

INTERIM RESULTS

Investor Presentation

Half year ended 31 December 2017

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Bob Lawson
Chairman

> Strong performance

- Adjusted profit before tax up 16% (20% in constant currency)
- Strong free cash flow
- Adjusted earnings per share 40.9p, up 34% (39% in constant currency)

> Continued strategic progress

- Sexcel[®] launching successfully; secured third party customers
- Future Møllevang porcine strategic relationship¹

> Interim dividend increased 9.5% to 8.1p per share

Stephen Wilson
Finance Director

Results



Half year ended 31 December 2017

			% Change	
	2017 £m	2016 £m	Actual Currency	Constant Currency
Revenue	238.6	222.1	7%	10%
Adjusted operating profit exc JV	28.3	24.5	16%	19%
Attributable to non-controlling interest	(0.4)	(1.0)	60%	60%
Adjusted share of JV profits	3.6	3.3	9%	15%
Adjusted operating profit inc JV	31.5	26.8	18%	21%
Net finance costs	(2.5)	(1.7)	(47)%	(47)%
Adjusted profit before tax	29.0	25.1	16%	20%
Adjusted earnings per share¹ (pence)	40.9	30.5	34%	39%
Dividend per share (pence)	8.1	7.4	9.5%	

(1) Increase includes a £3.7m deferred tax credit following the recently announced US tax reforms

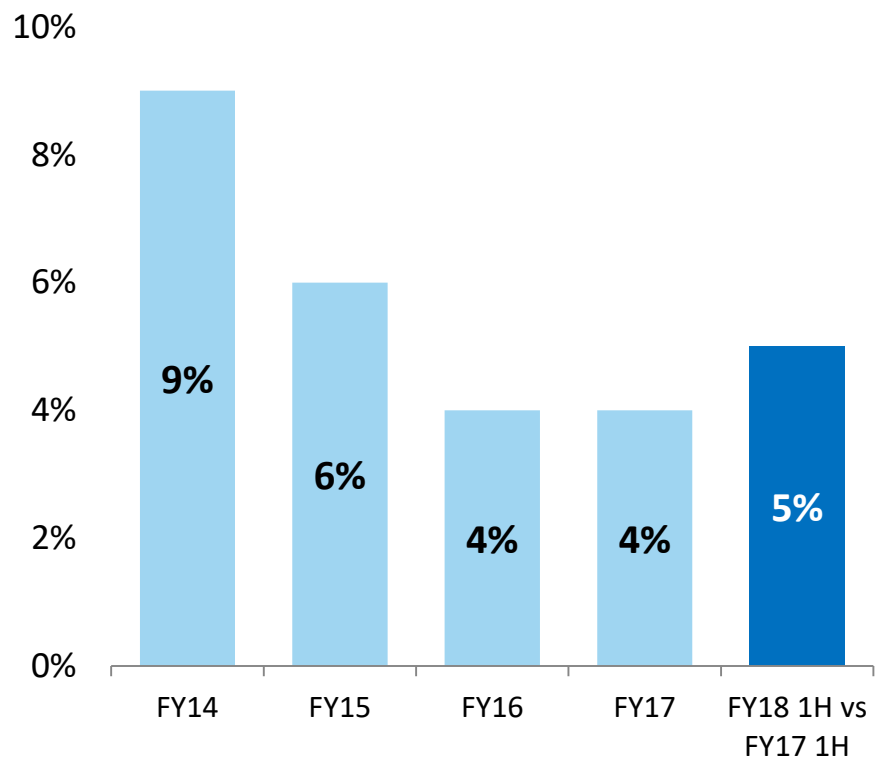
Volume growth



Half year ended 31 December 2017

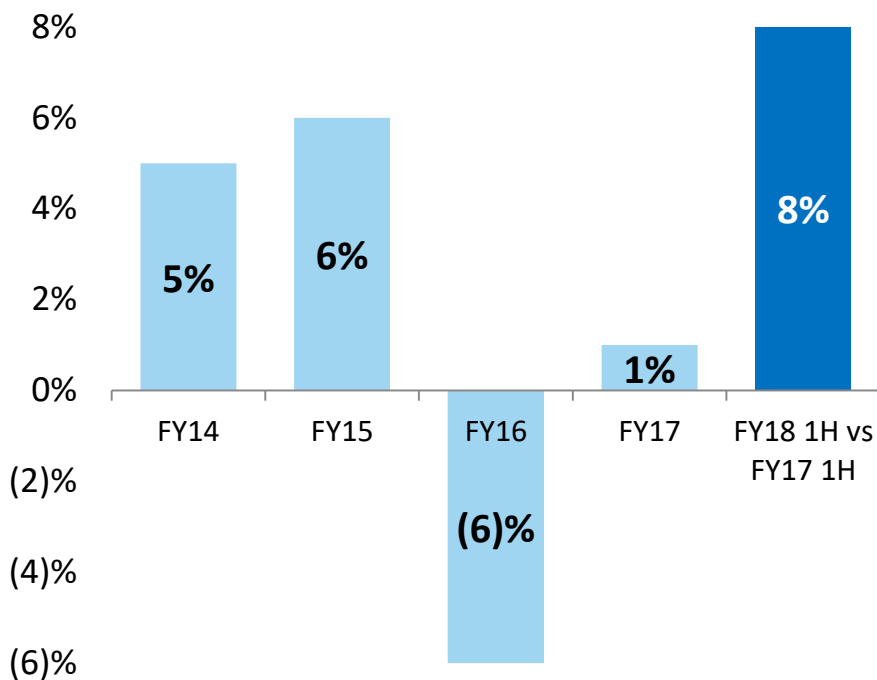
Porcine

Volume growth (%)



Dairy & Beef

Volume growth (%)



