

A large teal arrow pointing to the right, with a horizontal line through its center that extends into a double-lined teal arrow pointing to the right.

Preliminary Results Analyst Presentation

Year ended 30th June 2013

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Overview

Bob Lawson
Chairman

Laying the foundations for growth



- > **Solid results in challenging markets**
 - PBT up 2%
 - EPS up 3%
 - Strong balance sheet
- > **A year of good strategic progress**
 - Strong growth and further substantial investment in Asia
 - Strengthened capability at all levels
- > **Strengthening position to capture growth**
- > **Dividend increased 10% reflecting confidence in long-term prospects**

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Financial Results

Stephen Wilson

Group Finance Director

Adjusted Profit Before Tax and Earnings

Year ended 30th June

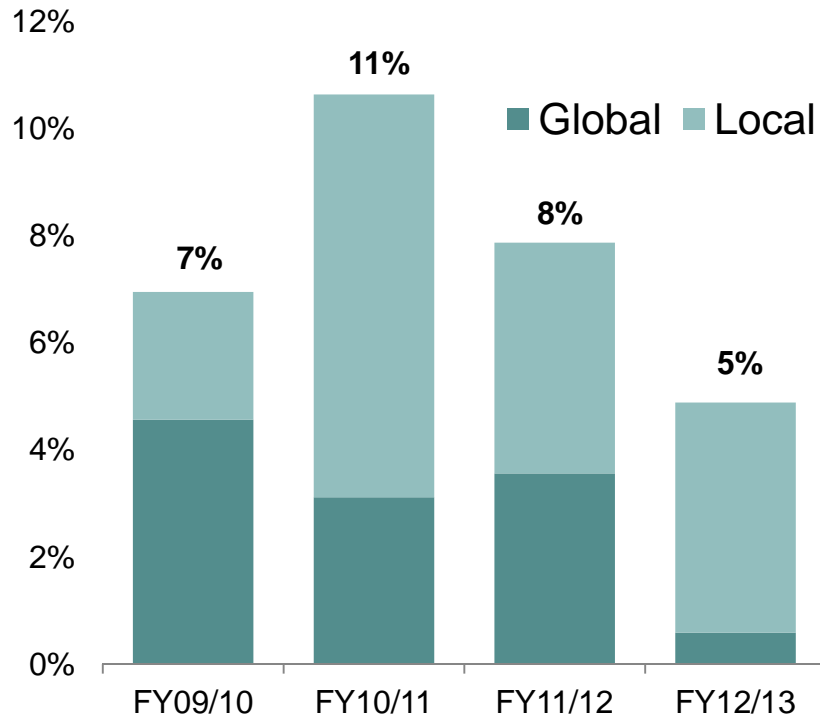


	2013 £m	2012 £m	% Change	
			Actual Currency	Constant Currency
Revenue	345.3	341.8	1%	1%
Adjusted operating profit	45.9	45.8	0%	0%
JV pre tax profit excluding IAS41 adjustment	3.2	2.8	14%	21%
Adjusted operating profit inc JV	49.1	48.6	1%	2%
Finance costs	(1.9)	(2.1)	(10)%	(10)%
Adjusted profit before tax	47.2	46.5	2%	2%
Adjusted earning per share	55.0p	53.5p	3%	
Dividend per share	16.1p	14.6p	10%	

