

A vibrant field of yellow sunflowers under a clear blue sky. In the background, two people wearing white hats and purple shirts are visible, looking down at the flowers. A semi-transparent dark grey rectangle is overlaid on the left side of the image, containing the text.

# INFORMATIONAL MEETING

APRIL 23, 2018

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 **Vilmorin & Cie**  
The **Limagrain** seed business

A decorative header banner featuring a close-up of bright yellow sunflowers with dark brown centers. A semi-transparent dark grey bar is overlaid on the left side of the banner, containing the word 'AGENDA' and a horizontal line of white dots.

# AGENDA .....

- ❖ KEY POINTS
- ❖ SALES AT THE END OF THE THIRD QUARTER 2017-2018
- ❖ NEWS
- ❖ OUTLOOK FOR THE END OF FISCAL YEAR 2017-2018
- ❖ SCHEDULE AND CONTACTS
- ❖ GLOSSARY



## KEY POINTS

- ❖ A 3<sup>rd</sup> quarter 2017-2018 down by 1.7%\*, marked by temporary difficulties for the Vegetable Seeds and Field Seeds activities
- ❖ Decrease in the aggregate sales (9 months): -2.6%\*
  - ❖ Vegetable Seeds activity affected by a more contrasted market context: -3.5%\*
  - ❖ A decrease for Field Seeds globally in line with market trends: -1.3%\*
- ❖ Readjustment of objectives for 2017-2018
  - ❖ Slight increase in sales
  - ❖ Reduction of the current operating margin rate

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





# SALES AT THE END OF THE 3<sup>RD</sup> QUARTER 2017-2018 (ON MARCH 31, 2018)

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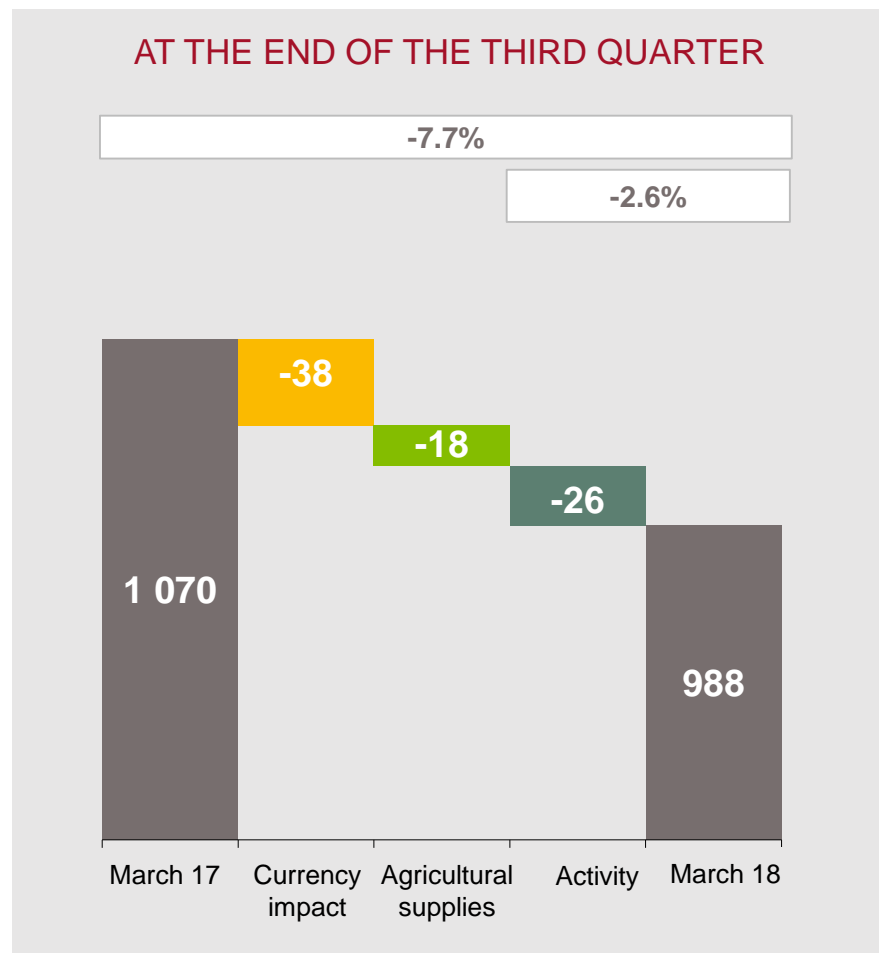
## REFERENCES

- ❖ Accounting reference
  - ❖ IFRS on March 31, 2018
- ❖ Scope
  - ❖ Consolidation scope: minority stake in Prime Seed Co (Zimbabwe. Vegetable Seeds)
  - ❖ Activity scope: withdrawal by the Business Unit VILMORIN-MIKADO (Vegetable Seeds) from the distribution of agricultural supplies in Japan
- ❖ Rates of the main currencies on March 31, 2018 (and March 31, 2017)