Adjusted operating profit – by business unit



Half year ended 31 December 2017

			% Change	
	2017 £m	2016 £m	Actual Currency	Constant Currency
Genus PIC	47.7	46.1	3%	7%
Genus ABS	11.6	8.3	40%	47%
Operating units	59.3	54.4	9%	13%
Research and Development	(22.1)	(21.9)	(1)%	(5)%
Central costs	(5.7)	(5.7)	-	(4)%
Adjusted operating profit inc JV	31.5	26.8	18%	21%

Half year ended 31 December 2017

			% Change	
	2017 £m	2016 £m	Actual Currency	Constant Currency
Revenue	126.4	122.5	3%	6%
Adjusted operating profit exc JV	44.1	42.8	3%	6%
Adjusted operating profit inc JV	47.7	46.1	3%	7%
Adjusted operating margin exc JV	34.9%	34.9%	-	0.1pts

- > **Continued growth in profit up 7% and royalty revenues up 8%**
 - Volumes up 5%, with royalty volumes up 6%, and strongest growth in Europe
- > **Europe profit up 55% and volumes up 20% from royalty growth and pricing initiatives**
 - Hermitage contribution as expected
- > **North America revenue up 6%, profit up 3%**
 - Two PIC boar multiplication farms infected by PRRSv at period end
- > **Latin America profit up 25%; revenue up in all countries, strong profit performance in Brazil (+49%)**
- > **Asia volumes up 3%, with profit down 15% due to weaker pig prices in China**

Half year ended 31 December 2017

			% Change	
	2017 £m	2016 £m	Actual Currency	Constant Currency
Revenue	105.6	93.4	13%	16%
Adjusted operating profit	11.7	9.0	30%	36%
Adjusted operating profit less NCI ¹	11.6	8.3	40%	47%
Adjusted operating margin	11.1%	9.6%	1.5pts	1.7pts

> **ABS volumes up 8%, revenue up 16% and profit up 47%**

- Strong sexed volume growth of 32% with launch of Sexcel
- Europe volumes up 6%, Latin America up 7% and Asia up 15%

> **Europe profit up 15% benefiting from Sexcel launch and improving markets**

> **Latin America profit up 19% with all countries contributing, dairy volumes up 8%, beef up 5%**

> **North America revenue up 9%, profit down 1% with investment to strengthen focus on large dairy accounts**

> **Asia profit up 111% with all regions contributing**

> **Strong volume and revenue growth in IVB**

(1) NCI = Non-controlling Interest

Note: All % changes are in constant currency unless otherwise stated

Half year ended 31 December 2017

			% Change	
	2017 £m	2016 £m	Actual Currency	Constant Currency
Porcine product development	8.4	8.2	2%	6%
Bovine product development	7.8	8.2	(5)%	(2)%
Gene editing	2.1	1.5	40%	47%
Other research and development	3.8	4.0	(5)%	-
Research and Development less NCI¹	22.1	21.9	1%	5%

> Porcine product development up 6%

- Increased investment in genetic testing and product validation

> Bovine product development down 2%

- De Novo integration drives efficiencies in the bull portfolio; reduction of progeny testing costs
- Continued development of IntelliGen® platform and amortisation of past development

> Gene editing investment increased 47% as planned

> Other research and development

- Continued activities in genomic evaluation and bioinformatics

(1) NCI = Non-controlling Interest

Note: All % changes are in constant currency unless otherwise stated

Statutory income statement



Half year ended 31 December 2017	2017 £m	2016 £m	Variance £m
Adjusted operating profit exc JV	28.3	24.5	3.8
Net IAS 41 valuation movement	(3.6)	(5.0)	1.4
Amortisation of acquired intangibles	(5.0)	(3.6)	(1.4)
Share-based payments	(3.0)	(1.7)	(1.3)
Exceptional items			
- Litigation	(2.2)	(2.9)	0.7
- Other	(0.2)	(1.3)	1.1
Operating profit	14.3	10.0	4.3
Share of post-tax profit of JVs	2.5	3.1	(0.6)
Net finance costs	(2.5)	(1.7)	(0.8)
Profit before tax	14.3	11.4	2.9
Taxation ¹	28.3	(2.6)	30.9
Profit after tax	42.6	8.8	33.8

(1) Reflects a £32m non-cash deferred tax credit, principally relating to biological assets, following US tax reforms

Cash flow



Half year ended 31 December 2017	2017 £m	2016 £m	Variance £m
Adjusted operating profit exc JV	28.3	24.5	3.8
Depreciation and amortisation	7.2	5.3	1.9
Adjusted EBITDA	35.5	29.8	5.7
Working capital	(4.8)	(6.1)	1.3
Biological assets	(0.4)	(3.0)	2.6
Pension deficit repair, exceptionals and other	(8.3)	(7.2)	(1.1)
Cash generated by operations	22.0	13.5	8.5
<i>Cash conversion %</i>	<i>78%</i>	<i>55%</i>	<i>23 pts</i>
Interest and tax paid	(7.7)	(5.2)	(2.5)
Capital expenditure (inc finance lease payments)	(8.1)	(11.2)	3.1
Cash received from joint ventures	-	1.7	(1.7)
Other	0.3	1.1	(0.8)
Free cash flow	6.5	(0.1)	6.6
Acquisitions and investments	(1.6)	(3.2)	1.6
Dividends	(9.9)	(9.0)	(0.9)
Net cash flow	(5.0)	(12.3)	7.3
Net Debt	113.4	109.0	4.4

Strong financial position



Half year ended 31 December 2017

	2017 £m	2016 £m
Owners' equity	419.1	399.5
Net Debt	113.4	109.0
Key Financial ratios:		
- Gearing	27%	27%
- Net debt to EBITDA ¹	1.4x	1.6x
- Interest cover ¹	27x	38x
- Dividend cover ¹	3.3x	2.8x

