

INTERIM RESULTS

Half year ended 31 December 2019

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Bob Lawson
Chairman



- > **Record first half performance**
 - Adjusted profit before tax up 25% (27% in constant currency)
- > **Successful CEO transition and CFO appointment**
- > **Continued strategic momentum**
 - Excellent performance in PIC
 - Growing demand for Sexcel
 - Leading products in all our species
- > **Interim dividend increased 6% to 9.4p per share**

Alison Henriksen
Finance Director

Half year ended 31 December 2019

	2019 £m	2018 £m	% Change	
			Actual Currency	Constant Currency
Revenue	270.7	238.8	13%	13%
Adjusted operating profit inc JV exc gene editing	43.7	34.2	28%	29%
Adjusted operating profit inc JV	39.4	31.1	27%	28%
Net finance costs	(2.8)	(1.9)	(47)%	(47)%
Adjusted profit before tax	36.6	29.2	25%	27%
Adjusted earnings per share (pence)	43.5	35.8	22%	23%
Dividend per share (pence)	9.4	8.9	6%	

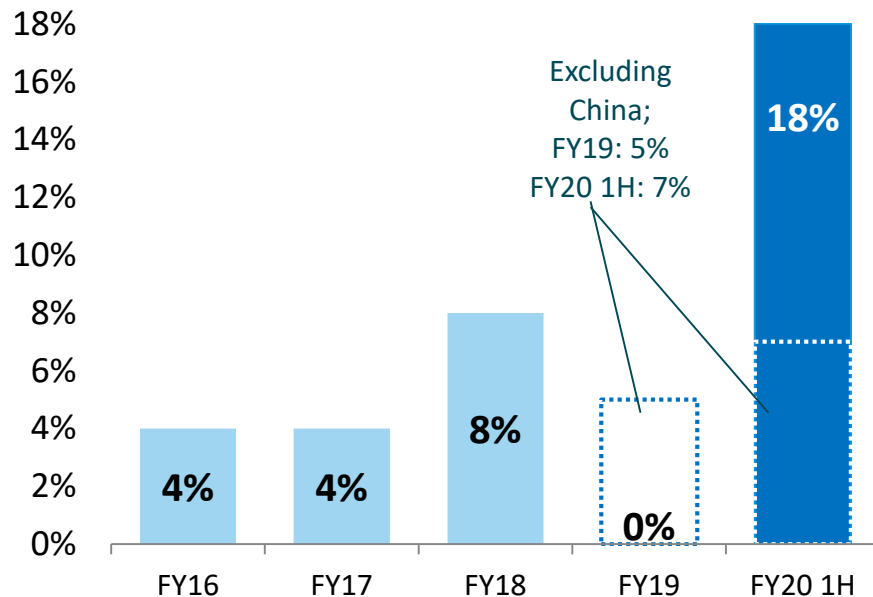
Volume growth



Half year ended 31 December 2019

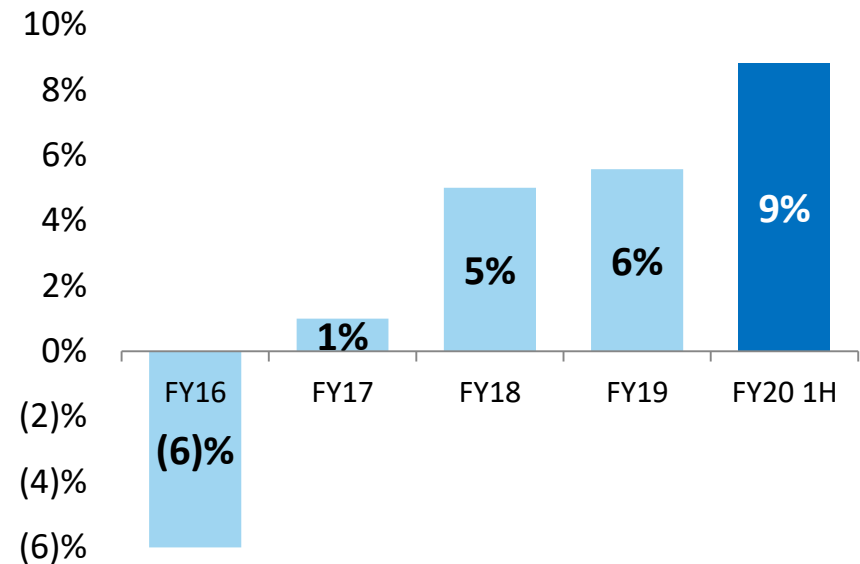
Porcine

Volume growth (%)



Dairy & Beef

Volume growth (%)



Adjusted operating profit – by business unit



Half year ended 31 December 2019

	2019 £m	2018 £m	% Change	
			Actual Currency	Constant Currency
Genus PIC	62.6	48.6	29%	28%
Genus ABS	14.6	12.7	15%	17%
Operating units	77.2	61.3	26%	26%
Research and Development	(30.8)	(24.9)	(24)%	(22)%
Central costs	(7.0)	(5.3)	(32)%	(30)%
Adjusted operating profit inc JV	39.4	31.1	27%	28%
Adjusted operating profit exc gene editing	43.7	34.2	28%	29%

Half year ended 31 December 2019

	2019 £m	2018 £m	% Change	
			Actual Currency	Constant Currency
Revenue	146.5	125.6	17%	15%
Adjusted operating profit exc JV	57.3	45.9	25%	24%
Adjusted operating profit inc JV	62.6	48.6	29%	28%
Adjusted operating margin exc JV	39.1%	36.5%	2.6pts	2.6pts

- > **All regions support profit growth of 28%; China a key contributor**
 - Royalty revenue up 9% with all regions growing
- > **North America volumes, profits and royalty revenue up 5%**
- > **Europe profit up 18%, with royalty revenue up 11%**
- > **Latin America volumes up 15%, profit up 20% and royalty revenue up 6%**
 - Very strong growth in Brazil JV
- > **Profit in Asia up almost 300% from strong breeding stocks sales and farm margins in China**
 - ASF impact in Philippines; China and Philippines net impact +£9m

Half year ended 31 December 2019

	2019 £m	2018 £m	% Change	
			Actual Currency	Constant Currency
Revenue	118.0	107.8	9%	10%
Adjusted operating profit	14.6	12.7	15%	17%
Adjusted operating margin	12.4%	11.9%	0.5pts	0.6pts

- > **ABS volumes up 9%, revenue up 10% and profit up 17%**
 - Strong sexed volume growth of 56% reflecting the successful performance of Sexcel
 - Investment in resources to support sales growth
- > **North America volumes up 14%; profit up 22%**
 - Sexed volumes up 70%, beef volumes up 41%; key account management and superior genetic offerings
- > **Europe volumes up 12%; profits 1% lower**
 - Sexed volumes up 46%; investment in resources
- > **Latin America volumes up 7%; profits up 30%; strong growth in Brazil and Argentina**
- > **Asia volumes up 4%, profit up 17%; strong growth in China**

