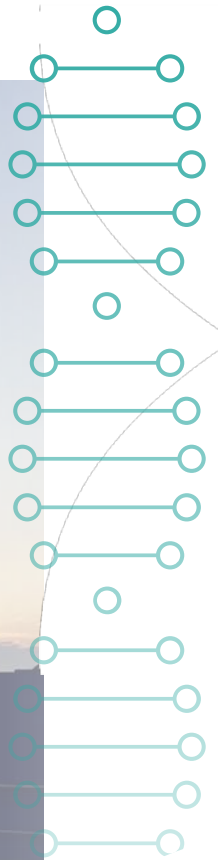


# Interim Results

Half year ended 31 December 2020



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# > Business & strategic update



**Stephen Wilson**  
Chief Executive



## > Strong financial and strategic progress



### STRONG FINANCIAL PERFORMANCE

REVENUE

**+6%**

(£285.7m)

ADJ. OPERATING PROFIT<sup>1</sup>

**+29%**

(£51.0m)

ADJ. PROFIT BEFORE TAX

**+32%**

(£48.4m)

EPS

**+32%**

(57.3p)

CASH CONVERSION

**100%**

(FY20 1H: 96%)

INTERIM DIVIDEND

**10.3P**

(10% increase)

### STRATEGIC MOMENTUM

- > Leading genetics in all our species
- > Winning with leading farmers globally, seizing the opportunity in China
- > Continued progress in our sexing technology and PRRSv programme

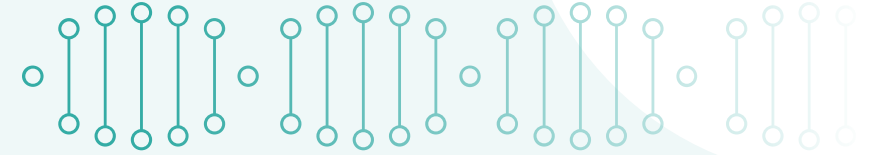
### CONTINUING TO INVEST FOR THE FUTURE

- > Investing in our supply chain to meet growing demand
- > Successfully rolling out a new global enterprise system
- > Driving sustainability through genetic improvement and within our operations

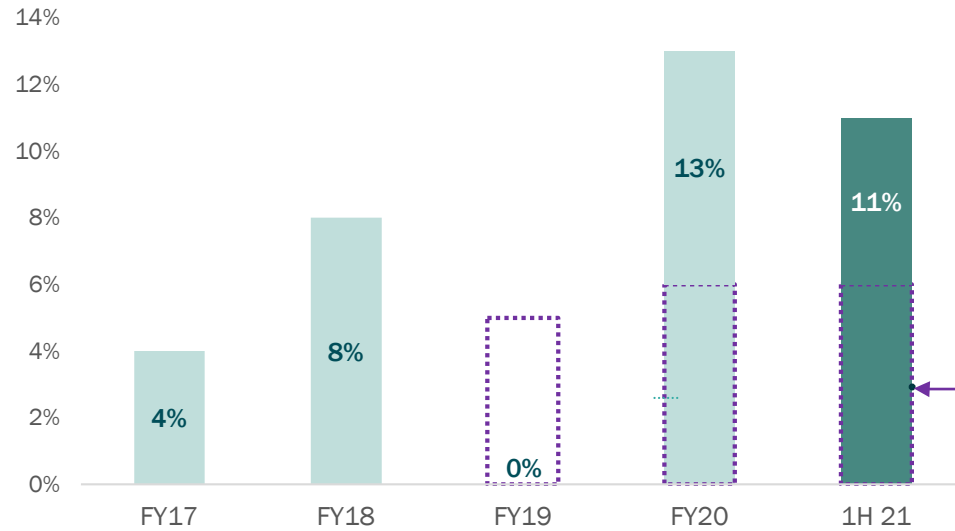
(1) Including joint ventures

# > Volume growth

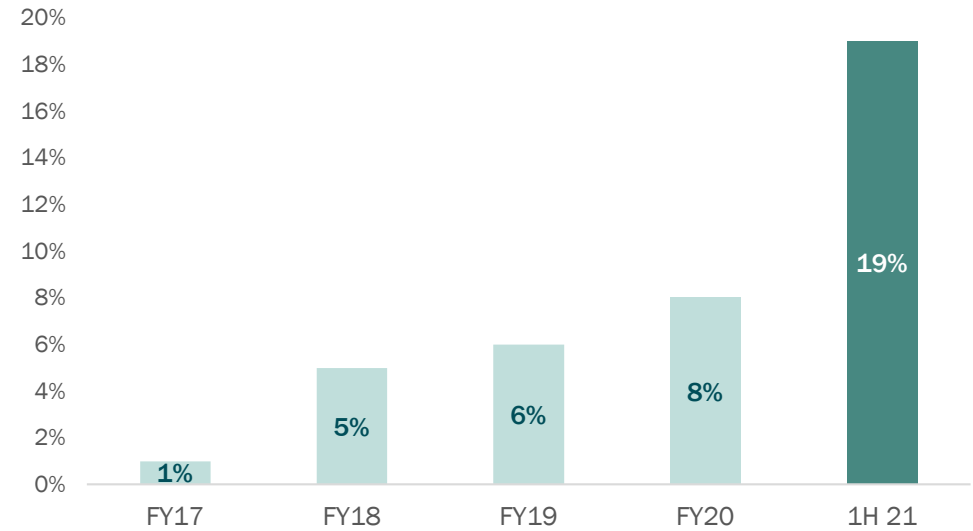
## Half year ended 31 December 2020



**Genus PIC**  
Volume growth (%)



**Genus ABS**  
Volume growth (%)

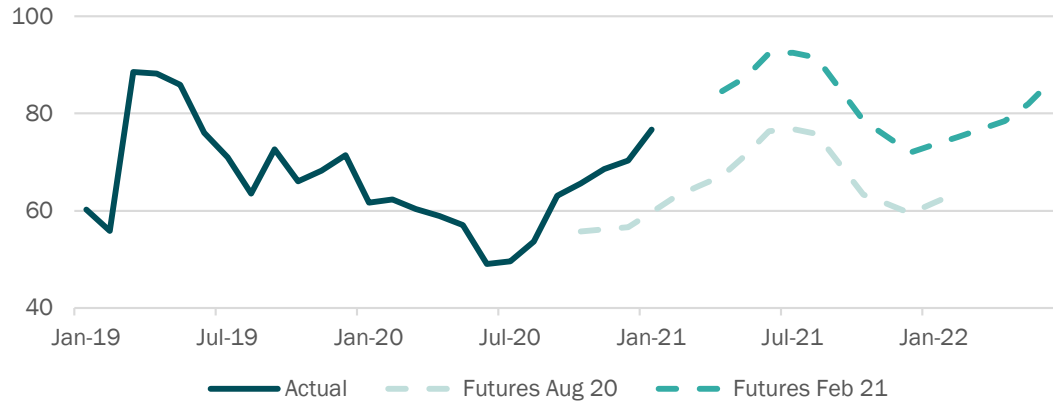


FY17-FY20 are financial years (e.g. FY17 is the period July 2016 – June 2017)

# > Market snapshot



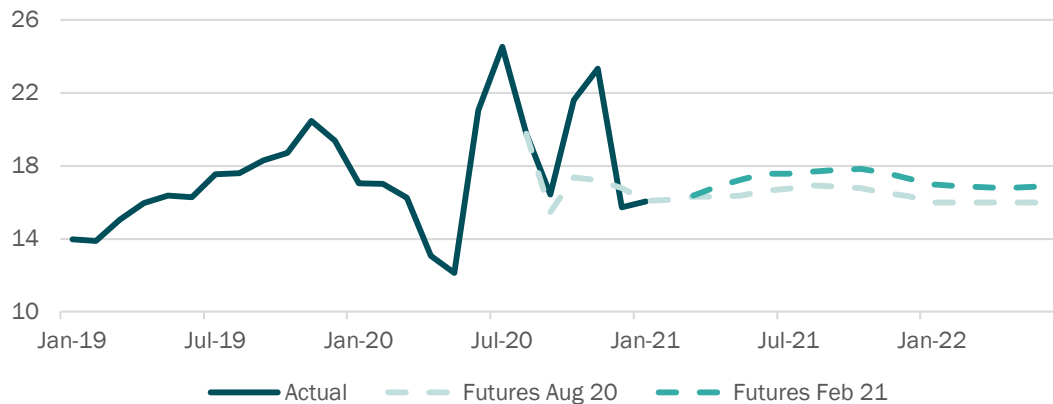
### US Lean Hog Prices (\$ per cwt)



- > US production and market normalised, but higher feed costs in 2021 will impact margins
- > Record exports to China; demand expected to be lower in 2021 following China restocking
- > German exports to China banned due to ASF, other markets benefitting



