



## INFORMATIONAL MEETING

02.19.14



### AGENDA

- HIGHLIGHTS 1<sup>ST</sup> SEMESTER 2013-2014
- RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014
- CHALLENGES AND OUTLOOK FOR END OF FISCAL YEAR 2013-2014
- SCHEDULE

## KEY POINTS

### Increase in sales: 4.2%\*

- Excellent performances by the vegetable seeds business: **+10%\***
- Slight contraction in the field seeds business, due to a late start in the spring campaign (corn, sunflower): **-1.6%\***
- Business globally stable in the Garden products division: **+0.8%\***

Decrease in results for the 1<sup>st</sup> semester, with a net loss in the group share of 41.7 million Euros, due to the late start in the field seeds business and currency translation effects

Increase in growth objective for 2013-2014 sales borne by the dynamism of the vegetable seeds activity

*\*Like for like*

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 Vilmorin & Cie



HIGHLIGHTS OF THE 1<sup>ST</sup> SEMESTER 2013-2014

## DEPLOYMENT OF STRATEGIC PRIORITIES

## Vegetable seeds:

## Reinforce world leadership

- Continue to win market shares through the virtuous circle of innovation and proximity to markets
- Strengthen positions on certain crops and geographical zones (particularly in Asia) through targeted operations

## Acquisition of a 100% stake in Shamrock in October 2013



## SHAMROCK

- Lettuce, greens, melon, water melon, pepper
- United States (California)
- Sales 2012: \$18 million



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HIGHLIGHTS OF THE 1<sup>ST</sup> SEMESTER 2013-2014

## DEPLOYMENT OF STRATEGIC PRIORITIES

## Corn seeds:

## Become a global player

- Take up international positions beyond Europe and North America

## Purchase of a minority stake in Seed Co

- Project announced in October 2013, and implemented at the beginning of 2014
- Initial stake of 15% in the capital stock of Seed Co



## SEED CO

- The largest African seeds company
- Corn
- Sales 2012-2013: \$111 million



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HIGHLIGHTS OF THE 1<sup>ST</sup> SEMESTER 2013-2014

## DEPLOYMENT OF STRATEGIC PRIORITIES

## Corn seeds:

## Become a global player

- Develop proprietary GM corn technologies

Homologation of the first herbicide tolerance trait obtained in the United States (October 2013).



## GENECTIVE

- Strategic technological partnership between Vilmorin & Cie and KWS (50/50)
- Development of 1<sup>st</sup> generation corn traits (insect resistances and herbicide tolerance)
- First sales of GM traits for corn seeds possible within 3 years

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HIGHLIGHTS OF THE 1<sup>ST</sup> SEMESTER 2013-2014

## DEPLOYMENT OF STRATEGIC PRIORITIES

## Sunflower seeds:

## Consolidate European leadership

## Acquisition of the company Eureka Seeds (November 2013)

- Diversify procurement sources
- Accompany growth of the commercial activity in Eastern Europe
- Achieve a better spread of risks through a complementary proprietary production network



## EUREKA SEEDS

- Production of hybrid sunflower seeds
- United States (California / Sacramento Valley)
- Sales 2012: \$18 million

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## RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

### REFERENCES

#### Accounting reference

- IFRS on December 31, 2013
- First application of IAS19 R ("Employee benefits")
- Application of IFRS 11 as of fiscal year 2014-2015

#### Consolidation scope

- Takeover of Link Seed (South Africa. Field seeds) in January 2013
- Acquisition of Shamrock (United States and Mexico. Vegetable seeds) in October 2013
- Acquisition of Eureka Seeds (United States. Field seeds) in November 2013

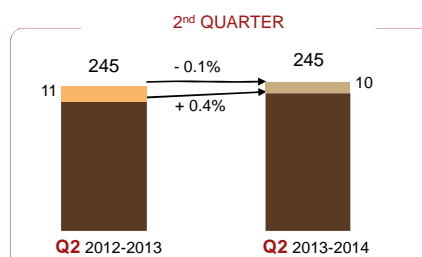
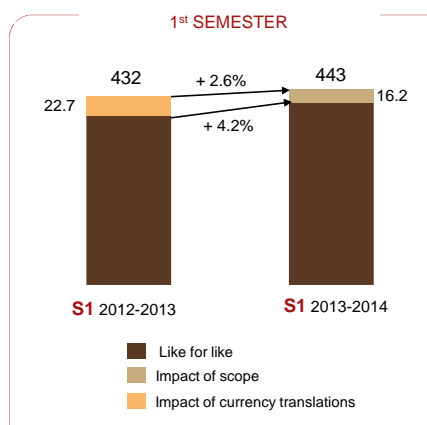
#### Rates of the main currencies on December 31, 2013 (and 2012)