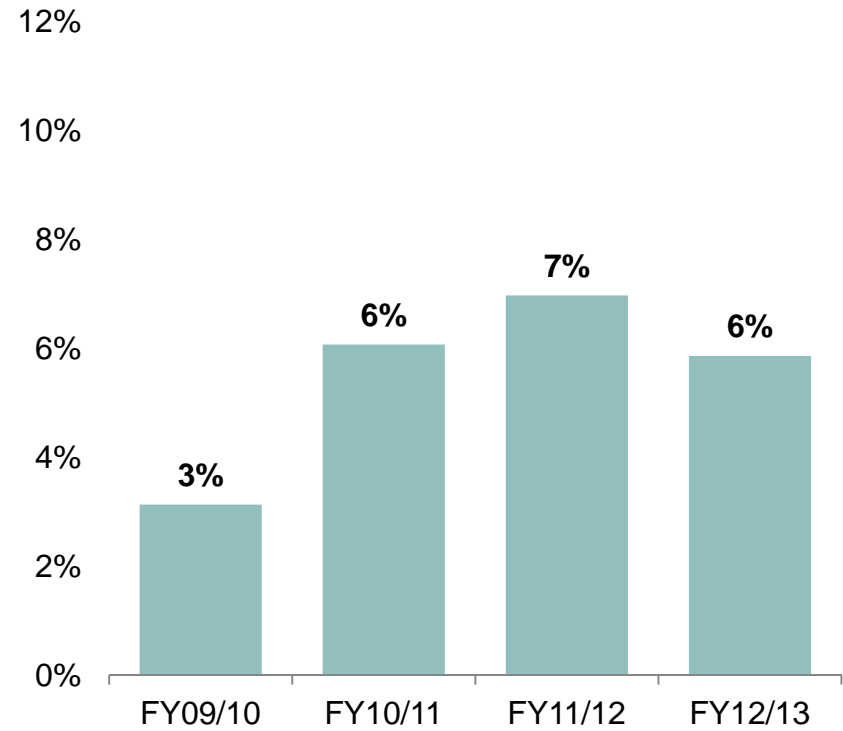
Volume Growth



Dairy & Beef
volume growth (%)



Porcine
volume growth (%)



Adjusted Operating Profit – Performance by Unit

Year ended 30th June



	2013 £m	2012 £m	% Change	
			Actual Currency	Constant Currency
Genus PIC	50.6	48.6	4%	4%
Genus ABS	22.8	24.1	(5)%	(3)%
Genus Asia	13.1	11.5	14%	13%
Operating Units	86.5	84.2	3%	3%
Research and Development	(28.0)	(25.1)	(12)%	(12)%
Central Costs	(9.4)	(10.5)	10%	10%
Adjusted Operating Profit (incl JV)	49.1	48.6	1%	2%

Genus PIC



	% Change			
	2013 £m	2012 £m	Actual Currency	Constant Currency
Revenue	133.5	137.2	(3)%	(3)%
Adjusted operating profit excl JV	48.2	46.5	4%	3%
Adjusted operating profit incl JV	50.6	48.6	4%	4%
Adjusted operating margin excl JV	36%	34%	2pts	2pts

> Solid results in tough market

- Volumes up 3% and profit up £2m, both driven by strength in Latin America
- Continued solid performance in North America although animal shipments were lower
- European restructuring and initiatives will continue to improve margins

Genus ABS



% Change

	2013 £m	2012 £m	Actual Currency	Constant Currency
Revenue	146.8	145.4	1%	2%
Adjusted operating profit	22.8	24.1	(5)%	(3)%
Adjusted operating margin	16%	17%	(1)pt	(1)pt

> Challenging year

- Latin America 6% volume decline driven principally by Brazil
- Modest volume growth in Europe while North American volumes were flat
- Effective sales management with global improvement in selling prices
- Investment in supply chain and technical services

Genus Asia

% Change 

	2013 £m	2012 £m	Actual Currency	Constant Currency
Revenue	55.5	48.2	15%	14%
Adjusted operating profit excl JV	12.3	10.8	14%	13%
Adjusted operating profit incl JV	13.1	11.5	14%	13%
Adjusted operating margin excl JV	22%	22%	-	-

> Strengthened position to capture growth

Porcine

- Volumes overall grew by 24% driven by strong growth in China and Philippines
- Progress in transition to royalty-based model in Philippines and Russia
- Investment in key skills and infrastructure in China

Dairy & Beef

- Volumes grew by 29% driven by local semen growth in India
- Profit growth in emerging markets more than offset challenges in Australia & Japan

Statutory Income Statement

Year ended 30th June



	2013 £m	2012 £m	Variance £m
Adjusted operating profit	45.9	45.8	0.1
Net IAS41 valuation movement	(4.9)	38.8	(43.7)
Amortisation of intangibles	(5.2)	(5.2)	0.0
Share based payments	(2.8)	(3.1)	0.3
Exceptional items			
- Pension provision	7.0	(20.1)	27.1
- Europe restructuring	(2.8)	(2.0)	(0.8)
Operating profit	37.2	54.2	(17.0)
- Share of post-tax profit of JVs	2.8	2.3	0.5
- Net finance costs	(1.9)	(2.1)	0.2
Profit before tax	38.1	54.4	(16.3)

