

PRELIMINARY RESULTS

Year ended 30 June 2019

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Bob Lawson
Chairman

> Results in line with expectations

- Operating profit excluding gene editing up 6% in constant currency
- Adjusted profit before tax up 4% (5% in constant currency)

> Continued strategic progress

- ABS growth driven by Sexcel[®] and proprietary genetics
- Major strategic collaboration in China with Beijing Capital Agribusiness
- Møllevang collaboration – encouraging early results

> Dividend increased 7% to 27.7p per share



Stephen Wilson
Finance Director

Results



Year ended 30 June 2019

	2019 £m	2018 £m	% Change	
			Actual Currency	Constant Currency
Revenue	488.5	470.3	4%	3%
Adjusted operating profit inc JV exc gene editing	72.2	68.1	6%	6%
Adjusted operating profit inc JV	64.9	63.1	3%	3%
Net finance costs	(3.9)	(4.6)	15%	15%
Adjusted profit before tax	61.0	58.5	4%	5%
Adjusted earning per share¹ (pence)	73.2	75.9	(4)%	(3)%
Dividend per share (pence)	27.7	26.0	7%	

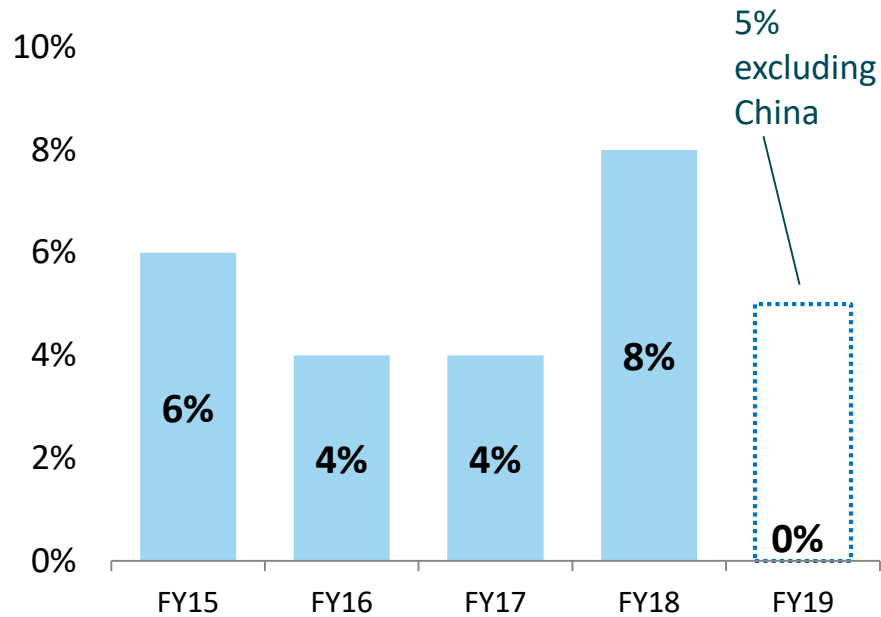
(1) Prior year includes a £2.4m tax credit following the US tax reforms

Volume growth

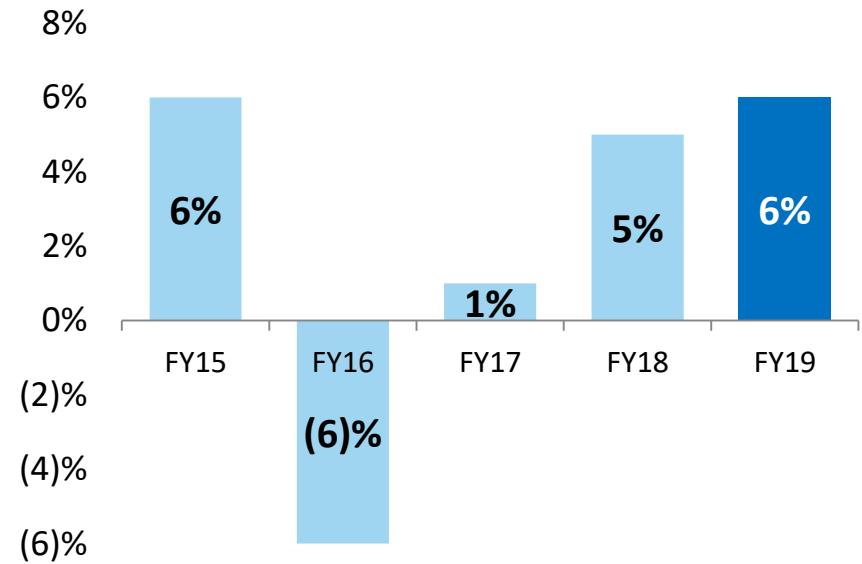


Year ended 30 June 2019

Porcine Volume growth (%)



Dairy & Beef Volume growth (%)



Adjusted operating profit – by business unit



Year ended 30 June 2019

	2019 £m	2018 £m	% Change	
			Actual Currency	Constant Currency
Genus PIC	100.6	94.8	6%	4%
Genus ABS	29.9	26.1	15%	15%
Operating units	130.5	120.9	8%	7%
Research and Development	(54.7)	(46.8)	(17)%	(13)%
Central Costs	(10.9)	(11.0)	1%	4%
Adjusted operating profit inc JV	64.9	63.1	3%	3%
Adjusted operating profit exc gene editing	72.2	68.1	6%	6%

Year ended 30 June 2019

	2019 £m	2018 £m	% Change	
			Actual Currency	Constant Currency
Revenue	253.7	247.7	2%	-
Adjusted operating profit exc JV	93.1	88.7	5%	2%
Adjusted operating profit inc JV	100.6	94.8	6%	4%
Adjusted operating margin exc JV	36.7%	35.8%	0.9pts	0.7pts

- > **Profit growth of 4% despite outbreak of ASF across China (up 10% exc China)**
 - Stable volumes (up 5% excluding China) with strong growth in North America, Latin America and Spain
 - Royalty revenue up 7% with all regions growing
- > **Europe profit up 30%, with royalty revenue up 11%**
 - Hermitage and Møllevang; supply chain synergies and superior genetic offerings for customers
- > **Latin America volumes up 9%, profit up 23% and royalty revenue up 14%**
- > **North America volumes up 4%, profit 3% lower and royalty revenue up 3%**
 - Improving momentum in H2
- > **Profit in Asia 37% lower from a £5m impact of ASF in China**
 - Strong performances in the Philippines, Vietnam and Japan