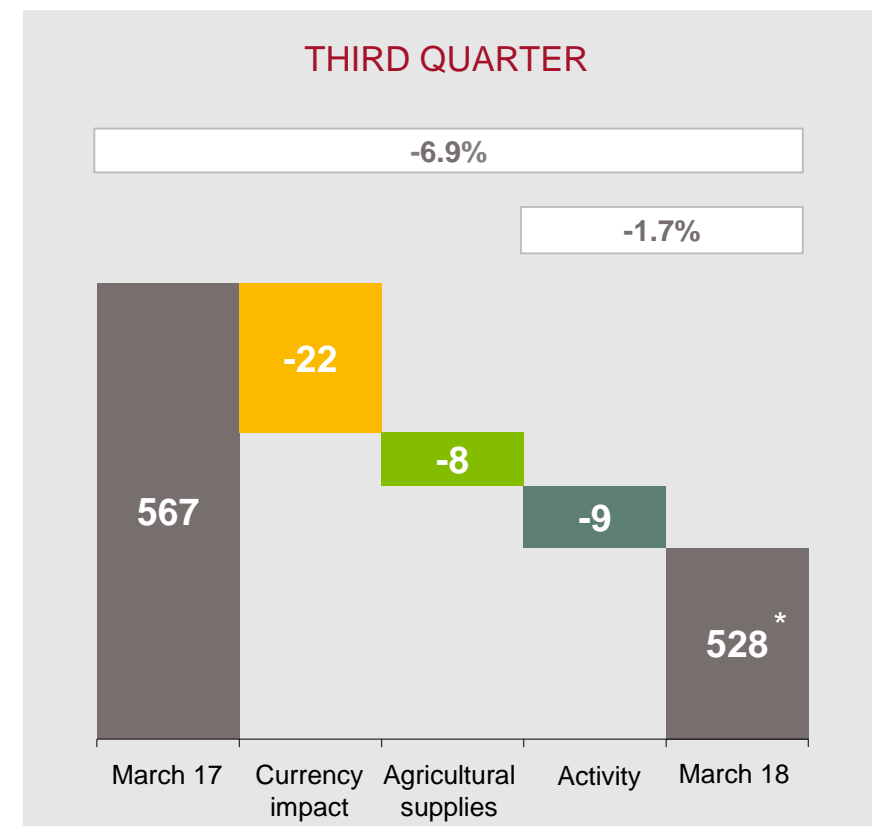
	average		close	
	2017	2018	2017	2018
\$	1.09	1.19	1.07	1.23
¥	118	132	120	131
£	0.86	0.89	0.86	0.87
TRY	3.60	4.43	3.89	4.90
ILS	4.12	4.19	3.89	4.33
BRL	3.51	3.84	3.38	4.09
INR	73	77	69	80
MXN	21.31	22.10	20.02	22.52
UAH	28	32	29	33
RUB	68	69	60	71

## CONSOLIDATED SALES\*

In M€



\* Revenue from ordinary activities



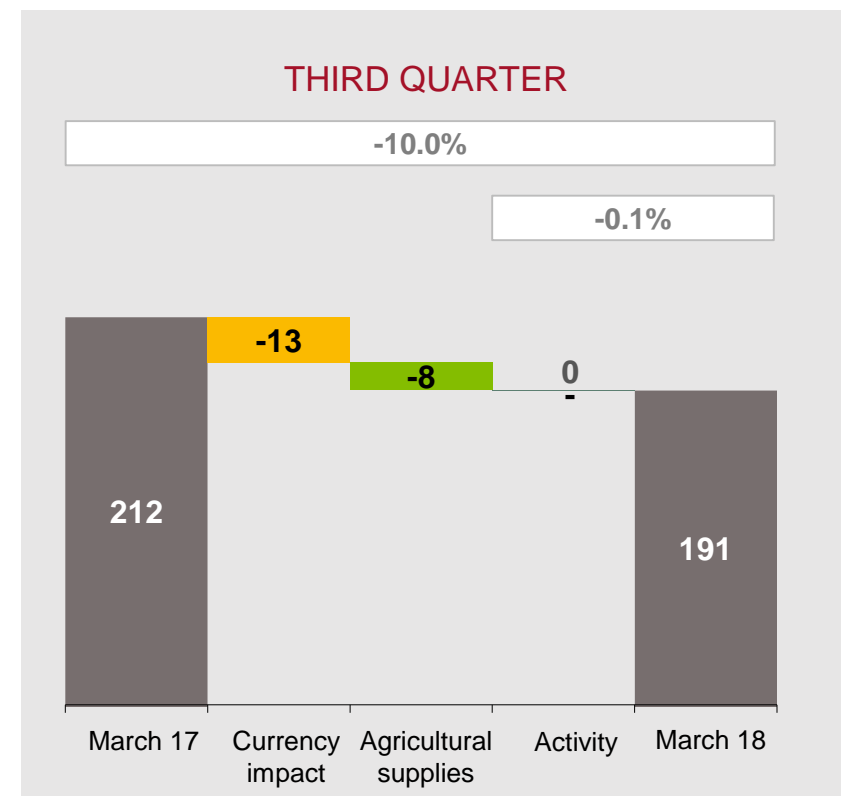
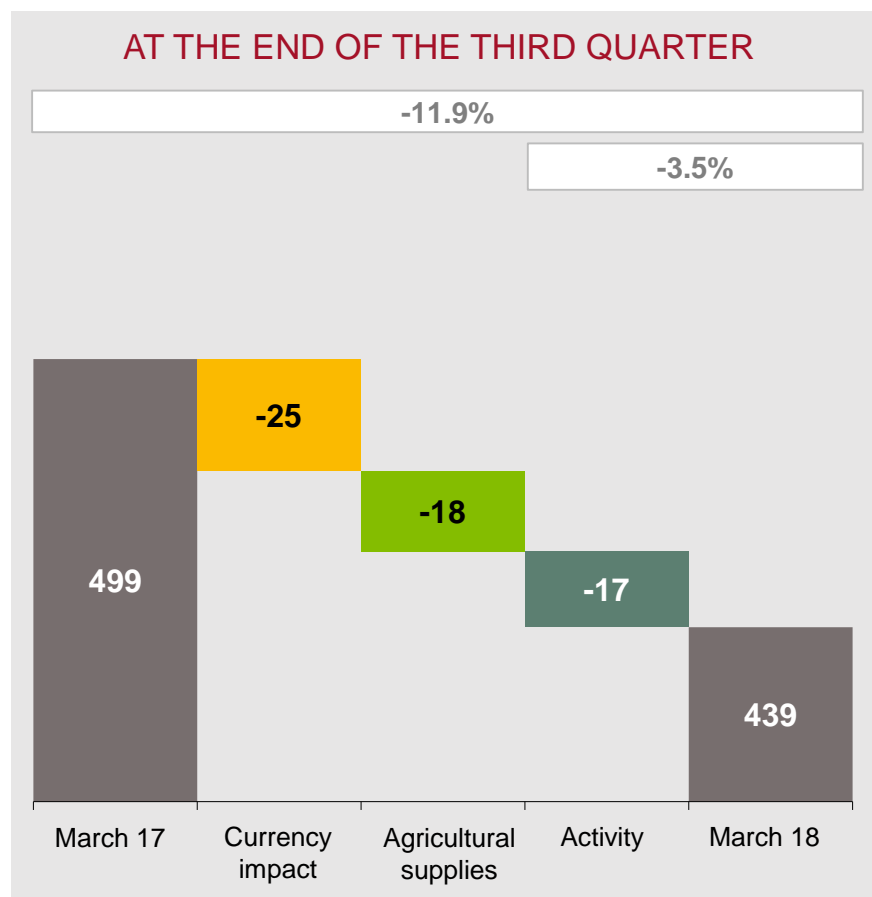
\* of which:

