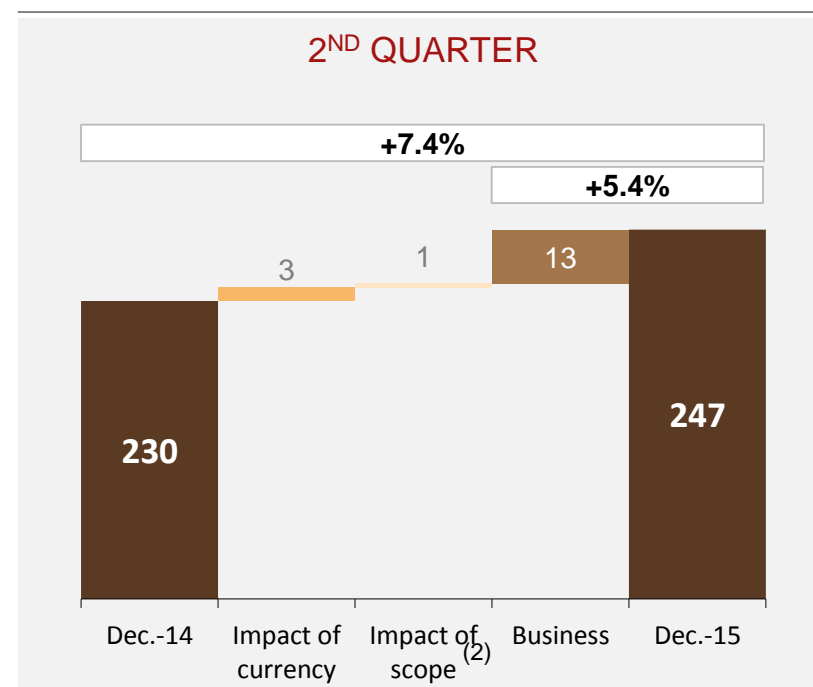
	Average rate		Closing rate	
	2014	2015	2014	2015
\$	1.29	1.10	1.21	1.09
¥	140.36	134.44	145.23	131.07
£	0.79	0.72	0.78	0.73
TRY	2.85	3.18	2.83	3.18
ILS	4.72	4.26	4.72	4.25
BRL	3.10	4.07	3.22	4.31
INR	78.84	72.24	76.72	72.02
MXN	17.35	18.31	17.87	18.91
UAH	17.36	24.63	19.08	26.10
RUB	54.00	71.34	72.34	80.67

## CONSOLIDATED SALES\*

In M€



(1) Acquisition of Tropdicorp (Vietnam. Vegetable seeds) and Disposal of Suttons (United Kingdom. Garden products) whose sales were restated retroactively



(2) Acquisition of Tropdicorp (Vietnam. Vegetable seeds)

\* Revenue from ordinary activities

## ACTIVITY AND PERFORMANCE FOR VEGETABLE SEEDS

In M€	2013-2014 restated	2014-2015	2015-2016
Sales	224.6	240.9	271.4
Operating income	12.1	8.2	11.8
Operating margin rate	5.4%	3.4%	4.3%

Truly fine performance of all the Business Units over the course of the 2<sup>nd</sup> quarter: +16.8% (Q1: +8%) and +11.9% on a like-for-like basis

→ Growth over the 1<sup>st</sup> semester of 12.7% with current data and 8.4% on a like-for-like basis

Confirmation of solid development of strategic crops (particularly tomato, carrot, onion, etc.) and on key markets (Americas, southern Europe)

→ Market share gains

Progression of the commercial margin by 1.2 percentage points and the operating margin by 0.9 percentage points

- in spite of increased investment in R&D (+€6.1 M)
- and the early recognition during this semester of obsolescence costs (€1.8 M)

## ACTIVITY AND PERFORMANCE FOR FIELD SEEDS

In M€	2013-2014 restated	2014-2015	2015-2016
Sales	174.6	172.2	170.5
Operating income	(22.1)	(23.4)	(29.6)
Operating margin rate	-12.6%	-13.6%	-17.3%

- Contraction of business over the 2<sup>nd</sup> quarter: -4.9% (Q1: +4%) and -3.7% on a like-for-like basis  
     ➔ Moderate decrease for the 1<sup>st</sup> semester of 1% with current data and 0.2% on a like-for-like basis
- Drop in the sales of straw cereal seeds (wheat, barley) and in forage seeds in western Europe
- Good early start to the commercial spring campaign in Russia and Ukraine (+€7 M), particularly for sunflower
- Slight erosion of business outside Europe in a market environment marked by a downward trend in the price of agricultural production
- Decrease in the commercial margin limited to 0.5 percentage points
  - leading to a contraction of the operating income of €6.2 million and of the margin by 3.7 percentage points
  - due to the geographical mix and to an increase in net research expenditure (+3 M€)