### US Class III Milk Prices (\$ per cwt)



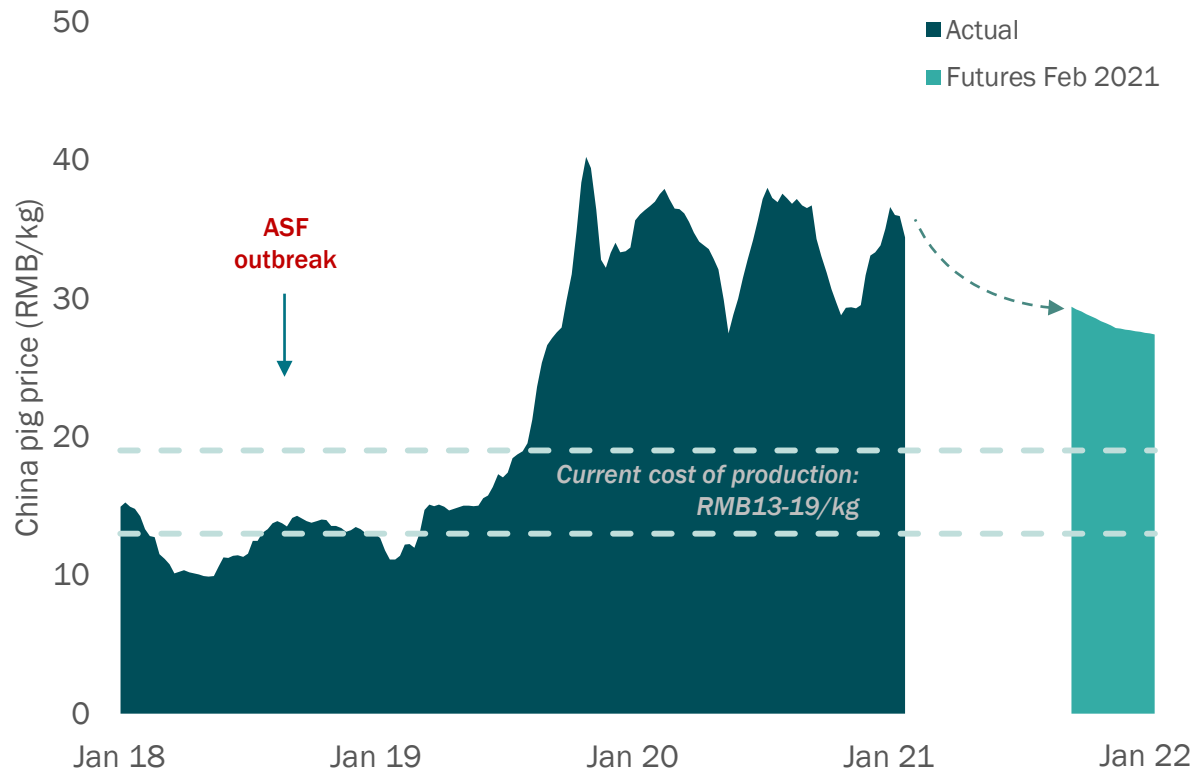
- > Volatility in 2020 from COVID-19 temporary oversupply and government purchasing
- > Futures market ~neutral, feed costs expected to impact margins

Futures data as at 26 August 2020 and 19 February 2021  
 Sources: USDA, CME, Rabobank, IFCN

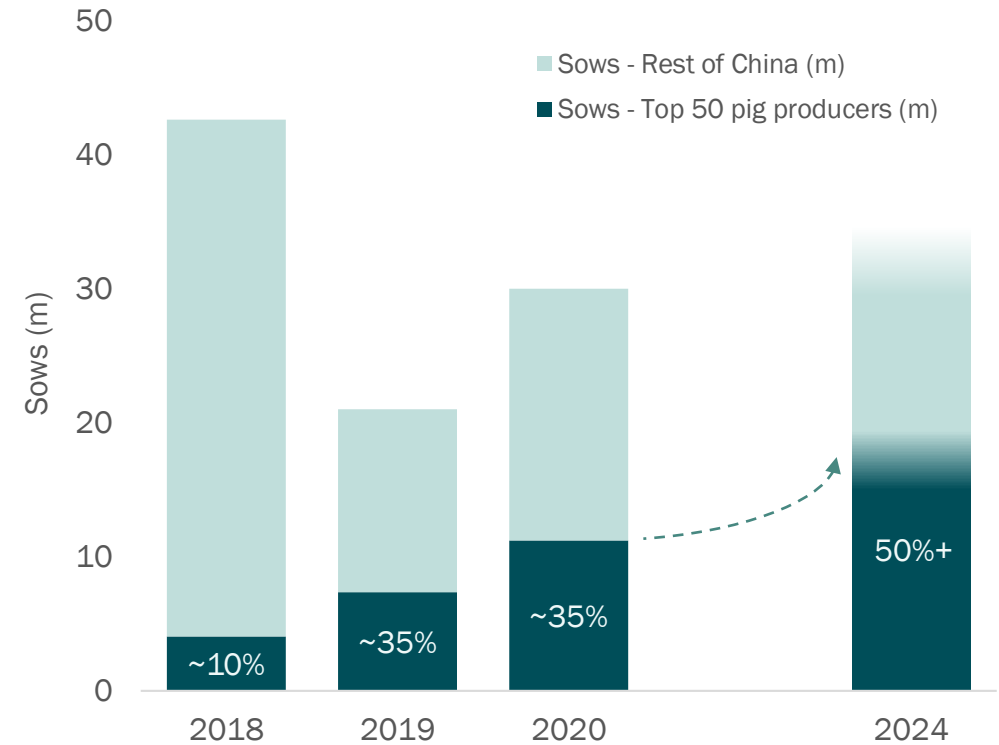


# > High pig prices in China drive industry investment

Producers still experiencing unprecedented market conditions, with prices expected to soften in 2021



Large producers are rapidly expanding production, transforming the Chinese pork industry

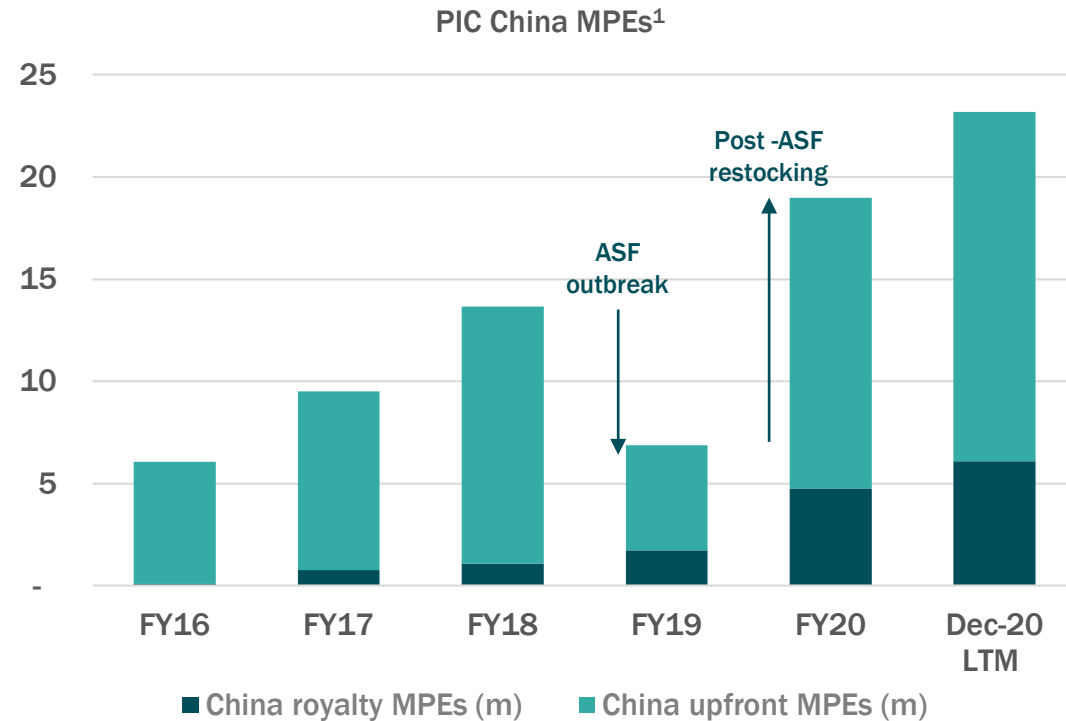


China sow herd estimates as at calendar year end  
Sources: Boyar, Rabobank, Independent Consultants, Genus analysis and estimates; Dalian commodity exchange.

# > Growing in China with leading producers



Strong demand for Genus's superior genetics in China, and we are expanding our royalty business



PIC increasingly the genetic partner of choice for leading Chinese pig producers



**PIC serves around one third of Top 50 Chinese producers today, and we continue to win new customers**

1. MPEs refers to market pig equivalents, a standardised measure of our customers' production of slaughter animals that contain our genetics