Half year ended 31 December 2019

	2019 £m	2018 £m	% Change	
			Actual Currency	Constant Currency
Porcine product development	12.0	8.5	41%	39%
Bovine product development	9.7	9.4	3%	1%
Gene editing	4.3	3.1	39%	39%
Other research and development	4.8	3.9	23%	21%
Net Research and Development¹	30.8	24.9	24%	22%

> **Porcine product development up 39%**

- Significant investment in elite farms to expand herds by 30%

> **Bovine product development up 1%**

- Development and expansion of IntelliGen platform
- Investment in industry leading dairy and beef programmes

> **Gene editing investment increased 39% as planned, primarily on the PRRSv resistance project**

> **Other research and development up 21%**

- Bioinformatics, genome science and external discovery collaborations

Statutory income statement



Half year ended 31 December 2019	2019 £m	2018 £m	Variance £m
Adjusted operating profit exc JV	34.4	28.7	5.7
Net IAS 41 valuation movement	13.3	(9.3)	22.6
Amortisation of acquired intangible assets	(4.0)	(4.7)	0.7
Share-based payments	(2.8)	(2.4)	(0.4)
Exceptional items			
- Pension GMP equalisation	-	(15.5)	15.5
- Litigation/other	(12.8)	(3.1)	(9.7)
Operating profit/(loss)	28.1	(6.3)	34.4
Share of post-tax profit of JVs	5.1	1.4	3.7
Net finance costs	(2.8)	(1.9)	(0.9)
Profit/(loss) before tax	30.4	(6.8)	37.2
Taxation	(6.3)	(0.3)	(6.0)
Profit/(loss) after tax	24.1	(7.1)	31.2

Cash flow



Half year ended 31 December 2019	2019 £m	2018 £m	Variance £m
Adjusted operating profit exc JV	34.4	28.7	5.7
Depreciation and amortisation	13.0	8.1	4.9
Adjusted EBITDA	47.4	36.8	10.6
Working capital	(1.4)	(11.7)	10.3
Biological assets	(4.9)	(0.6)	(4.3)
Pension deficit repair, exceptionals and other	(8.2)	(9.0)	0.8
Cash generated by operations	32.9	15.5	17.4
<i>Cash conversion %</i>	<i>96%</i>	<i>54%</i>	<i>42pts</i>
Interest and tax paid	(8.8)	(7.0)	(1.8)
Capital expenditure	(17.0)	(15.0)	(2.0)
Other	3.4	1.2	2.2
Free cash flow	10.5	(5.3)	15.8
Acquisitions, investments and disposal proceeds	0.3	(23.1)	23.4
Net share proceeds	-	66.5	(66.5)
Dividends	(12.2)	(11.0)	(1.2)
Net cash flow	(1.4)	27.1	(28.5)

Strong financial position



Half year ended 31 December 2019

	December 2019 £m	December 2019 (exc IFRS 16) £m	June 2019 £m
Owners' equity	496.2	496.3	503.6
Net Debt	107.2	83.8	79.6
Key Financial ratios ¹ :			
- Gearing	22%		16%
- Net debt to EBITDA		0.9x	1.0x
- Interest cover		28x	34x
- Dividend cover	2.9x		2.6x

- > **Interim dividend up 6%**
- > **£113m headroom on bank facilities**
 - £219m of facilities extend to 2021
 - £176m of facilities extend to 2022

(1) Calculated on a 12 month rolling basis where applicable. Net debt to EBITDA and Interest cover as defined in the debt facility agreement on a frozen GAAP basis (see note 2 to the condensed financial statements)

Strong performance vs. medium term objectives



OBJECTIVE	MEDIUM TERM TARGET	1H FY20
Grow adjusted operating profit	10% CAGR <i>constant currency, ex. gene editing</i>	29%
Convert profit to cash	90%+ cash conversion <i>net cash from operations : operating profit ex. JVs</i>	96%
Strengthen our capabilities	Invest in our R&D technology platform, people, IT and supply chain	£61m ¹
Maintain a strong balance sheet	1.0x – 2.0x ² Net Debt : EBITDA	0.9x Net Debt : EBITDA
Deliver shareholder returns	Sustain a progressive dividend policy	9.4p interim dividend 6% growth; 2.9x adjusted earnings coverage

(1) Represents investments made in Research and Development, capital expenditures, acquisitions and other investing activities during the period.

(2) Calculated on a rolling 12 month basis. Net Debt to EBITDA as defined under our debt facility agreement

Stephen Wilson
Chief Executive



> Porcine

- Strong growth in all regions, particularly in China
- Strengthened product line-up driving key accounts wins
- Significantly expanding China supply chain to meet demand
- Continued progress with PRRSv resistance programme as planned

> Bovine

- Expanding IntelliGen capacity to meet rapid demand growth for Sexcel
- Sustained genetic product lead
- Demonstrating the impact of our superior NuEra beef on dairy genetics

Strong royalty growth globally

Porcine



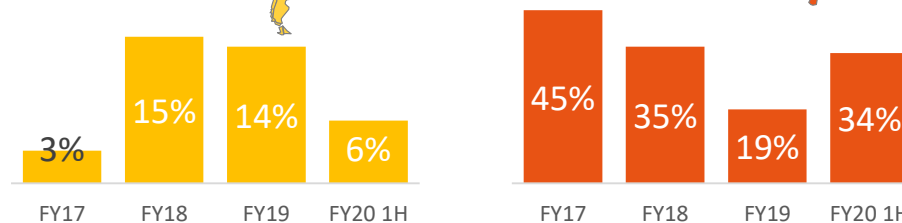
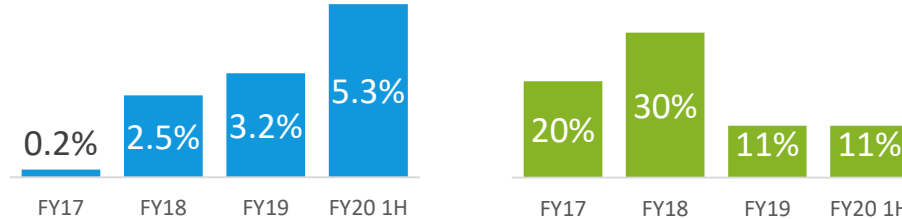
North America

- Growing share of key accounts – existing and new wins
- Growing sireline business through PIC 800 boar

Latin America

- Strong royalty growth reported in key markets
- Key account growth, especially in Mexico and Columbia

+9% growth in global royalty revenue



EMEA

- Growth in key accounts in Spain and Russia
- Growing royalty business with Møllevang genetics

Asia

- China royalties more than double in period
- Philippines impacted by ASF outbreak