> Interim dividend up 9.5%

> £67m headroom on bank facilities, which extend to February 2022

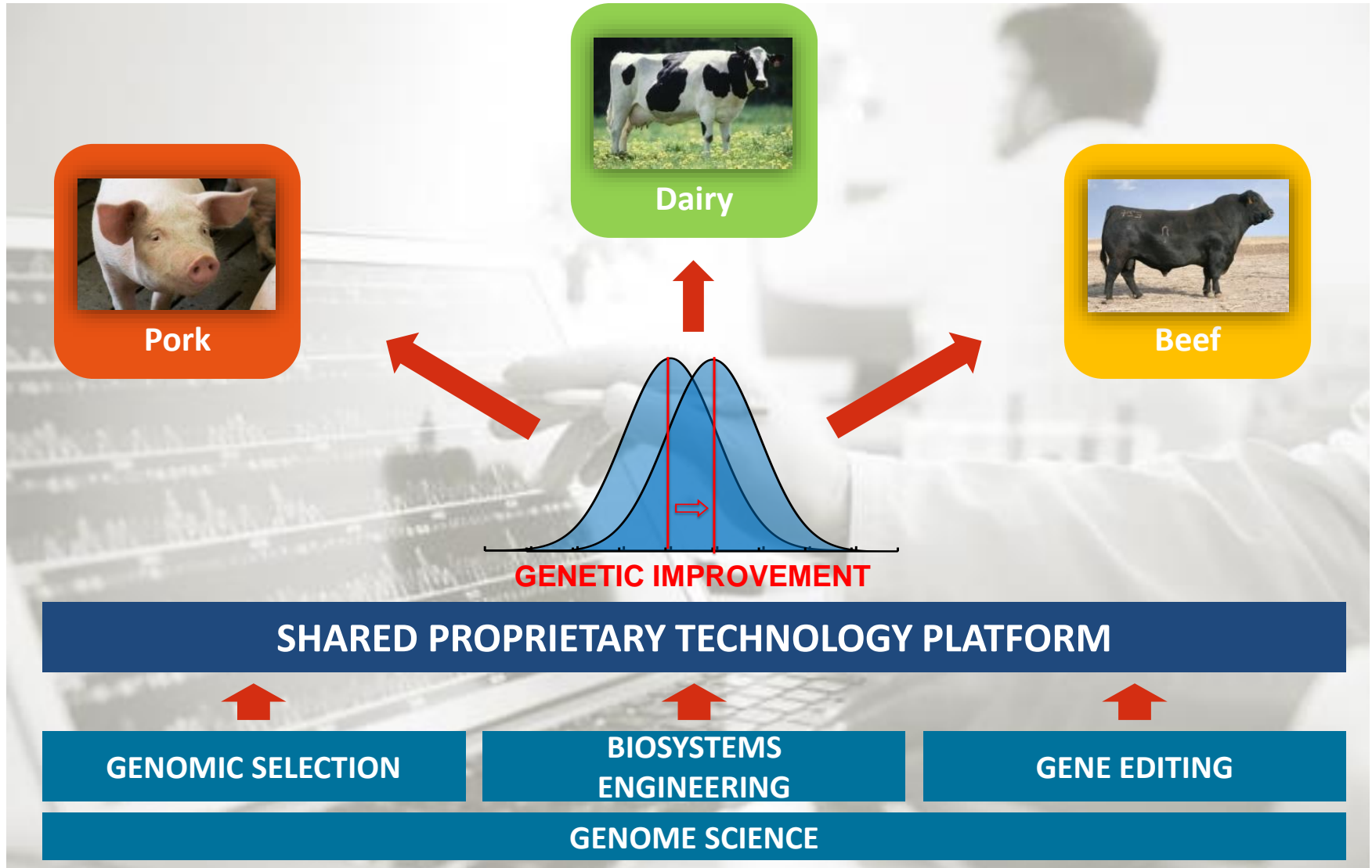
Karim Bitar
Chief Executive

> **ABS**

- De Novo breeding programme performing strongly
- Encouraging start for Sexcel
- IntelliGen technology successfully licensed in Europe and India

> **PIC**

- Growing and strengthening our position in key markets
- Future Møllevang strategic relationship¹
- First gene edited piglets born in PRRSv resistance programme