Year ended 30 June 2019

	% Change			
	2019 £m	2018 £m	Actual Currency	Constant Currency
Revenue	222.6	210.6	6%	7%
Adjusted operating profit ¹	29.9	26.1	15%	15%
Adjusted operating margin	13.4%	12.4%	1.0pts	1.0pts

> **ABS volumes up 6%, revenue up 7% and profit up 15%**

- Strong sexed volume growth of 42% driven by the continued successful performance of Sexcel
- Beef volumes up 22% with increased use of differentiated beef genetics in dairy herds

> **North America profit up 40% and volumes up 9%**

- Sexed volumes up 48%, beef volumes up 60%; strong embryo performance
- Investments in key account management and superior genetic offerings driving success

> **Europe profit up 7% led by strong performances in Italy, Spain and Russia**

> **Latin America volumes up 10%, sexed volumes up 30%, beef volumes up 14%**

- Profit up 15% against a strong compare due to prior year phasing on a large embryo services contract

> **Asia profit up 7% with strong growth in India**

- IntelliGen[®] production commences at the Mehsana cooperative in Gujarat

Year ended 30 June 2019

	2019 £m	2018 £m	% Change	
			Actual Currency	Constant Currency
Porcine product development	18.4	17.0	8%	5%
Bovine product development	20.0	17.2	16%	13%
Gene editing	7.3	5.0	46%	42%
Other research and development	9.0	7.6	18%	14%
Research and Development¹	54.7	46.8	17%	13%

> Porcine product development up 5%

- Increased genetic testing and Møllevang integration costs partially offset by farm operational efficiencies

> Bovine product development up 13%

- Continued development of IntelliGen platform and amortisation of past capitalised development costs
- Investment in industry leading dairy bull portfolio and proprietary NuEra® beef bulls

> Gene editing investment increased 42% as planned, primarily on the PRRSv resistance project

- Expansion of the numbers of gene edited pigs produced and constructive regulatory engagement

> Other research and development

- Includes bioinformatics, genome science and external discovery collaborations

Statutory income statement



Year ended 30 June 2019	2019 £m	2018 £m	Variance £m
Adjusted operating profit exc JV	57.7	57.7	-
Net IAS 41 valuation movement	(14.7)	(28.7)	14.0
Amortisation of acquired intangible assets	(9.5)	(9.5)	-
Share-based payments	(3.0)	(5.4)	2.4
Exceptional items			
- Pension GMP equalisation	(15.2)	-	(15.2)
- Litigation and other	(6.6)	(5.9)	(0.7)
Operating profit	8.7	8.2	0.5
Share of post-tax profit of JVs	5.1	4.2	0.9
Net finance costs	(3.9)	(4.6)	0.7
Profit before tax	9.9	7.8	2.1
Taxation ¹	(3.2)	33.8	(37.0)
Profit after tax	6.7	41.6	(34.9)

(1) Prior year includes a £32.5m non-cash deferred tax credit, principally relating to biological assets, following US tax reforms

Cash flow



Year ended 30 June 2019	2019 £m	2018 £m	Variance £m
Adjusted operating profit exc JV	57.7	57.7	-
Depreciation and amortisation	17.9	14.6	3.3
Adjusted EBITDA	75.6	72.3	3.3
Working capital	(5.1)	-	(5.1)
Biological assets	(5.5)	(1.9)	(3.6)
Pension deficit repair	(6.7)	(6.9)	0.2
Exceptional items and other	(9.9)	(5.2)	(4.7)
Cash generated by operations	48.4	58.3	(9.9)
<i>Cash conversion %</i>	<i>84%</i>	<i>101%</i>	<i>(17pts)</i>
Interest and tax paid	(15.0)	(15.1)	0.1
Capital expenditure	(28.3)	(22.5)	(5.8)
JV income and other	4.9	3.6	1.3
Free cash flow	10.0	24.3	(14.3)
Acquisitions and investments	(22.7)	(1.8)	(20.9)
Net share proceeds	66.5	-	66.5
Dividends	(16.8)	(14.9)	(1.9)
Net cash flow	37.0	7.6	29.4
Net Debt	79.6	108.5	(28.9)

Strong financial position



Year ended 30 June 2019	2019 £m	2018 £m
Owners' equity	503.6	416.6
Net Debt	79.6	108.5
Key Financial ratios:		
- Return on adjusted capital	18.9%	23.9%
- Gearing	16%	26%
- Net debt to EBITDA	1.0x	1.4x
- Interest cover	34x	25x
- Dividend cover	2.6x	2.9x

- > **5% equity placement in December 2018 raising £66.5m net**
- > **Final dividend up 5%, full year dividend up 7%**
 - Progressive dividend policy within adjusted earnings coverage range of 2.5-3.0x
- > **£126m headroom on bank facilities**
 - £225m of facilities extend to 2021
 - £180m of facilities extend to 2022

Karim Bitar
Chief Executive

> Porcine

- Strong global growth offsets ASF impact in China
- Significant strategic PRRSv resistance collaboration in China with BCA
- Further strengthened product portfolio with Møllevang

> Bovine

- Growing demand for Sexcel and ABS ‘beef on dairy’ genetics
- Expanding sexing labs footprint globally
- Leading product position

