



- **KEY POINTS**
- ♣ HIGHLIGHTS OF THE 1<sup>ST</sup> SEMESTER 2018-2019
- RESULTS FOR THE FIRST SEMESTER 2018-2019
- NEWS
- CHALLENGES AND OUTLOOK FOR THE END OF FISCAL YEAR 2018-2019
- SCHEDULE
- GLOSSARY
- **\*** APPENDICES



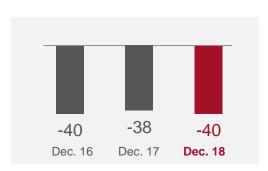
# KEY POINTS

- Marked increase in sales for the first semester: +3.8% on a like-for-like basis
  - Vegetable Seeds: a 2<sup>nd</sup> quarter marked by performances that continue to vary between geographical regions
  - Field Seeds: an activity with significant growth, driven by a high-quality semester in Europe
- Slight improvement of the operating income, due to good control over operating charges as well as extraordinary items, and moderate dip in the net income for the 1<sup>st</sup> semester









**NET INCOME\*** 

\* In M€

Outlook for 2018-2019: business growth objectives of 2% to 3% maintained (on a like-for-like basis) along with a slight progression in the current operating margin rate





### ACQUISITION OF THE COMPANIES SURSEM AND GENEZE (South America. Field Seeds)

### Sursem (Argentina) and Geneze (Brazil) in brief:

- 2 independent companies, mainly active in hybrid corn seeds, but also wheat, sunflower and soybean seeds
- Comprehensive organization: 4 research centers,
   2 production sites and an extensive sales network
- Total sales: more than 40 MUS\$ in 2017
- More than 160 employees



Argentina, 4<sup>th</sup> largest world market for field seeds



- 6.6 Mha of corn acreage
- Temperate corn germplasm

⇒ A highly significant reinforcement of Vilmorin & Cie's organization and commercial positions in South America for key crops

A new major step in the internationalization of Vilmorin & Cie's Field Seeds



### ACQUISITION OF THE COMPANIES SURSEM AND GENEZE (South America. Field Seeds)

Acquisition of Sursem and Geneze from the investment fund Pampa Agribusiness finalized on December 3, 2018



- Entry of the two companies into the consolidation scope on the same date
- Impact on sales on December 31, 2018: 2.9 M€
- Foreseeable impact on sales on June 30, 2019: more than 10 M€, corresponding to the seasonal nature of the business





### REORGANIZATION OF BIOGEMMA / CONSOLIDATION OF THE SEED CO PARTNERSHIP

### Reorganization of Biogemma, a biotechnology research company

- Finalization, in December 2018, of the partial demerger of Biogemma
  - Oilseed research: new structure, named Innolea, with the previous Biogemma shareholders holding equal stakes
  - Wheat and corn research: 100% integration into Vilmorin & Cie (as opposed to 55% on June 30, 2018)



### Consolidation of the partnership with Seed Co, the largest seed company in Africa

- Following the legal and financial reorganization of Seed Co's international activities in August 2018, Vilmorin & Cie has become the No. 1 shareholder in Seed Co International<sup>(1)</sup>
- ⇒ Strengthening of Vilmorin & Cie's commitment in Africa





<sup>(1)</sup> Seed Co International combines Seed Co's business outside Zimbabwe.





### REFERENCES

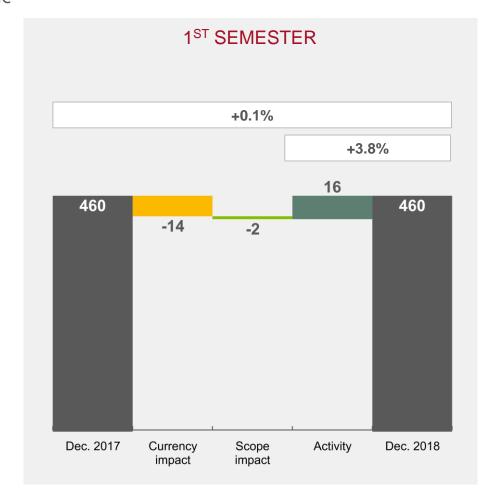
- Accounting reference
  - IFRS on December 31, 2018
  - Application of IAS 29 concerning the treatment of hyperinflation in Argentina
- Scope
  - Consolidation scope: acquisition of the company AdvanSeed (Denmark. Vegetable Seeds), finalized in July 2018; acquisition of the companies Sursem and Geneze (South America. Field Seeds), finalized in December 2018
  - Activity scope: withdrawal from the distribution of agricultural supplies by the Business Unit Vilmorin-Mikado (Vegetable Seeds) in Japan, initiated during fiscal year 2017-2018
- Rates of the main currencies on December 31, 2018 (and December 31, 2017)