|     | average |      | close |      |
|-----|---------|------|-------|------|
|     | 2012    | 2013 | 2012  | 2013 |
| \$  | 1.27    | 1.34 | 1.32  | 1.38 |
| ¥   | 102     | 134  | 114   | 145  |
| £   | 0.80    | 0.85 | 0.82  | 0.83 |
| TRY | 2.29    | 2.68 | 2.36  | 2.96 |
| ILS | 4.98    | 4.77 | 4.93  | 4.79 |
| BRL | 2.60    | 3.07 | 2.70  | 3.26 |
| INR | 70      | 83   | 73    | 85   |

RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

## CONSOLIDATED SALES\*

In M€



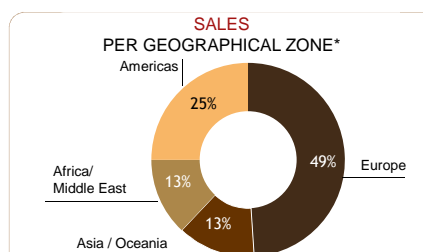
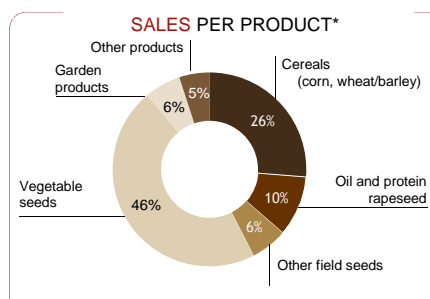
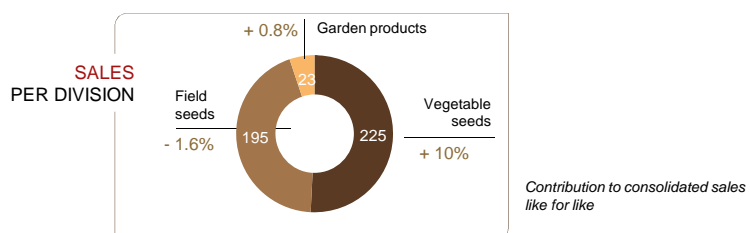
\* Revenue from ordinary activities

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RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

## CONSOLIDATED SALES



\* Sales of products

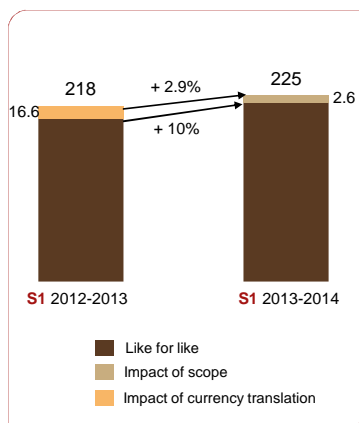
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RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

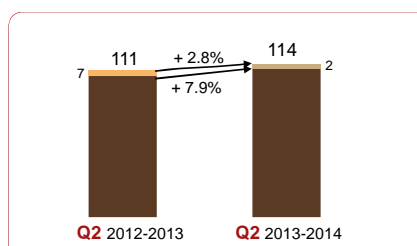
## SALES\* VEGETABLE SEEDS

In M€



\* Revenue from ordinary activities

- A high quality semester marked by the sustained growth of business, confirming a very good start to the fiscal year
- Confirmation of the market dynamism initiated several months ago
- Excellent performances of all the Business Units in the Americas, Africa/Middle East and Europe (Spain, Italy) and the strategic crops (tomato, carrot, pepper, onion...)
- Fairly flat business in Japan, hit by sluggish local consumption



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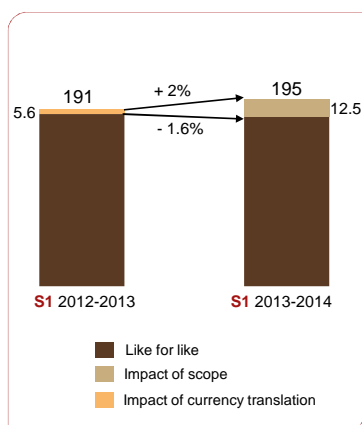
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RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