Strong royalty growth globally

Porcine



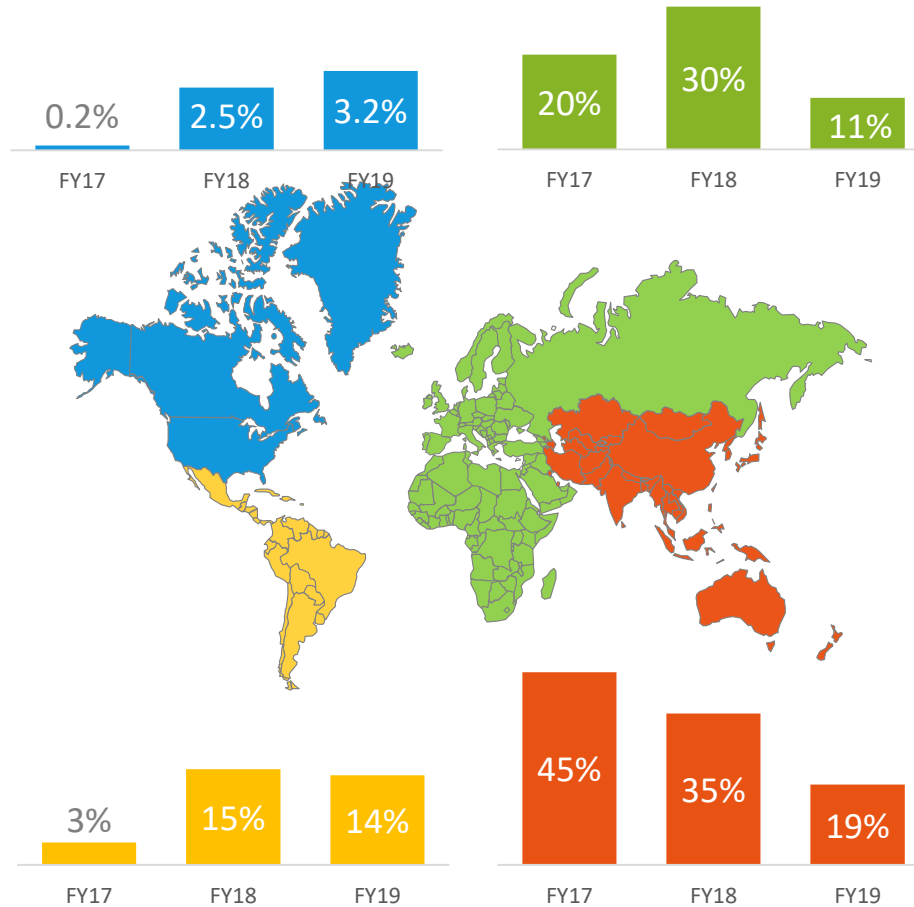
North America

- Continuing to grow maternal line share
- Strengthened terminal sire products and supply chain

Latin America

- Double-digit profit growth in all key markets
- Serving over 80% of large producers

+7% growth in global royalty revenue



EMEA

- Double-digit growth
- Møllevang genetics enabling customer wins across continent

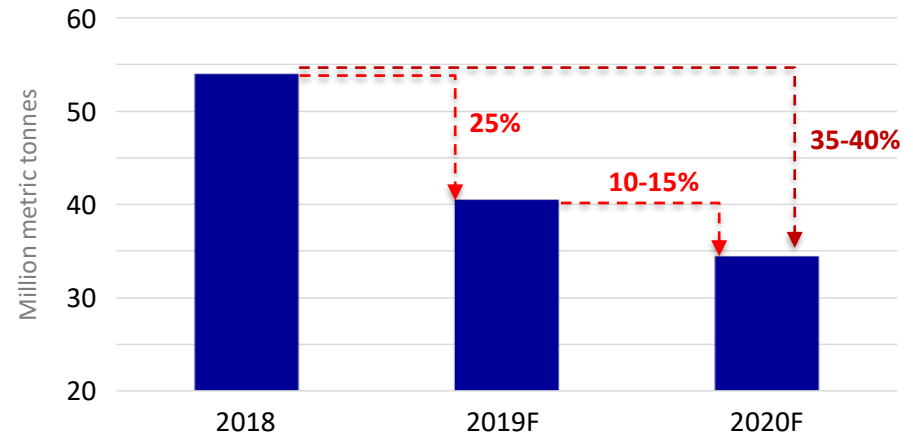
Asia

- Growth in China royalty despite ASF
- Growth in Vietnam, Philippines and Japan

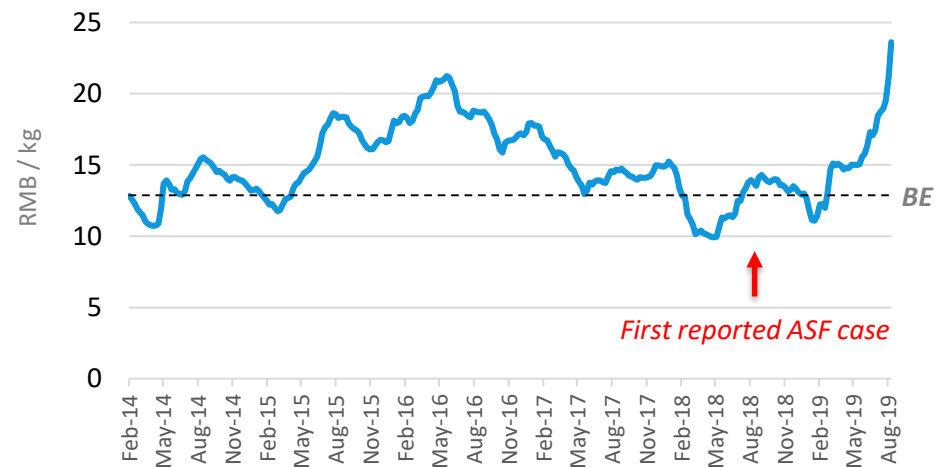
Market context

- > China has historically produced and consumed ~50% of the world's pork
- > Sow herd expected to decline by 50% in 2019
- > Pork imports up 12% in H1 2019
- > Reduced supply causing prices to rise to record highs