De Novo to produce over half of our own new
Holstein bulls by FY19

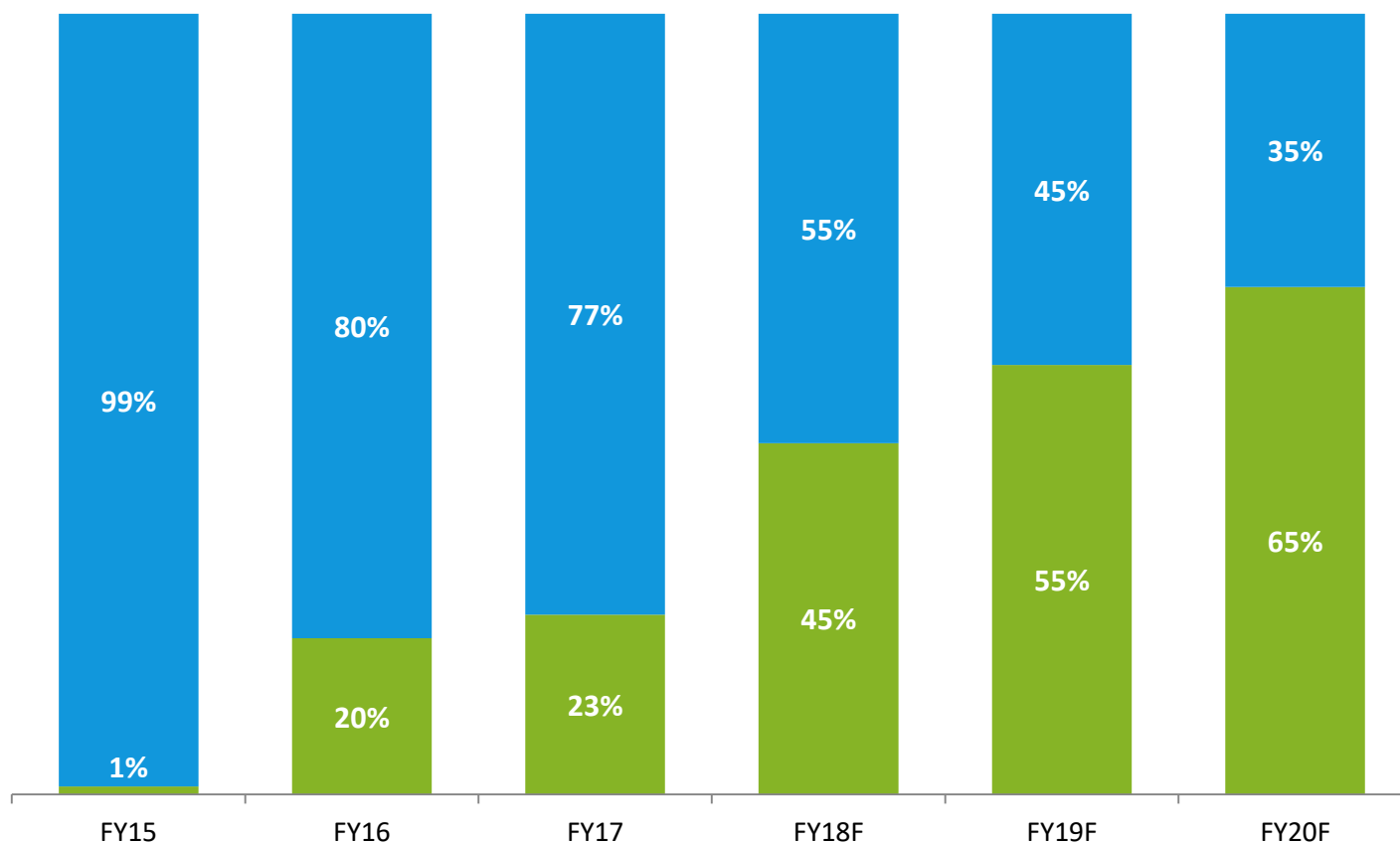
Dairy



Source of new ABS US Holstein genetics

Independent
breeders

ABS – De Novo

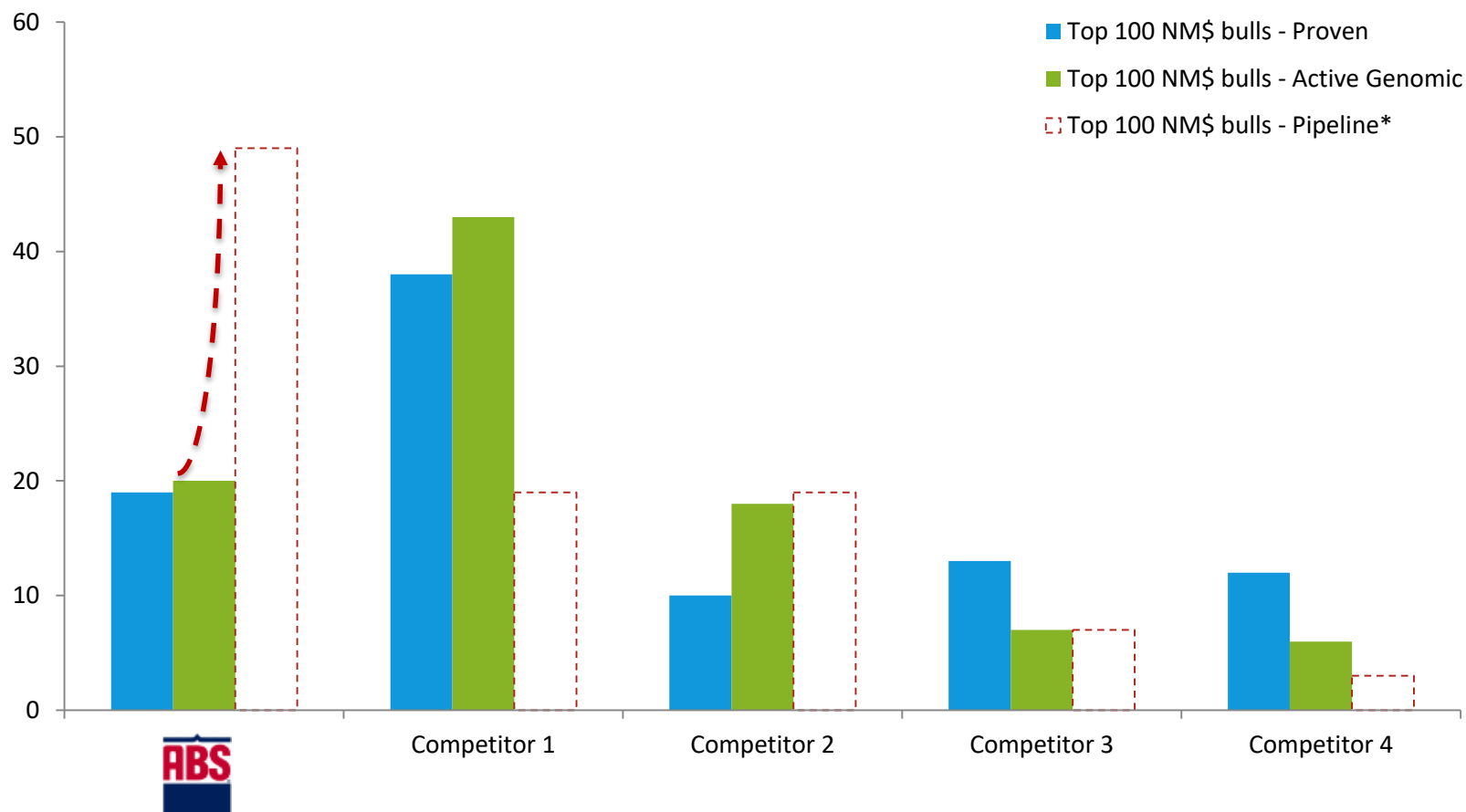


Effectiveness of our dairy breeding programme – De Novo Genetics

Dairy



of Top 100
NM\$ Holsteins
(December 2017)