Vegetable Seeds: 191

Field Seeds: 314

# SALES\* OF VEGETABLE SEEDS

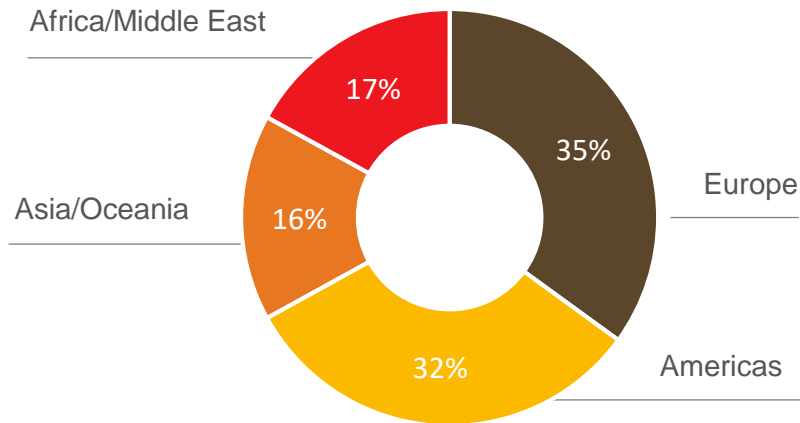
In M€



\* Revenue from ordinary activities

## SALES OF VEGETABLE SEEDS

### ANALYSIS OF SALES\* OF VEGETABLE SEEDS PER GEOGRAPHICAL ZONE



\* Sales of products



- ❖ Stability of the business over the quarter, in a more contrasted market context
  - ❖ Business still affected by globally high inventory levels at distributors (North America)
  - ❖ Sales also affected by:
    - problems concerning the management of seed procurement in certain countries
    - the temporary contraction of several markets
  - ❖ Dynamic performances in several high potential regions: Asia, Middle East and South America
  - ❖ Continuation of the programmed withdrawal by the Business Unit VILMORIN-MIKADO from the distribution of agricultural supplies in Japan
- ⇒ A more difficult fiscal year for the Vegetable Seeds division, which in recent years, has posted strong business growth; these difficulties are of a temporary nature