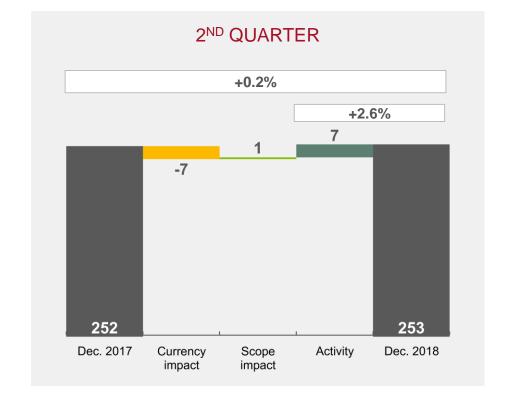
	average		close		
	Dec. 17	Dec. 18	Dec. 17	Dec. 18	
\$	1.18	1.15	1.20	1.15	
¥	132	129	135	126	
£	0.89	0.89	0.89	0.89	
TRY	4.30	6.44	4.55	6.06	
ILS	4.16	4.23	4.16	4.30	
BRL	3.77	4.48	3.97	4.44	
INR	75.87	81.94	76.61	79.73	
ARS	20.48	39.89	22.61	43.05	
MXN	21.63	22.35	23.66	22.49	
UAH	31.10	31.85	33.71	31.68	
RUB	69.04	76.13	69.39	79.72	



### **CONSOLIDATED SALES\***

In M€







<sup>\*</sup> Revenue from ordinary activities

### **ACTIVITY AND PERFORMANCES OF VEGETABLE SEEDS**

In M€	12.31.16	12.31.17	12.31.18	Variation (12.31.18 vs 12.31.17)
Sales	286.9	248.7	239.2	+0.7% <sup>(1)</sup>
Operating income	12.8	1.0	(11.2)	-12.2 M€
Operating margin rate	4.5%	0.4%	-4.7%	-5.1 pts

- Slight increase in sales over the 2<sup>nd</sup> quarter (+0.6%<sup>(1)</sup>), resulting in a measured progression in business over the semester (+0.7%<sup>(1)</sup>)
- Performances still vary between the regions
  - Strong business increase in North America, confirming a return to a healthier situation in distributors' inventory levels, and also reflecting a significant recovery of third party brand business
  - Significant increase in sales in Asia, with strong growth of carrot seeds sales in China
  - Commercial activity continues to be disturbed by the unstable geopolitical and monetary context in several geographical regions
  - Consequently, sharp drop in sales in South America and in the Africa/Middle East zone
- Reduction in the commercial margin rate (-1.5 points) due to:
  - an increase over the semester of obsolescence costs impacting the margin rate by -0.8 points
  - an unfavorable product mix
- Moderate increase in operating charges (+2.5% on a like-for-like basis)
- Consequently, deterioration over the semester of the operating margin (-5.1 points)



### **ACTIVITY AND PERFORMANCES OF FIELD SEEDS**

In M€	12.31.16	12.31.17	12.31.18	Variation (12.31.18 vs 12.31.17)	
Sales	201.6	197.9	209.0	+8.5% <sup>(1)</sup>	
Operating income	(20.7)	(29.9)	(16.3)	+13.6 M€	
Operating margin rate	-10.3%	-15.1%	-7.8%	+7.3 pts	<sup>(1)</sup> on a like-for-like basis

- Upswing in business 6.1%<sup>(1)</sup> over the 2<sup>nd</sup> quarter, meaning that, although the market environment was still sluggish, significant business growth was achieved (+8.5%<sup>(1)</sup>) at the end of the semester
- Europe: high quality semester
  - Excellent rapeseed campaign, in spite of the marked drop in acreage, leading to considerable market share gains
  - Slight growth in sales of straw cereal seeds (wheat, barley) and strong increase in the sales of forage seeds
  - Orders looking promising for corn seed, particularly in Western Europe and satisfactory for sunflower
- South America: measured growth in business
  - Slight drop in sales for the 1<sup>st</sup> corn campaign (safra)
  - Decrease in orders for the 2<sup>nd</sup> corn campaign (*safrinha*) reflecting Vilmorin & Cie's decision to defend its prices, in a context where there is strong competitive pressure on prices
  - Highly significant increase in sales of soybean in Brazil and corn in Argentina
- Increase in the consolidated commercial margin rate of 0.7 points, resulting from strong growth in the rapeseed business in Europe
- Controlled increase in operating charges (+2.8% on a like-for-like basis)
- Consequently, strong increase (+7.3 points) in the operating margin for the semester