Analysis based on Top 100 Holsteins active as at December 2017 CDCB (using the 5 December 2017 official and weekly files from CDCB); NM\$ refers to Net Merit Dollar rankings

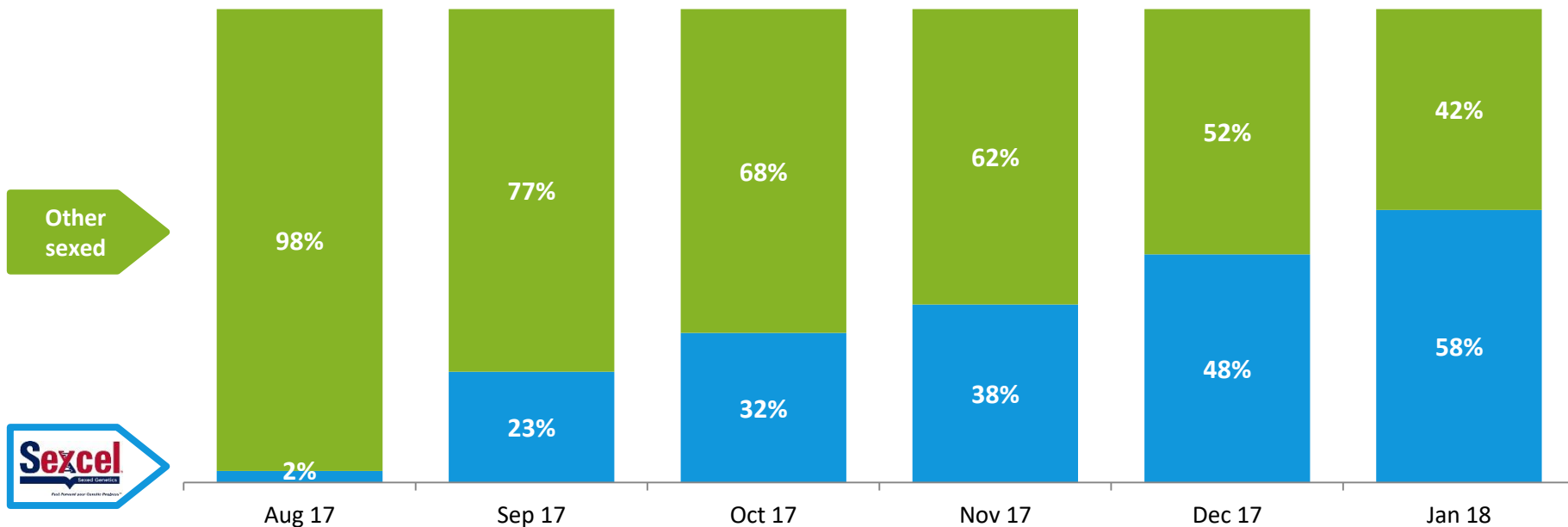
* Includes both active and non-active genomic bulls (all young bulls that are currently not yet producing semen, but have been genetically assessed)

We have witnessed strong demand for our new Sexcel product

Dairy



Sexcel as % of total ABS sexed units



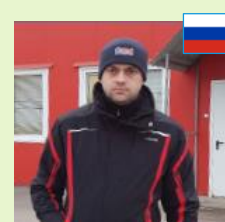
"Just phenomenally better with conception rates in the 60's"

ISAAC HAMMOCK
Hammock Dairy, US



"We started using Sexcel on our maiden heifers, achieving a 71% conception rate... significantly higher than other sexed semen"

SAM FOOT
Dorset, UK



"Conception rates achieved with Sexcel are excellent and have exceeded my expectations."

IVAN SERGIENKO
NIVA Farm, Russia

We have expanded our US processing facilities to meet the growing demand for Sexcel