## ASSOCIATED COMPANIES

In M€	2013-2014 restated	2014-2015	2015-2016
Income from associated companies	(15.4)	(21.6)	(24.2)

### AgReliant

Loss of €21.8 M (base 50%) for the 1<sup>st</sup> semester at the same level, on a like-for-like basis, as the previous fiscal year

- Earlier start to the commercial campaign at the end of the 1<sup>st</sup> semester
- Sustained increase in orders for corn seeds, while decreasing for soybean seeds, globally in accordance with market trends

### Seed Co

Loss for the 1<sup>st</sup> semester on September 30 of €1.5 million (base 30.38%), a slight improvement on 2014-2015

## FINANCIAL INCOME AND ITEMS OF AN EXTRAORDINARY NATURE

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■ Reminder: disposal of the company Suttons (Garden products. United Kingdom) during the 1<sup>st</sup> semester of 2014-2015

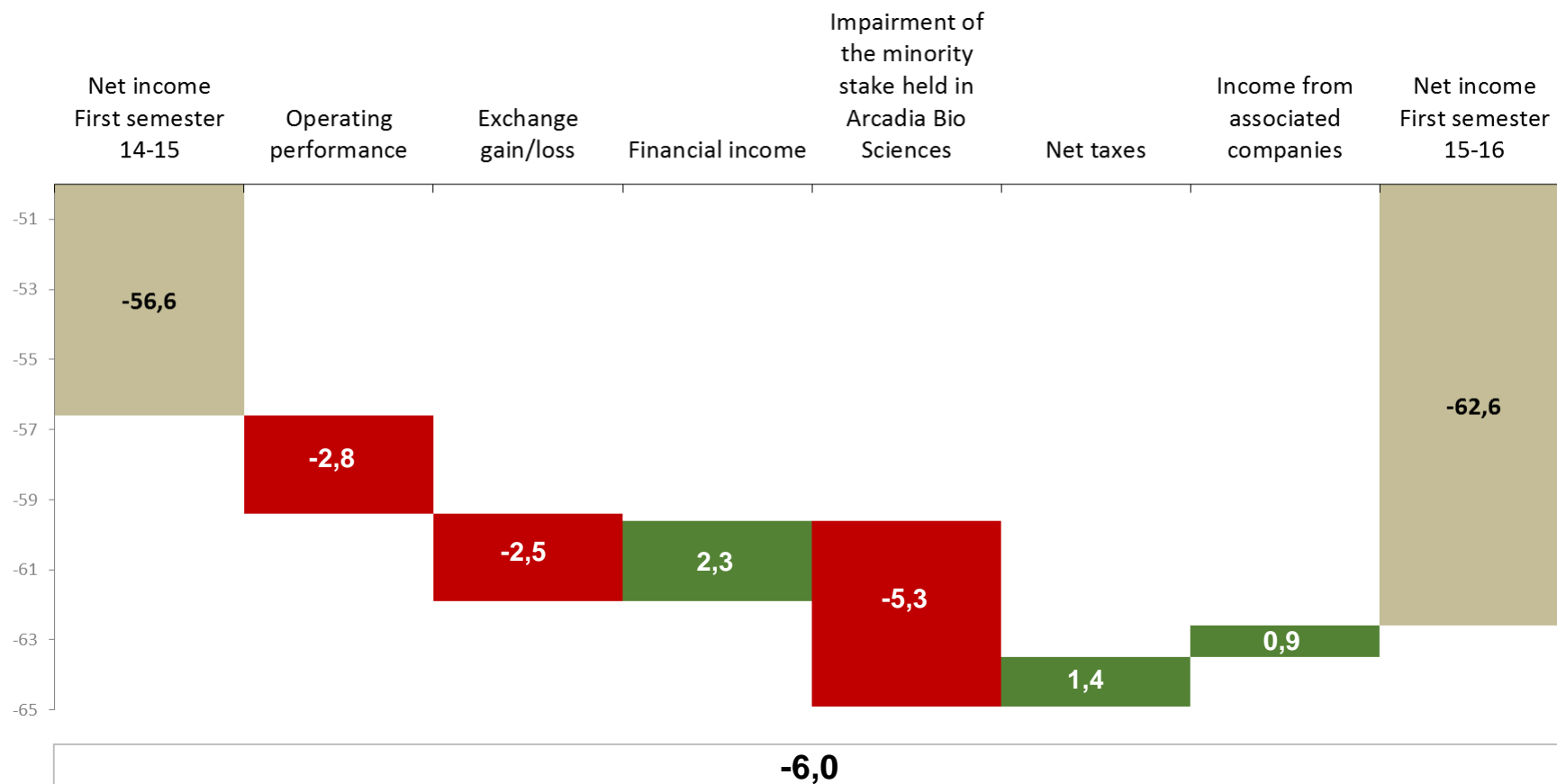
→ Negative impact of €2.1 million on the operating income and €1.1 million on the financial income

