

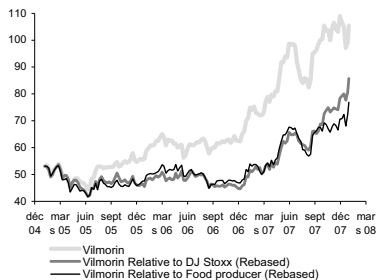
Vilmorin

Food products

France

Half-year sales

Recommendation	Buy (1)
Price (29/01/2008)	105.45 EUR
Target price	115.00 EUR



Reuter:	VILM.PA
Bloomberg:	RIN FP
12-month high:	112.0
12-month low:	71.0

Multiples

	06/07	06/08e	06/09e	06/10e
P/E	17.0	23.0	21.4	19.7
Net. yield (%)	2.4%	1.8%	2.0%	2.2%
FCF yield (%)	2.2%	2.3%	3.5%	4.3%
P/Book value	1.5	2.2	2.1	1.9
EV/Sales	1.4	1.8	1.7	1.6
EV/EBITDA	8.4	9.6	9.0	8.3
EV/EBIT(recur)	16.4	17.2	16.1	14.8

Per share data

EUR	06/07	06/08e	06/09e	06/10e
EPS (AANP)	4.09	4.59	4.92	5.34
%Change	2.3%	12.2%	7.1%	8.7%
EPS (ANP)	4.09	4.59	4.92	5.34
%Change	-10.6%	12.2%	7.1%	8.7%
Dividend	1.66	1.88	2.06	2.30
Book value	45.43	48.36	51.40	54.67

Income statement

(EUR m)	06/07	06/08e	06/09e	06/10e
Sales	938.3	1 000	1 034	1 070
%Change	88.7%	6.6%	3.4%	3.5%
Op.profit(recur.)	80.5	104.3	109.7	116.6
%Change	42.8%	29.5%	5.2%	6.3%
Op.profit(EBIT)	95.0	105.3	110.7	117.6
Attr. net profit	54.8	61.5	65.8	71.5
Adj. attr. NP	54.8	61.5	65.8	71.5

Financial data

	06/07	06/08e	06/09e	06/10e
ROCE bef. Tax	12.1%	9.5%	9.7%	10.2%
ROCE after Tax	9.4%	7.0%	7.2%	7.5%
ROE	11.8%	9.8%	9.9%	10.1%
FCF	20.5	32.8	50.0	60.9
Net debt	345	334	308	274
Gearing	48.9%	44.5%	38.7%	32.4%
Net Debt/EBITDA	2.2	1.8	1.6	1.3
EBITDA/Interest	8.0	12.2	13.5	15.7

Performance

	1 mo	3 mos	12 mos
Absolute perf.	-3.3%	5.5%	47.4%
Perf./country	1.09	1.24	1.72
Perf./DJ sector	1.09	1.15	1.46

Liquidity

Market Cap.	1 412
EV	1 764
No. of shares (m)	13.4
avg.volume /d	1 124
Groupe Limagrain	69.0%
Free Float	31.0%

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

“Seeds of growth” - Excellent Q2 – Estimates largely confirmed

Vilmorin has reported stronger than expected H1 sales of €279.7m, up 14% or 15.5% like-for-like and at constant exchange rates, which is 9.7% above our estimate. This performance is mainly thanks to strong growth in the European field seeds business (up 32.1%). We confirm our estimates, with our full-year sales estimate likely to be revised upwards by 5-10% (to be confirmed). Note that the home garden business is due to be deconsolidated.

We reiterate our Buy (1) recommendation with a target price of €115 (which could be revised upwards) in view of the numerous growth drivers (see our report of September 21, 2007).

H1 sales

Vilmorin has reported H1 sales of €279.7, up 14% or 15.5% like-for-like and at constant exchange rates. This is 9.7% above our estimate of €254.8m. Q2 sales were particularly robust at €167.3m – 16% above our estimate of €143.7m – an increase of 20.7%.

H1 SALES

(€m)	Reported	Oddo Midcap	Prior period	% change	% change lfi and cer
Q1 sales	112.4		106.6	+5.3%	
O/w vegetable seeds	76.5		73.9	+3.4%	
O/w field seeds	35.9		32.7	+9.7%	
Q2 sales	167.3	143.7	138.6	+20.7%	
O/w vegetable seeds	78.2	76.1	76.7	+2.0%	
O/w field seeds	89.1	67.6	61.9	+43.9%	
H1 sales	279.7	254.8	245.2	+14.0%	+15.5%
O/w vegetable seeds	154.7	151.3	150.6	+2.7%	+4.0%
O/w field seeds	125.0	103.5	94.6	+32.1%	+33.9%

SOURCE: COMPANY – ODDO MIDCAP ESTIMATES

Full-year estimates to be revised upwards

Following yesterday's conference call, we would note the following main points:

- Management's message was clearly positive concerning this excellent H1 sales performance. **Q2 saw acceleration in growth**, primarily within the European field seeds business.
- **The field seeds business** generated sales of €125m, up 33.9% like-for-like and at constant exchange rates. **In Q2 alone, sales rose by 43.9% (or 47% like-for-like and at constant exchange rates)**. This performance is mainly thanks to an excellent commercial season in Europe for rape seeds – as was the case in Q1 – and winter cereals, primarily wheat and barley. This growth partly relates to a significant volume effect following the abolition of fallow land (increase in cultivated land) and a sharp rise in wheat prices over the past year. In the US, invoiced sales are marginal in H1. However, current orders for the spring season are an excellent indicator of forthcoming value growth for the group in H2.
- **The trade vegetable seeds business** remained robust with sales up 2.7% in H1. Like-for-like and at constant exchange rates, sales increased by 4%. Japanese subsidiary Mikado Kyowa suffered a sharp fall in its non-core and less profitable wholesale business. **Excluding the wholesale business, sales increased by 7.1%** in H1, which constitutes a significant improvement compared with Q1 (growth of 3.5%). Israeli subsidiary Hazera and US subsidiary Harris Moran justify growth of over 10%. These trends are ahead of the market trend of 2-3% growth and the group's usual growth of 5%.
- Lastly, in accordance with IFRS 5, the group now excludes the **home garden business** from its scope of consolidation (full-year sales of around €140-150m and H1 sales of €45m). The vegetable seeds business will now include only trade activities.