Encouraging early results from our newly launched terminal products



PIC 800 boar

- ✓ Higher growth rate
- ✓ Better feed conversion
- ✓ Economic advantage

Winning share with key accounts in North America



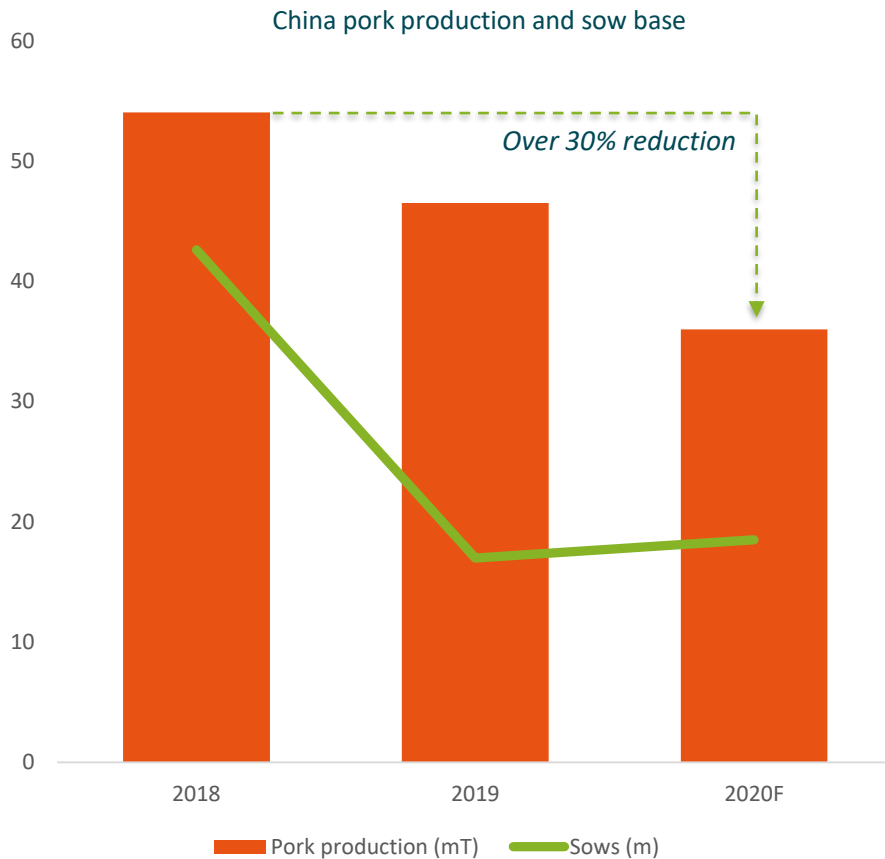
- > Protein Sources – PIC customer since 1976
- > 30,000+ sows and growing fast
- > Transitioning all existing business and 20,000 new sows to PIC 800

ASF now widespread in China, causing significant supply shortages

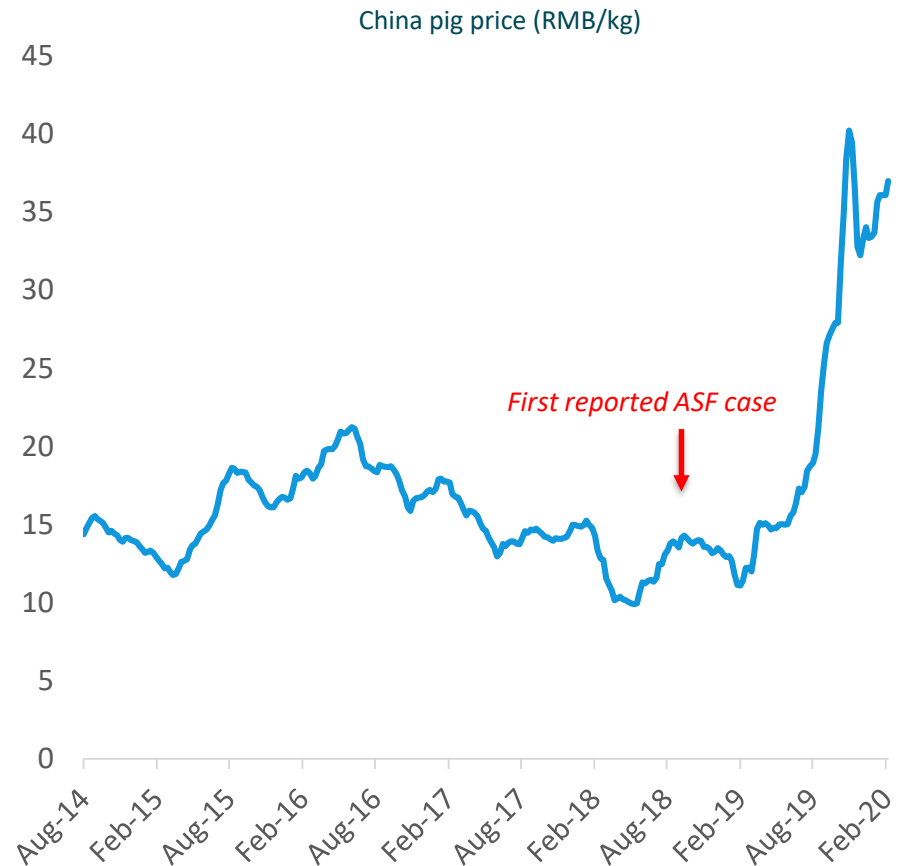
Porcine



Pork production has declined rapidly...



...and prices have surged



Outlook for China porcine industry

Porcine



Current situation

Medium term outlook

ASF IMPACT

ASF widespread, large producers increasing biosecurity ↓

Managing ASF continues to be challenging ↔

CHINA SUPPLY

China sow herd more than halved ↓↓

Growth in technified pig production ↑↑

INTERNATIONAL TRADE

Imports surge in response to supply shortfall ↑↑

Sustained demand for imports ↑

PRICES

Prices high & volatile due to market imbalance & trade policy ↑

Prices gradually stabilise, risk of volatility remains ↔

CHINA BREEDING STOCK

High demand for breeding stock; near term volatility from COVID-19

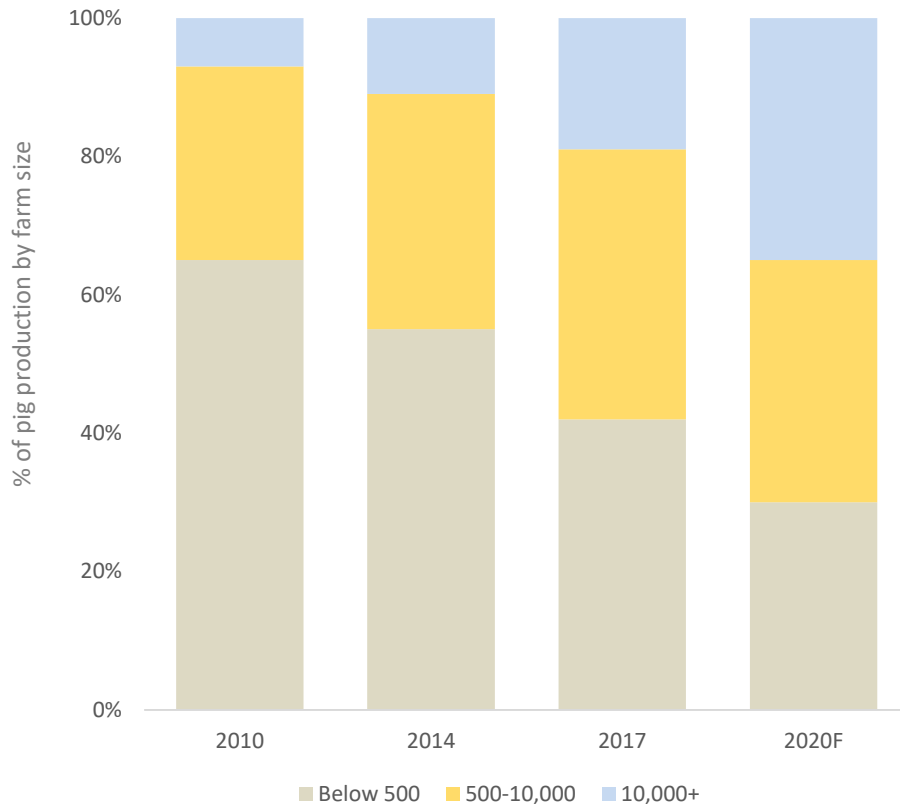
Sustained demand from growing technified producer segment