■ Reduction of the net financial charge in spite of an increase in the average net indebtedness of the 1<sup>st</sup> semester (+€105 million)

■ Further provision of €5.3 million on a minority stake held (Arcadia Bio Sciences. United States)

PERFORMANCE 1<sup>ST</sup> SEMESTER 2015-2016 – SUMMARY

In M€



## EVOLUTION OF THE BALANCE SHEET STRUCTURE

■ A solid balance sheet structure, nevertheless marked by:

- an increase in the gross working capital needs (+67 million Euros) already recorded on June 30, 2015 (impact of the commercial campaign for Field seeds in the spring of 2015)
- continuing dynamic strategy in terms of acquisitions and development (Tropdicorp, JV in China, agreements with Canterra Seeds, GM corn trait technologies, etc.)

DATA  
ON DECEMBER 31, 2015

- Equity: €1,161 M (+€66 M)
- Net financial debt: €951 M (+€103 M)  
*including cash of €229 M*
- Gearing: 82% (+4.4 points)





# LATEST NEWS

# ACQUISITION OF GENICA RESEARCH CORPORATION. (USA. VEGETABLE SEEDS)


■ Agreement signed at the beginning of February 2016 for the full takeover of the company Genica Research Corporation

- Strategic interest of the operation: strengthening of Vilmorin & Cie's world leadership in Vegetable seeds
  - Gain access to high quality proprietary genetic resources
  - Incorporate an experienced and recognized team of breeders
  - Gain access to a very rich pipeline of products

### KEY DATA 2015

- Sales: more than **\$25 M**
- Operating entities in the United States and in Europe (Italy and Spain) and a network of breeding stations
- Around **50** permanent staff



- 
- Effective realization of the acquisition during February 2016
  - Ongoing integration of the company within the operational organization of Vilmorin & Cie

## SIGNING OF A WHEAT SEEDS AGREEMENT

## A technological and commercial partnership

- Three-way partnership signed at the beginning of 2016 between Vilmorin & Cie, the Colorado Wheat Research Foundation and Albaugh
- Collaboration with the aim of developing and distributing wheat varieties with a non-GMO trait of tolerance to a generic herbicide
- Homologation of the herbicide concerned in progress, which is already widely used (for field seeds, vegetable seeds, vine, etc.)
- A worldwide partnership – involving an exclusive license granted to Vilmorin & Cie with a commitment to deploy the use of the technology – with initial deployment in the United States

→ First distribution expected by 2020

## VILMORIN &amp; CIE'S PARTNERS

### The Colorado Wheat Research Foundation (CWRF)

- Organization founded by farmers
- Owner of the trait developed by the University of Colorado



### Albaugh LLC

- Company active in post-patent plant protection products
- Based in the United States (Iowa)

**ALBAUGH, LLC**

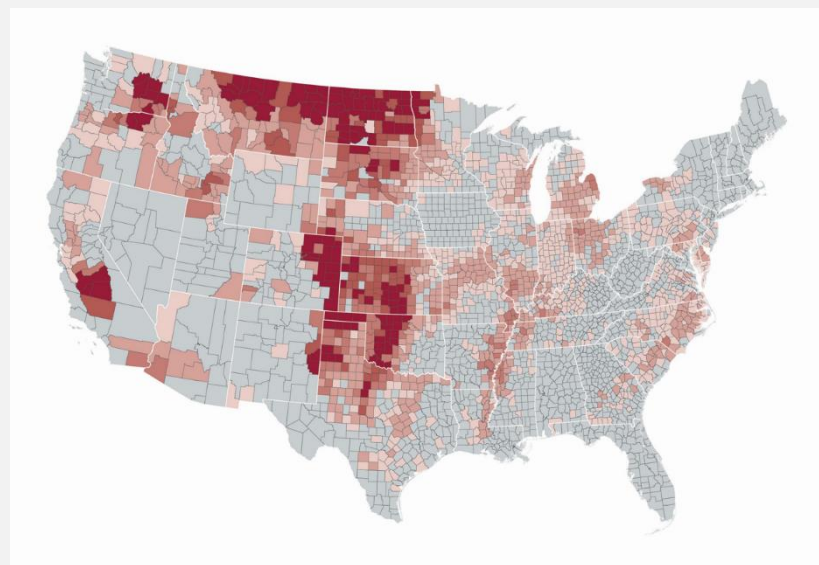
## SIGNING OF A WHEAT SEEDS AGREEMENT

### A technological and commercial partnership

- The introduction of this herbicide tolerance trait for wheat represents a new, innovative solution for wheat producers
- It fits in totally with Vilmorin & Cie's strategy, which seeks to provide added value to the American wheat market.