# > BCA partnership supporting growth and long-term opportunity in China



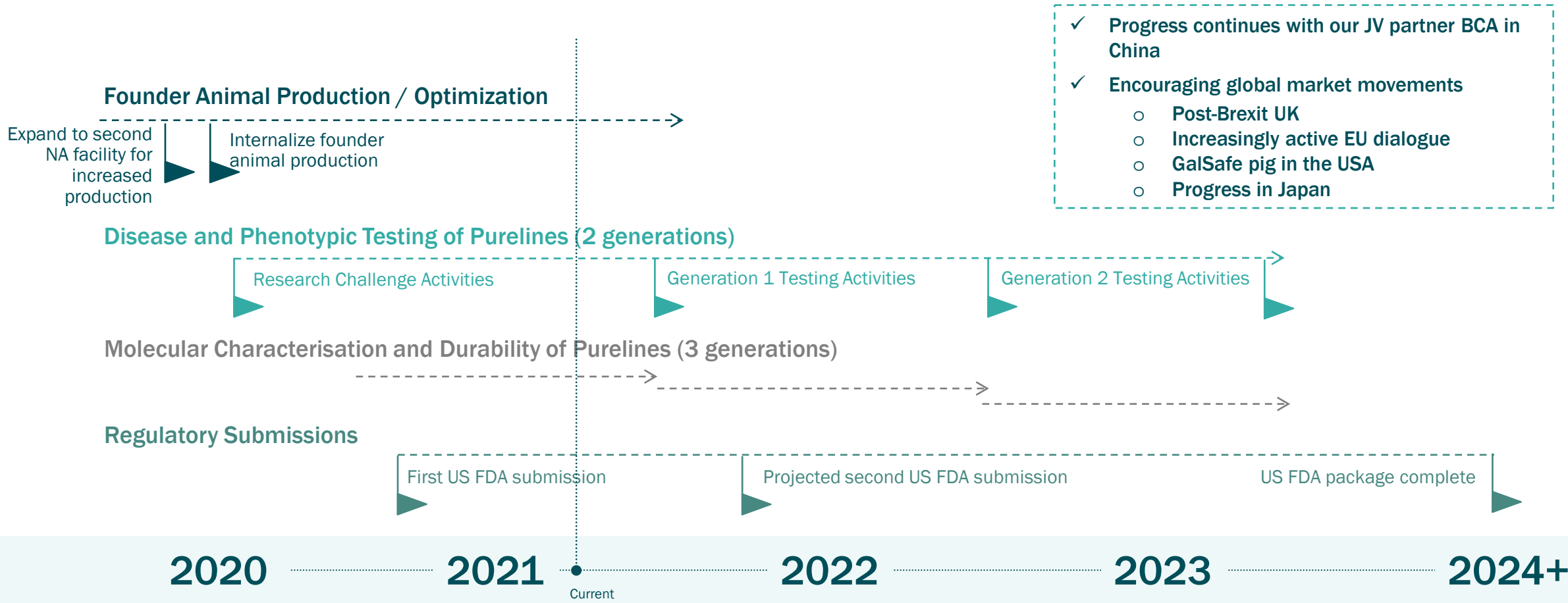
BCA import December 2020



	PRRSv resistance	Distribution for PIC China
FY19	Signed partnership <sup>1</sup> ✓	
FY20		✓ Signed distribution agreement
	Received signing fee (\$7mln) ✓	✓ Set up distribution organization
FY21	Hired key scientists ✓	✓ Stocked 1 <sup>st</sup> BCA farm locally
	Ongoing MARA discussions ✓	✓ Stocked 2 <sup>nd</sup> BCA farm via import
	Creating dedicated farms and gene editing facilities	BCA to start distribution
		Continue stockings

1. End of FY19

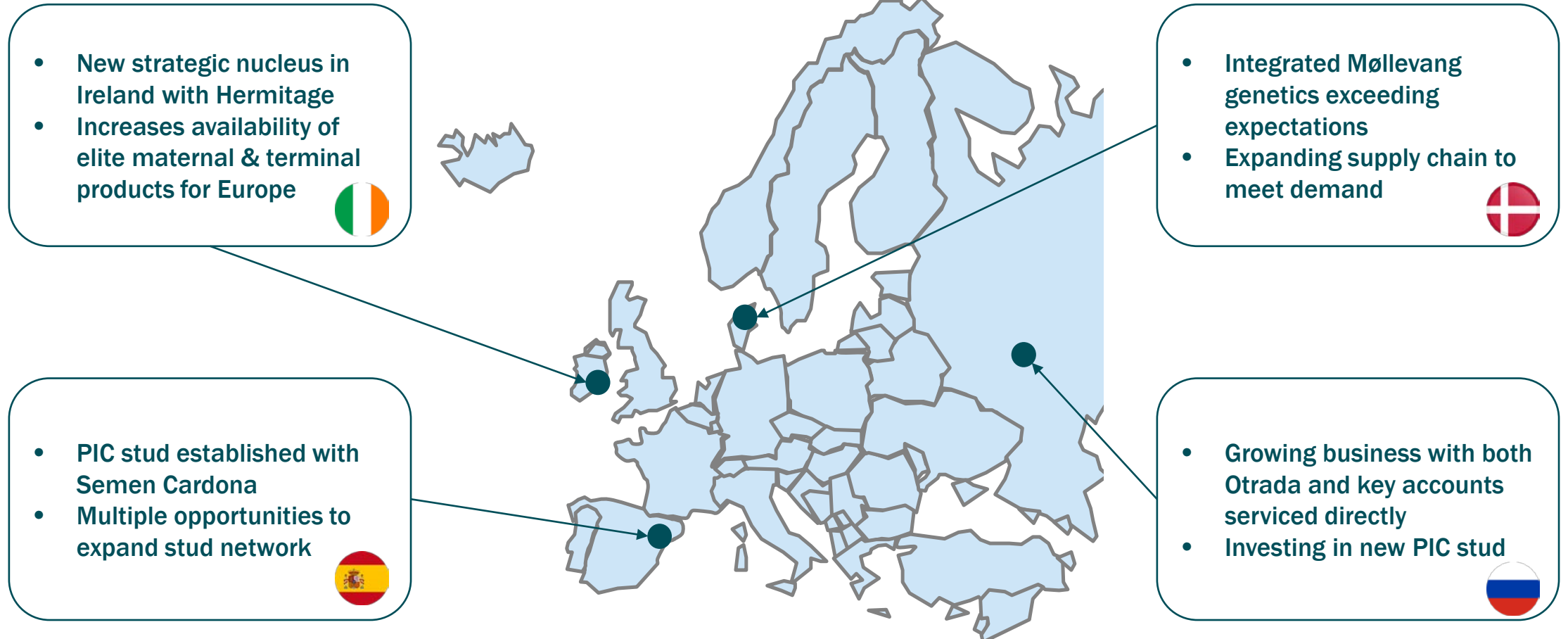
# > PRRSv resistance programme on track



1. United States Food & Drug Administration. Note: Timeline represents calendar years



# > Strengthening our European supply chain through targeted strategic partnerships

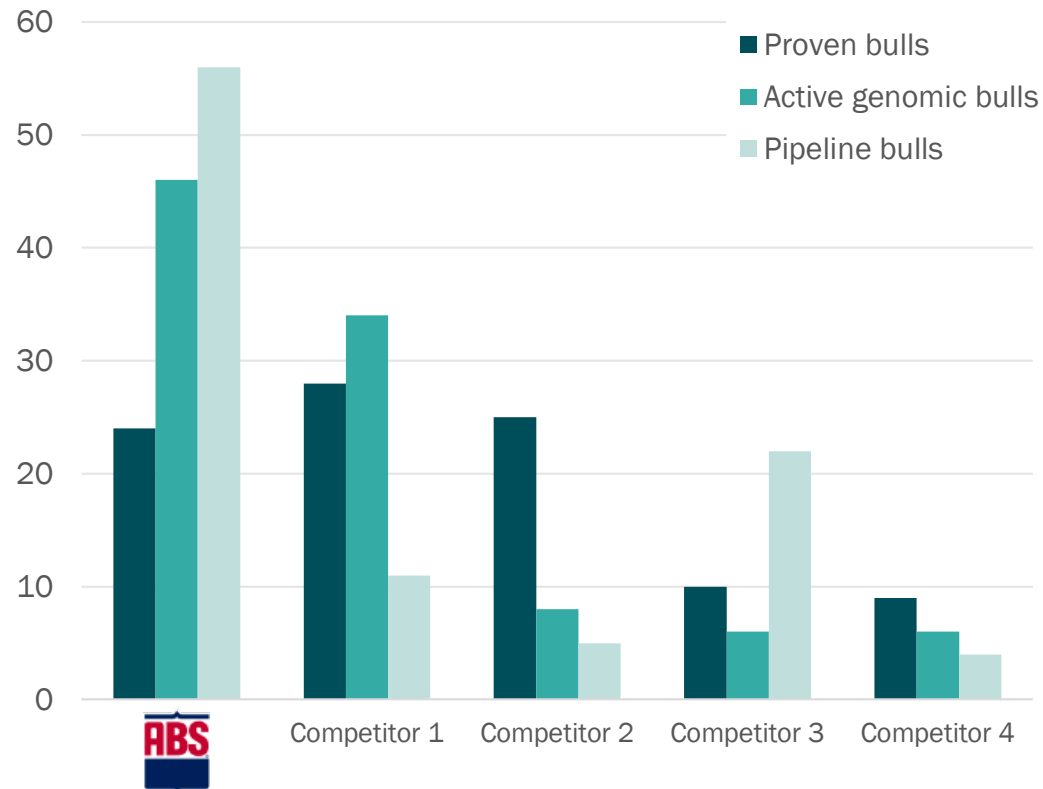


Hermitage – In 2017 PIC acquired Hermitage’s genetics and entered into a strategic distribution/supply chain partnership  
Semen Cardona – Leading Spanish boar stud operator  
Møllevang – In 2018 entered into an exclusive strategic relationship with Genus PIC covering genetics, supply chain and distribution  
Otrada – PIC strategic distribution partner for Russia and Eastern European

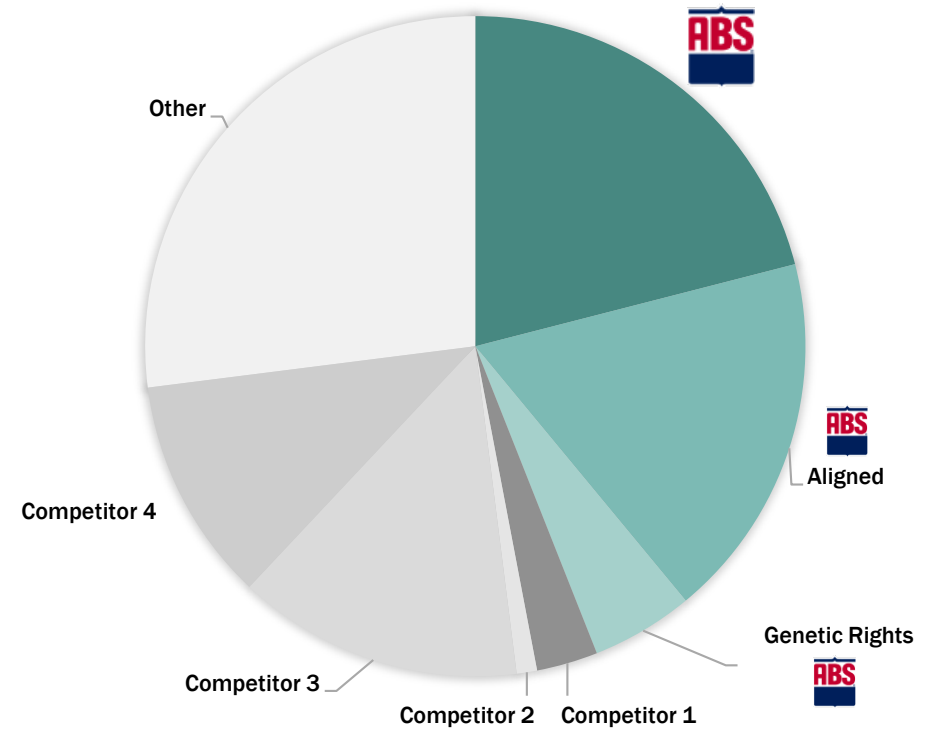
# > Sustained leadership in dairy genetics