FY14 Pensions reporting change – IAS19 revised



- > IAS 19 revised will be adopted for FY14 (with FY13 prior period restatement)
- > What changes:
 - Interest expense will now be calculated on the net defined benefit liability by applying discount rate
 - Offsetting adjustment within the Group Statement of Comprehensive Income where asset return will now be recorded
- > Impact for Genus:

£m	<u>FY13</u>	<u>FY13 Restated</u>	<u>FY14</u>
Pension income/(expense)	0.7	(3.0)	(3.0)
Profit before Tax	47.2	43.5	

Cashflow

Year ended 30th June



	2013 £m	2012 £m	Variance £m
Adjusted operating profit	45.9	45.8	0.1
Depreciation & Amortisation	5.6	5.7	(0.1)
Adjusted EBITDA	51.5	51.5	0.0
Working capital	(6.4)	(1.6)	(4.8)
Biological Assets	(3.1)	(2.0)	(1.1)
Pension deficit repair, exceptionals and other	(7.1)	(4.0)	(3.1)
Net cash generated by operations	34.9	43.9	(9.0)
Capital investments	(8.6)	(9.1)	0.5
Interest, tax & dividends	(20.0)	(22.0)	2.0
Other	1.8	1.7	0.1
Net cash inflow	8.1	14.5	(6.4)

Strong Financial Position

Year ended 30th June



	2013 £m	2012 £m
Shareholders' funds	300.5	278.0
Net Debt	52.9	56.4
Key financial ratios remain healthy :		
- Gearing	18%	20%
- Net debt to EBITDA	0.95	1.1
- Interest cover	21.7	17.7
- Dividend cover	3.4	3.7

- > Full year dividend up 10%
- > Bank facilities extended by 2 years through to September 2017 on improved terms
- > £64m existing headroom and additional US\$50m accordion facility



Business Update

Karim Bitar

Chief Executive

A Year of Progress



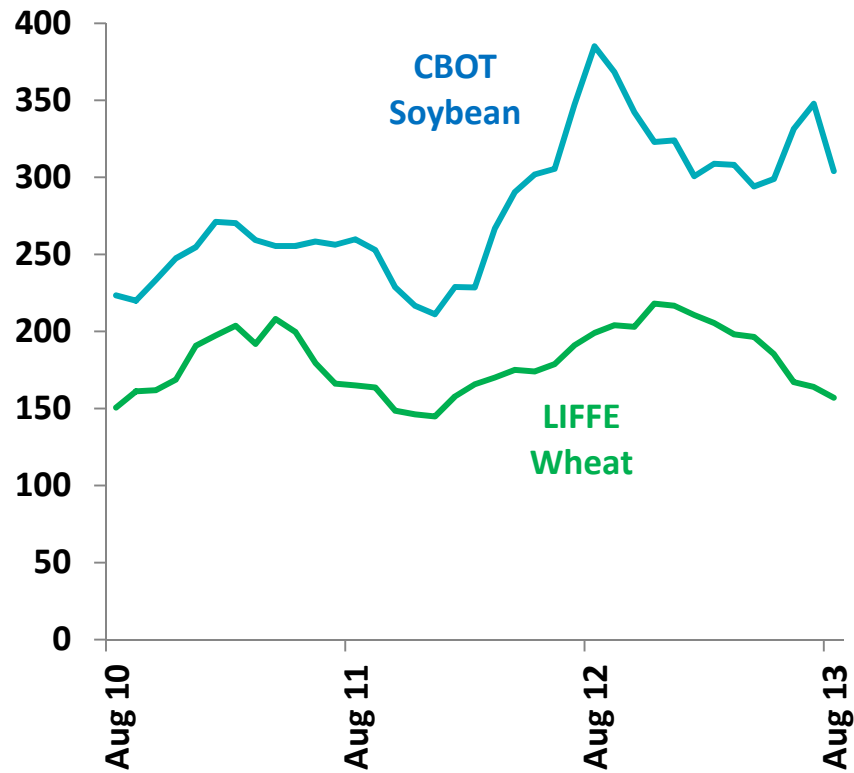
- > Solid results for year to June 2013 whilst increasing investment
- > Market outlook starting to improve after challenging year
- > Good strategic progress in all businesses
- > Strengthening position to capture growth