Dairy



Genus IntelliGen facility, Wisconsin, USA

Secured third party technology agreements in Europe and India

Dairy



Geno bull stud



- > Technology licensed to leading Norwegian stud

Mehsana bull stud



- > IntelliGen will sex genetics of leading cooperative in Gujarat

Uttar Pradesh bull stud



- > IntelliGen will sex genetics in largest milk producing State in India

Proprietary selection programme continues to deliver value for our customers

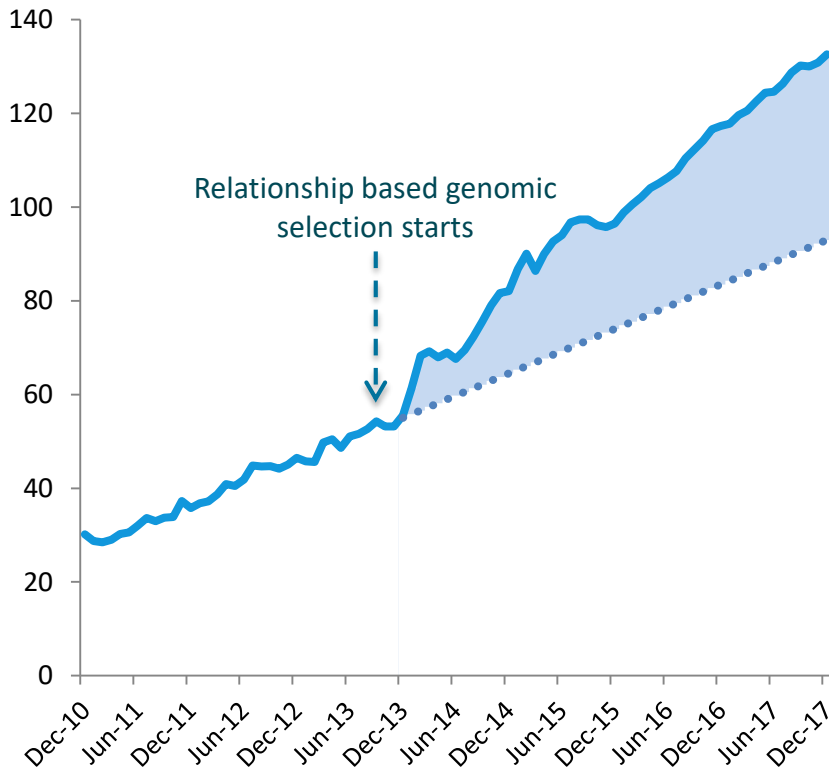
Pork



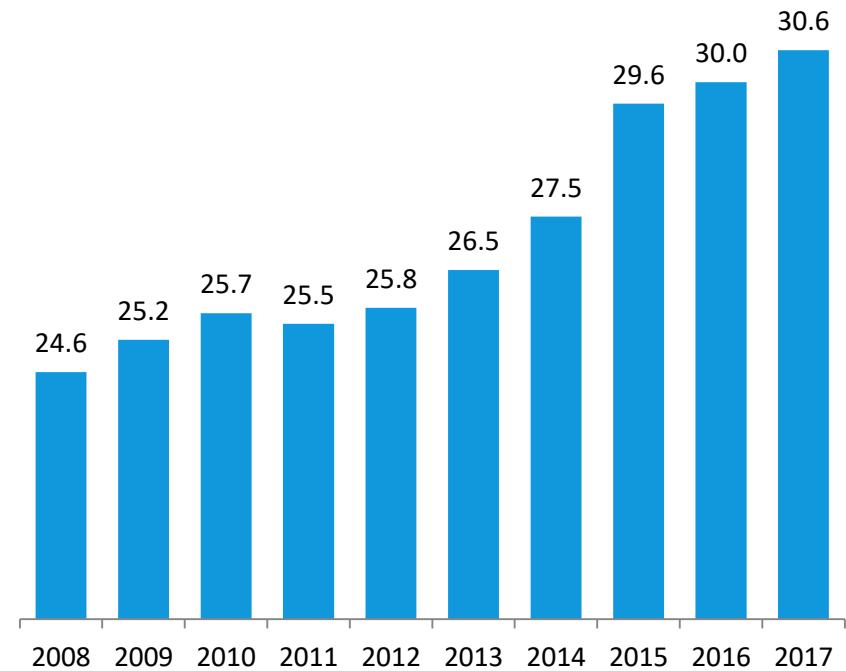
Continuous improvement in our proprietary herd through genomic selection

Customers have started to see the impact of relationship based genomic selection on farm

PIC Genetic Index



Pigs weaned per sow per year
(Actual results on PIC customer farm)



Strengthening our supply chain to serve large integrated pork producers globally

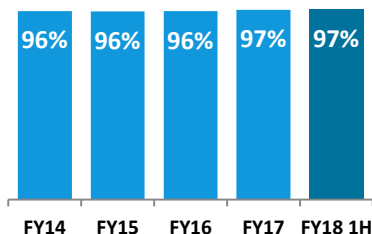
Pork



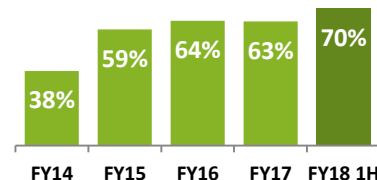
North America

- Expanding supply chain to support growth
- Continue to serve over 90% of top producers