## SALES\* FIELD SEEDS

In M€



\* Revenue from ordinary activities

## EUROPE (STRAW CEREALS)

- A drop in business for the commercial campaign of the fall, in an agricultural environment characterized by a return to normal after a highly favorable season

## EUROPE (CORN AND SUNFLOWER)

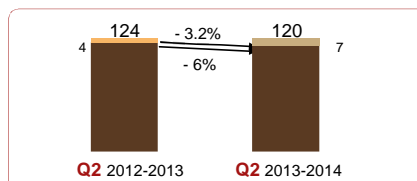
- Late start to the spring campaigns, leading to later invoicing
- Order books filling up well, in spite of a less favorable market context and a lack of visibility in Eastern Europe (Ukraine/Russia, etc.)

## NORTH AMERICA (CORN AND SOYBEAN)

- Satisfactory start to the sales campaign and very good quality of supplies

## SOUTH AMERICA (SAFRA CORN)

- Good campaign in a context of rising acreage devoted to soybean



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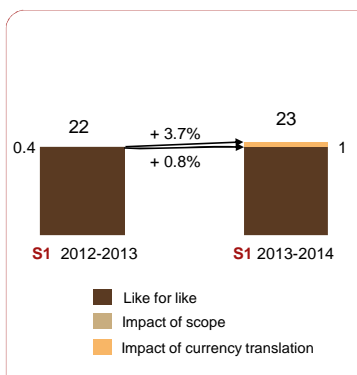
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RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

## SALES\* GARDEN PRODUCTS

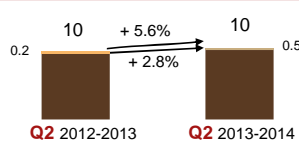
In M€



\* Revenue from ordinary activities

- In the United Kingdom, progression of business for the first part of the fiscal year, due to the successful performance of distance sales
- In France, globally stable sales marked by an increase in international business, but also by a cyclical drop in certain business segments

... in the context of a market that remains tense, characterized by pressure on purchasing power



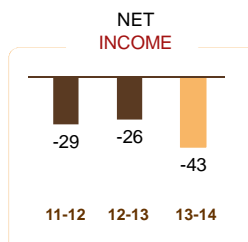
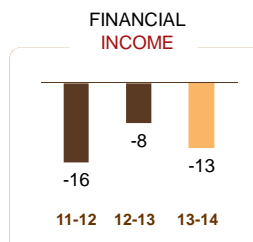
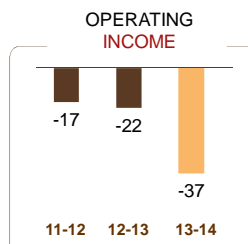
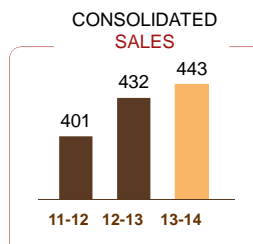
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RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

## KEY FIGURES FOR THE FIRST SEMESTER

In M€



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RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

## INCOME STATEMENT

| In M€                  | 12.31.12     | 12.31.13     | Variation with current data |
|------------------------|--------------|--------------|-----------------------------|
| <b>Sales</b>           | <b>432.0</b> | <b>443.1</b> | <b>+ 2.6%</b>               |
| Commercial margin      | 205.4        | 206.5        | + 0.5%                      |
| Commercial margin rate | 47.5%        | 46.6%        | - 0.9 point                 |

- Consolidated commercial margin almost stable in absolute value but down in relative value (- 0.9 point)
- Considerable increase for Vegetable seeds (+ 3.1 points)
- Decrease for Field seeds (- 5.6 points) related to an advance payment of royalties for access to certain technologies during the first semester (impact = €6 million)

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RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

## INCOME STATEMENT – OPERATING CHARGES

| In M€                            | 12.31.12       | 12.31.13       | Variation with current data |
|----------------------------------|----------------|----------------|-----------------------------|
| Marketing and sales              | (97.4)         | <b>(100.6)</b> | + 3.2                       |
| Research and development         | (66.2)         | <b>(71.5)</b>  | + 5.3                       |
| Administration and other charges | (63.9)         | <b>(72.2)</b>  | + 8.3                       |
| Reorganization operations        | (0.1)          | <b>(0.6)</b>   | + 0.5                       |
| Sales of assets                  | 0.1            | <b>1.0</b>     | + 0.9                       |
| <b>Net operating charges</b>     | <b>(227.5)</b> | <b>(243.8)</b> | <b>+ 16.3</b>               |