# of Top 100 NM\$ bulls<sup>1</sup>



# of Top 100 NM\$ females<sup>2</sup>



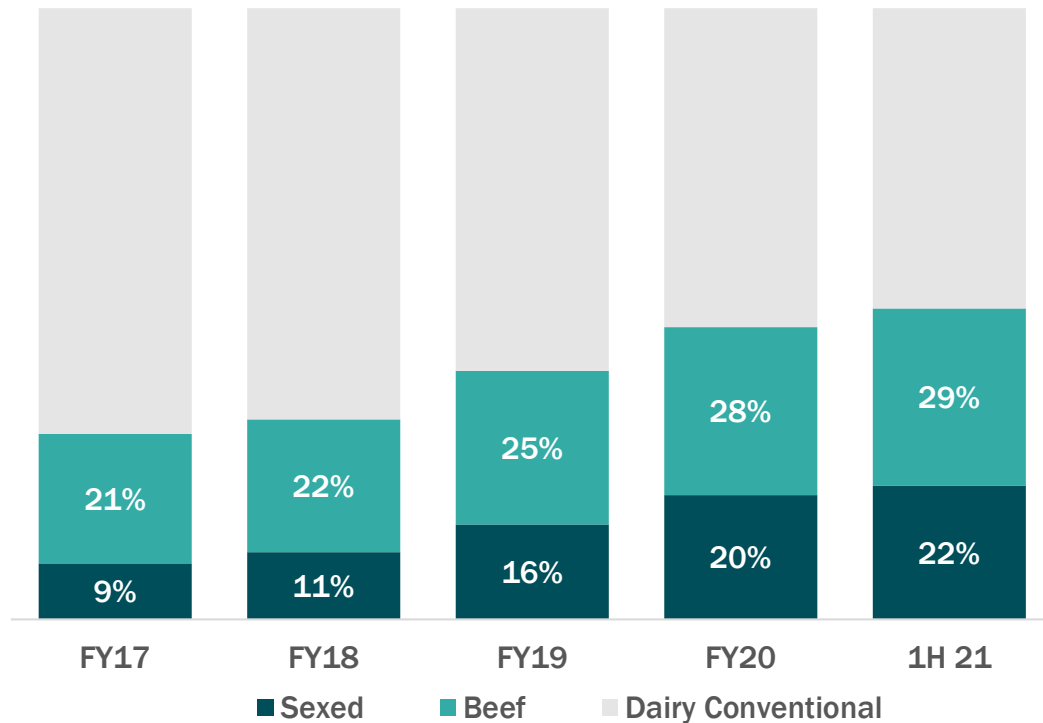
1. Proven and genomic analysis based on Top 100 Holsteins (using data from December 2020 from CDCB); Top 100 Holsteins are reviewed and amended in April, August and December of each year; pipeline bulls includes all genomic bulls including non-active young bulls that are not yet producing semen, but 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  
 2. Same basis as above; represents females of all ages



# > Adoption of our leading sexed and beef genetics continues to grow



ABS - Global sales volume



Maximising customer value and experience



“Sexcel & NuEra Beef is the future breeding strategy for our business”

- Tom Rawson, Evolution Farming, UK

# > NuEra beef genetics gaining traction in the industry

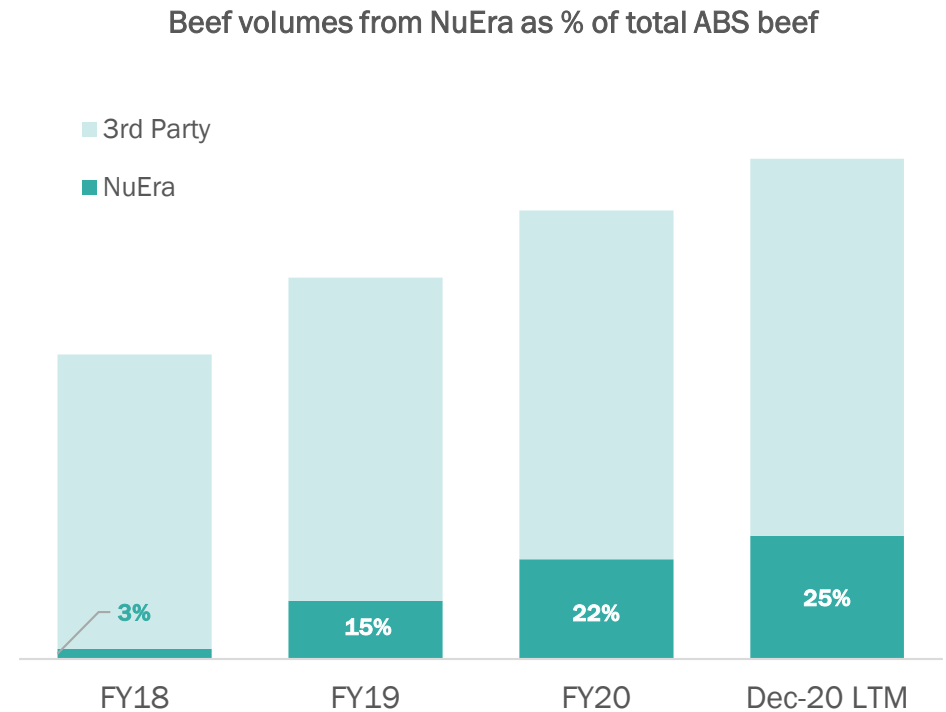


Our superior NuEra beef genetics deliver better performance for farmers and the value chain



- Trial 1 (Jul 2020)** → NuEra \$80+ per head advantage in 470 head trial at leading US feedlot
- Trial 2 (Aug 2020)** → NuEra \$80+ per head advantage in 1,300 head trial at leading US feedlot/packer

We are expanding our programme to meet the growing demand for our NuEra beef genetics



## > Investing in our infrastructure to support growth



### Facilities

- > New bull facilities: industry-leading animal welfare & sustainability
- > New porcine elite nucleus in Canada – construction commencing FY21
- > Investing in Russia and Spain porcine supply chain to meet growing demand



### Enterprise system

- > Global enterprise system – “GenusOne”
- > Deliver best-in-class customer and employee experience
- > US successfully implemented, rolling out globally over the next 18 months

# > Genus's sustainability focus

## Our focus areas

### Genetic improvement

Reduce GHGs and increase climate resilience through genetic improvement and semen sexing

### Carbon capture

Manage animal waste into fertilizer, replace inorganic fertilizer, increase soil carbon capture

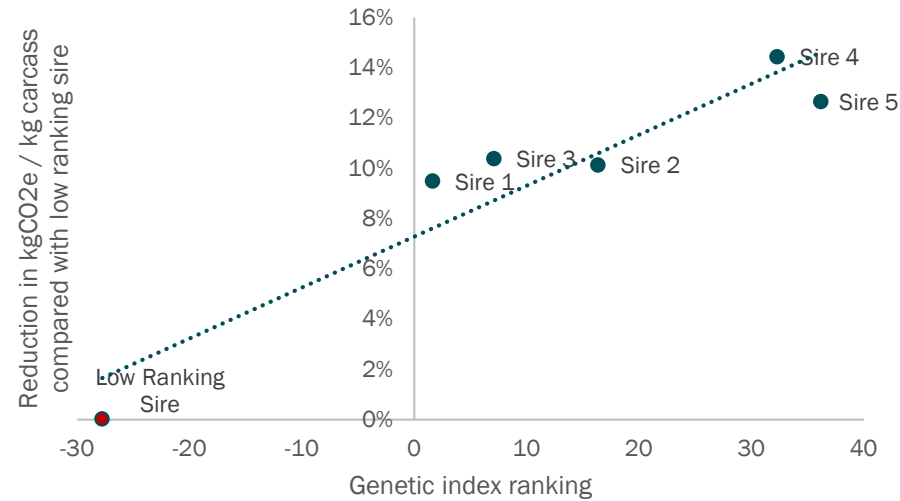
### Feed

We intend to trial different feeds to maximise animal efficiency whilst reducing GHGs<sup>1</sup>

### Energy and transport

Aiming at net zero GHGs through the use of renewable energy<sup>1</sup>

## % Reduction in CO<sub>2</sub>e emissions per kg of beef from progeny bred with sires of varying genetic merit<sup>2</sup>



New US bull housing and laboratory to be fully powered by solar panels

## Addressable UN SDGs<sup>3</sup>



## LSE accreditation achieved



(1) GHGs means greenhouse gas emissions  
 (2) Based on full lifecycle data from different progeny reared by leading integrated European beef group; CO<sub>2</sub>e represents carbon dioxide equivalent of combined carbon dioxide, methane and nitrous oxide emissions  
 (3) United Nations Sustainable Development Goals