% volumes under royalty



% volumes under royalty



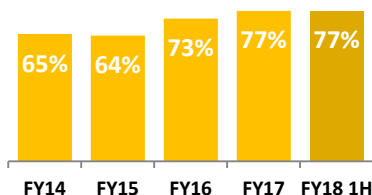
EMEA

- Expanding stud network in Spain and UK
- Growing with large producers

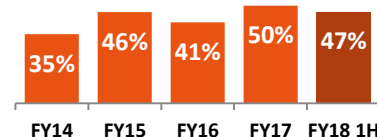
Latin America

- New boar studs opened in Brazil
- Key account growth in Mexico

% volumes under royalty



% volumes under royalty

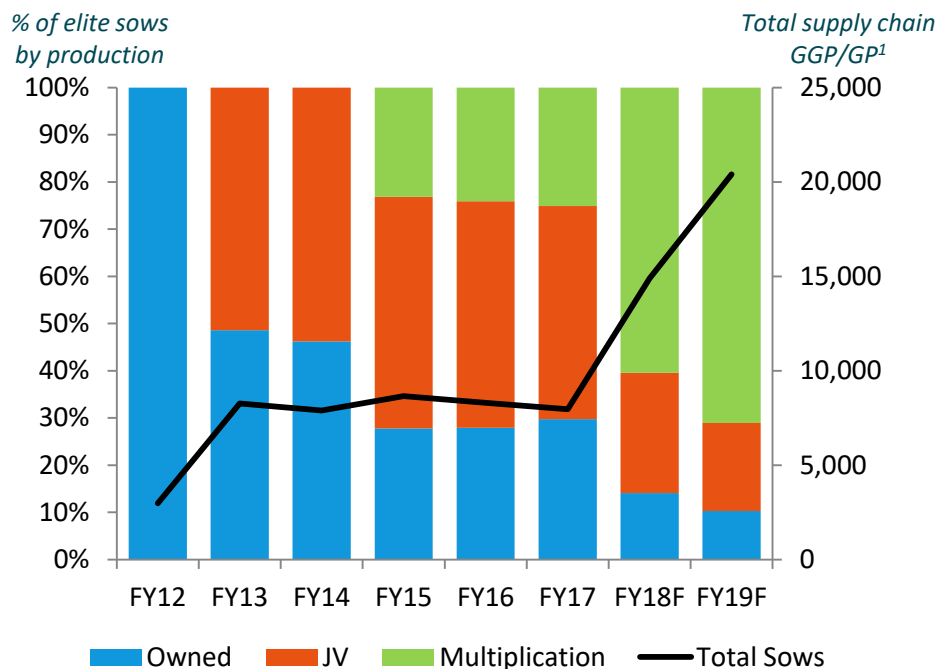


Asia

- Growing supply chain in Russia and other territories
- Key account growth in Russia and Philippines



Expanding strategic supply chain

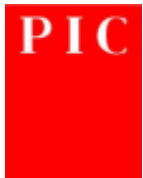


- > Growing our overall capacity
- > Continuing to transition production to contracted multiplication

Key account growth



- > Multi-year royalty and multiplication agreement with Giantstar
- > Supporting the development of Giantstar's 50,000 sow commercial system



Strategic collaboration
effective July 2018

Distribution

Møllevang will serve as a route to market in **Denmark**, where PIC currently has limited presence

Supply

Møllevang will become a **supply chain partner** for PIC in Europe

Genetics

PIC will sell **elite genetics** in Denmark tailored to Danish customers' needs

PRRSv resistance programme: first batch of gene edited piglets born, patents granted

Pork



Yrs 1-2

Yrs 2-5

Yrs 5+

Technology

CD163 IP
licence

Molecular scissor
technology licence

Scissors optimised
for CD163 edit

Technical &
operational

Creating founder animals

Amplify founder animals by breeding

Development stage testing

Regulatory

US FDA INAD
issued

PRRSv patents
granted¹

Prepare and submit key
country regulatory dossiers

Regulatory
approvals

Launch

current

Scale &
launch

The PRRSv programme is an investigational programme relating to resistance to Porcine Reproductive and Respiratory Syndrome Virus; INAD refers to Investigational New Animal Drug application with the US Food and Drug Administration for the investigational PRRSv programme. The information included on this page reflects Genus plc's research and development pipeline and is not intended for promotional purposes. All timing, including any relevant regulatory approvals, are purely indicative, and any regulatory approvals are subject to the success of ongoing research, the development of clear regulatory review pathway by the relevant regulatory authorities and the approval by the regulators of any new animal drug application. (1) '475 patent granted to the University of Missouri; and patent '790 patent granted to the University of Edinburgh

> ABS

- De Novo breeding programme performing strongly
- Encouraging start for Sexcel
- IntelliGen technology successfully licensed in Europe and India