Expanding our supply chain to serve the growing demand for high quality breeding stock in China

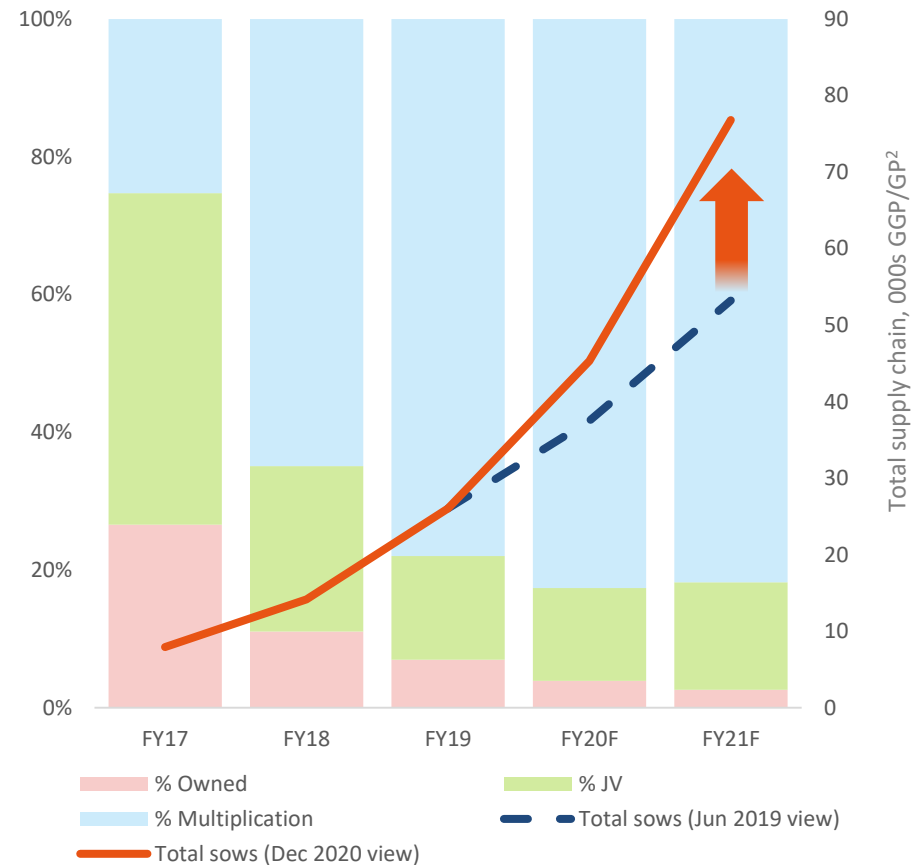
Porcine



ASF is accelerating the shift to large scale pig production in China¹



We have accelerated the expansion of our supply chain in China to meet demand



(1) Source: Rabobank, Boyar

(2) GGP/GP refers to great grandparent and grandparent maternal line females or boar mothers; multiplication includes customer closed herd multiplication

Progress with PRRSv programme



- > Developed internal capability for producing gene-edited animals
- > Continuing to create founder animals for evaluation of subsequent generations
- > On track to make first FDA submission in 2020

BCA strategic collaboration in China

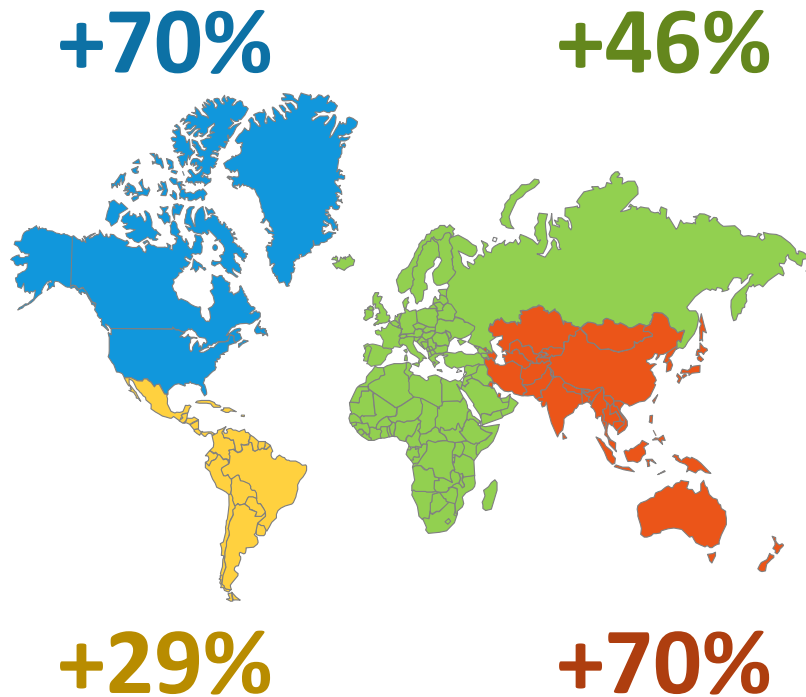


- > BCA PRRSv development collaboration
 - MOFCOM approval for technology license¹
 - BCA building PRRSv programme team
- > BCA China genetic distribution agreement²
 - Agreement signed October 2019
 - BCA to populate farms with elite PIC genetics
 - BCA to distribute PIC genetics

(1) Refers to The Ministry of Commerce of the People's Republic of China

(2) Distribution agreement relates to standard PIC genetics, not PRRS-resistance programme