### **ASSOCIATED COMPANIES**

In M€	12.31.16	12.31.17	12.31.18	Variation (12.31.18 vs 12.31.17)	
Income from associated companies	(24.9)	(26.6)	(7.9)	+18.7 <sup>(1)</sup>	<sup>(1)</sup> With current data

- AgReliant (Field Seeds. North America)
  Loss for the semester of 18.9 M€ (base 50%) an improvement in relation to December 31, 2017:
  - The beginning of the campaign is running well (corn, soybean), because of an earlier start this year
  - Nevertheless, orders are currently lower because of the deployment of the new AgReliant commercial strategy, especially due to the major brand reorganization
- Seed Co (Field Seeds. Africa)
  Contribution for the semester, on September 30, 2018, of 12.1 M€, a big improvement compared to 2017-2018:
  - Strong increase in sales (corn and wheat) over the first semester
  - Revaluation profit of 11 M€, due to the financial and legal reorganization of Seed Co's international activities



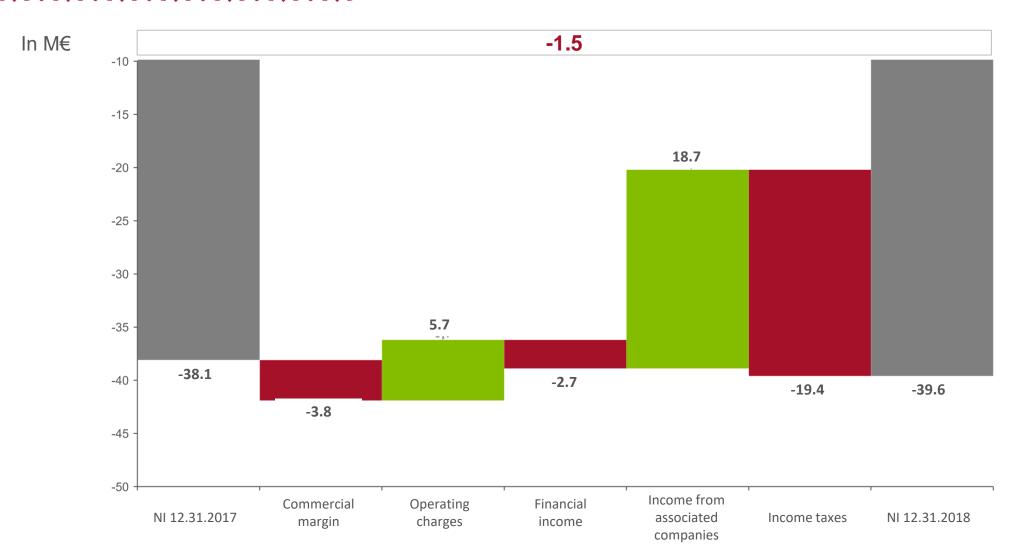
### OTHER ITEMS IN THE ANALYSIS OF CONSOLIDATED PERFORMANCES

- Deterioration of the financial income (-2.7 M€):
  - Net foreign exchange loss of 5.1 M€, including 1.9 M€ from the negative impact of the application of IAS 29 concerning the treatment of hyperinflation in Argentina
  - Slight increase in interest costs of 0.8 M€ because of the increase in average indebtedness and less favorable rate conditions in the United States

Drop in tax income (-19.4 M€) compared with fiscal year 2017-2018, which was marked by a drop in the taxation rates in France and the United States



### PERFORMANCE 1<sup>ST</sup> SEMESTER: EVOLUTION OF NET INCOME (NI) FOR THE SEMESTER





### **EVOLUTION OF THE BALANCE SHEET STRUCTURE**

- A balance sheet structure marked by a strong seasonal effect and which is also characterized by:
  - An increase in the net financial debt on December 31, 2018, because of:
    - the signing of targeted acquisitions and the strengthening of the partnership with Seed Co
    - strong increase in the net Working Capital Needs standing at 731 M€ (+60 M€), as a result of the increase in inventories and customer receivables at the end of December 2018
  - A moderate investment policy