- Global like for like progression over the semester of 8.5% accompanying the growth of the vegetable and field seeds businesses along with their international deployment
- Increase of investment in innovation of more than €5 million over the semester (after the impact of activating development costs and tax relief for research)
- No significant non recurring charge/income

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RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

## INCOME STATEMENT

| In M€                            | 12.31.12      | 12.31.13      | Variation with current data |
|----------------------------------|---------------|---------------|-----------------------------|
| <b>Operating income</b>          | <b>(22.1)</b> | <b>(37.3)</b> | <b>- 15.2 M€</b>            |
| <i>Operating margin</i>          | -5.9%         | -8.4%         | - 2.5 pts                   |
| Financial income                 | (7.7)         | (12.7)        | - 4.9 M€                    |
| Profit from associated companies | 0.2           | 1.4           | + 1.2 M€                    |
| Income taxes                     | 3.8           | 5.6           | + 1.8 M€                    |
| <b>Net income</b>                | <b>(25.8)</b> | <b>(43.0)</b> | <b>- 17.2 M€</b>            |
| <b>Net income group share</b>    | <b>(25.0)</b> | <b>(41.7)</b> | <b>- 16.7 M€</b>            |

- Drop in the consolidated operating income due to the delayed start to the spring campaigns for Field seeds and the advance payment of certain charges in this semester, in spite of a favorable business mix effect and the increase in operating margin of the Vegetable seeds
- Downturn over the semester of the financial result entirely due to variations in currency, with an impact of €6.4 million (essentially conversion rate differences)

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RESULTS FOR THE 1<sup>ST</sup> SEMESTER 2013-2014

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

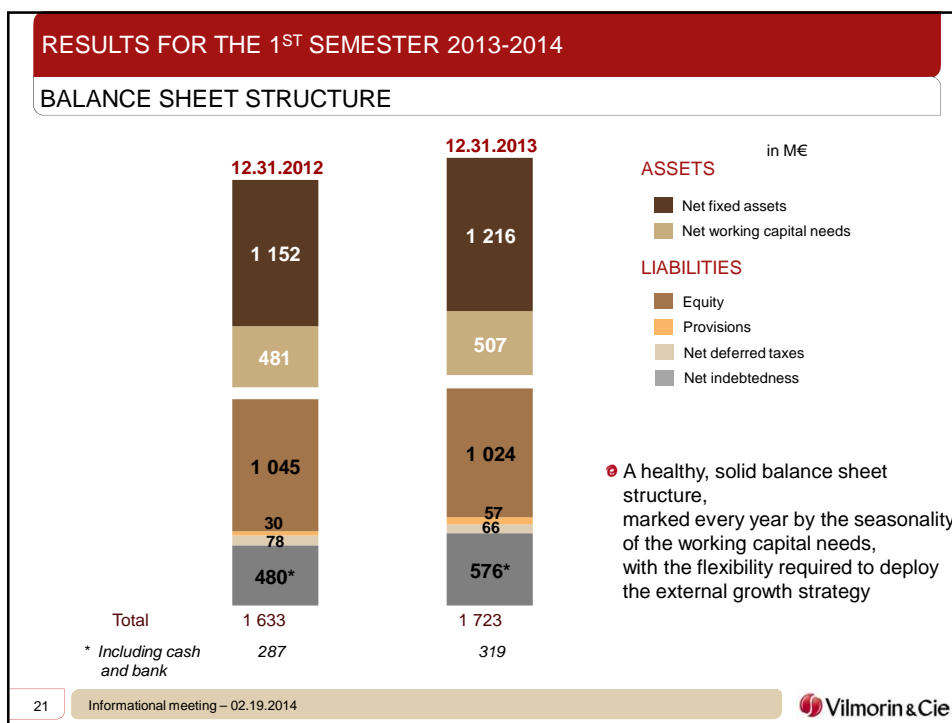
| In M€               | SALES*       |              | OPERATING INCOME |               | NET INCOME    |               |
|---------------------|--------------|--------------|------------------|---------------|---------------|---------------|
|                     | 12.31.12     | 12.31.13     | 12.31.12         | 12.31.13      | 12.31.12      | 12.31.13      |
| Vegetable seeds     | 218.2        | <b>224.6</b> | 9.7              | <b>12.3</b>   | 6.4           | <b>5.8</b>    |
| Field seeds         | 191.3        | <b>195.1</b> | (18.3)           | <b>(38.6)</b> | (21.7)        | <b>(44.0)</b> |
| Garden products     | 22.2         | <b>23.0</b>  | (8.6)            | <b>(8.6)</b>  | (5.8)         | <b>(6.9)</b>  |
| Holdings            | 0.3          | <b>0.4</b>   | (4.9)            | <b>(2.4)</b>  | (4.7)         | <b>2.1</b>    |
| <b>Consolidated</b> | <b>432.0</b> | <b>443.1</b> | <b>(22.1)</b>    | <b>(37.3)</b> | <b>(25.8)</b> | <b>(43.0)</b> |