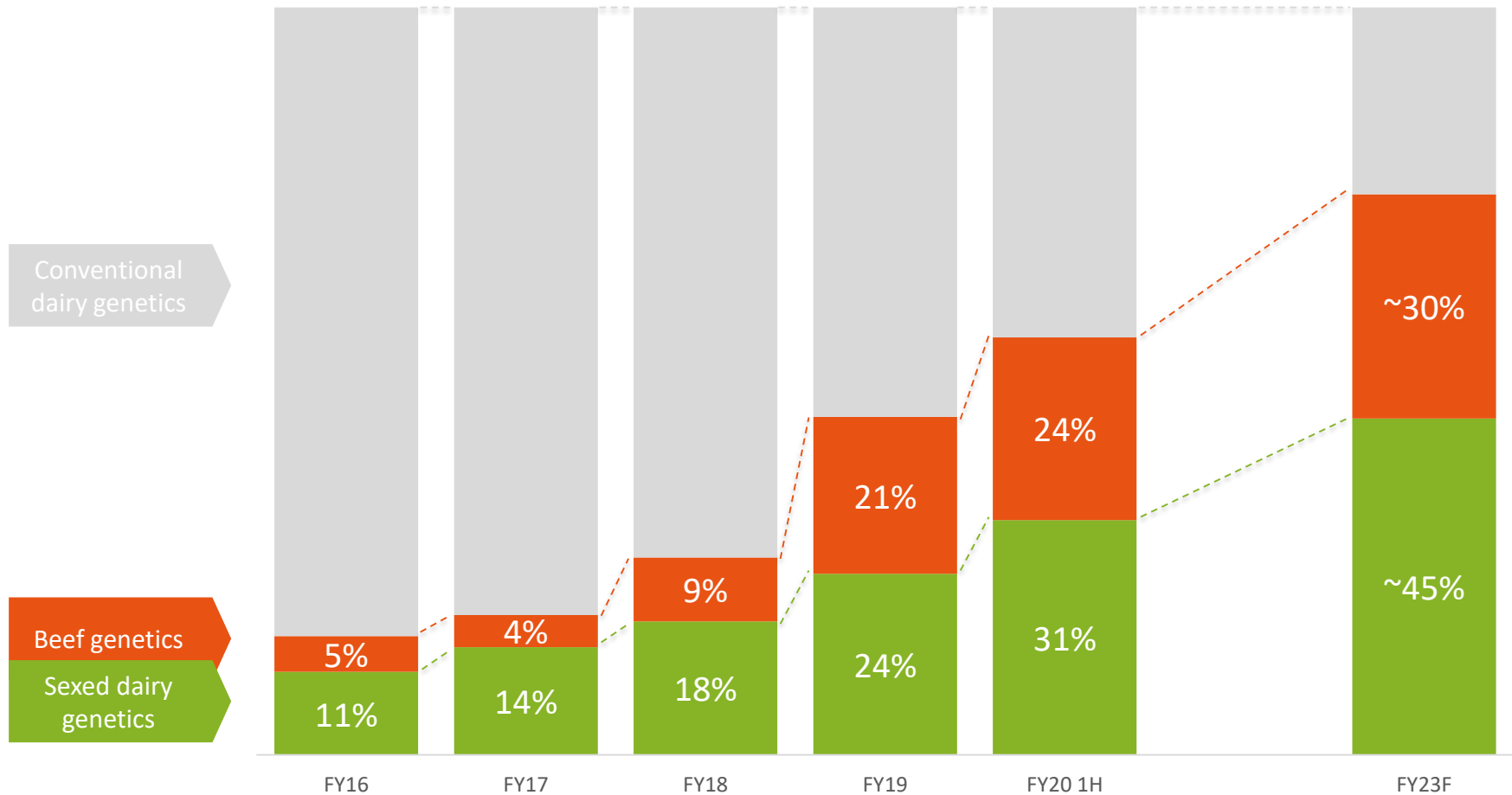
+56% growth in sexed volumes globally



- > Demand for Sexcel exceeding expectations
- > Winning in the US with strong product and key account focus
- > Investment in resources to support sales growth
- > Strong demand for NuEra beef on dairy genetics, enabled by Sexcel growth



ABS genetics sales volumes to US dairy farmers

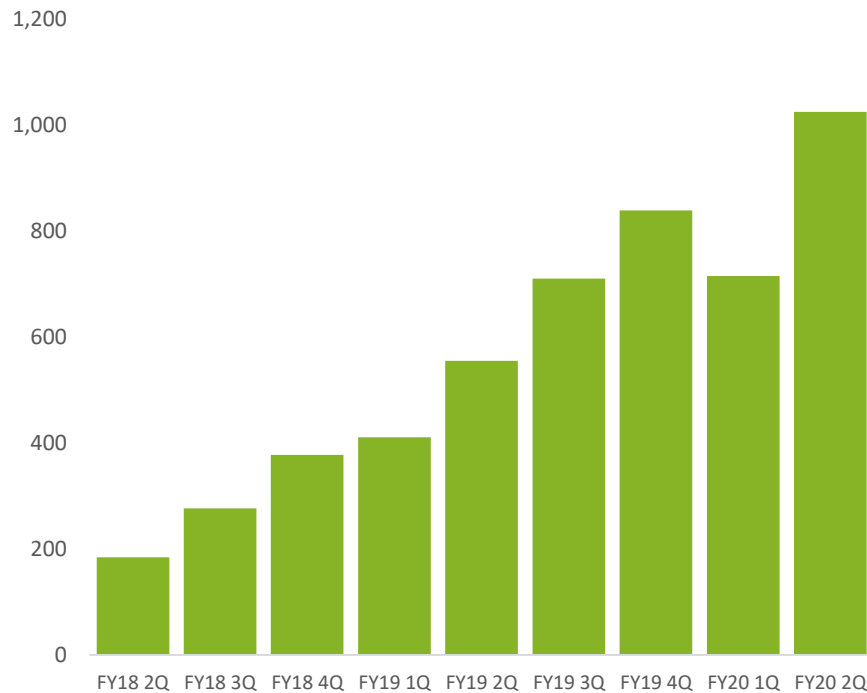


Expanding IntelliGen footprint to meet growing global demand and improving our technology

Bovine

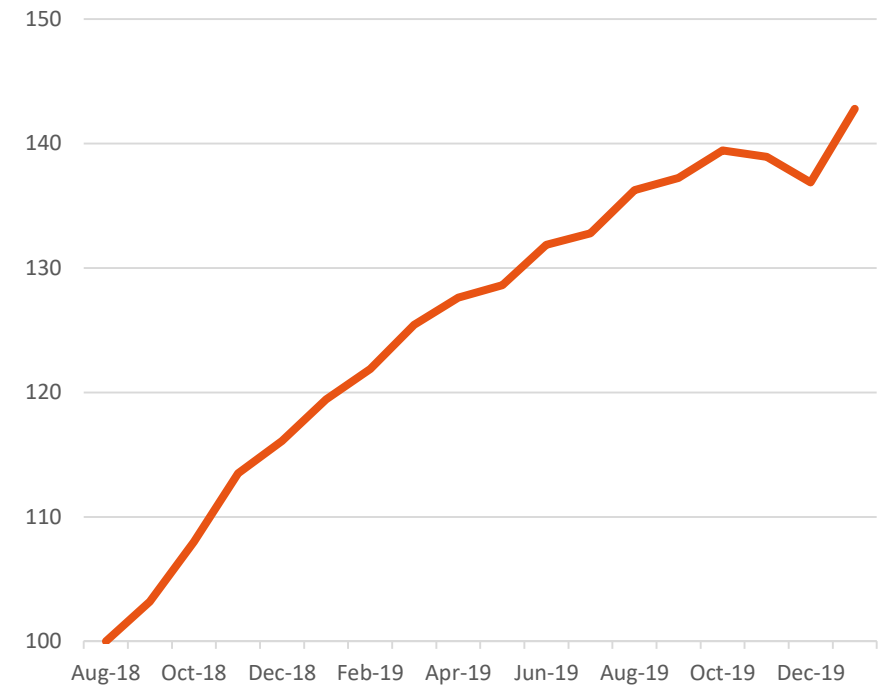


Total Sexcel/IntelliGen sales units¹ (thousands of artificial insemination straws)