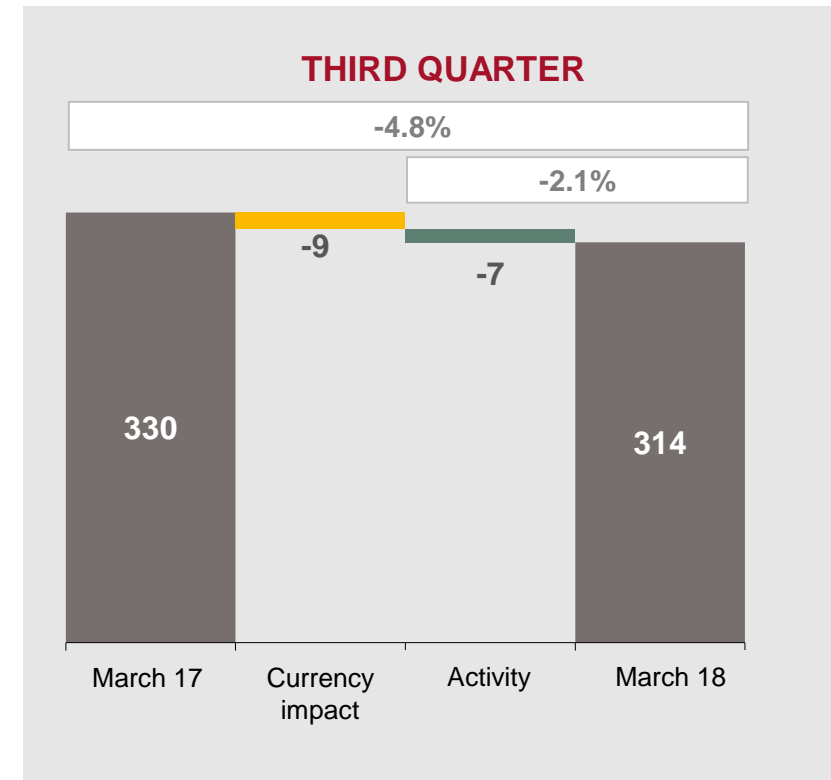
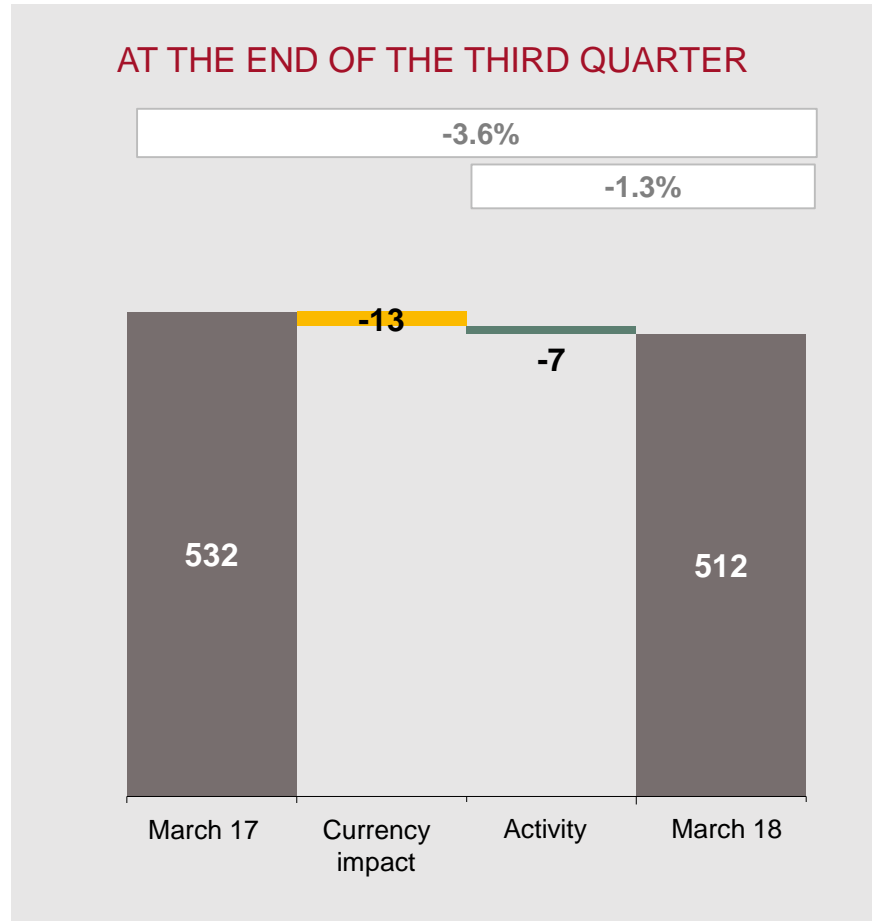


**A performance which in no way calls into question the market fundamentals nor the global growth trend of the Vegetable Seeds division**



## SALES\* OF FIELD SEEDS

In M€



\* Revenue from ordinary activities  
after application of IFRS 11 (i.e. excluding AgReliant)

## TRENDS FOR THE FIELD SEEDS MARKET

### ❖ A difficult market context for field seeds

- Low level of prices for agricultural raw materials
- Anticipated reduction of corn acreage on the main markets

#### Corn

**United States**  
↘ Acreage (-2%)

**Europe 28**  
↘ Acreage (-3%)

**Greater Europe**  
↘ Acreage (-4%)

#### Brazil

↘ *Safrá* acreage (-20%)  
↘ *Safrinha* acreage (-5%)

#### Sunflower

**Europe 28**  
↘ Acreage (-6%)

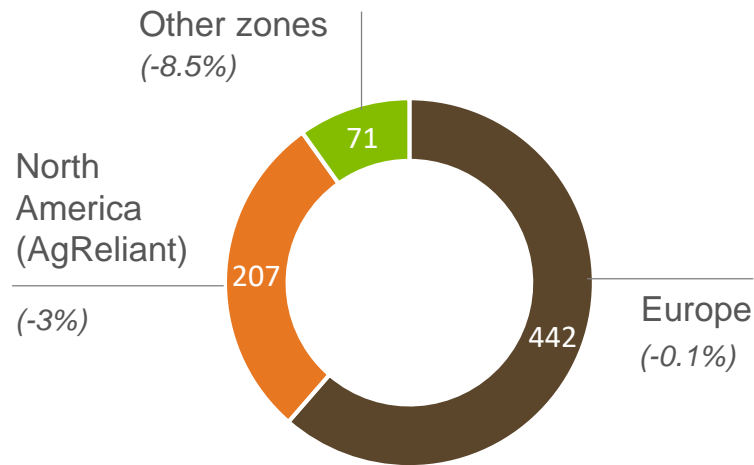
**Greater Europe**  
↗ Acreage (+1%)