### KEY DATA ON DECEMBER 31, 2018

- Equity: 1,224 M€ (+31 M€)
- Net financial debt:
   1,203 M€ (+217 M€)
   including cash of 202 M€
- Gearing: 98.3% (+15.6 points)





### **COMMITMENT TO THE "PSL INNOVATION FUND" (FRANCE)**

## Investment in the professional private equity fund "PSL Innovation Fund"

- Commitment for a period of 10 years
- Vilmorin & Cie, fund reference partner in the field of agriculture
- ⇒ Have privileged access to the leaders of today and tomorrow on key topics
- ⇒ Strengthen links with world-class innovation ecosystems
- ⇒ Take advantage of a great source of innovation, which could benefit all the Company's businesses and activities



Strengthening of Vilmorin & Cie's capacity to innovate, a key component in its future growth



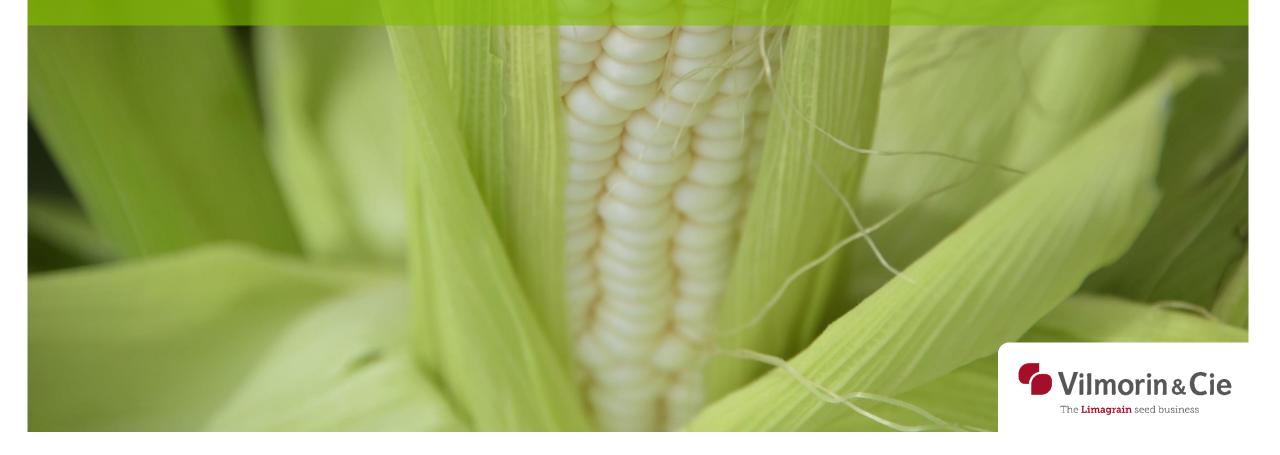
## The PSL Innovation Fund in brief:

- Fund originating from the partnership between PSL University (Paris Sciences et Lettres) and the venture capital firm Elaia Partners
- Fund targeting start-ups:
  - that are innovative,
  - with a strong digital and technological component,
  - active in the sectors of: life sciences, biotechnology, agriculture, artificial intelligence, etc.

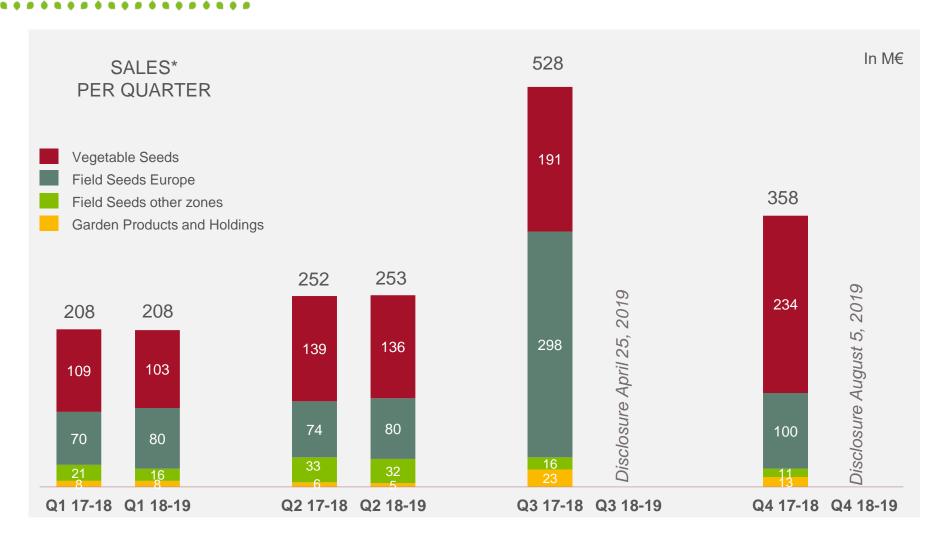




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### A DECISIVE SECOND SEMESTER DUE TO THE SEASONAL NATURE OF BUSINESS