Input Costs in Key Markets

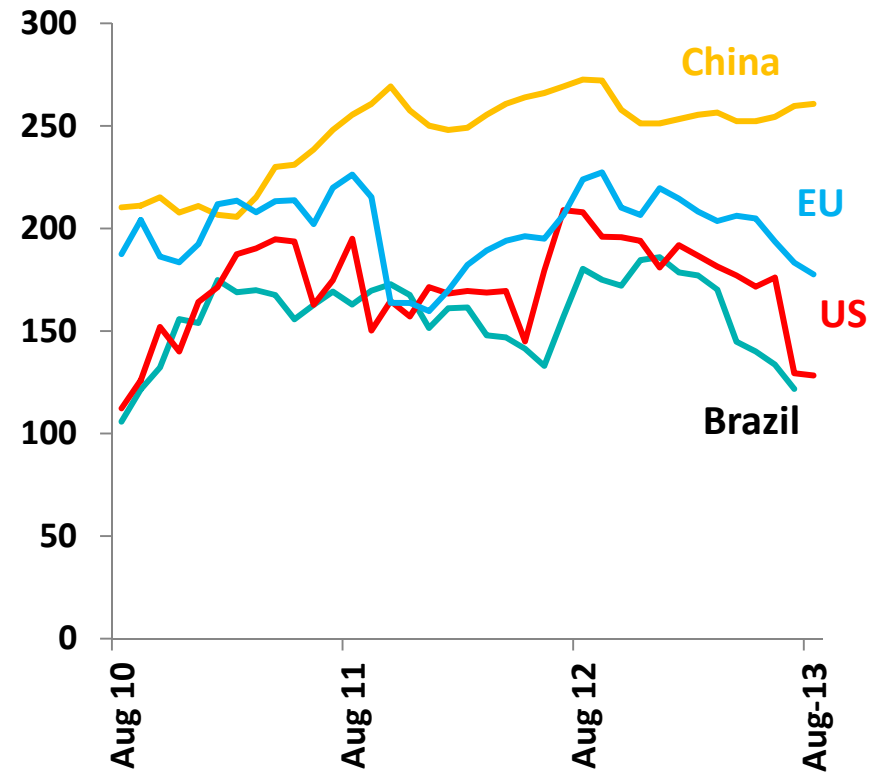
2010 - 2013



LIFFE Wheat and CBOT Soybean
(£ per Tonne)



Corn
(£ per tonne)