# > Financial Results



**Alison Henriksen**  
Chief Financial Officer

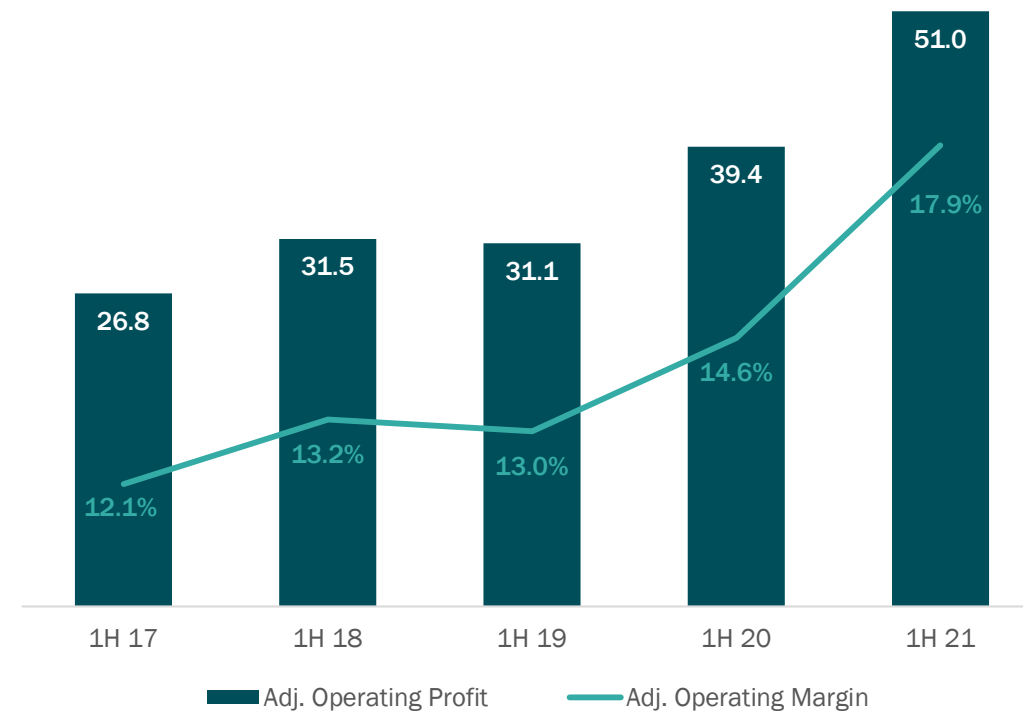


## > Genus adjusted operating profit performance

£m	1H 21	1H 20	% Change Actual	% Change Constant
Genus PIC	68.9	62.6	10%	17%
Genus ABS	18.7	14.6	28%	37%
Operating units	87.6	77.2	13%	21%
R&D	(29.0)	(30.8)	6%	2%
Central	(7.6)	(7.0)	(9%)	(13%)
Adj. operating profit <sup>1</sup>	51.0	39.4	29%	40%
Adj. operating profit exc. gene editing <sup>2</sup>	54.7	43.7	25%	35%
Adj. profit before tax	48.4	36.6	32%	44%

### Genus Adjusted Operating Profit £m<sup>1</sup>

Half year results



(1) Operating profit and Operating Margin represents adjusted operating results including joint ventures  
 (2) Gene editing costs relating to PRRSV resistance programme and other gene editing initiatives

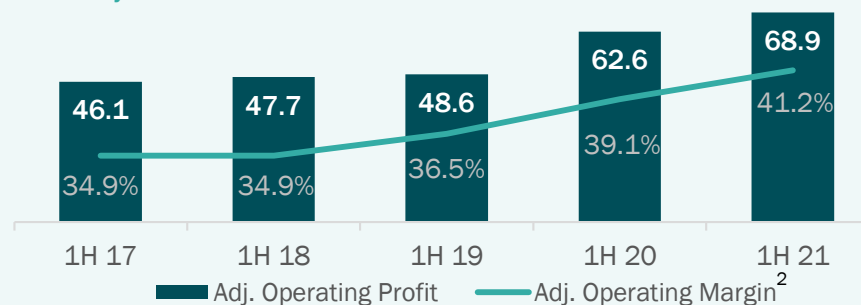
# > Genus PIC



ADJUSTED  
OPERATING PROFIT<sup>1</sup>  
**+17%**

## Genus PIC Adj. Operating Profit £m<sup>1</sup>

Half year results



## ROYALTY REVENUE

**+7%**

### NORTH AMERICA

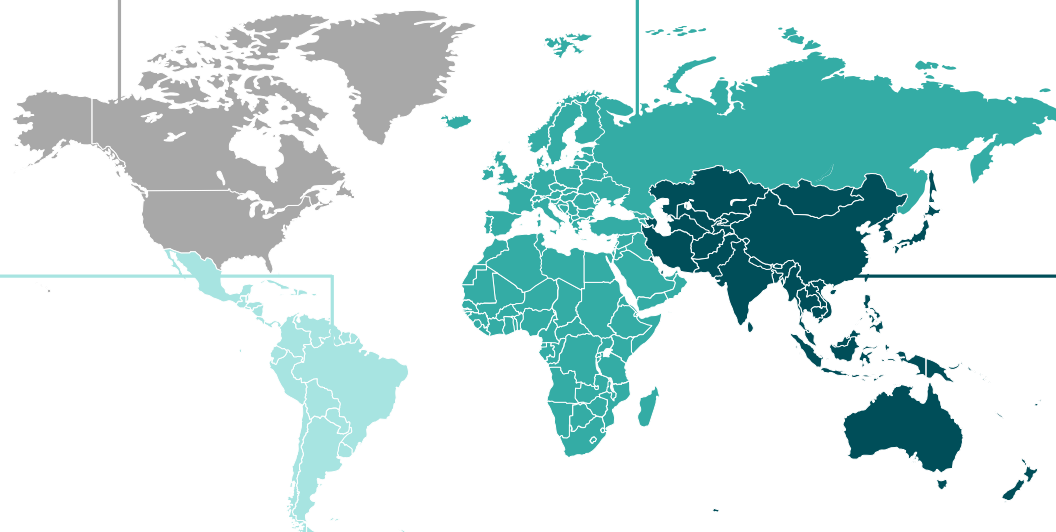
**-6%**

- > Breeding demand drop due to COVID-19 impact on processing capacity and backlog of slaughter pigs
- > Gaining market share

### LATIN AMERICA

**+13%**

- > Strong operating profit performance in Brazil (+30%)
- > Royalty revenue growth (+9%)



### EMEA

**+42%**

- > Expansion projects help Russia profits to near double
- > Mollevang & Hermitage leverage

### ASIA

**+56%**

- > China profit +66% from continued strong breeding stock sales and royalty revenue growth

1. Adjusted operating profit including joint ventures  
2. Adjusted operating margin excluding joint ventures

Note: All % changes are in constant currency and represent adjusted operating profit growth unless otherwise stated



# > Genus ABS



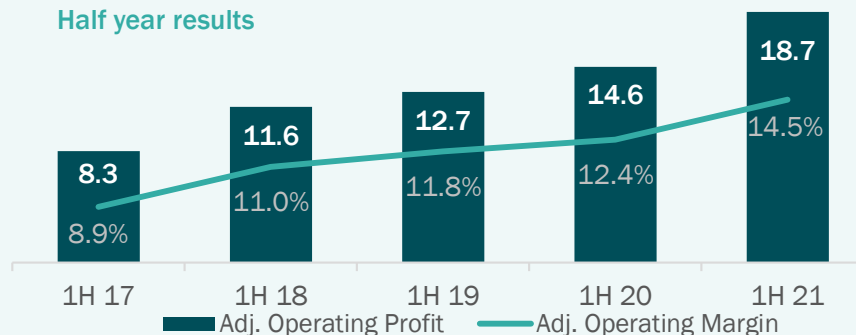
BOVINE

ADJUSTED  
OPERATING PROFIT

**+37%**

## Genus ABS Adj. Operating Profit £m

Half year results



SEXED VOLUME

**+42%**

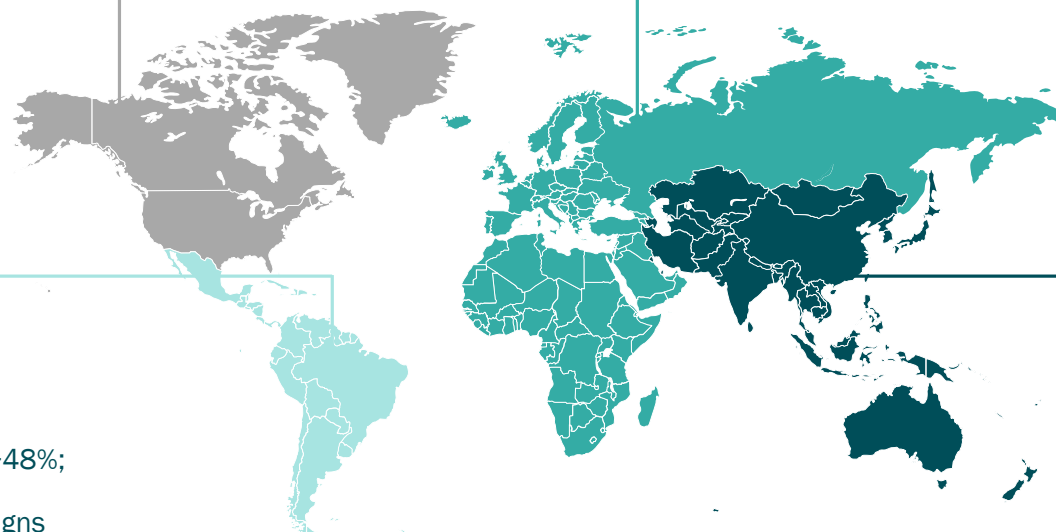
BEEF VOLUME

**+22%**

NORTH AMERICA

**+5%**

- > Beef up 20% from traction with NuEra;
- > Challenging market during COVID-19, sexed volumes up 2%



EMEA

**+28%**

- > Strong growth in Russia and Distributors
- > New customer IntelliGen facility
- > Sexed volumes up 43%

LATIN AMERICA

**+68%**

- > Beef volumes +31% and sexed volumes +48%; Brazil & Argentina strong
- > Continued success of digital sales campaigns

