

**VILMORIN**

Food products

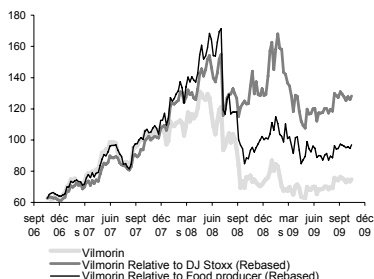
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**Quarterly sales**

<b>Recommendation</b>	<b>Add (2)</b>
<b>Price (12/11/2009)</b>	<b>74.80 EUR</b>
<b>Target price</b>	<b>82.00 EUR</b>



Reuter:	VILM.PA
Bloomberg:	RIN FP
12-month high:	86.80
12-month low:	59.50

**Multiples**

	06/09	06/10e	06/11e	06/12e
P/E	20.3	17.4	16.1	14.6
Net. yield (%)	2.2%	2.4%	2.4%	2.4%
FCF yield (%)	1.8%	4.4%	5.3%	6.6%
P/Book value	1.7	1.5	1.4	1.3
EV/Sales	1.5	1.4	1.3	1.2
EV/EBITDA	7.5	6.7	6.1	5.6
EV/EBIT(recur)	14.3	13.0	11.9	10.9

**Per share data**

EUR	06/09	06/10e	06/11e	06/12e
EPS (AANP)	4.00	4.30	4.65	5.12
%Change	-11.9%	7.5%	8.3%	10.0%
EPS (ANP)	3.95	4.28	4.66	5.16
%Change	19.5%	8.1%	8.9%	10.7%
Dividend	1.77	1.77	1.77	1.80
Book value	47.60	50.11	53.00	56.38

**Income statement**

(EUR m)	06/09	06/10e	06/11e	06/12e
Sales	1 001	1 023	1 058	1 094
%Change	11.6%	2.1%	3.4%	3.4%
Op.profit(recur.)	105.0	107.8	114.4	121.7
%Change	-11.6%	2.7%	6.2%	6.3%
Op.profit(EBIT)	107.9	109.8	116.4	123.7
Attr. net profit	53.0	57.3	62.4	69.0
Adj. attr. NP	53.0	57.3	62.4	69.0

**Financial data**

	06/09	06/10e	06/11e	06/12e
ROCE bef. Tax	9.5%	9.3%	9.7%	10.2%
ROCE after Tax	7.1%	7.0%	7.3%	7.7%
ROE	8.5%	8.8%	9.0%	9.4%
FCF	19.1	44.4	53.0	66.3
Net debt	378	357	326	281
Gearing	50.1%	44.9%	38.8%	31.6%
Net Debt/EBITDA	1.9	1.7	1.5	1.2
EBITDA/interest	7.6	8.7	9.3	10.6

**Performance**

	1 mo	3 mos	12 mos
Absolute perf.	-0.9%	5.4%	1.8%
Perf./country	0.93	0.89	1.55
Perf./DJ sector	0.98	0.95	0.99

**Liquidity**

Market Cap.	1 002
EV	1 321
No. of shares (m)	13.4
Groupe	70.0%
Free Float	30.0%

**A very good start to the year**

A nice surprise in Q1, with sales of € 148.3m (vs. our forecast of € 136m, the consensus was close to our forecast). Like-for-like growth worked out at 11.1% vs. +3% expected, or +4.9% in Vegetable Seeds (vs. +4% expected) and +25.7% in Field Seeds vs. +2%. The Q1 numbers give the group a head start for the year. Our expectation of moderate sales growth over the year (+2 %) is now looking conservative. However, seasonal trends (Q1 accounts for only 7% of full-year sales in field seeds) make it impossible to extrapolate the numbers over the full year. The share should react well in trading today. Add (2) is maintained.

**Like-for-like growth of 11.1% vs. +3% expected**

**Much better than expected:** While we were forecasting moderate like-for-like growth of 3.1% in Q1, i.e. excluding Clovis Matton (in line with our full-year forecast), Q1 saw stellar growth of 14.6% in reported terms and +11.1% like-for-like. Factoring in Clovis Matton (Q1 sales of € 3m), our forecast would have come to € 136m (other consensus forecasts were roughly € 135m). The reported figure of € 148.3m is therefore well ahead of our expectations.

**Growth in Vegetable Seeds worked out at 4.9%** in organic terms, vs. +4% expected. Moreover, the group expects to deliver full-year growth at the upper end of the historic range (3-5%). On top of that, the number was not attributable to a favourable comparison base (+3.3% like-for-like in Q1 2008-09). The strong performance can be ascribed mainly to Europe (Hazéra and Mikado underperformed the division as a whole).

**Organic growth of 25.7% in Field Seeds, vs. +2% expected.** Granted, this performance should be seen in the light of the division's seasonal trends (Q1 2008-09 Field Seeds sales accounted for 7% of the division's full-year sales vs. 19% for Vegetable Seeds). However, it gives the group a good head start thanks to 1/ an excellent season for rapeseed (+13% in Europe, East and West), with sales of € 10m in Eastern Europe. This confirms the group's hopes of redeploying in this region (where it will be remembered that it "lost" € 30m in sales in 2008-09), and 2/ a good start to the straw cereals season (wheat and barley), which opened early (part of sales were brought forward from Q2 to Q1, but the group reckons it has also won market shares). In North America, business is traditionally particularly muted in Q1. Nonetheless, the group's visibility via **early payments inspires a good measure of confidence, these payments having been "substantially higher than last year"**. Lastly, while it is too early to be sure about the coming maize season in Europe, the group currently thinks it can "defend" its prices (which we take to mean hold them steady) after two favourable years.

**Q1 SALES (JULY TO SEPTEMBER 2009)**

(€ m)	Reported	Oddo Midcap estimate	Previous period	Reported/ Previous period	Reported/ Previous period - lfl
Sales	148.3	133.4* 136 incl. CM	129.4	+ 14.6%.	+11.1%
Vegetable seeds	84	81.0	77.9	+7.7%	+ 4.9%
Field seeds	49.6	37.9*	37.2	+33.4%	+25.7%
Garden products	14.5	14.1	14.1	+2.9%	+5.5%
Holding companies	0.2	0.2	0.2	nm	nm

SOURCE: VILMORIN – ODDO MIDCAP ESTIMATES \*EXCLUDING CLOVIS MATTON

**Our expectations could prove conservative. Add (2) maintained**

Overall, even though this report needs to be seen in the light of seasonal trends (T1 = 15% of the full year), it provides a pretty good start in both Vegetable Seeds (the most profitable side of the business) and Field Seeds. Uncertainty nevertheless remains concerning trends on Field Seed utilisation rates this year, especially in maize. This is why we are leaving our estimates unchanged at this stage, even though we feel they may prove conservative. The share should react well to these numbers, and we are maintaining our Add (2) recommendation.

*Next event: AGM on 8 December*