- > New facility in the US to meet growing demand for Sexcel
- > New facility in Uttar Pradesh, India

Units produced, per instrument, per day² (6 month rolling average; relative performance, August 2018 = 100)



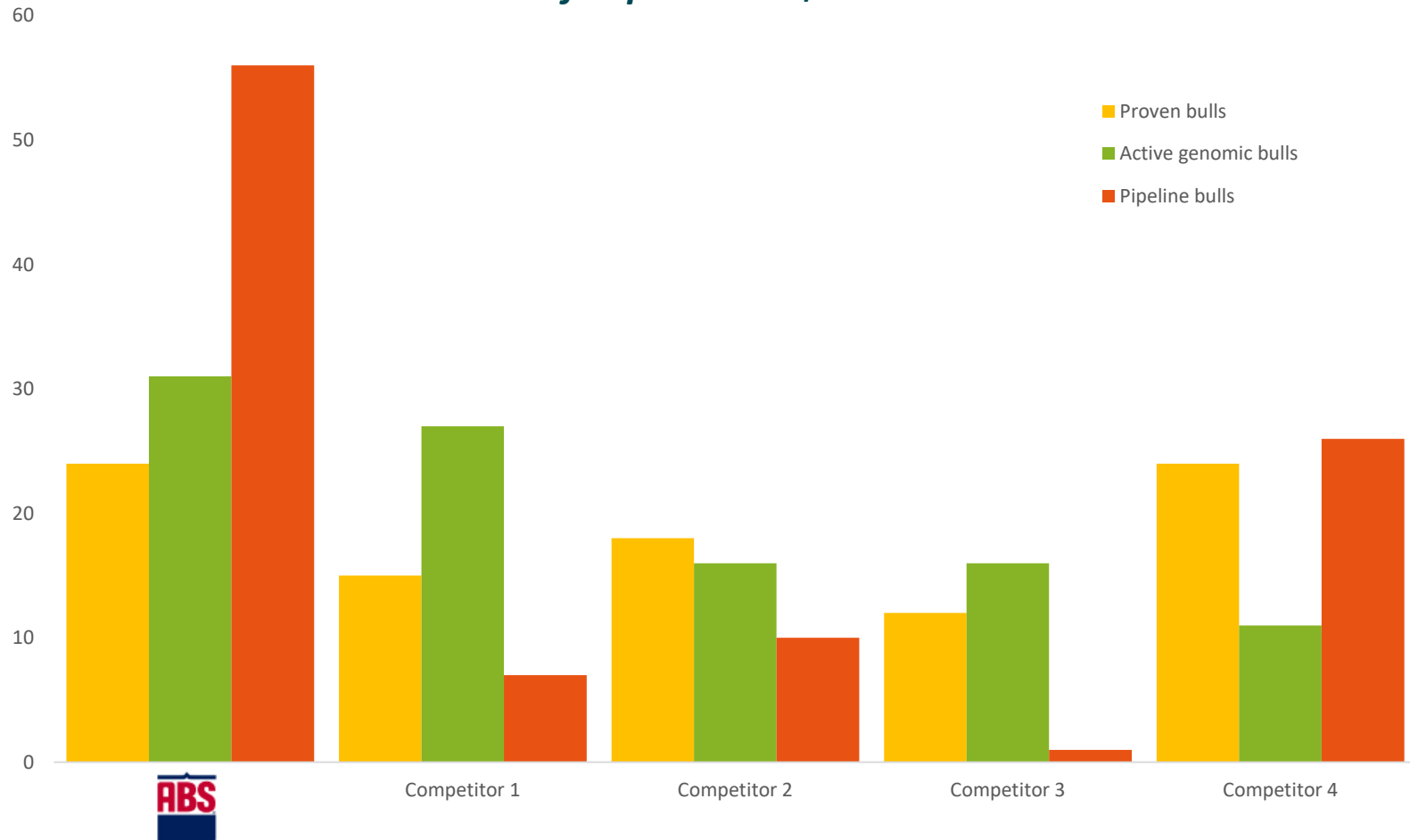
- > Expert in-house engineering team delivering significant efficiency improvements
- > Expect further productivity improvements

(1) Represents Sexcel sales volumes plus units processed for third parties or by third parties under a technology licence from Genus

(2) Based on actual production metrics at IntelliGen Pepsi Way facility



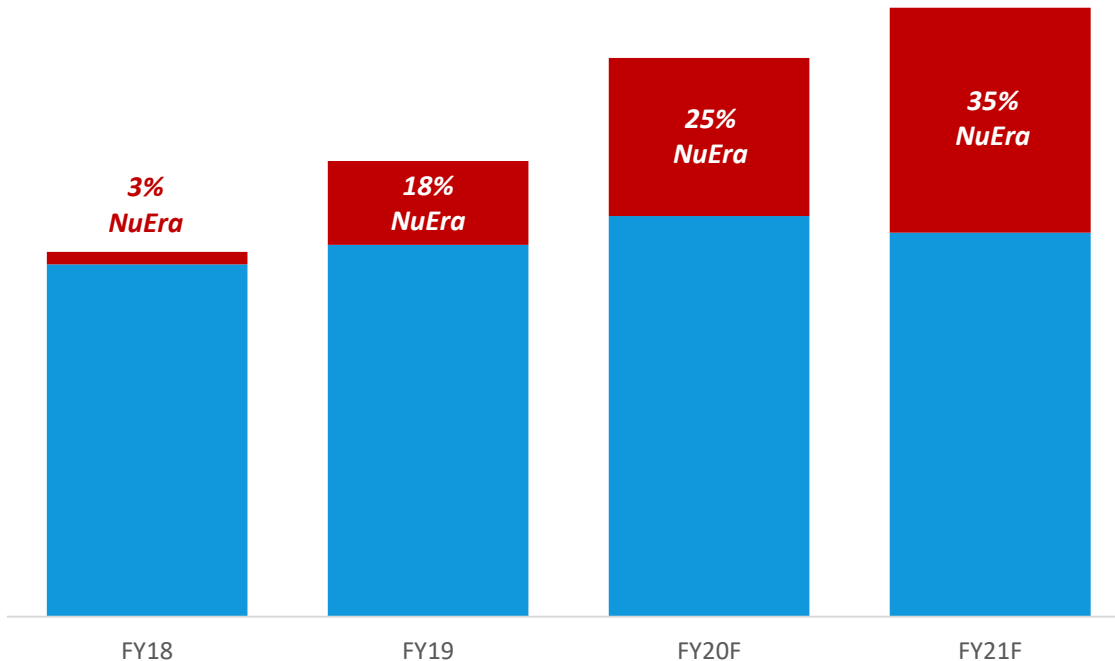
of Top 100 NM\$ bulls¹



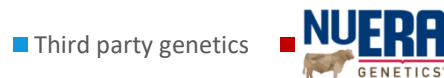
(1) Proven and genomic analysis based on Top 100 Holsteins (using data from December 2019 from CDCB); Top 100 Holsteins are reviewed and amended in April, August and December of each year; pipeline bulls includes all genomic bulls including non-active young bulls that are not yet producing semen, but have been genetically assessed; NM\$ refers to Net Merit Dollar rankings; a considerable majority of ABS unit sales is from the sale of units outside the Top 100; not all competitors are included.