### THE MARKET FOR WHEAT IN THE UNITED STATES

- Acreage: about 23 million hectares
- A market dominated by farm seeds (about 2/3 of the market) with lower yields



Density of regional distribution for wheat in the United States





# CHALLENGES AND OUTLOOK FOR END OF FISCAL YEAR 2015-2016

## VEGETABLE SEEDS

A favorable market environment

Challenges for the end of the fiscal year:

- Continuing market share gains
- Evolution of foreign currency
- Good control over levels of margins



### Objective for 2015-2016 confirmed:

Achieve, as in previous fiscal years,  
average growth in sales higher than the estimated trend  
in growth for the vegetable seeds market.

## FIELD SEEDS

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### A difficult market context:

- Prices levels for agricultural raw materials
- Evolution of cultivated acreage, particularly for corn
  - *Trends in corn: -2% in wide Europe (internal estimate)*

### Challenges for the end of the fiscal year:

- Definitive evolution with regard to the allocation of acreage, particularly for corn
- Confirmation of the stabilization of the situation in Ukraine and Russia
- Resistance to pressure on margins and absorption of the global evolution of procurement costs, particularly in western Europe
- Evolution of foreign currency



### **Objective for 2015-2016 maintained:**

Continue to strengthen positions in areas where Vilmorin & Cie does business, aiming for sales at the same level as in 2014-2015

## OBJECTIVES FOR 2015-2016 MAINTAINED

- Achieve measured business growth, in market contexts that remain considerably different in each of the two strategic activities



*\* On a like-for-like basis*

- Aim for an operating margin at the same level as in 2014-2015, including research investment of more than €225 M
- Pursue deployment of the development and innovation strategy, in a long-term vision





# SCHEDULE

### WEDNESDAY MARCH, 9 2016

- Registration with the AMF of the update of the annual report for 2014-2015

### WEDNESDAY APRIL 27, 2016, AFTER TRADING ON THE PARIS STOCK MARKET

- Disclosure of sales at the end of the third quarter 2015-2016  
(on March 31, 2016)

### MONDAY AUGUST 1<sup>st</sup>, 2016, AFTER TRADING ON THE PARIS STOCK MARKET

- Disclosure of sales for fiscal year 2015-2016  
(on June 30, 2016)

### WEDNESDAY OCTOBER 19, 2016, AFTER TRADING ON THE PARIS STOCK MARKET

- Disclosure of results for fiscal year 2015-2016  
(on June 30, 2016)