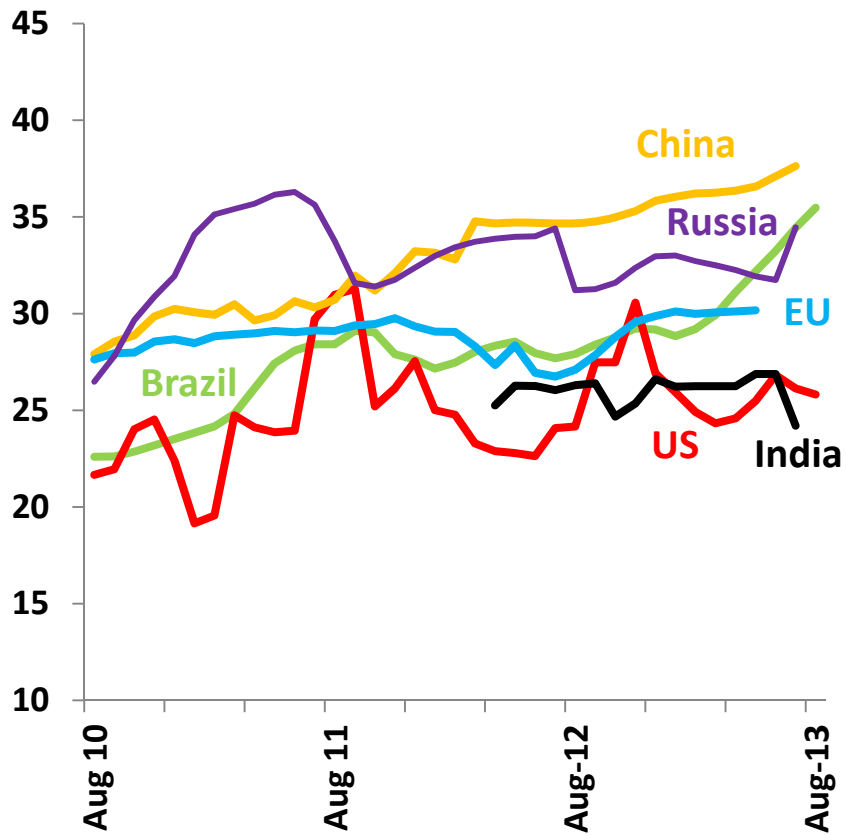


Dairy and Pork Prices in Key Markets

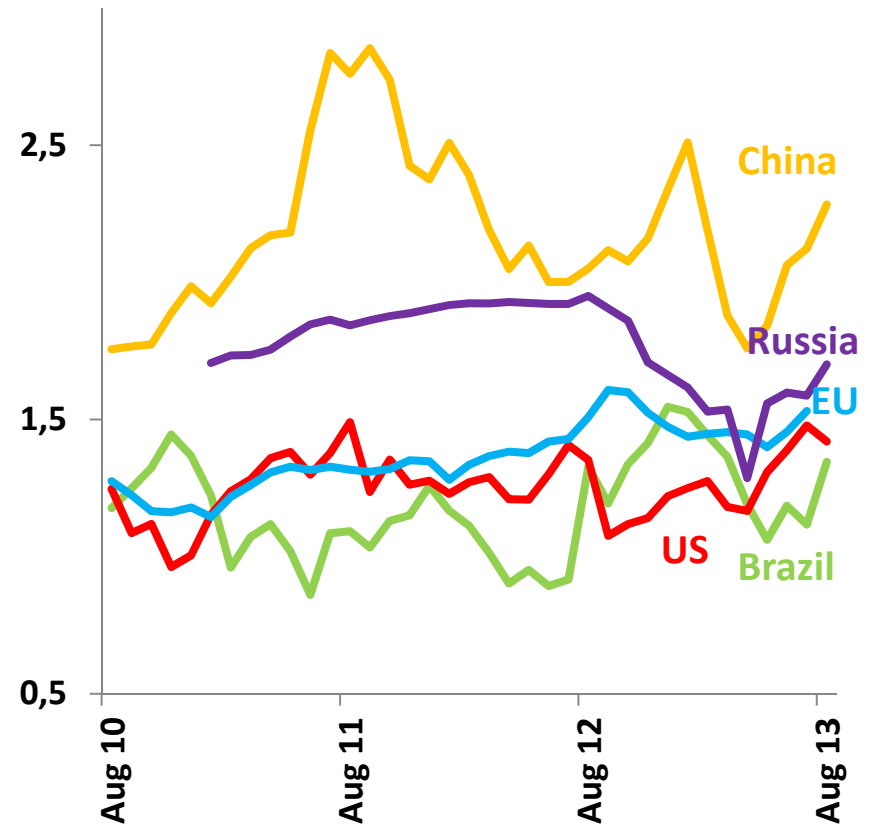
2010 - 2013



Dairy
(Pence per litre)







Pork
(£ per Kg)



Genus Strategy




- 1 Increasing genetic control and product differentiation** 
- 2 Targeting key markets and segments** 
- 3 Tailoring the business model** 
- 4 Strengthening core competencies** 