Total ABS beef sales volumes by source



- > NuEra beef breeding programme delivering superior genetics
- > Strong production efficiency and carcass quality being demonstrated in initial trials
- > Expanding our programme to meet growing demand for our NuEra genetics





> Porcine

- Strong growth in all regions, particularly in China
- Strengthened product line-up driving key accounts wins
- Significantly expanding China supply chain to meet demand
- Continued progress with PRRSv resistance programme as planned

> Bovine

- Expanding IntelliGen capacity to meet rapid demand growth for Sexcel
- Sustained genetic product lead
- Demonstrating the impact of our superior NuEra beef on dairy genetics

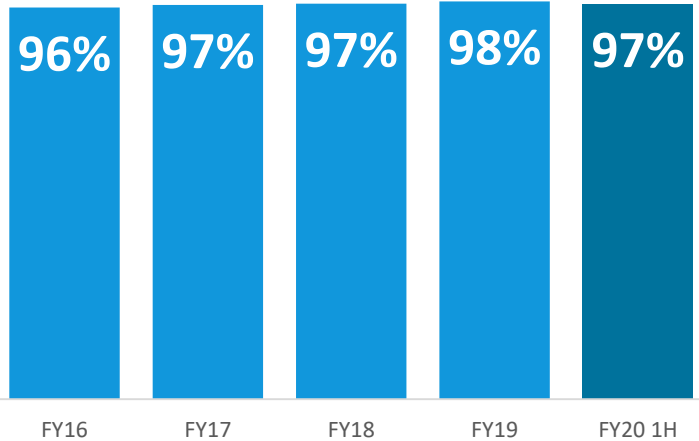
> Expect to perform in line with the Board's expectations for the full year

Appendices

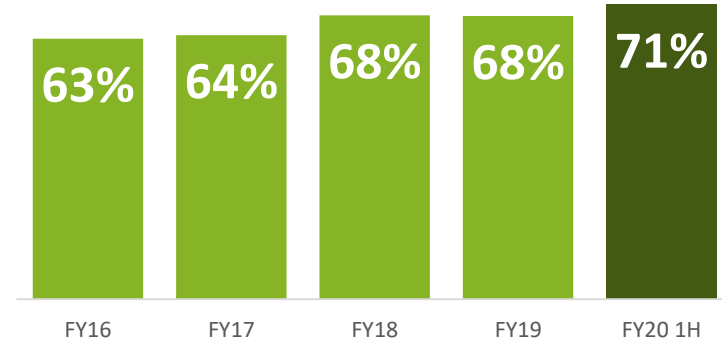
Proportion of total porcine volumes under royalty