<sup>\*</sup> Revenue from ordinary activities



### MARKET CONTEXT. VEGETABLE SEEDS

### Vegetable seed markets temporarily less prosperous in the short term

- Seeds, a world *supply chain* for local outlets
- A business that is therefore hit by the tense geopolitical and monetary situation in certain geographical regions (particularly in South America and the Middle East)

## No calling into question of the fundamentals for the mid- and long-term growth of vegetable seed markets

- In volume, this growth is driven by:
  - The increase in the world's population
  - A continuing increase in world vegetable production
- In value, market increase factors remain intact:
  - Development of protected crops
  - Increase in technical prowess in emerging countries
  - Growing demand for higher added-value products





### **VEGETABLE SEEDS**

### Challenges for the end of the fiscal year

- Easing of the geopolitical and monetary context
- Confirmation of the solid business growth in North America
- Good control over margin levels
- Continuing control of operating charges

### **Objective for 2018-2019 maintained**



S2: **63.1%** of total sales in 2017-2018 **61.0%** of total sales in 2016-2017



## Strengthen world leadership in market conditions that offer little visibility

<sup>\*\*</sup> On a like-for-like basis Sales at the end of January 2019 not audited



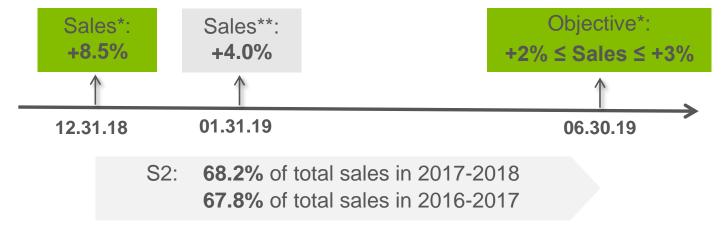
<sup>\*</sup> On a like-for-like basis

### FIELD SEEDS

### Challenges for the end of the fiscal year

- Definitive evolution of the allocations of cultivated acreage and the prices for agricultural production
- Confirmation, over the spring campaigns, of the dynamic business achieved in Europe for the 1<sup>st</sup> semester
- Resistance to pressure on pricing policies in South America

### **Objective for 2018-2019 confirmed**



## Challenges and outlook / Associated companies

- → AgReliant: Final evolution of sales activity and in particular sales made under the LG Seeds brand, dedicated to distributors and farmer-dealer networks
- → Seed Co: Confirmation of the fine performance achieved over the 1<sup>st</sup> semester

## Strengthen positions in regions where we are established in a market environment that lacks stability

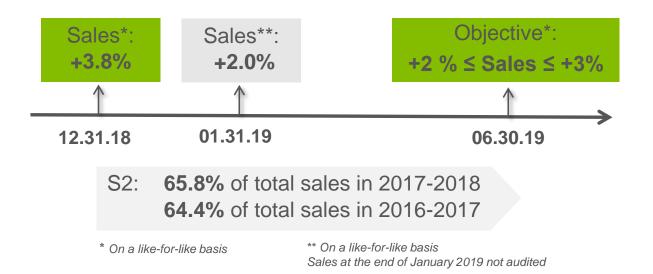
<sup>\*\*</sup> On a like-for-like basis Sales at the end of January 2019 not audited



<sup>\*</sup> On a like-for-like basis

### **OBJECTIVES 2018-2019**

Objectives for sales and the current operating margin rate maintained



Current operating margin rate
up by 0.5 points to 1 point compared
to 2017-2018,
including research investment
> 250 M€

- Anticipation of a contribution from associated companies lower than that of 2017-2018
  - After restating the revaluation profit resulting from the reorganization of Seed Co's international activities
  - Because of the evolution of the sales activity of AgReliant (North America. Field Seeds)
  - And in spite of the fine performance expected of Seed Co (Africa. Field Seeds)