Pork production in China

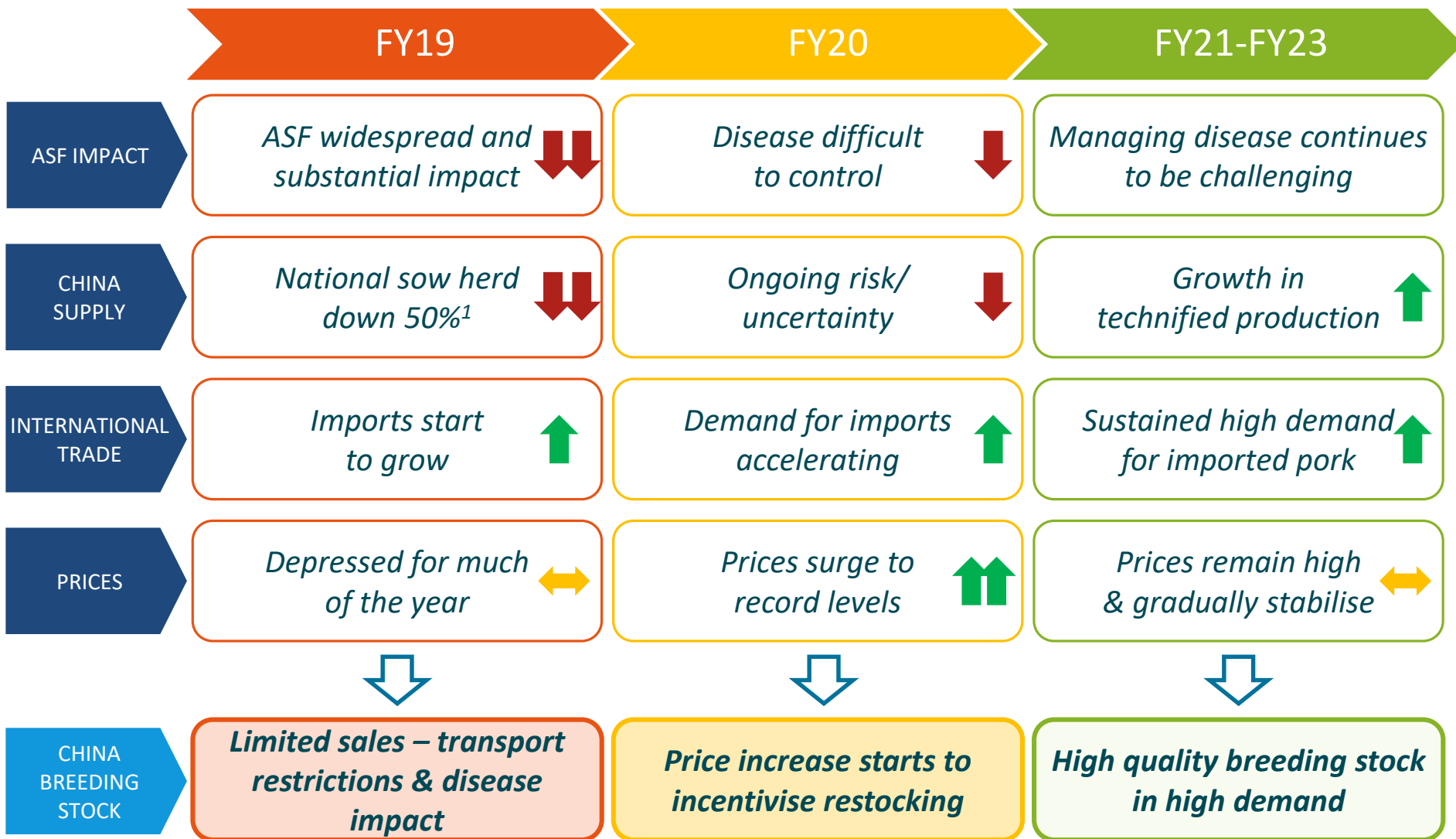


Hog price in China



Outlook for China porcine industry

Porcine



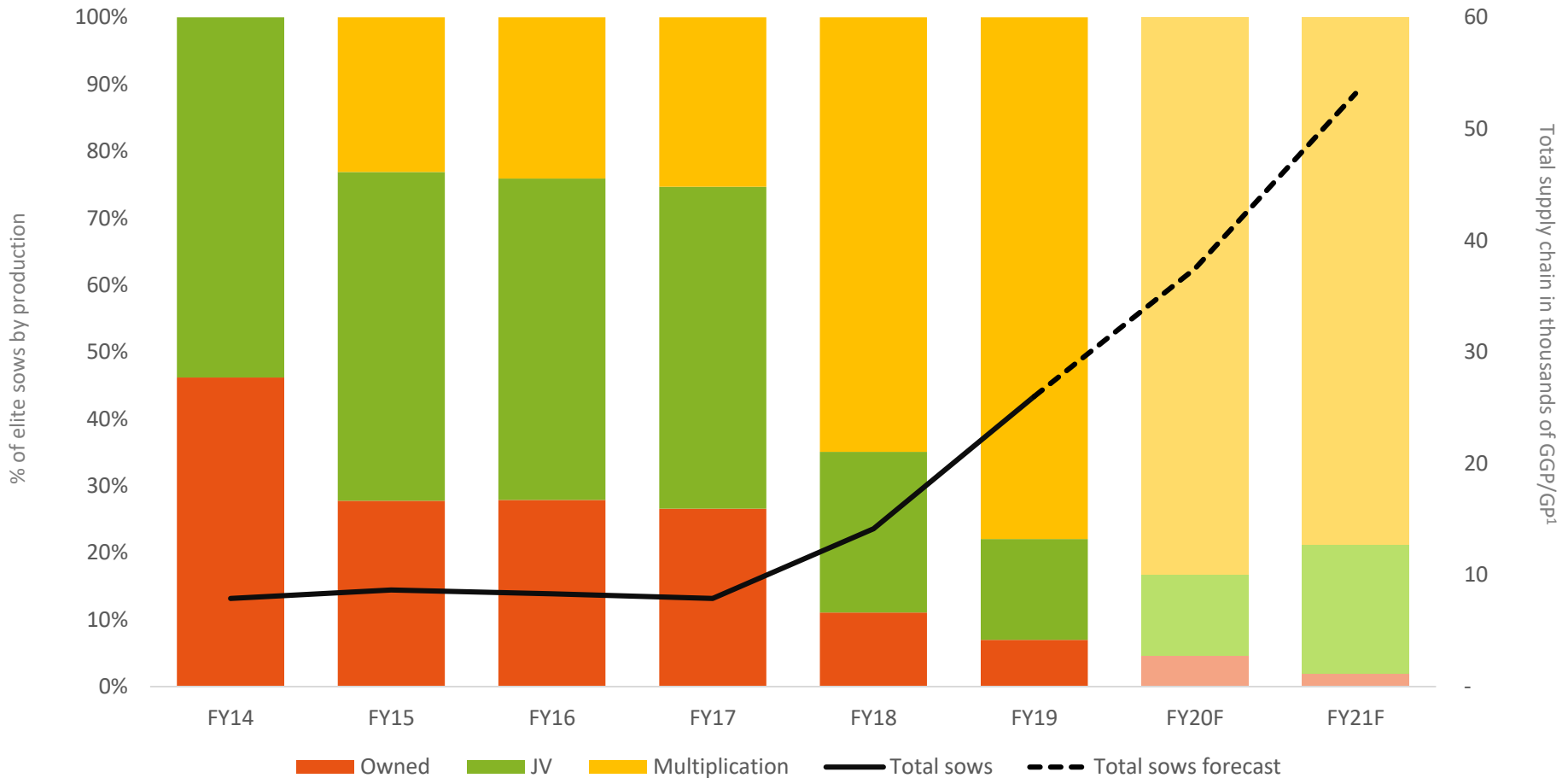
(1) Herd loss expected to be 50% for the whole of 2019 (Rabobank, Aug 2019)

Strengthening our supply chain in China

Porcine



PIC China supply chain



(1) GGP/GP refers to great grandparent and grandparent maternal line females or boar mothers