## SALES OF FIELD SEEDS

### TOTAL SALES

(including AgReliant): 720 M€



### ANALYSIS PER GEOGRAPHICAL ZONE

(evolution on a like-for-like basis,  
before application of IFRS 11)

In M€

### Corn and sunflower. Europe

- ❖ Business slightly down in a globally sluggish market environment
  - ❖ Spring campaigns marked by delays in sowing because of the difficult weather conditions (Western Europe)
  - ❖ Contrasting situations depending on crops and countries:
    - ❖ Stability in orders for corn seeds, in spite of an expected drop in acreage
    - ❖ Good growth of sunflower seed sales (volume and value)
    - ❖ Very good performances in Ukraine, Russia and Turkey, whereas the market in Western Europe remains bearish
- ⇒ Strengthening of Vilmorin & Cie's competitive positions (particularly in corn)

### Corn. South America

- ❖ Strong drop in business over the 3<sup>rd</sup> quarter (*safrinha* corn), in a very difficult market context this year:
  - ❖ significant reduction in acreage
  - ❖ competitive pressure on pricing policies
  - ❖ decision by Brazilian farmers to opt for varieties with lower added value

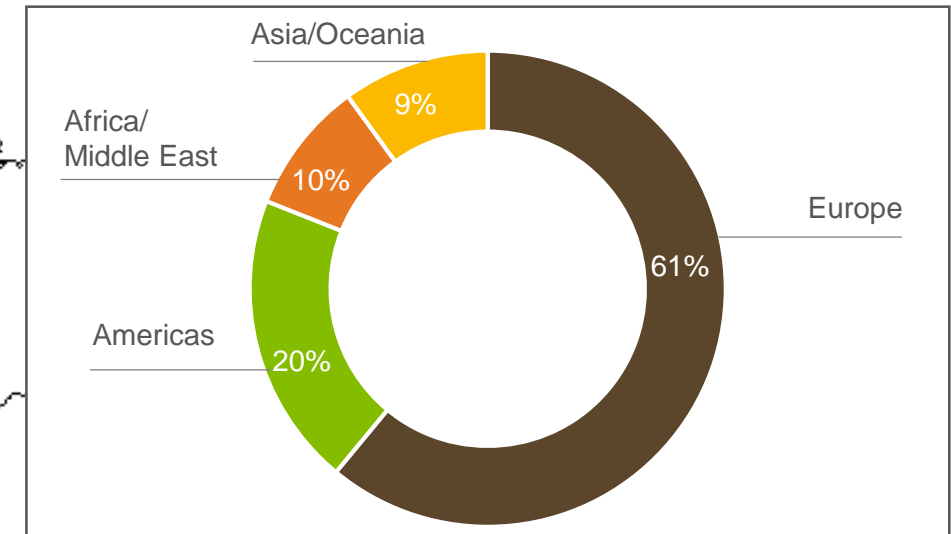
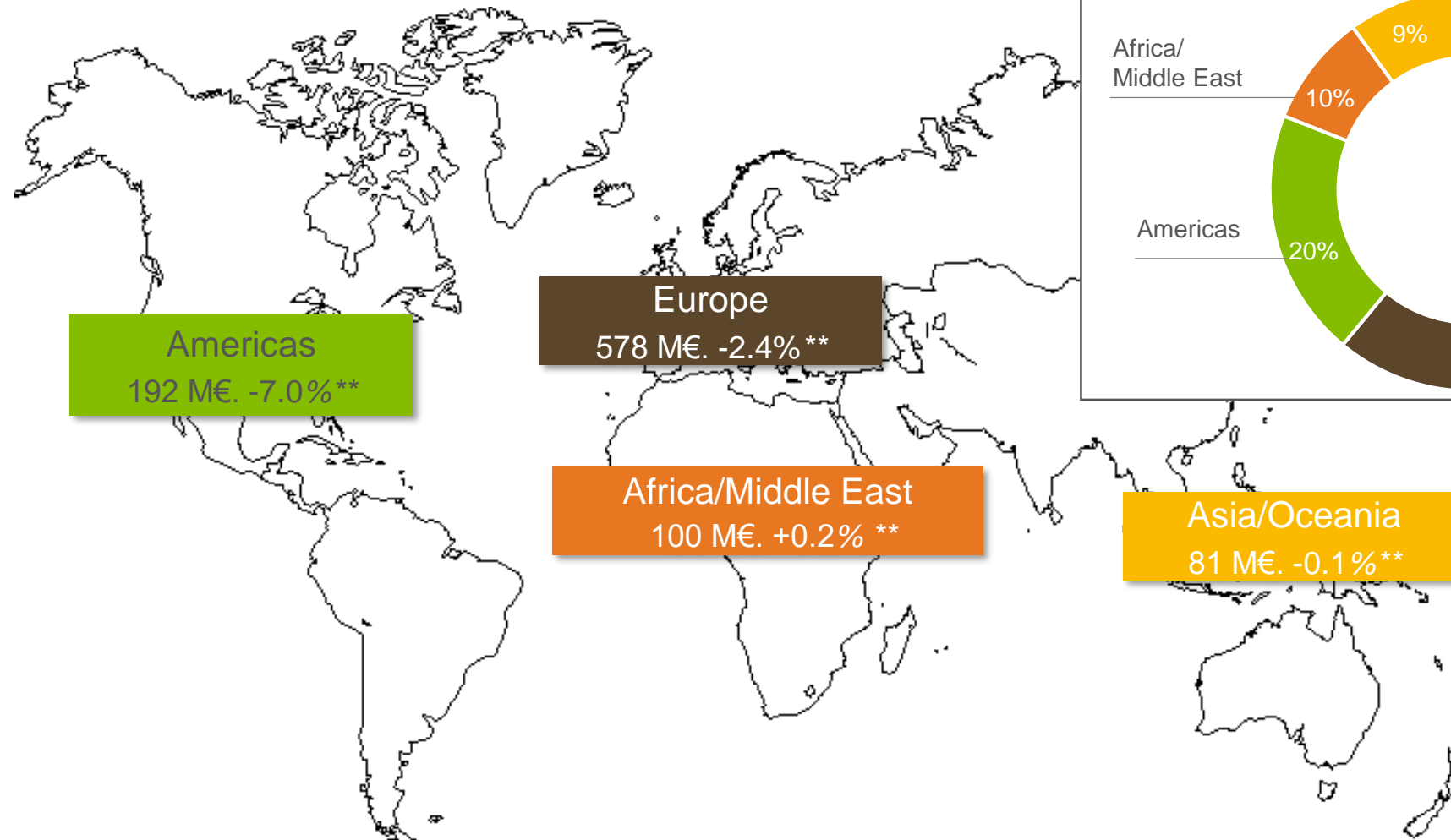
### Associated companies