### STRATEGIC ORIENTATIONS

- Objectives 2018-2019 should ensure that the business growth trajectory is back on track, in a market environment that remains highly volatile
- Confirmation of Vilmorin & Cie's capacity to offer resilient mid- and long-term **development perspectives**, founded on:
  - A long-term strategy, based on innovation, internationalization and the capacity to combine targeted acquisitions and partnerships
  - A specific model, focused on seeds



Seeds, the 1<sup>st</sup> link in the food chain, is a concentrate of solutions to meet food challenges

For farmers, seeds are an essential input that determine their future production





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### WEDNESDAY MARCH 13, 2019

Filing with the AMF of the update of the annual report for 2017-2018

### THURSDAY APRIL 25, 2019<sup>(1)</sup>

Disclosure of sales at the end of the 3<sup>rd</sup> quarter 2018-2019

### MONDAY AUGUST 5, 2019<sup>(2)</sup>

Disclosure of sales for fiscal year 2018-2019

### TUESDAY OCTOBER 15, 2019<sup>(2)</sup>

Disclosure of results for fiscal year 2018-2019

### FRIDAY DECEMBER 6, 2019

Annual General Meeting of Shareholders in Paris

(1) Disclosure before trading on the Paris Stock Market. (2) Disclosure after trading on the Paris Stock Market. Dates provided as an indication only and liable to be changed



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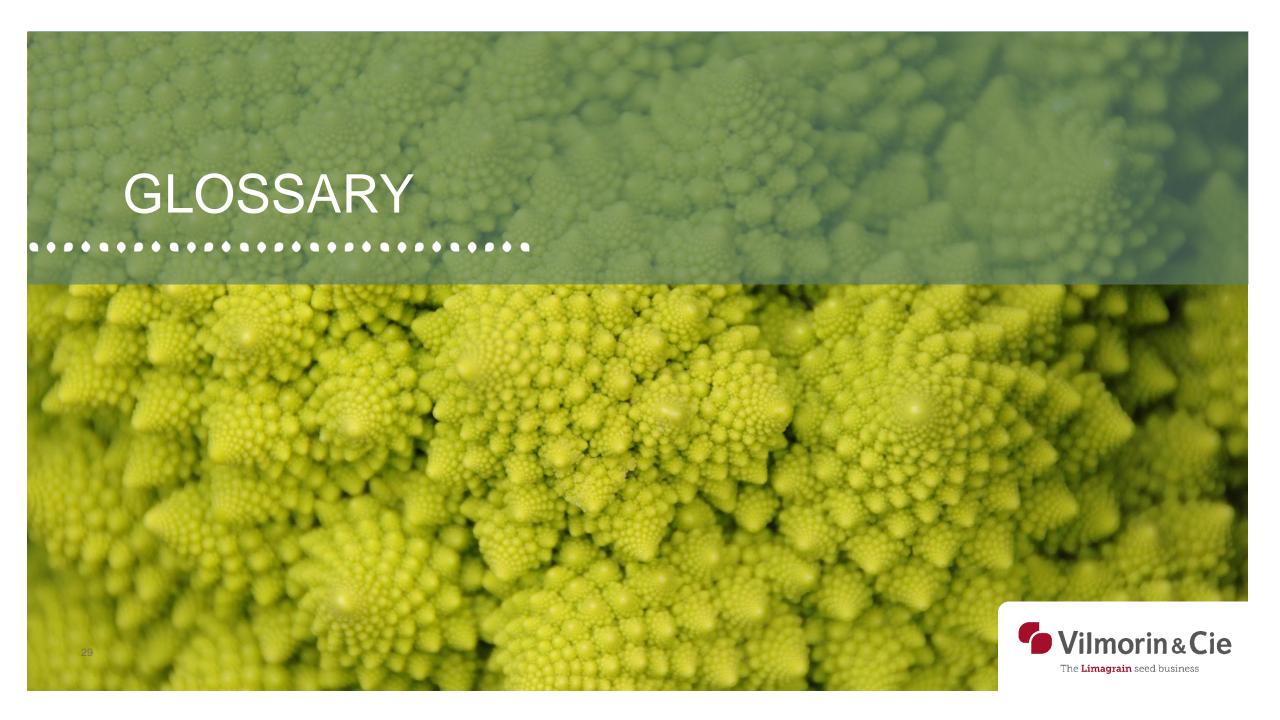
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#### Like-for-like data:

Like-for-like data is data that is restated for constant scope and currency translation. Therefore, financial data for 2017-2018 is restated with the average rate for fiscal year 2018-2019, and any other changes to the scope, in order to be comparable with data for fiscal year 2018-2019.