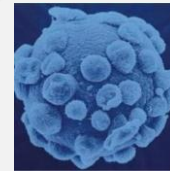
BCA - a leading agribusiness in China¹



- > Leading Chinese agribusiness with extensive poultry, dairy and porcine breeding interests
- > Backed by CITIC Agriculture of CITIC Group (state-owned) and Beijing Municipality

Scope: PRRSv resistance and porcine multiplication

1



Research, develop and secure regulatory approval for PRRSv-resistant pigs in China (BCA funded)

2



Planning to integrate PIC genetics into BCA's multiplication and distribution network

3



Upon MoA approval of PRRSv-resistant pigs, BCA will acquire a 51% of PIC China

(1) BCA is 45% owned by Beijing Capital Agribusiness & Food Group (which is in turn owned by the Beijing Municipality), 38% owned by GLP-Youshan Fund, and 17% owned by CITIC Agriculture Technology Co., Ltd and CITIC Agri Investment Fund

Please refer to company press release for more details on the strategic collaboration with BCA; MoA refers to Chinese Ministry of Agriculture

PRRSv resistance programme timeline

Porcine



- Founder Animal Production / Optimization**



Expand to second NA facility for increased production

Internalize founder animal production

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



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

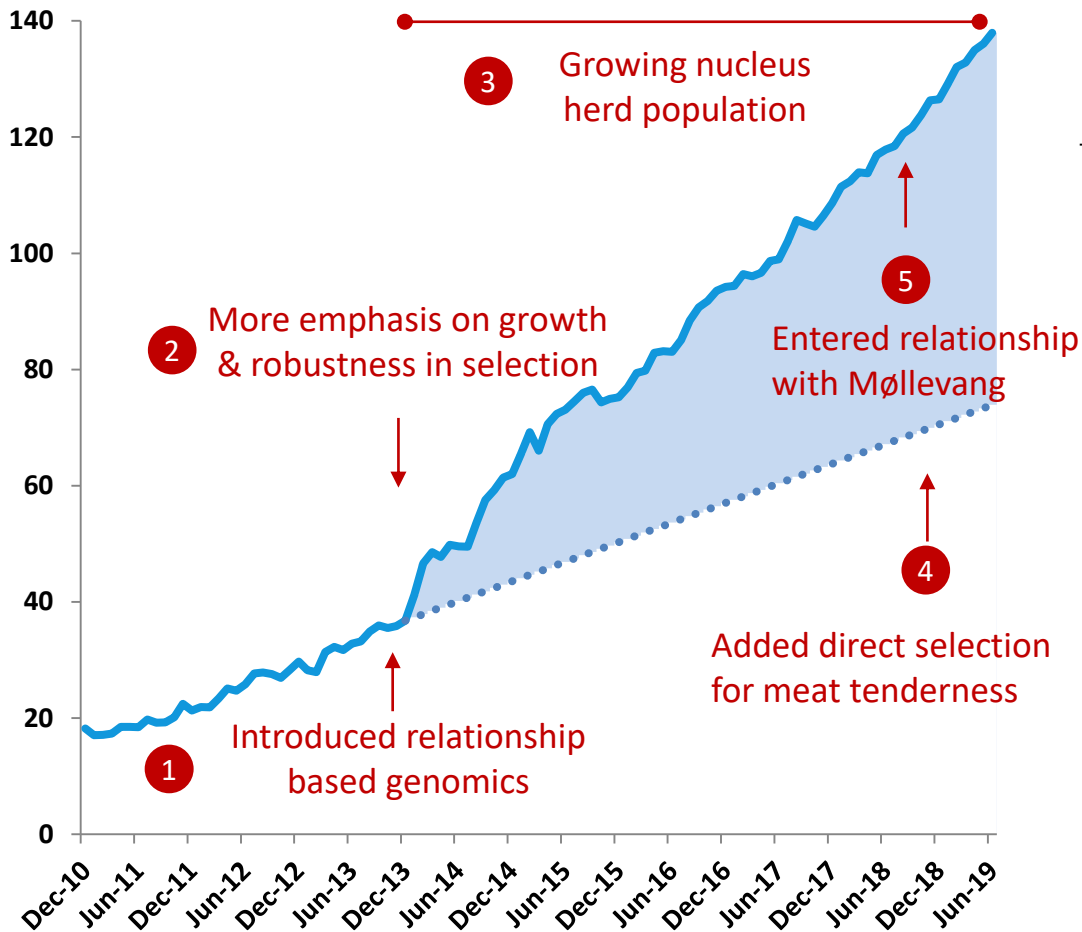


Current

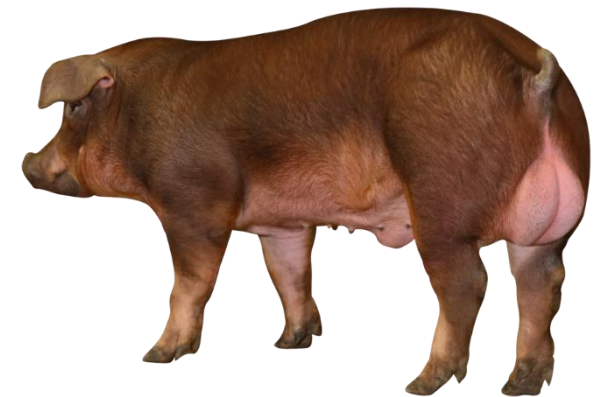
- Regulatory Submissions**



PIC Genetic Index

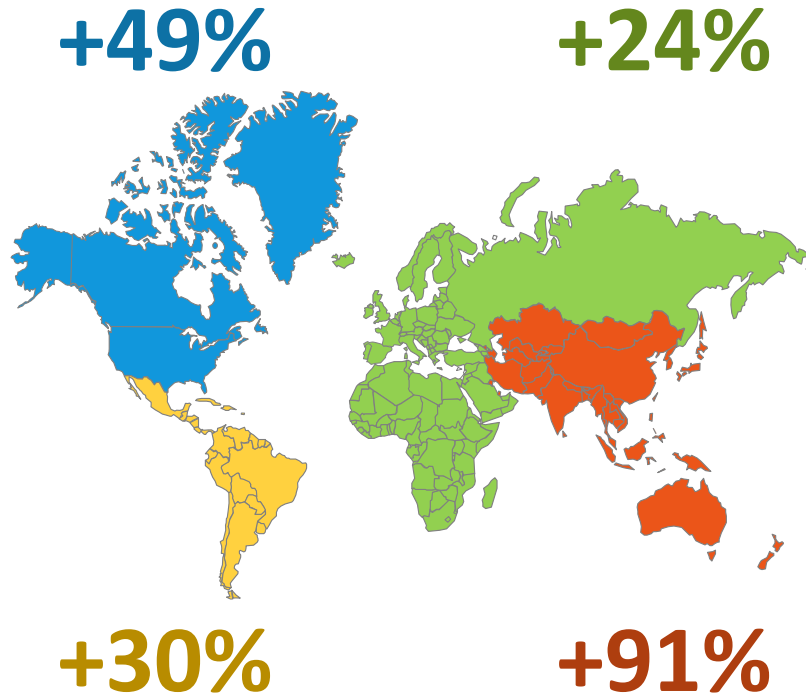


Building a best in class portfolio



Launched PIC 800 – world class Duroc terminal sire

+42% FY19 sexed genetics volume growth

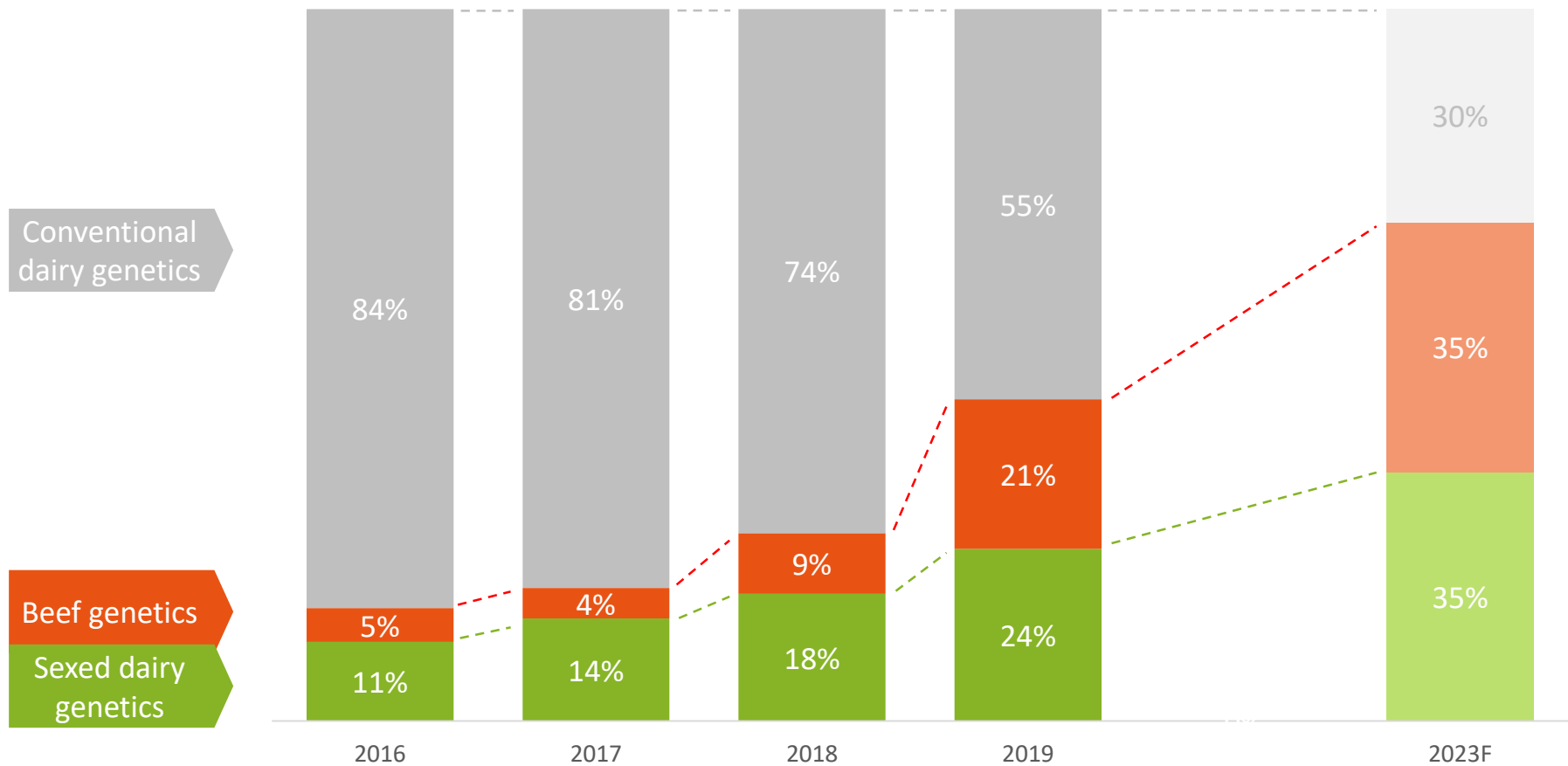


Context

- > Growing Sexcel globally and expanding IntelliGen footprint to meet demand
- > Strong demand for NuEra beef on dairy genetics
- > Winning share with key accounts, particularly in the US