ASIA

**+116%**

- > Strong growth continued in China
- > Strong India sexed volume growth



# > Genus R&D

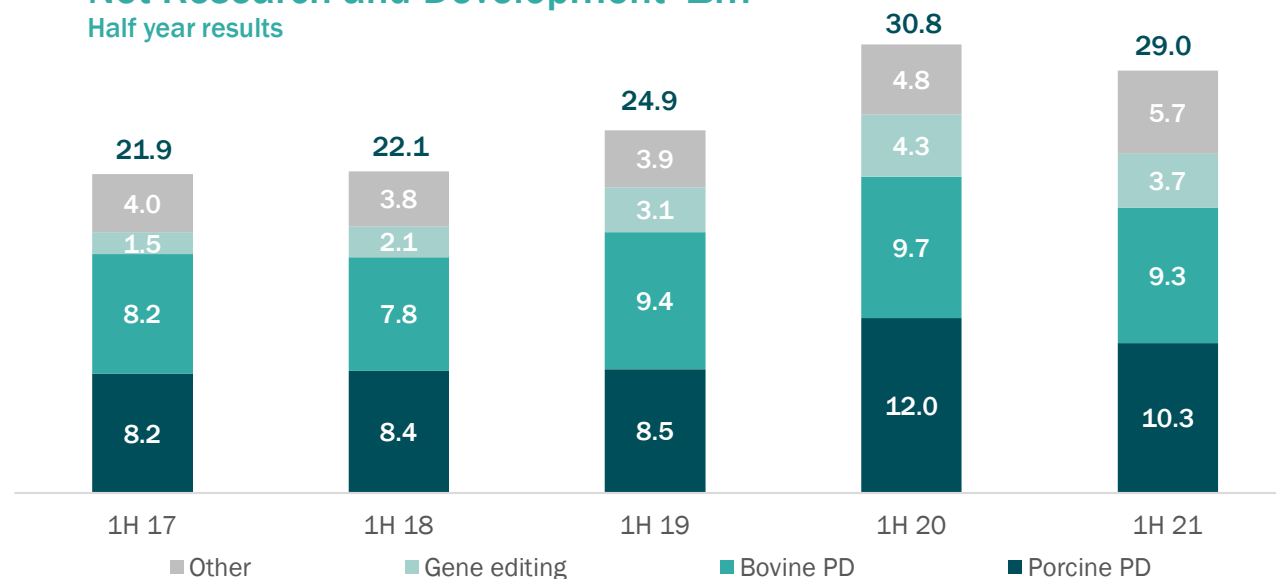


R&D



6 weeks old gene edited pigs in a Genus farm, February 2021

## Net Research and Development<sup>1</sup> £m Half year results



### PORCINE PRODUCT DEVELOPMENT DOWN

**(11%)**

- > Continued high rates of genetic improvement
- > Large investment to expand elite nucleus herds in prior year

### GENE EDITING INVESTMENT DOWN

**(12%)**

- > Internalised capability to produce gene edited animals
- > Lower external collaboration spend

### BOVINE PRODUCT DEVELOPMENT UP

**1%**

- > Industry leading Holstein portfolio & proprietary NuEra beef genetics
- > Continued IntelliGen capacity expansion

### OTHER RESEARCH AND DEVELOPMENT UP

**23%**

- > Investments in reproductive research, Bioinformatics and genome science
- > Lower external collaboration spend due to COVID-19 constraints

(1) Less non-controlling Interest

(2) Profit from the partial revenue recognition net of costs from the first BCA milestone payment of \$7.0m

Note: All % changes are in constant currency and positive percentages indicate increased investment expense

# > Statutory income

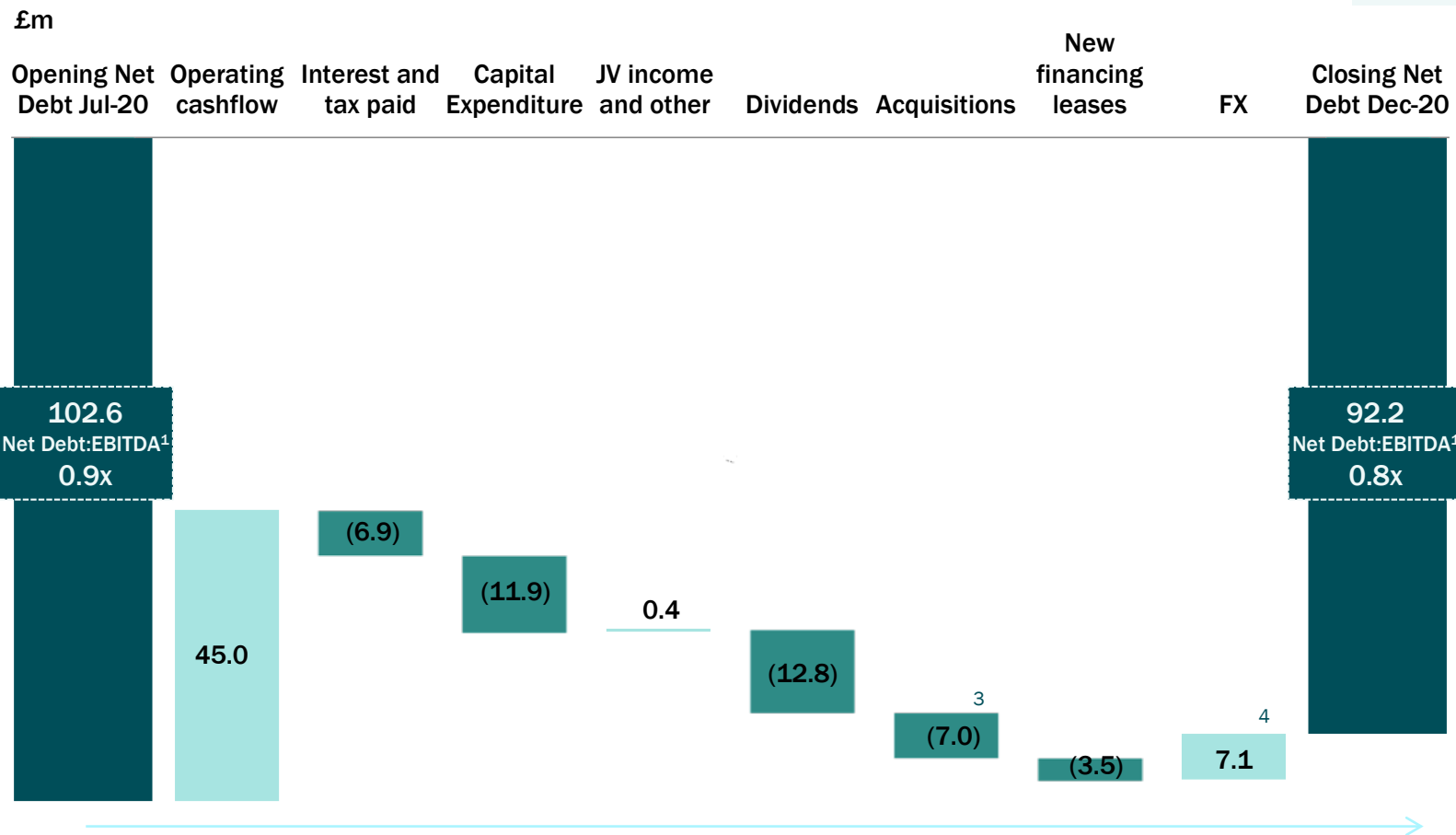


'Lawson' is a Jersey bull named after Bob Lawson, our previous Chairman. He is in the global top 10 Jersey bulls for his age and older (CM\$ ranking) and was created out of the internal ABS Jersey programme

	1H 21 £m	1H 20 £m	Change £m
<b>Adjusted operating profit exc JV</b>	<b>45.1</b>	<b>34.4</b>	<b>10.7</b>
Net IAS 41 valuation movement	3.5	13.3	(9.8)
Amortisation of acquired intangible assets	(3.7)	(4.0)	0.3
Share-based payments	(4.3)	(2.8)	(1.5)
Exceptional items			
- Litigation and damages	(1.7)	(12.8)	11.1
- Pension GMP equalisation and other	(3.4)	-	(3.4)
<b>Operating profit</b>	<b>35.5</b>	<b>28.1</b>	<b>7.4</b>
Share of post-tax profit of JVs	5.8	5.1	0.7
Net finance costs	(2.6)	(2.8)	0.2
<b>Profit before tax</b>	<b>38.7</b>	<b>30.4</b>	<b>8.3</b>
Taxation	(8.4)	(6.3)	(2.1)
<b>Profit after tax</b>	<b>30.3</b>	<b>24.1</b>	<b>6.2</b>



# > Strong financial position



## CASH CONVERSION

# 100%

(1H 20: 96%)

### Continued capital investment

- > Porcine nucleus farms, bull housing and IntelliGen capacity
- > Further investment through FY22

### Headroom

- > £136m headroom at 31 December 2020

### Interim Dividend +10%

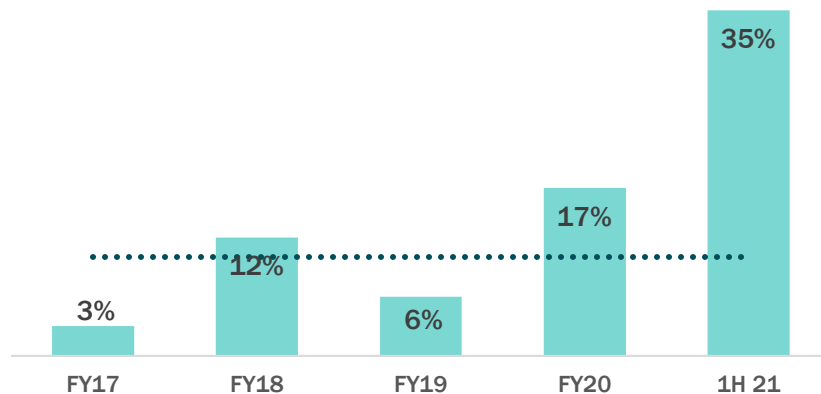
- > Adjusted earnings coverage<sup>2</sup> 3.3x (1H 20: 2.9x)