- ❖ North America (AgReliant): Expected drop in marketed corn seed volumes in line with anticipated cultivated acreage
- ❖ Africa (Seed Co): Strong increase in business



**Business downturn in line with market trends**

## CONSOLIDATED SALES\* PER GEOGRAPHICAL ZONE

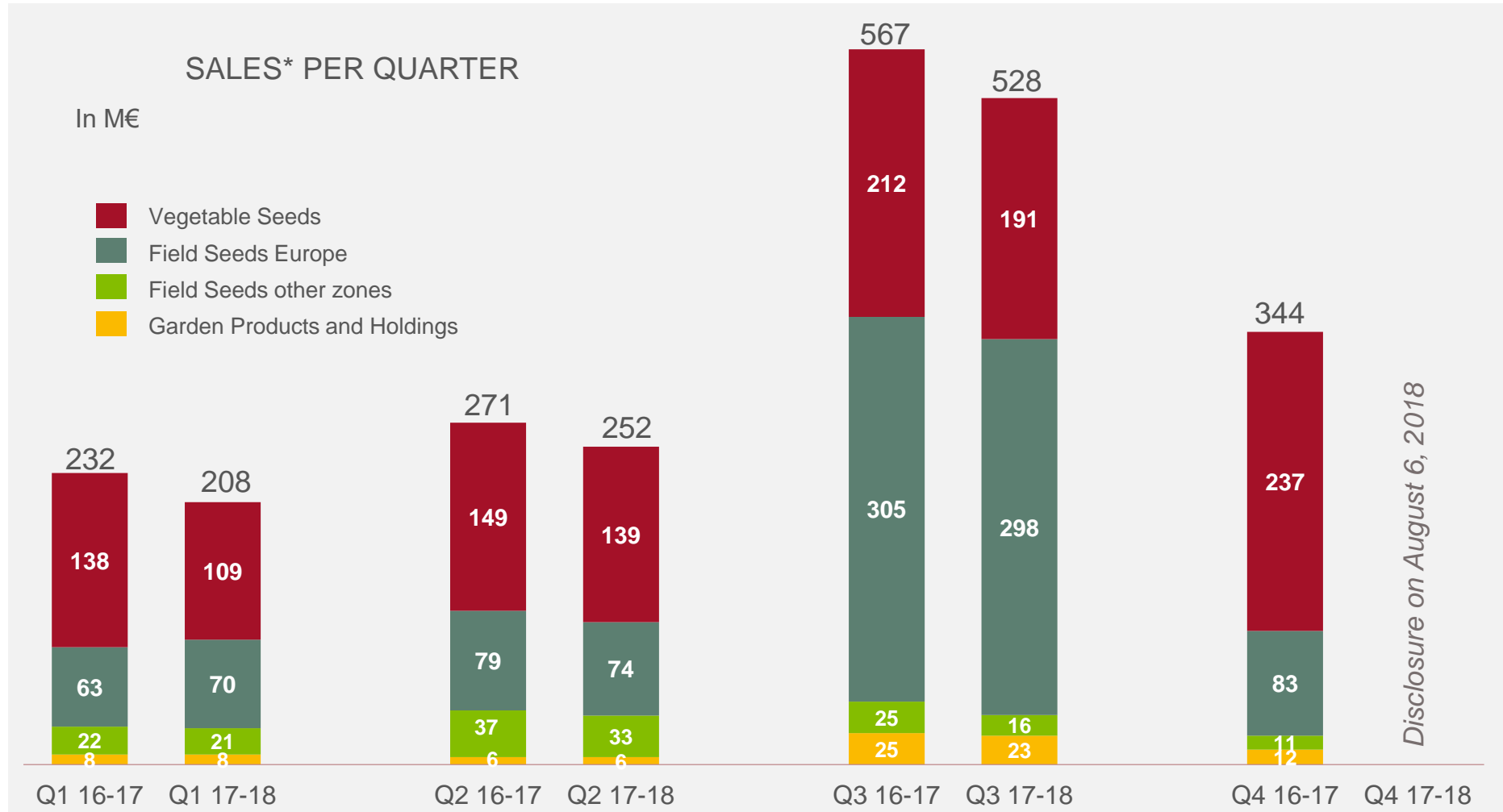


\* Sales of products

\*\* On a like-for-like basis compared with 2016-2017



## CONSOLIDATED SALES\* PER QUARTER



\* Revenue from ordinary activities

# NEWS



## PROJECT TO ACQUIRE GRAINES GONDIAN (FRANCE. GARDEN PRODUCTS)

### ❖ Presentation of the context of the Business Unit Vilmorin Jardin:

- Garden Products activity greatly affected by a decreasing market environment, with the erosion of the segment for seed packet sales

⇒ Implementation of a Job Protection Plan in 2015-2016 and 2016-2017, affecting around 20 positions

- ⇒ Reorientation of the marketing strategy in 2017-2018:
- Reconnect with all consumer profiles
  - Provide solutions to all gardeners, from beginners to experts

### The market for home garden seed packets

- > A drop of more than 17% over 6 years **in volume**
- > A drop of more than 13% over 6 years **in value**

*Source: GFK (data in rolling yearly sales)*



# PROJECT TO ACQUIRE GRAINES GONDIAN (FRANCE. GARDEN PRODUCTS)

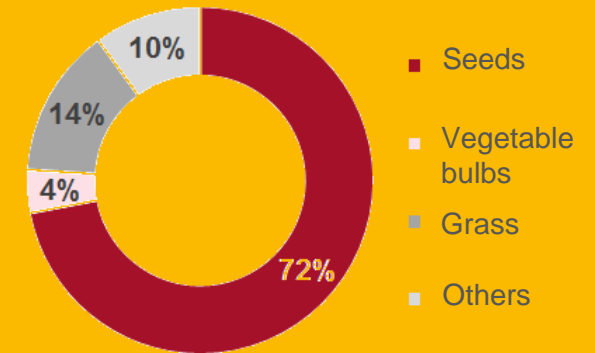
## Graines Gondian in brief

- Graines Gondian has produced and sold, since 1880, vegetable and flower seeds, and also grass seeds, in France and internationally, for home gardeners