Improving rate of growth from 2014 onwards

Genus PIC Strategic Progress



	<u>Action</u>	<u>Progress</u>
1 	Single Step Genomic Evaluation Reduce genetic lag	Improved prolificacy 1PSY 0.6 years improvement to 3.9 years
2 	Lead in North America Expand in : Germany, Spain, Brazil	Sustained North America market share Volume growth : Germany +21%; Spain +9%; Brazil JV profit share +14%
3 	Increase Royalty mix Restructure Europe	Royalty volume mix +5% pts to 74% New organisation in place introducing new business model
4 	Realise full value of genetics via technical services	Consistent global service New talent especially in Europe

PIC Customer Case Study – Hord Family Farms



Who : Hord Family Farms

Where : Ohio, USA

What : c.18,000 PIC sows,
marketing over 500,000
pigs/year

Performance :





- > 31 pigs weaned per sow per year
 - 3.5 PSY higher than 2010
- > More than 8,000lbs pork per sow per year
 - Up 10% since 2010



“Over 21 years ago, I chose to start using PIC genetics on our farm. The PIC team gives us the opportunity to be the best in the world.” **Pat Hord, Owner**

Genus ABS Strategic Progress



	<u>Action</u>	<u>Progress</u>
1 	<p>Create proprietary data & indices</p> <p>Enhance genomic young sires offering</p>	<p>Real World Data™ launched</p> <p>34% increase in genomic bulls</p> <p>Launched Elite female breeding programme</p>
2 	<p>Target Enterprise segment</p>	<p>Completed customer segmentation</p> <p>Rolling out customised selling approach</p>
3 	<p>Introduce tailored offerings to Enterprise segment</p>	<p>Jersey revenue +25% in US</p> <p>Beef on Dairy introduced to US</p>
4 	<p>Realise full value of genetics via technical services</p>	<p>Global capability established including global RMS training centre</p>

ABS Customer Case Study – Azienda SAPAR



Who : Azienda SAPAR, Parmesan cheese producer with 600 cow herd

Where : Parma, Italy

What : Reproductive Management Service to increase milk output

Performance :

- Increased daily milk production by 2 litres per cow per day
- Pregnancy rate rose from 13% to 16%



“Genus ABS’s commitment to tailor a solution to the specific goals of my farm separates them from the other options.” **Franco Pittalis, Azienda SAPAR Herd Manager**

Genus Asia Strategic Progress



	<u>Action</u>	<u>Progress</u>
1 	Reduce genetic lag	Russia improved by 3.6 yrs; China by 2.1 yrs Chun Hua nucleus farm opened in China
2 	Focused growth in China, Russia and India	Double digit profit growth in Russia & China. Revenue +50% in India
3 	Grow presence in China via JVs Align business model to global model in Philippines	4,200-sow herd farm with Besun & 1,000 sows with Shennong > 100% profit growth in Philippines
4 	Build local technical service linked to global functions	New organisation capability built and talent recruited in region

Asia Customer Case Study – KapitalAgro



Who : KapitalAgro, integrated pork producer

Where : Belgorod region, Russia

What : Premium pork production

10,000 sow farm

Technical service focused on genetics and nutrition

Performance :

- First production April 2013
- Producing premium “marbled pork” - a first for the Russian market
- On track to produce 19,000 tonnes of premium pork in first year



“I have worked with PIC in the past and again the PIC team is working with us to achieve our ambition to bring premium quality pork to Russian consumers.” **Alexander Pashkov, General Director**