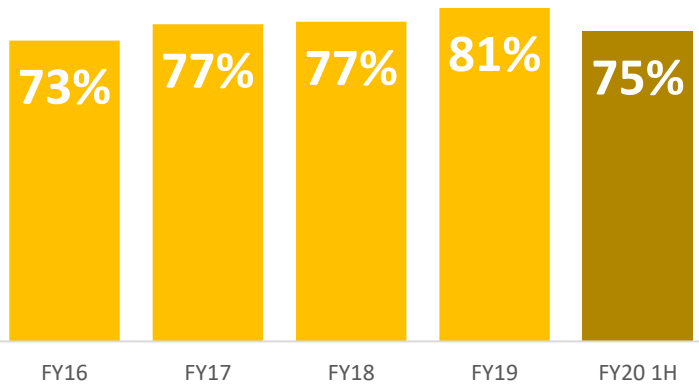
North America



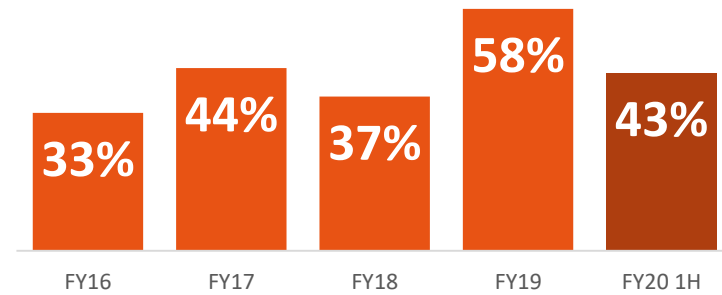
EMEA



Latin America



Asia

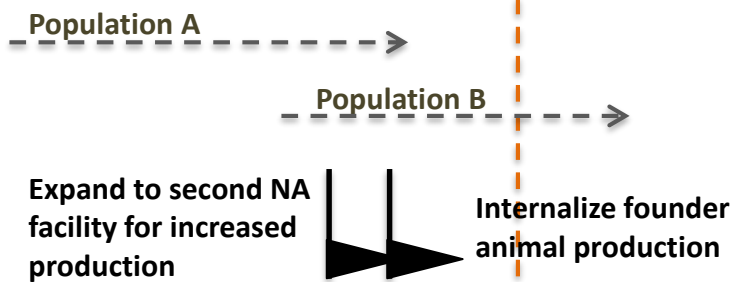


PRRSv resistance programme timeline

Porcine



- Founder Animal Production / Optimization**



- Disease and Phenotypic Testing of Purelines (2 generations)**



- Molecular Characterisation and Durability of Purelines (3 generations)**



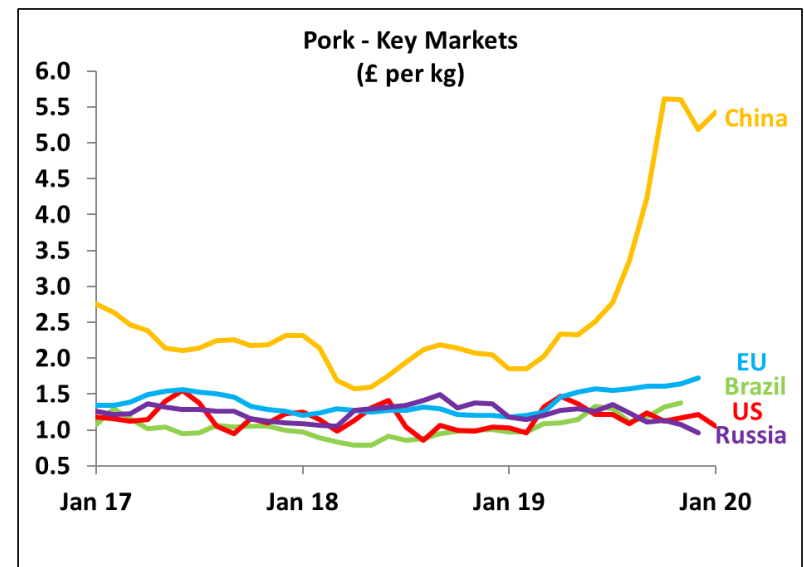
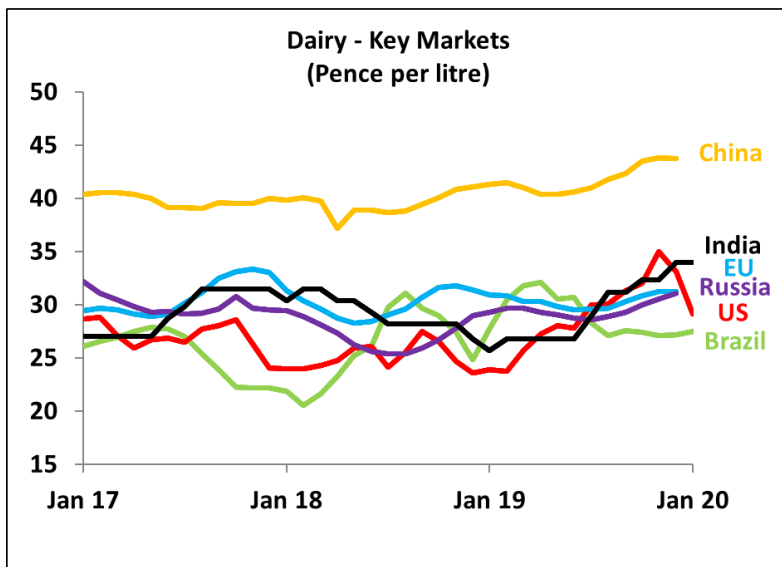
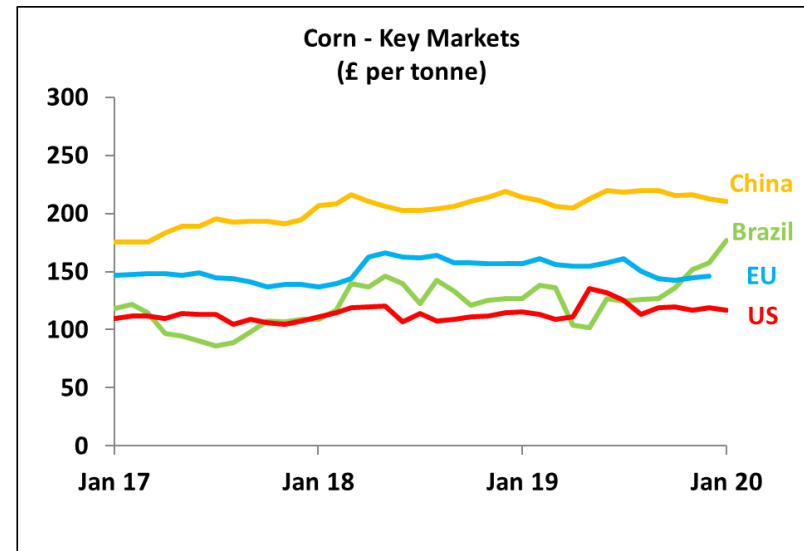
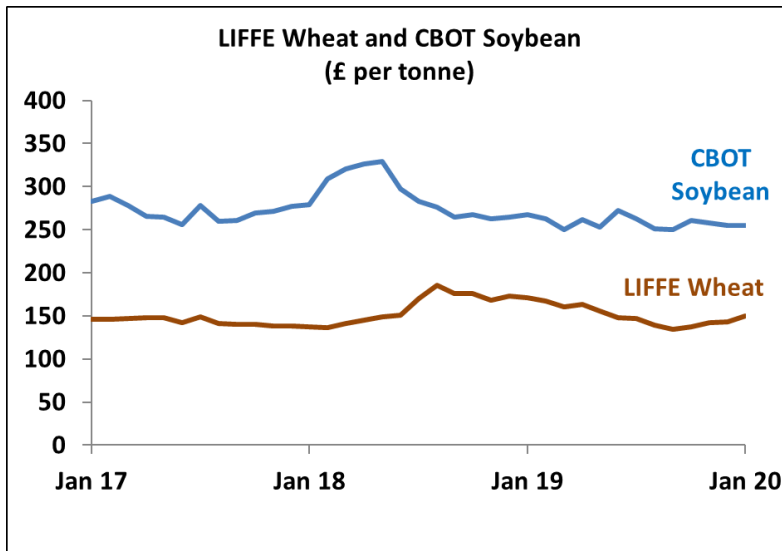
Current

- Regulatory Submissions**



(1) First batches created in 2017 (2) United States Food & Drug Administration Note: Timeline represents calendar years

Market dynamics



> **IFRS 16 removed distinctions between operating and finance leases from 1 July 2019**

- Operating leases are now represented on the Balance Sheet
- Liability recognised for the future lease payments
- Right of use asset capitalised and depreciated
- We have elected not to restate the FY19 results on adoption

> **Impact on FY20 results on adoption**

- Additional right of use assets and finance lease liabilities, of £27m were recognised on adoption
- There was no impact to net assets on adoption
- Operating profit is £0.2m higher as depreciation is lower than the operating lease payment it replaces
- Net Debt increased by £23m at 31 December 2019
- Higher finance charges leave profit before tax minimally impacted
- Bank covenants are on a frozen GAAP basis and so will not be impacted

Lease Accounting (IFRS 16) contd.



Impact on cash conversion and free cash flow

	2019 As reported £m	IFRS 16 impact £m	2019 exc IFRS 16 £m
Adjusted operating profit exc JV	34.4		34.4
Difference between depreciation and lease payments		(0.2)	(0.2)
Adjusted operating profit exc JV	34.4	(0.2)	34.2
Cash generated by operations	32.9	(0.2)	32.7
Additional depreciation on leases		(3.5)	(3.5)
Cash generated by operations	32.9	(3.7)	29.2
Cash Conversion	96%		85%
Free cash flow¹	10.5	(3.4)	7.1

(1) IFRS 16 impact to Free cash flow is made up of a further £0.3m from higher finance costs

Exchange rate sensitivity



- > Genus' geographic profile can lead to translational currency impacts
- > We monitor key rates against GBP
- > Latest spot rates would indicate a headwind of circa £2.0m for FY20 compared with average FY19 rates

	FY19 Average	FY20 1H Average	Spot @ 24 Feb 2020	Profit Sensitivity £m ¹
US Dollar	1.29	1.26	1.29	1.9
Mexican Peso	25.1	24.5	24.6	1.3
Euro	1.13	1.14	1.19	1.1
Brazilian Real	4.99	5.13	5.67	0.8
Russian Rouble	84.4	81.0	84.5	0.3
Chinese Yuan	8.74	8.88	9.09	0.2