- The change in the consolidation scope comes from the acquisition of the company AdvanSeed (Denmark. Vegetable Seeds) made in July 2018, and from that of the companies Sursem and Geneze (South America. Field Seeds) finalized in December 2018.
- 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 begun in fiscal year 2017-2018.

### Current data:

Current data is data expressed at the historical currency exchange rate for the period, and without adjustment for any changes in scope.

### **EBITDA**:

The EBITDA is defined as the operating result to which are added any provisions for depreciation, amortization and impairment.



### Research investment:

Research investment refers to gross research expenditure before recording as fixed assets any research costs and research tax relief.

### Gearing:

Gearing is defined as the ratio comparing the net financial debt<sup>(1)</sup> to equity<sup>(2)</sup>.

### : Current operating margin:

The current operating margin is defined as the accounting operating margin restated for any impairment and reorganization costs.



<sup>(1)</sup> Net financial debt is equal to net financial indebtedness.

<sup>(2)</sup> Equity corresponds to the line "Consolidated equity," presented in the Financial Progress Report.





### **CONTEXT OF THE DIFFERENT MARKETS**

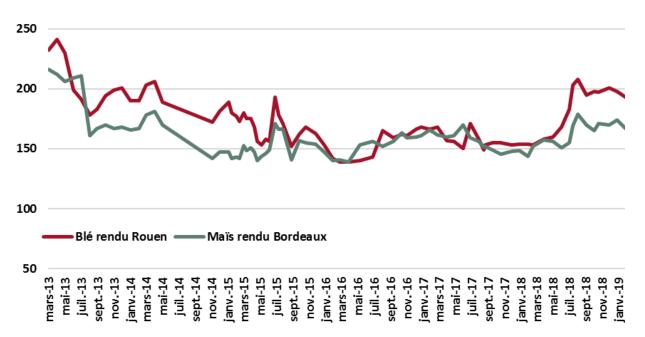


#### **CONTEXT OF THE DIFFERENT MARKETS**

### FIELD SEED TRENDS

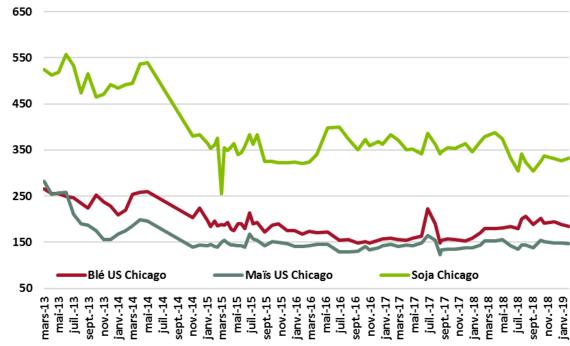
Price of corn. Bordeaux : 167 €/t Price of wheat. Rouen: 193 €/t