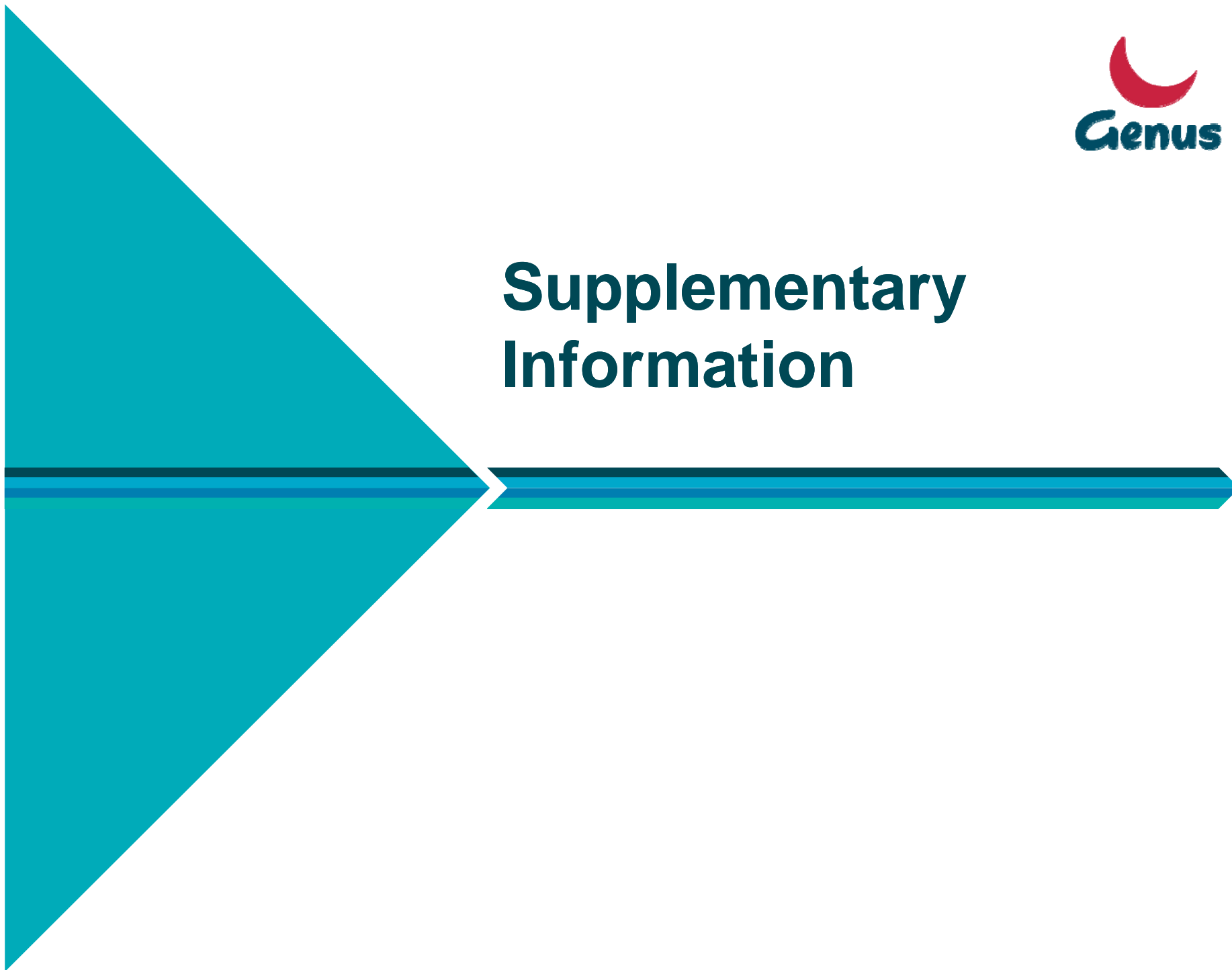
Summary



- The opportunity for animal genetic improvement remains large
- Markets starting to improve for our customers
 - Expect gradual return of customer confidence
 - Anticipate stronger H2 than H1
- Strong progress in executing our strategy
- Genus better positioned to capture growth



Supplementary Information



Pensions



- MPF Triennial Valuation completed as at March 2012
- Genus share of deficit repair contributions 75%
- 2 employers exited the scheme in 2013 making payments of £31m
- IAS 19 deficit at 30th June 2013 £74m x 75% = £55.7m Genus liability
- Exceptional credit of £7m to true-up provision made in 2012
- Deficit repair contributions in 2014 on all Genus schemes £6m (2013 £2.9m)

Exchange rate sensitivity



- > Genus' geographic profile can lead to translational currency impacts
- > We monitor key rates against GBP
- > Latest spot rates show FY14 headwind of approximately £1m compared with average FY13 rates

	FY13 Average	Spot @ 30/8
USD	1.57	1.55
Euro	1.21	1.17
Real	3.21	3.65
Mex. Peso	20.0	20.6
Renminbi	9.6	9.5
Rouble	49.9	51.5