\* Revenue from ordinary activities

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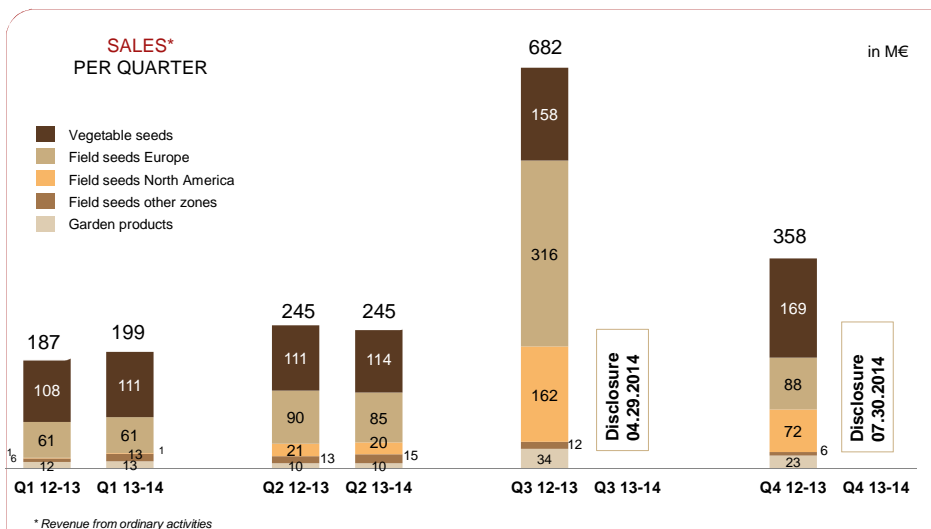
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## CHALLENGES AND OUTLOOK FOR THE END OF FISCAL YEAR 2013-2014

A DECISIVE SECOND SEMESTER DUE TO THE SEASONAL NATURE OF BUSINESS



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## CHALLENGES AND OUTLOOK FOR THE END OF FISCAL YEAR 2013-2014

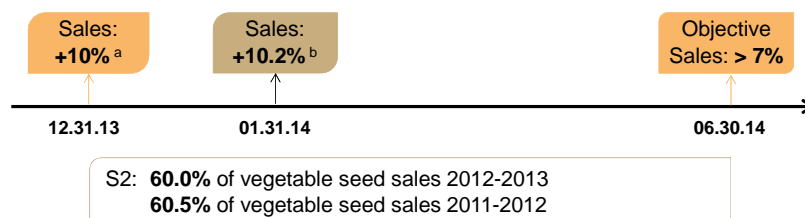
VEGETABLE SEEDS:  
SALES OBJECTIVE RAISED

Challenges for the end of the fiscal year

- Evolution of **foreign currencies**, and, for certain markets, control over the impacts on prices
- Further gains of **market shares**
- Good control of the **supply chain** on fast growing crops

Outlook for the end of the fiscal year

Growth objective for vegetable seeds sales raised: **> 7%**

<sup>a</sup> Sales disclosed<sup>b</sup> Non audited sales at the end of January 2014

Like for like

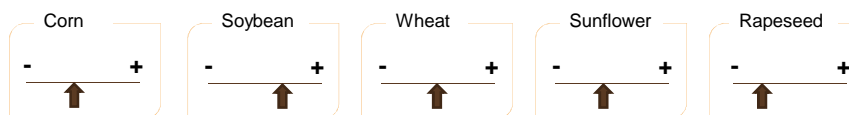
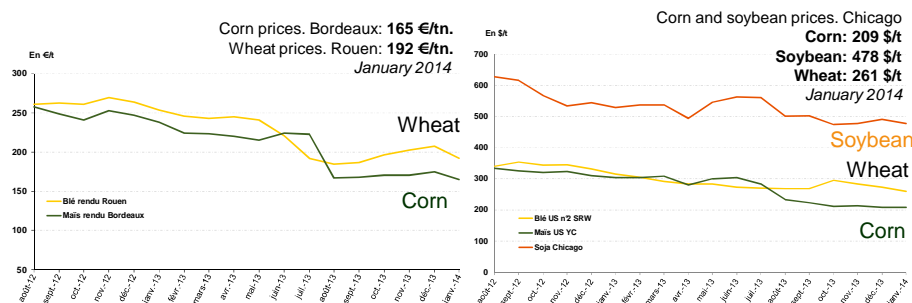
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## CHALLENGES AND OUTLOOK FOR THE END OF FISCAL YEAR 2013-2014