- Based in Crest (Drôme), and a subsidiary of the VIVADOIR Group, Graines Gondian is the 3<sup>rd</sup> largest player on the French market
- More than 2,000 customers, including:
  - 35% in DIY stores
  - 23% in self-service agricultural stores
  - 20% in garden centers
  - and 13% in supermarkets
- A broad portfolio of brands:
  - > 3 specialist brands to cover different line-up levels
  - > 2 private label brands
  - > 1 supermarket brand



## Key data for 2017

- Sales:  
About 7 million euros



Analysis of sales  
per product

- Headcount: 30 employees, including 18 sales reps



## PROJECT TO ACQUIRE GRAINES GONDIAN (FRANCE. GARDEN PRODUCTS)

### ❖ Planned operation: Acquisition of the business activities of Graines Gondian by Vilmorin Jardin

- Unilateral promise for the transfer of the business activities signed
- Nevertheless the project remains subject to the report following consultation with staff representatives

⇒ Acquisition which could come into effect for the start of fiscal year 2018-2019

### ❖ Strategic interest of the operation

Significantly consolidate Vilmorin & Cie's positions  
on a decreasing market,  
benefitting from powerful complementarities and synergies that exist  
between Vilmorin Jardin and Graines Gondian,  
particularly in terms of product line-ups and customer portfolio



# OUTLOOK FOR THE END OF FISCAL YEAR 2017-2018

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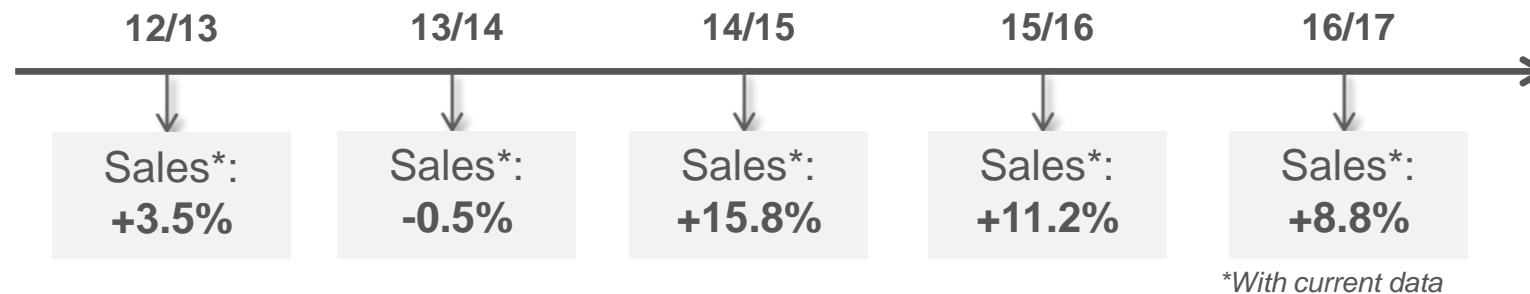