(1) Net Debt to EBITDA as defined under our debt facility agreement  
 (2) Calculated on a 12 month rolling  
 (3) £7.0m acquisitions primarily relates to deferred consideration on transactions from previous years  
 (4) £7.1m FX primarily relates to exchange differences on the US\$ loan facility

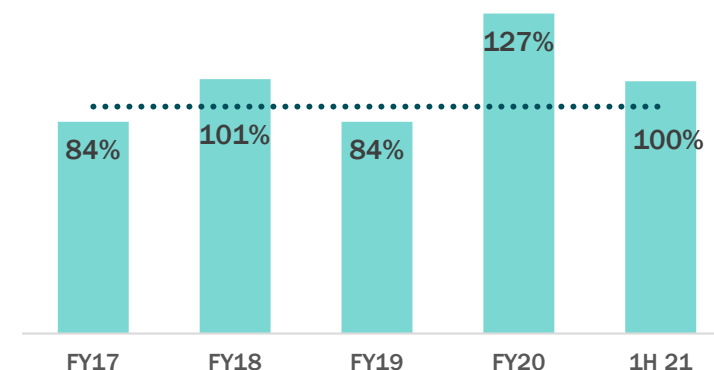
# > Strong performance vs. medium term objectives



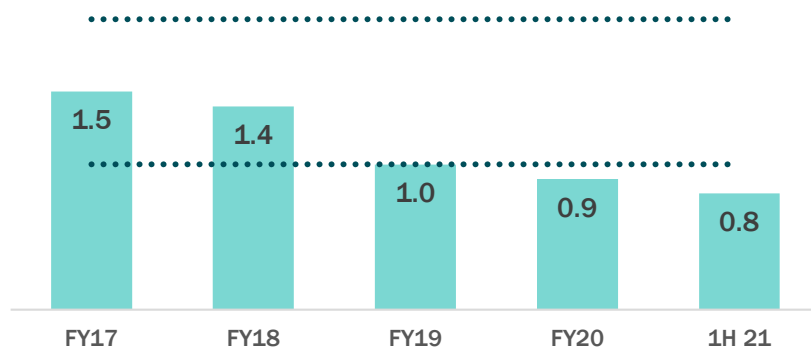
**Grow adjusted operating profit : 10% CAGR**  
*(constant currency, ex. gene editing)*



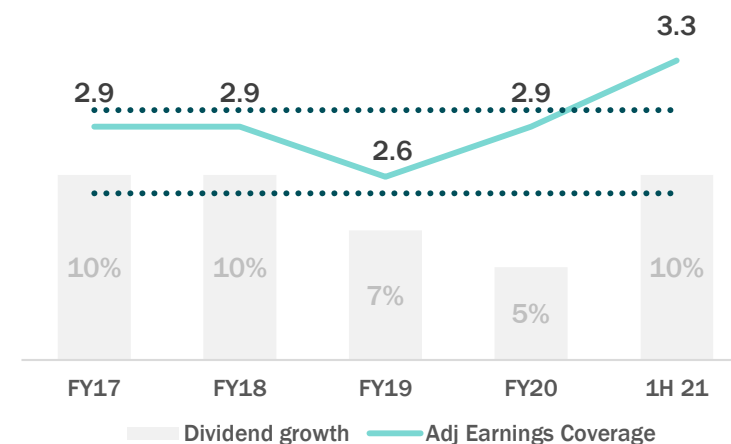
**Convert profit to cash : 90%+ cash conversion**  
*(net cash from operations : op. profit ex. JVs)*



**Maintain a strong balance sheet : 1.0X – 2.0X Net Debt : EBITDA<sup>1</sup>**



**Deliver shareholder returns : 2.5x – 3.0x adjusted earnings coverage<sup>2</sup> (adj EPS/DPS)**



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



# > Summary & outlook



**Stephen Wilson**  
Chief Executive



# > Summary and outlook



**Strong 1H 21 performance**

*Record 1H 21 for both PIC and ABS; +29% adj. Operating Profit<sup>1</sup>*

**Good strategic progress**

*Sustained genetic lead; winning with key customers; growing share*

**Mixed Macro environment**

*China pork prices remain high; feed prices high; COVID uncertainty for our customers*

**Continued Investment**

*Investing in R&D, supply chain, enterprise system*

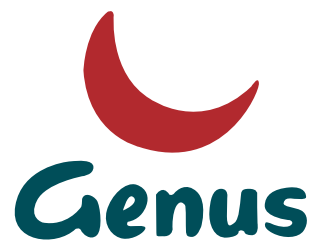
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**Genus resilient – lower growth in second half, full year in line with our expectations**

(1) Including joint ventures



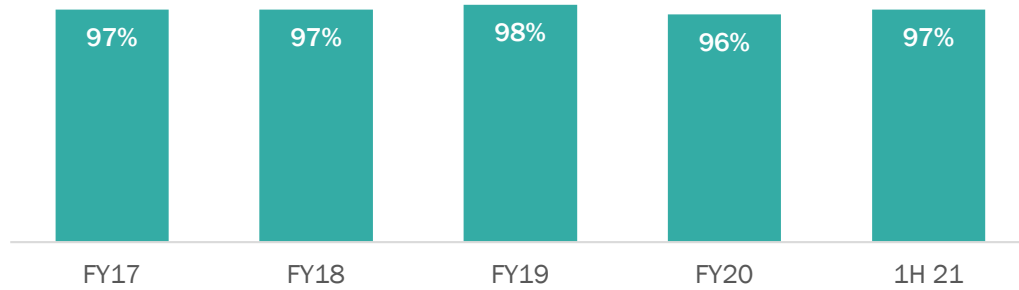
# > Appendices



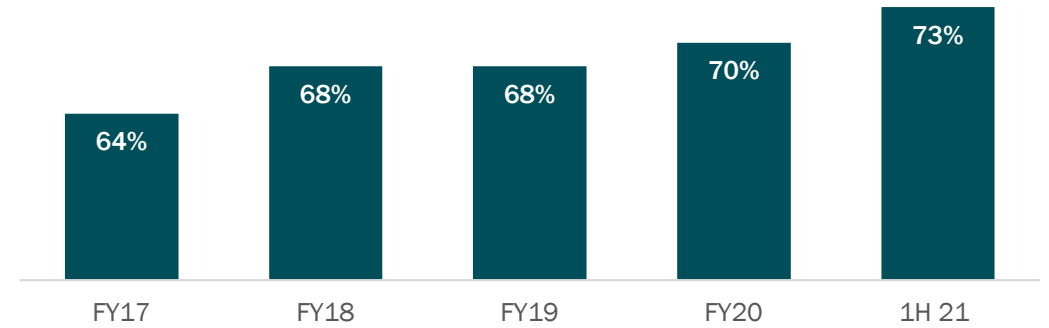
# > Proportion of total porcine volumes under royalty