FIELD SEEDS:  
SALES OBJECTIVE MAINTAINED

### Market trends



Internal estimates

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## CHALLENGES AND OUTLOOK FOR THE END OF FISCAL YEAR 2013-2014

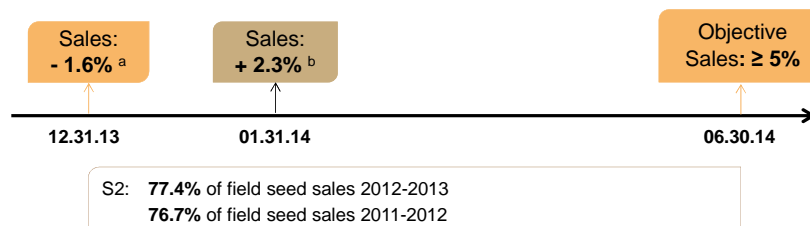
FIELD SEEDS:  
SALES OBJECTIVE MAINTAINED

### Challenges for the end of the fiscal year

- Definitive situation with regard to corn **acreage** (Europe, United States, Brazil)
- Evolution of **foreign currencies**
- Solvability of certain European markets in the context of political and/or currency crises
- Good defense of **pricing levers** (Europe, United States)
- Capacity to gain further **market shares** (Europe, United States, Brazil)

### Outlook for the end of the fiscal year

Sales growth objective for field seeds maintained: **≥ 5%**



<sup>a</sup> Disclosed sales

<sup>b</sup> Non audited sales at the end of January 2014

Like for like

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## CHALLENGES AND OUTLOOK FOR THE END OF FISCAL YEAR 2013-2014

GARDEN PRODUCTS:  
STABLE LEVEL OF SALES COMPARED WITH 2012-2013

### Challenges for the end of the fiscal year

- Spring climate conditions
- Deployment of new customer references and pricing negotiations
- Confirmation of international development projects

### Outlook for the end of the fiscal year

Sales objective for garden products: stable compared with 2012-2013



S2 : 72.1% of garden products sales 2012-2013  
73.1% of garden products sales 2011-2012

<sup>a</sup> Sales disclosed

<sup>b</sup> Non audited sales at the end of January 2014

Like for like

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## OUTLOOK 2013-2014

SALES OBJECTIVE RAISED

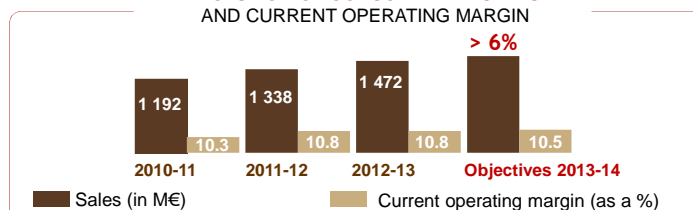
### Pursue sustained growth of strategic activities

- Vegetable seeds > 7%
- Field seeds ≥ 5%

### Aiming for ...

- an increase in consolidated sales > 6%,
- a current operating margin of at least 10.5%,  
including research and development investment planned at €200 million

EVOLUTION OF CONSOLIDATED SALES  
AND CURRENT OPERATING MARGIN



- ... continuing with a dynamic policy of targeted acquisitions,  
as a priority on emerging markets

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## SCHEDULE

### WEDNESDAY MARCH 5, 2014

- Disclosure of the updated reference document 2012-2013 in French

### TUESDAY MORNING APRIL 29, 2014

- Disclosure of sales at the end of the 3<sup>rd</sup> quarter 2013-2014  
(on March 31, 2014)

### WEDNESDAY EVENING JULY 30, 2014

- Disclosure of sales for fiscal year 2013-2014  
(on June 30, 2014)

### TUESDAY EVENING OCTOBER 7, 2014

- Disclosure of results for fiscal year 2013-2014  
(on June 30, 2014)