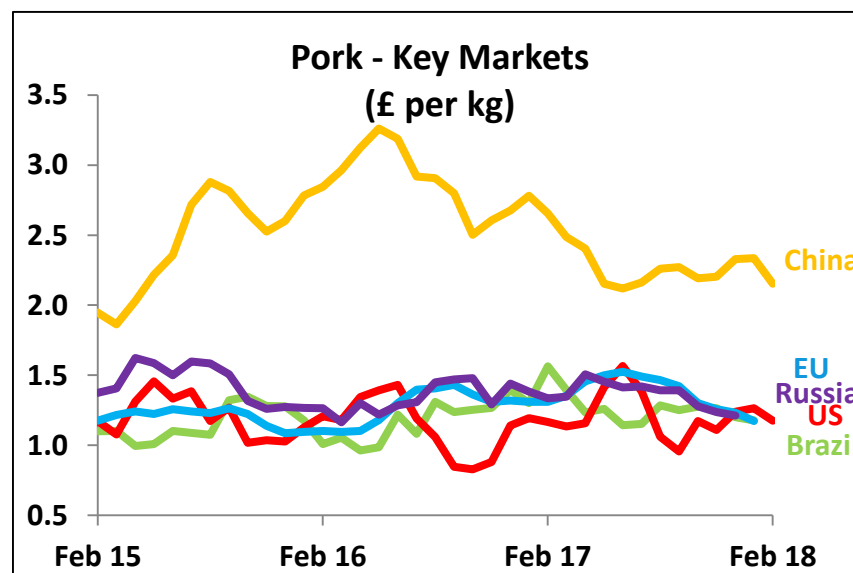
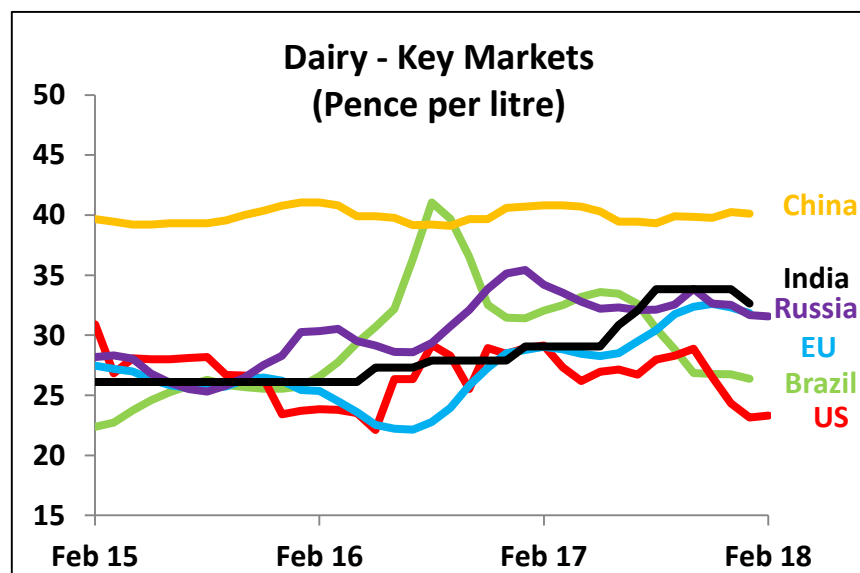
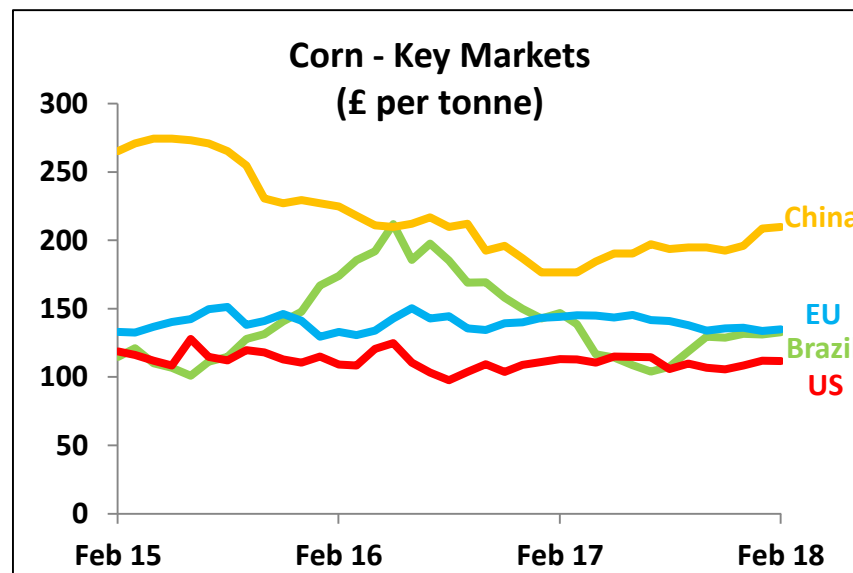
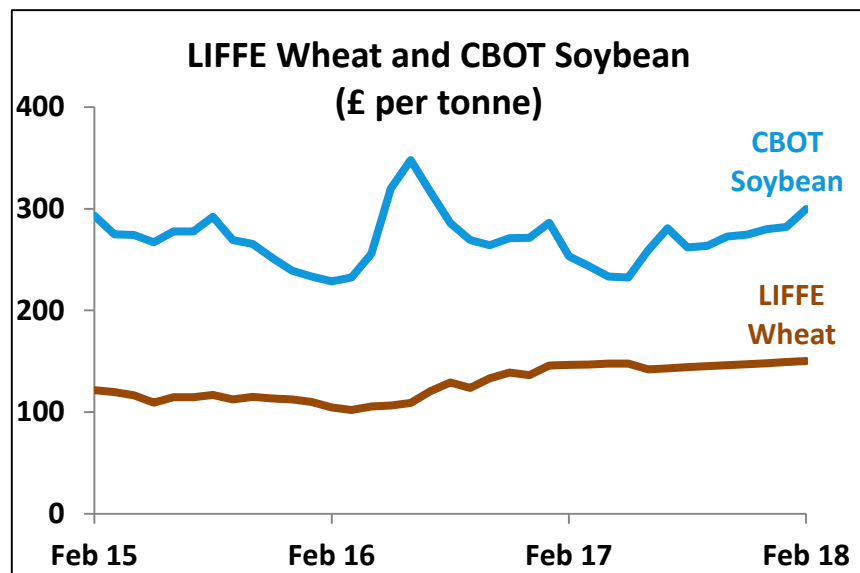
> PIC

- Growing and strengthening our position in key markets
- Future Møllevang strategic relationship¹
- First gene edited piglets born in PRRSv resistance programme

> Expect to perform in line with our expectations in constant currency for FY18

Appendices

Market dynamics



Exchange rate sensitivity



- > Genus' geographic profile can lead to translational currency impacts
- > We monitor key rates against GBP
- > Latest spot rates would indicate a circa £3m headwind for FY18 compared with average FY17 rates

	FY17 Average	FY18 1H Average	Spot @ 26 Feb 18	Profit Sensitivity £m ¹
US Dollar	1.27	1.33	1.39	2.0
Euro	1.16	1.12	1.13	1.0
Brazilian Real	4.11	4.28	4.51	0.9
Mexican Peso	24.6	24.7	26.0	1.2
Chinese Yuan	8.67	8.81	8.79	0.9
Russian Rouble	77.6	77.7	78.0	0.2

US Tax reform



Half year ended 31 December 2017

	Statutory basis		Adjusted basis	
£m	2017	2016	2017	2016
Profit before tax	14.3	11.4	29.0	25.1
Normalised taxation	(3.7)	(2.6)	(7.7)	(6.5)
One-off deferred tax credit from US tax reform ¹	32.0	-	3.7	-
Profit after tax	42.6	26.8	25.0	18.6
Normalised Effective Tax Rate (ETR)	25.9%	22.8%	26.6%	25.9%
Reported Effective Tax Rate (ETR)	(197.9)%	22.8%	13.8%	25.9%

> Statutory ETR

- The normalised increase mainly relates to a prior period tax adjustment on biological assets (IAS 41)

> Adjusted ETR

- Full year to 30 June 2018 is estimated at around 20% including deferred tax credit
- Future years expect circa 2% benefit with effective rate of 24-25%

(1) Genus holds a significant deferred tax liability (30 June 2017: £112m) on its balance sheet related to the fair value uplift on Biological assets. A significant portion of these biological assets are US based. The passage into law of the Tax Cuts and Jobs Act in the US to reduce the federal rate from 35% to 21% resulted in a significant deferred tax credit in the statutory accounts. Other deferred tax balances give rise to a lesser credit in the adjusted results.