# APPENDICES





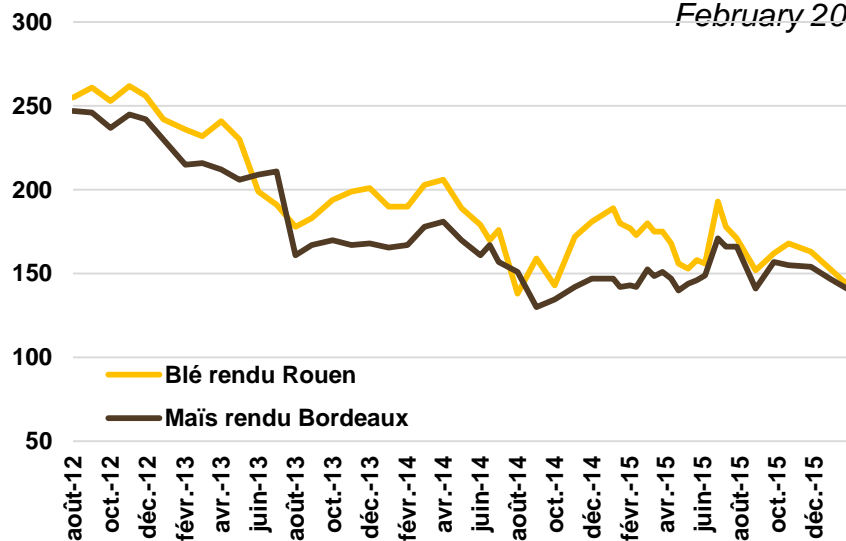
# APPENDICES

## MARKET CONTEXT

# FIELD SEEDS TRENDS

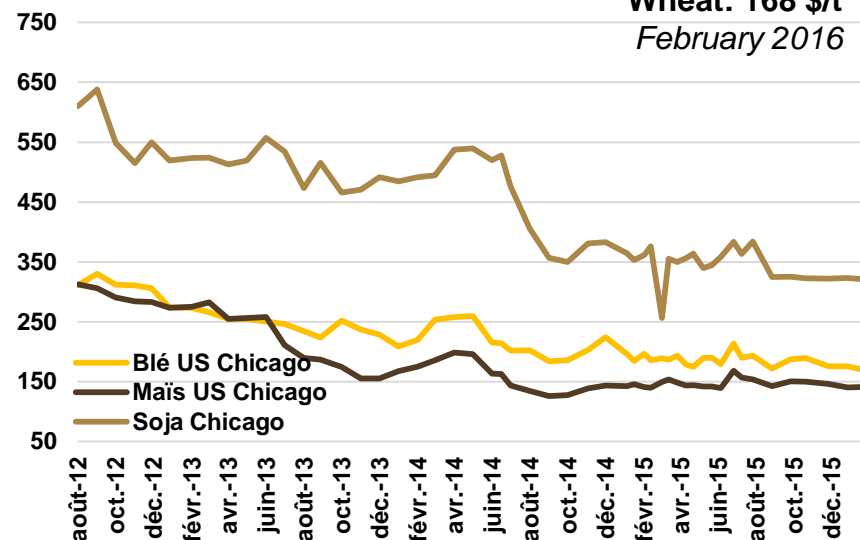
## Price levels for agricultural raw materials

Corn prices. Bordeaux: **140 €/tn.**  
Wheat prices. Rouen: **142 €/tn.**  
*February 2016*



Sources : FranceAgriMer, IGC, La dépêche. February 2016

Corn, soybean and wheat prices. Chicago  
**Corn: 141 \$/t**  
**Soybean: 321 \$/t**  
**Wheat: 168 \$/t**  
*February 2016*