## VEGETABLE SEEDS

❖ Challenge for the end of the fiscal year:

- Confirmation of strong growth of the Vegetable Seeds activity over the 4<sup>th</sup> quarter, with a high reference base

FLASHBACK OF THE EVOLUTION OVER THE 4<sup>TH</sup> QUARTER FOR VEGETABLE SEEDS



❖ Outlook for the end of the fiscal year:

- Objective for Vegetable Seeds sales readjusted lower

**Objective  
Sales = +2%\*\***

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



## FIELD SEEDS

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

- **Definitive evolution of corn and sunflower acreage**
- **Resistance to the persistent pressure on pricing policies**
- **Final impact of the exchange rates between certain currencies**

### ❖ Outlook for the end of the fiscal year:

- Objective for Field Seeds sales readjusted downward

Objective  
Sales  $\approx$  0%\*

\* On a like-for-like basis





## DOWNWARD READJUSTMENT OF OBJECTIVES FOR THE YEAR

### ❖ 2017-2018 sales objective:

Achieve a slight increase in consolidated sales, on a like-for-like basis, compared with fiscal year 2016-2017, taking into account the full impact of the withdrawal from the distribution of agricultural supplies in Japan

### OBJECTIVE PRESENTED IN FEBRUARY 2018\* (following disclosure of the results for the first semester)

<b>Sales</b>	<b>+4%</b>
<i>of which:</i>	
<i>Vegetable Seeds</i>	<i>+4%</i>
<i>Field Seeds</i>	<i>+4%</i>

### OBJECTIVE READJUSTED AT THE END OF THE THIRD QUARTER\*

<b>Sales</b>	<b>≥ 0%</b>
<i>of which:</i>	
<i>Vegetable Seeds</i>	<i>+2%</i>
<i>Field Seeds</i>	<i>≈ 0%</i>

\* On a like-for-like basis

## DOWNWARD READJUSTMENT OF OBJECTIVES FOR THE YEAR

- ❖ 2017-2018 objective for the current operating margin rate:

**OBJECTIVE PRESENTED IN FEBRUARY 2018**  
(following disclosure of the results for the first semester)

<b>Current operating margin</b>	At the same level as in 2016-2017 (i.e. $\approx 9.2\%$ ), including a research investment of $\approx 255$ M€
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**OBJECTIVE READJUSTED AT THE END OF THE THIRD QUARTER**

<b>Current operating margin</b>	Down by at least 1% point compared with 2016-2017, including a research investment of $\approx 255$ M€
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Taking into account the measures adopted several months ago in all the Business Units, with the aim of tightening up on industrial investments and operating charges

- ❖ Aim for a contribution from associated companies at least equivalent to that of 2016-2017  
*Mainly AgReliant (North America. Field Seeds), Seed Co (Africa. Field Seeds) and AGT (Australia. Field Seeds).*
- ❖ While pursuing the deployment of strategic orientations, with a long-term vision, on a seed market that remains structurally promising

# SCHEDULE AND CONTACTS



MONDAY AUGUST 6, 2018, AFTER TRADING

- Disclosure of sales for fiscal year 2017-2018 (on June 30, 2018)

WEDNESDAY OCTOBER 17, 2018, AFTER TRADING

- Disclosure of results for fiscal year 2017-2018 (on June 30, 2018)

MONDAY NOVEMBER 5, 2018 AFTER TRADING

- Disclosure of sales for the first quarter 2018-2019 (on September 30, 2018)

*Dates provided as an indication and liable to be changed*



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You can consult all our financial information on the website:  
**[www.vilmorincie.com](http://www.vilmorincie.com)**

# GLOSSARY



- ❖ **Like-for-like data:** like-for-like data is data that is restated for constant scope and currency translation.
  - Therefore financial data for 2016-2017 is restated with the average exchange rates for fiscal year 2017-2018, and any changes to the consolidation scope, in order to be comparable with data for fiscal year 2017-2018.
  - The only change in the consolidation scope is the purchase of a stake of 49% of the capital stock in Prime Seed Co (Zimbabwe. Vegetable Seeds), in April 2017.
  - The change in the scope of activity is due to the withdrawal by the Business Unit VILMORIN-MIKADO (Vegetable Seeds) from the distribution of agricultural supplies in Japan.
- ❖ **Current data:** current data is data expressed at the historical currency for the period, and without adjustment for any changes in scope.
- ❖ **Research investment:** research investment refers to gross research expenditure before recording any research costs and tax relief for research as fixed assets.
- ❖ **Current operating margin:** the current operating margin is defined as the accounting operating margin restated for any impairment and reorganization costs.



A vibrant field of sunflowers under a clear blue sky. In the background, two people wearing white caps and red shirts are working in the field, their faces blurred. The sunflowers in the foreground are in sharp focus, showing their bright yellow petals and dark brown centers.

# THANK YOU

**VILMORIN & CIE**

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 **Vilmorin & Cie**

The **Limagrain** seed business