February 2019



Corn, soybean and wheat prices. Chicago

Corn: 147 \$/t Soybean: 333 \$/t Wheat: 184 \$/t February 2019



Sources: IGC, Stratégie Grain, France Agricole. February 2019



### FIELD SEED TRENDS

Corn acreage

United States ≈ Acreage

Europe 28

Acreage

Greater Europe

✓ Acreage

**Brazil** 

✓ Safra acreage

✓ Safrinha acreage

Sunflower acreage

Europe 28

Acreage

Greater Europe

Acreage

Sources: USDA, internal source February 2019



★ KEY FINANCIAL DATA FOR THE 1<sup>ST</sup> SEMESTER 2018-2019

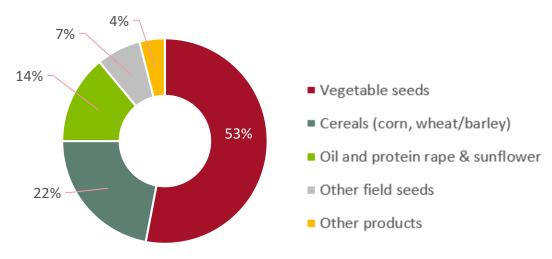


### **CONSOLIDATED SALES ON DECEMBER 31, 2018**

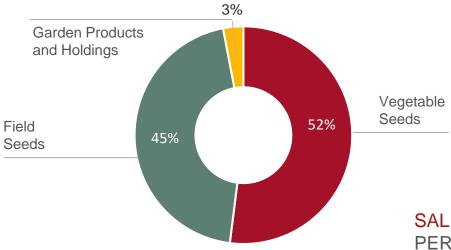
### SALES\* PER DIVISION

\* Revenue from ordinary activities

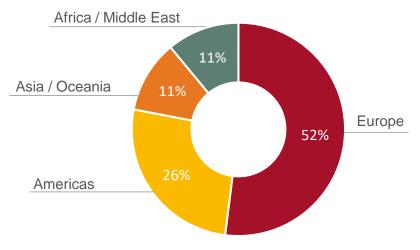




Sales of products



### SALES PER GEOGRAPHIC ZONE\*

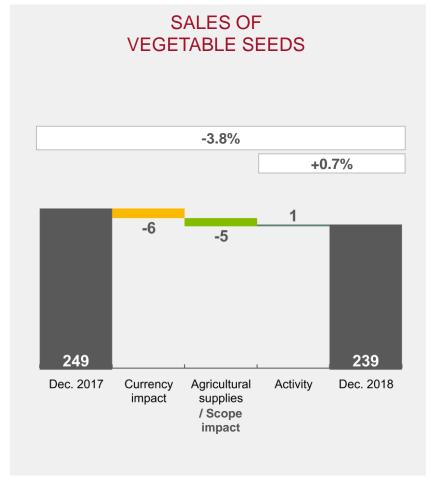


\* Sales of products

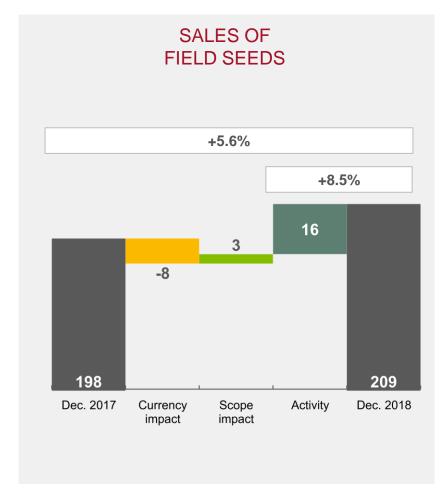


### **SALES\* PER ACTIVITY**

In M€



<sup>\*</sup> Revenue from ordinary activities



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



### **INCOME STATEMENT**

In M€	12.31.2017	12.31.2018	Variation*
Sales	460.1	460.4	+0.1%
Commercial margin	236.8	233.0	-3.8 M€
Commercial margin rate	51.5%	50.6%	-0.9 pt
Operating income	-42.4	-40.5	+1.9 M€
Operating margin rate	-9.2%	-8.8%	+0.4 pt
Financial income	-16.7	-19.4	-2.7 M€
Income from associated companies	-26.6	-7.9	+18.7 M€
Income taxes	47.6	28.2	-19.4 M€
Net income	-38.1	-39.6	-1.5 M€
Group share of net income	-37.3	-39.2	-1.9 M€

<sup>\*</sup> With current data



### **INCOME STATEMENT – OPERATING CHARGES**

In M€	12.31.2017	12.31.2018	Variation*
Marketing and sales	-92.6	-93.8	+1.3%
Research and development	-97.1	-96.0	-1.1%
Administration and other charges	-89.8	-93.3	+3.9%
Impairments	0.1	-0.9	-1.0 M€
Reorganization	0.1	-1.5	-1.6 M€
Disposal of assets	0.1 (CG)	12.0 (CG)	+11.9 M€
Net operating charges	-279.2	-273.5	-(5.7) M€

<sup>\*</sup> With current data

CG = capital gains



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

	Sal	Sales*		Operating income		Net income	
In M€	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	
Vegetable Seeds	248.7	239.2	1.0	-11.2	10.7	-12.1	
Field Seeds	197.9	209.0	-29.9	-16.3	-40.1	-18.5	
Garden Products	13.1	11.8	-7.7	-8.0	-7.7	-8.0	
Holdings	0.4	0.4	-5.8	-5.0	-1.0	-1.0	
Consolidated	460.1	460.4	-42.4	-40.5	-38.1	-39.6	



<sup>\*</sup> Revenue from ordinary activities

### **BALANCE SHEET STRUCTURE**

**ASSETS** ■ Net fixed assets In M€ 1,813 Net working capital 1,631 needs 731 671 LIABILITIES ■ Equity 1,224 Provision 1,193 Net deferred taxes 69 <sub>48</sub> 76 <sub>47</sub> ■ Net indebtedness 1,203 986 12.31.2017 12.31.2018 **Total balance sheet** 2,302 2,544 202 including cash and bank 226