## FIELD SEEDS TRENDS

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### Market trends for corn

#### United States

↗ Acreage

#### Europe 28

↘ Acreage

#### Wide Europe

↘ Acreage

#### Brazil

↘ Safra Acreage

↗ Safrinha Acreage

### Market trends for sunflower

#### Europe 28

= Acreage

#### Wide Europe

↗ Acreage

### Market trends for wheat

#### Europe 28

↗ Acreage

#### Wide Europe

↘ Acreage

Sources: internal estimates



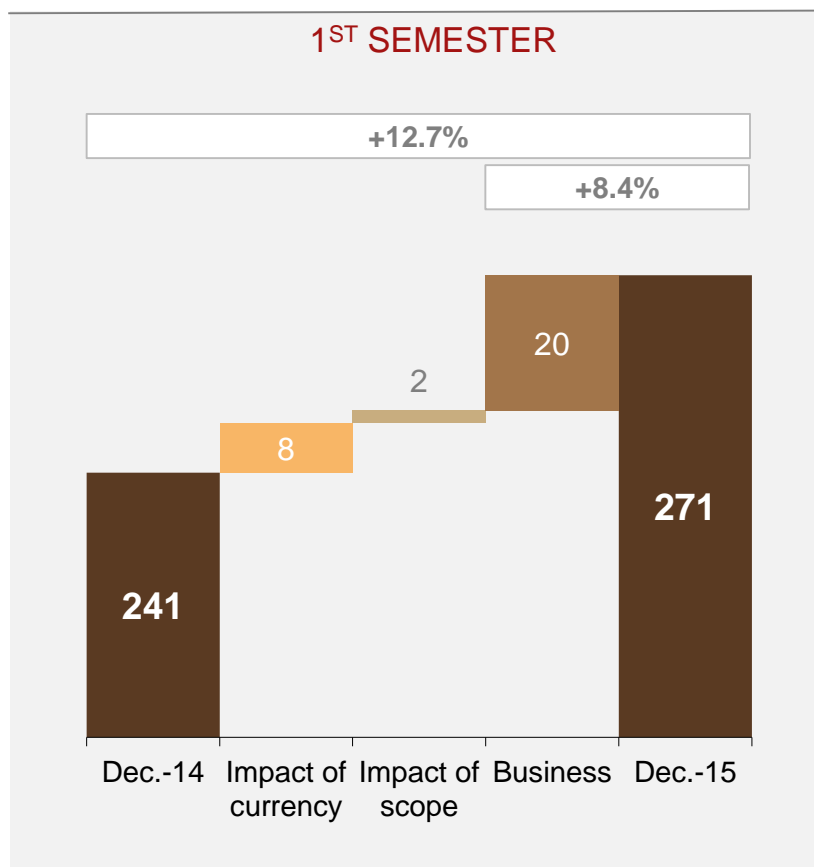


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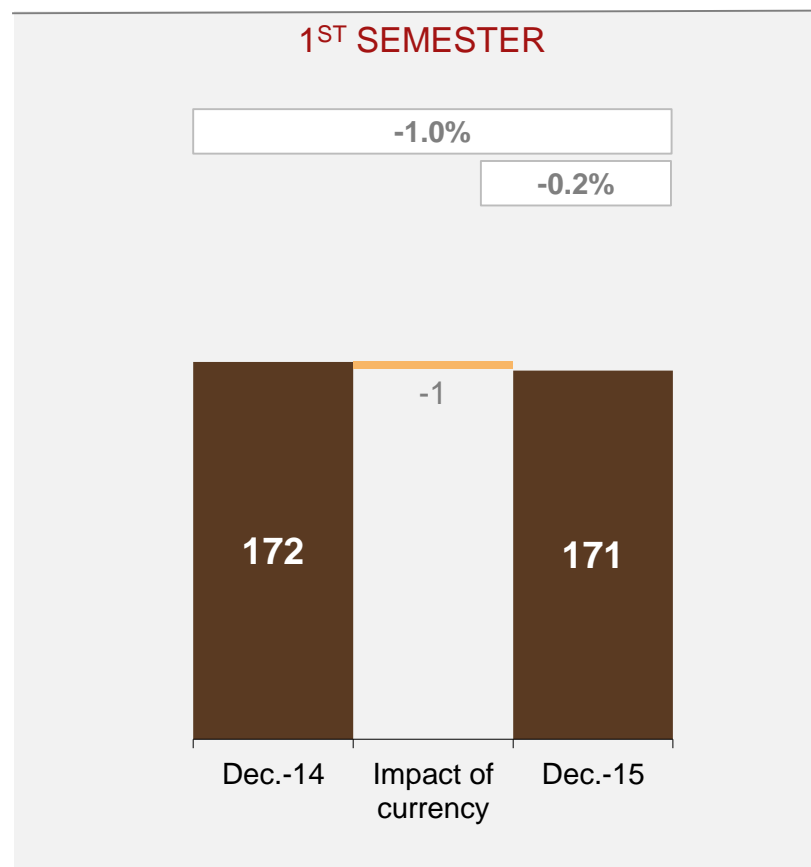
## KEY FINANCIAL DATA FOR THE 1<sup>ST</sup> SEMESTER 2015-2016