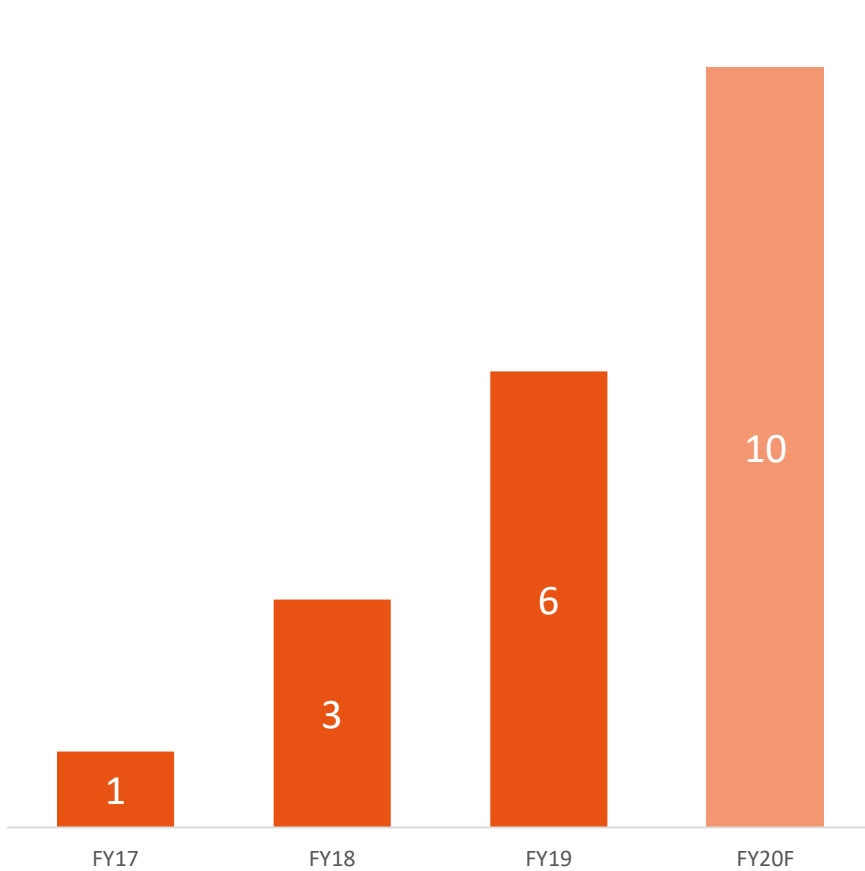


ABS genetics sales volumes to US dairy farmers



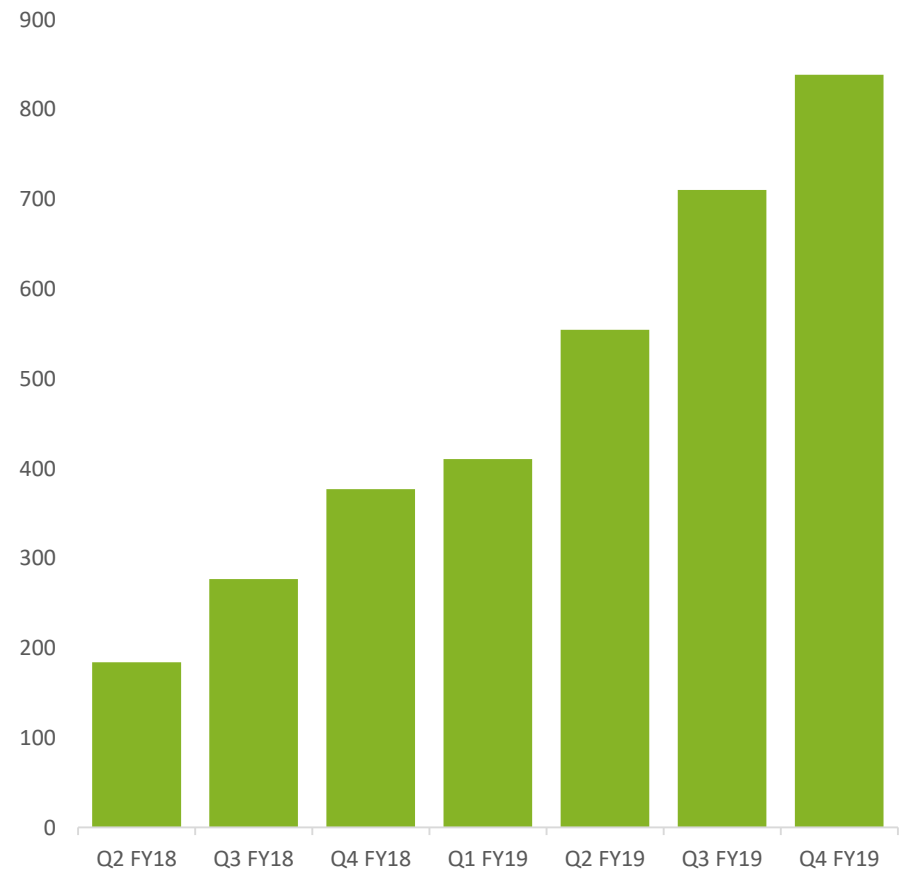


Total IntelliGen production facilities



Total Sexcel/IntelliGen units¹

(thousands of artificial insemination straws)



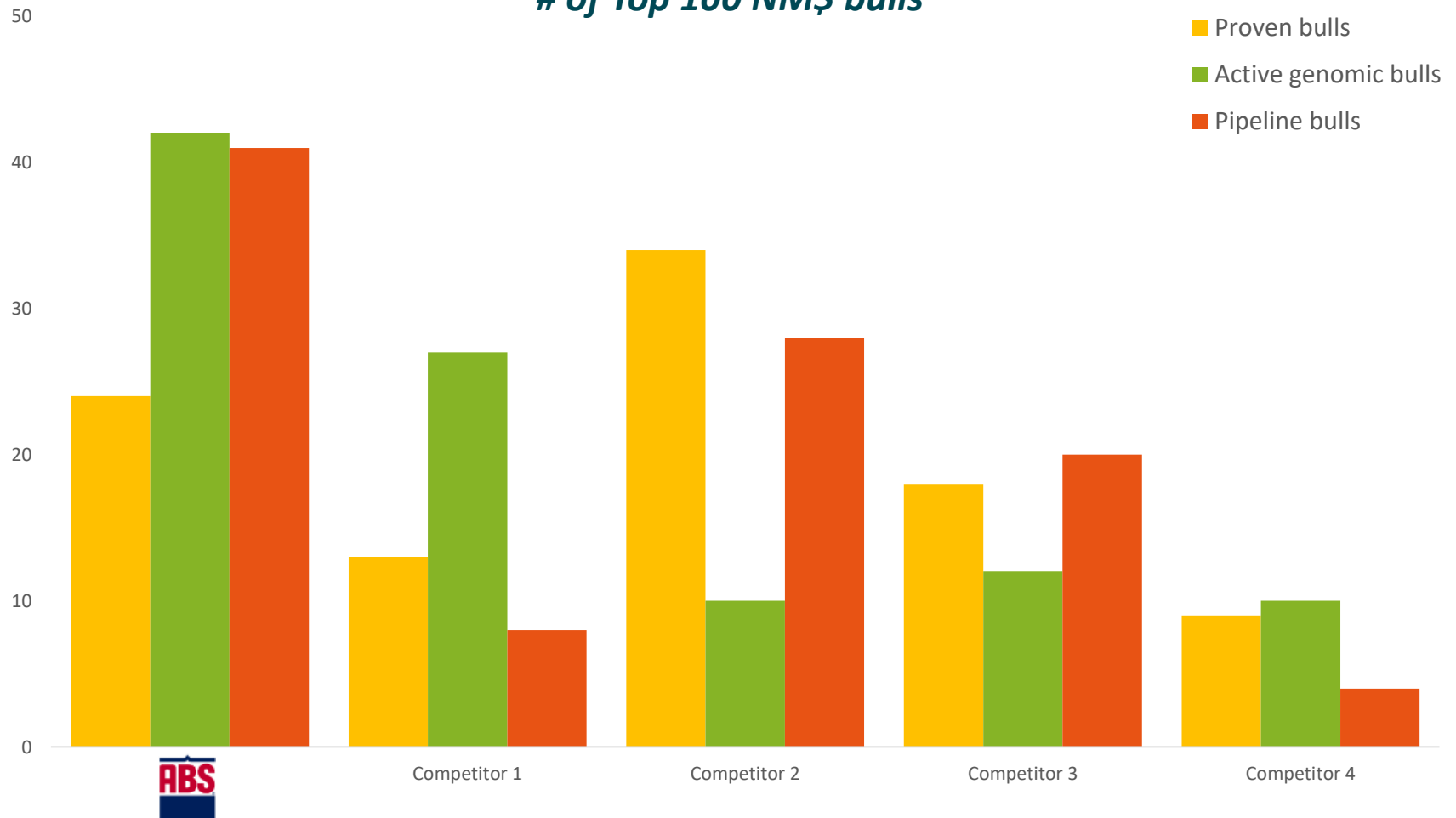
(1) Represents Sexcel sales volumes plus units processed for third parties or by third parties under a technology license from Genus