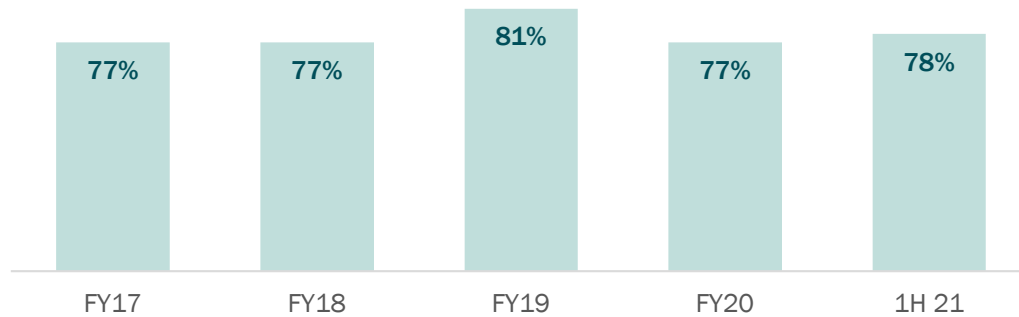
## North America



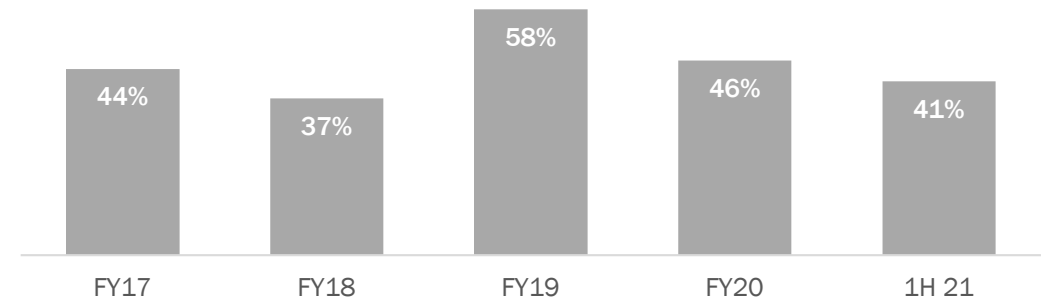
## EMEA



## Latin America



## Asia

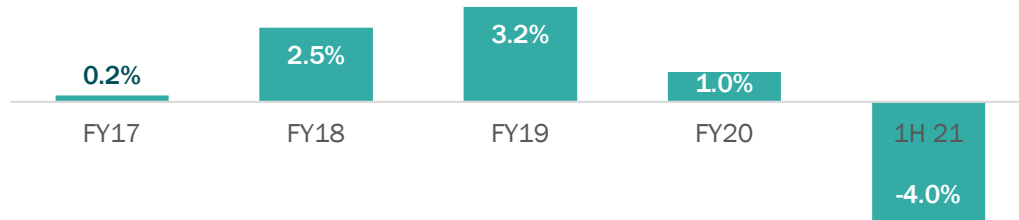




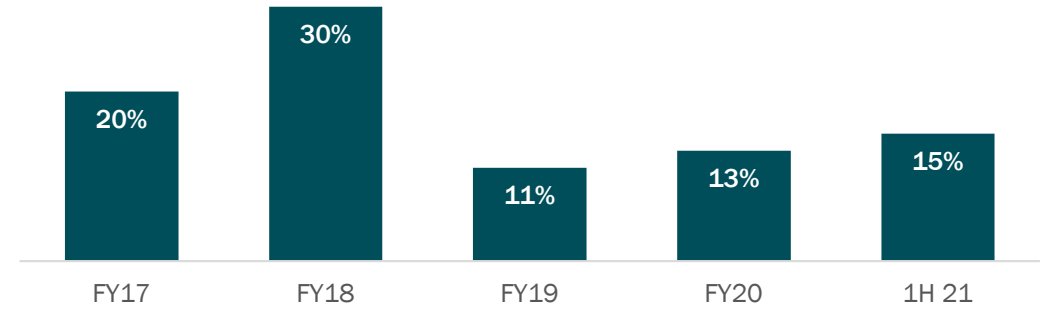
# > Porcine royalty revenue growth



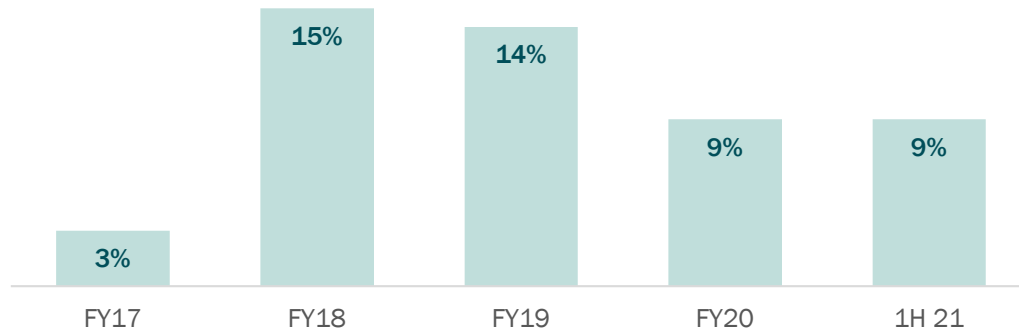
## North America



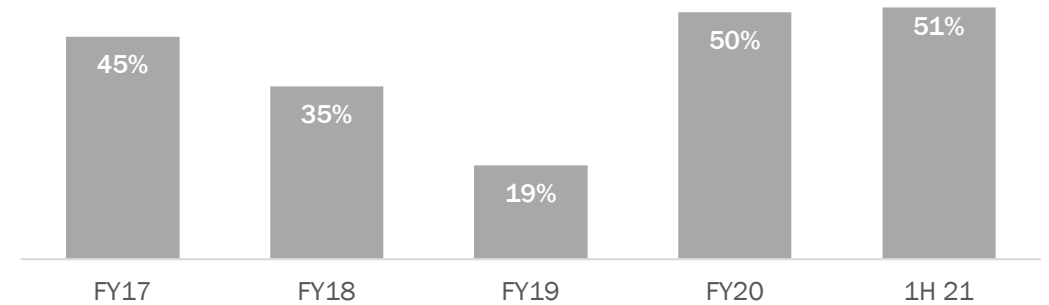
## EMEA



## Latin America



## Asia



# > Financial results

	<b>1H 21</b>	<b>1H 20</b>	<b>% Change</b>	<b>% Change</b>
	<b>£m</b>	<b>£m</b>	<b>Actual Currency</b>	<b>Constant Currency</b>
<b>Revenue</b>	285.7	270.7	6%	11%
<b>Adjusted Operating Profit inc JV exc gene editing</b>	54.7	43.7	25%	35%
<b>Adjusted Operating Profit inc JV</b>	51.0	39.4	29%	40%
<b>Net finance costs</b>	(2.6)	(2.8)	7%	7%
<b>Adjusted profit before tax</b>	48.4	36.6	32%	44%
<b>Adjusted earnings per share (pence)</b>	57.3	43.5	32%	44%
<b>Dividend per share (pence)</b>	10.3	9.4	10%	

## > Genus PIC results

	<b>1H 21</b>	<b>1H 20</b>	<b>% Change</b>	<b>% Change</b>
	<b>£m</b>	<b>£m</b>	<b>Actual Currency</b>	<b>Constant Currency</b>
<b>Revenue</b>	152.9	146.5	4%	8%
<b>Adjusted Operating Profit exc JV</b>	63.0	57.3	10%	14%
<b>Adjusted Operating Profit inc JV</b>	68.9	62.6	10%	17%
<b>Adjusted operating margin exc JV</b>	41.2%	39.1%	2.1pts	2.3pts

## > Genus ABS results

	<b>1H 21</b>	<b>1H 20</b>	<b>% Change</b>	<b>% Change</b>
	<b>£m</b>	<b>£m</b>	<b>Actual Currency</b>	<b>Constant Currency</b>
<b>Revenue</b>	129.0	118.0	9%	17%
<b>Adjusted operating profit</b>	18.7	14.6	28%	37%
<b>Adjusted operating margin</b>	14.5%	12.4%	2.1pts	2.1pts



# > Cash flow statement

	1H 21	1H 20	Variance
	£m	£m	£m
<b>Adjusted operating profit exc JV</b>	<b>45.1</b>	<b>34.4</b>	<b>10.7</b>
Depreciation and amortisation	14.8	13.0	1.8
<b>Adjusted EBITDA</b>	<b>59.9</b>	<b>47.4</b>	<b>12.5</b>
Working capital	(1.2)	(1.4)	0.2
Biological assets	(7.7)	(4.9)	(2.8)
Pension deficit repair	(3.2)	(3.6)	0.4
Exceptional items and other	(2.8)	(4.6)	1.8
<b>Cash generated by operations</b>	<b>45.0</b>	<b>32.9</b>	<b>12.1</b>
<b>Cash conversion %</b>	<b>100%</b>	<b>96%</b>	<b>4.0pts</b>
Interest and tax paid	(6.9)	(8.8)	1.9
Capital expenditure	(11.9)	(17.0)	5.1
JV income and other	0.4	3.4	(3.0)
<b>Free cash flow</b>	<b>26.6</b>	<b>10.5</b>	<b>16.1</b>
Acquisitions and investments	(7.0)	0.3	(7.3)
Dividends	(12.8)	(12.2)	(0.6)
<b>Net cash flow</b>	<b>6.8</b>	<b>(1.4)</b>	<b>8.2</b>
<b>Net Debt</b>	<b>92.2</b>	<b>107.2</b>	

## > 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 £6.5m for FY21 compared with average FY20 rates

	FY20 Average <sup>1</sup>	1H 21 Average <sup>1</sup>	Spot @ 22 Feb 2021	Profit Sensitivity £m <sup>2</sup>
Chinese Yuan	8.89	8.88	9.09	2.2
Mexican Peso	26.1	28.0	29.2	1.4
Euro	1.14	1.11	1.16	1.1
Brazilian Real	5.74	7.19	7.69	1.1
US Dollar	1.26	1.31	1.41	0.8
Russian Rouble	85.2	100.3	104.5	0.5

(1) Weighted average exchange rate based on operating profit inc JV income

(2) 12 month operating profit impact given a +/- 10% movement in exchange rate, based on FY20 results. Current year sensitivity may differ based on current trading

# > Glossary

**Artificial insemination ('AI')** – Using semen collected from a bull or boar to impregnate a cow or sow when in estrus. Artificial insemination allows a genetically superior male to be used to mate with many more females than would be possible with natural mating.

**ASF** – African Swine Fever.

**Boar** – A male pig.

**CRISPR-Cas 9** – Technology which accurately targets and cuts DNA to produce precise and controllable changes to the genome.

**Farrow** – When a sow gives birth to piglets.

**Gender skew** – The ability to influence the proportion of offspring being of a particular sex.

**Genetic gain** – The change of the genetic make up of a particular animal population in response to having selected parents that excelled genetically for important traits.

**Genetic lag** – The amount of time required to disseminate genetic gain from a nucleus herd to the commercial customer.

**Genetic nucleus** – A specialised pig herd, where Genus PIC keeps its pure lines. Pigs are genetically tested at the nucleus to select the best animals to produce the next generation.

**Genomic bull** – A bull which has been assessed through genomic testing. This typically refers to bulls which have not been progeny-tested.

**Genomics** – The study of the genome, which is the DNA sequence of an animal's chromosomes.

**Gilt** – A young female pig, which has not yet given birth.

**GGP/GP – Great** – great grandparent/grandparent.

**In vitro fertilisation ('IVF')** – The fertilisation of an oocyte (or egg) with semen (outside an animal) in a laboratory for transfer into a surrogate.

**Index/Indices** – A formula incorporating economically important traits for ranking the genetic potential of animals as parents of the next generation.

**IntelliGen** – The technology platform used to process sexed bovine semen for ABS and third-party customers and commercialised by ABS as Sexcel.

**Market pig equivalents ('MPE')** – Refers to a standardised measure of our customers' production of slaughter animals that contain our genetics with genes from each of the sow and boar counting for half of the animal.

**Multiplier** – A producer whose farm contains grandparent sows. The farm crosses together two lines of grandparents, multiplying the number of genetically improved parents that are available for sale.

**NuEra** – The ABS beef breeding programme and index designed to drive the customer's genetic improvement and deliver total system profitability for the beef supply chain.

**PRRSv** – Porcine Reproductive and Respiratory Syndrome Virus.

**Sexcel** – The ABS brand of sexed bovine genetics produced using IntelliGen.

**Sire** – The male parent of an animal.

**Sire line** – The male line selected for traits desirable for the market.

**Sow** – A female pig which has given birth at least once.

**Straw** – A narrow tube used to package frozen bull semen.

**Terminal boars** – The male pig that is used to mate with a parent female to produce a terminal pig.

**Trait** – A measurable characteristic that may be a target for genetic selection.

**Unit** – A straw of frozen bull semen or tube/bag of fresh boar semen sold to a customer.