## SALES\* PER DIVISION

### VEGETABLE SEEDS



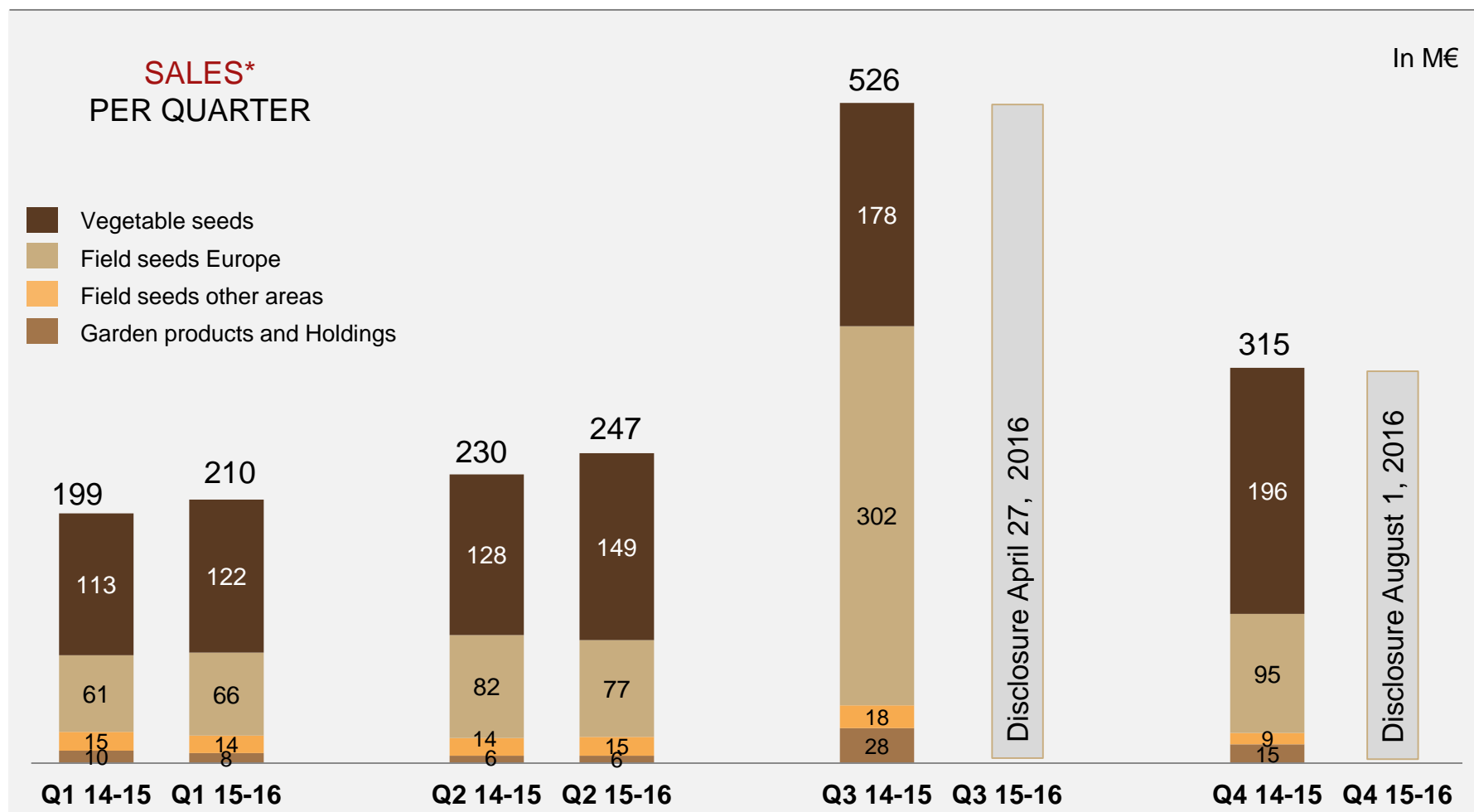
### FIELD SEEDS



In M€

\* Revenue from ordinary activities

## ANALYSIS PER QUARTER

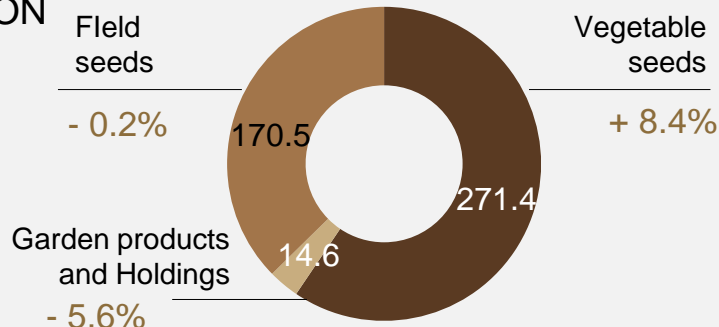


\* Revenue from ordinary activities

## CONSOLIDATED SALES

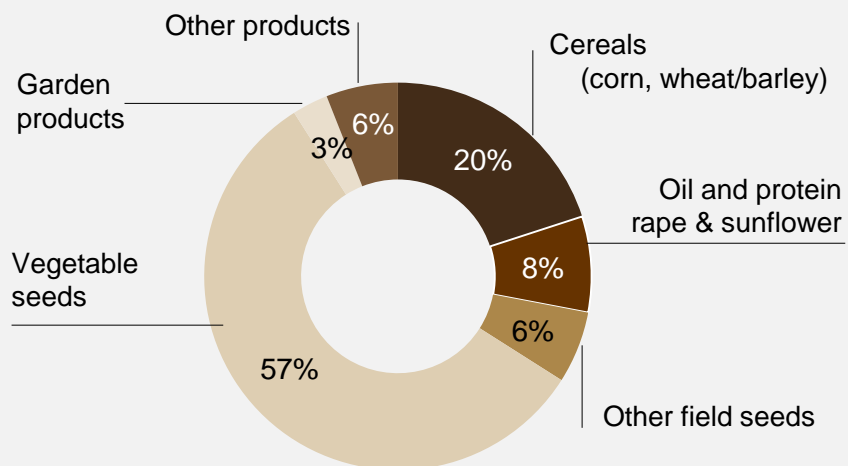
### SALES PER DIVISION

In M€

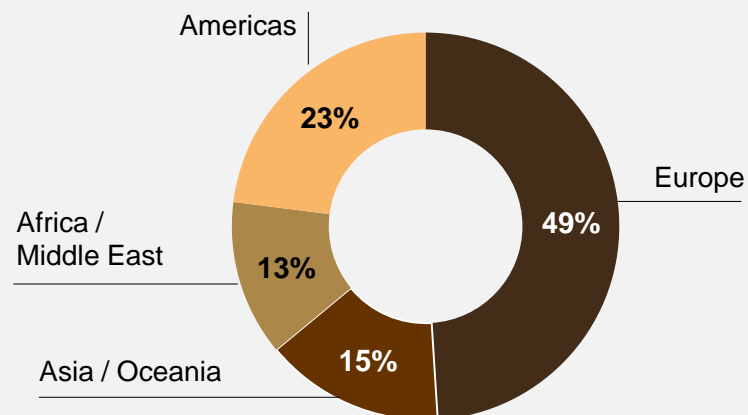


*Contribution to consolidated sales on a like-for-like basis*

### SALES PER PRODUCT\*



### SALES PER GEOGRAPHICAL ZONE\*



\* Sales of products

## INCOME STATEMENT

In M€	12.31.14	12.31.15	Variation with current data
<b>Sales</b>	<b>428.6</b>	<b>456.5</b>	<b>6.5%</b>
Commercial margin	210.0	228.4	8.8%
Commercial margin rate	49.0%	50.0%	+1 pt
<b>Operating income</b>	<b>(30.4)</b>	<b>(31.9)</b>	<b>-1.5</b>
Operating margin rate	(7.1)%	(7.0)%	+0.1 pt
<b>Income from associated companies</b>	<b>(21.6)</b>	<b>(24.2)</b>	<b>-2.6</b>
<b>Financial income</b>	<b>(17.9)</b>	<b>(22.9)</b>	<b>-5.0</b>
Income taxes	13.3	16.4	3.1
<b>Net income</b>	<b>(56.6)</b>	<b>(62.6)</b>	<b>-6.0</b>
Group share of net income	(55.3)	(61.1)	-5.8

## INCOME STATEMENT – OPERATING CHARGES

In M€	12.31.14	12.31.15	Variation with current data (M€)
Marketing and sales	(86.0)	(89.5)	-3.5
Research and development	(75.8)	(87.2)	-11.4
Administration and other charges	(80.9)	(83.6)	-2.7
Reorganization operations	(0.3)	-	0.3
Disposals of assets	2.6	-	-2.6
<b>Net operating charges</b>	<b>(240.4)</b>	<b>(260.3)</b>	<b>-19.9</b>



## KEY FIGURES PER DIVISION (CONTRIBUTION TO CONSOLIDATED RESULTS)

In M€	Sales*		Operating income		Net income	
	12.31.14	12.31.15	12.31.14	12.31.15	12.31.14	12.31.15
<b>Vegetable seeds</b>	240.9	271.4	8.2	11.8	3.6	4.3
<b>Field seeds</b>	172.2	170.5	(23.4)	(29.6)	(53.1)	(56.8)
<b>Garden products and Holdings</b>	15.5	14.6	(15.2)	(14.1)	(7.1)	(10.1)
<b>Consolidated</b>	428.6	<b>456.5</b>	(30.4)	<b>(31.9)</b>	(56.6)	<b>(62.6)</b>

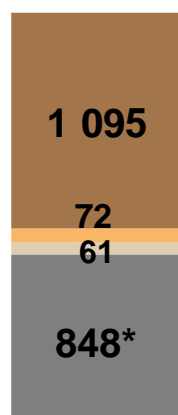
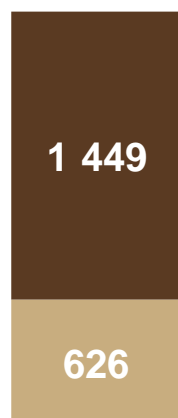
\* Revenue from ordinary activities

# BALANCE SHEET STRUCTURE

In M€

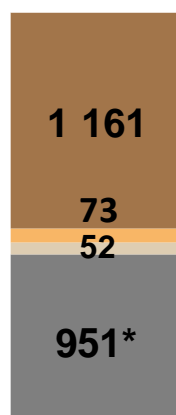
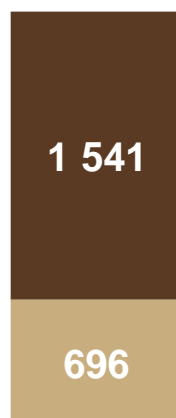
12.31.2014

12.31.2015



Total 2 075

\* including cash and bank 211



2 237

229

## ASSETS

- Net fixed assets
- Net working capital needs

## LIABILITIES

- Equity
- Provisions
- Net deferred taxes
- Net indebtedness

A close-up photograph of a hand holding a cantaloupe melon. The melon is cut open, revealing its orange flesh and seeds. Other melons are visible in the background.

# THANK YOU

## VILMORIN & CIE

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