Leading position in elite dairy genetics

Bovine



of Top 100 NM\$ bulls



Source: Proven and genomic analysis based on Top 100 Holsteins (using data from Aug 2019 from CDCB); 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

> Porcine

- Strong global growth offsets ASF impact in China
- Significant strategic PRRSv resistance collaboration in China with BCA
- Further strengthened product portfolio with Møllevang

> Bovine

- Growing demand for Sexcel and ABS 'beef on dairy' genetics
- Expanding sexing labs footprint globally
- Leading product position

> Expect to perform in line with our expectations in FY20

Appendices

Exchange rate sensitivity



- > Genus' geographic profile can lead to translational currency impacts
- > We monitor key rates against GBP
- > 30th August spot rates would indicate a £1-2m gain for FY20 compared with average FY19 rates

	FY19 Average ¹	FY19 Closing	Spot @ 30 Aug 2019	Profit Sensitivity £m ²
US Dollar	1.29	1.27	1.22	1.9
Mexican Peso	25.1	24.4	24.4	1.3
Euro	1.13	1.12	1.11	1.1
Brazilian Real	4.98	4.89	5.03	0.8
Philippines Peso	67.8	65.1	63.4	0.4
Russian Rouble	84.4	80.3	81.1	0.3
Chinese Yuan	8.74	8.72	8.70	0.2

(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 FY19 results

> **Guaranteed Minimum Pension (GMP) equalisation**

- Industry-wide defined benefit scheme impact
- Lloyds Bank case (October 2018) requires schemes to equalise GMPs
- Past service cost charge to Income Statement under IAS19

> **Impact on Genus legacy schemes**

Dalgety Pension Fund (DPF)

- GMP equalisation cost of £11.5m to be fully met by the DPF
 - No cash cost to Genus
- Scheme is in surplus after taking account of the GMP charge
- Credit in Statement of Comprehensive Income offsets GMP charge

Milk Pension Fund (MPF)

- GMP equalisation cost of £4.5m
 - No cash cost to Genus within recovery plan period
- Scheme is in surplus under IAS19
- Credit in Statement of Comprehensive Income offsets GMP charge
 - Genus accounts for liability of recovery plan payments due (IFRIC 14)
- New valuation recently agreed as at 31/3/18
 - ~1 year shorter recovery plan (now to 30/9/21)

- > **IFRS 16 removes distinctions between operating and finance leases from 1 July 2019**
 - Operating leases will now be 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 in the FY20 Annual Report

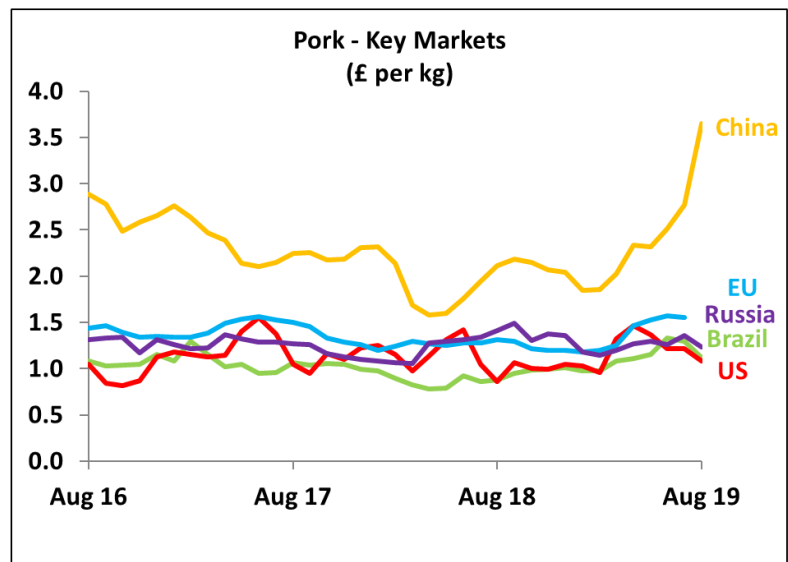
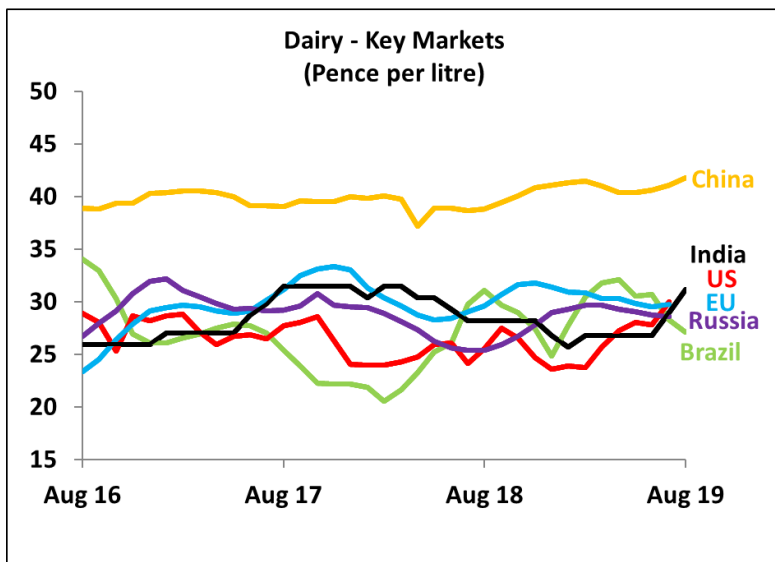
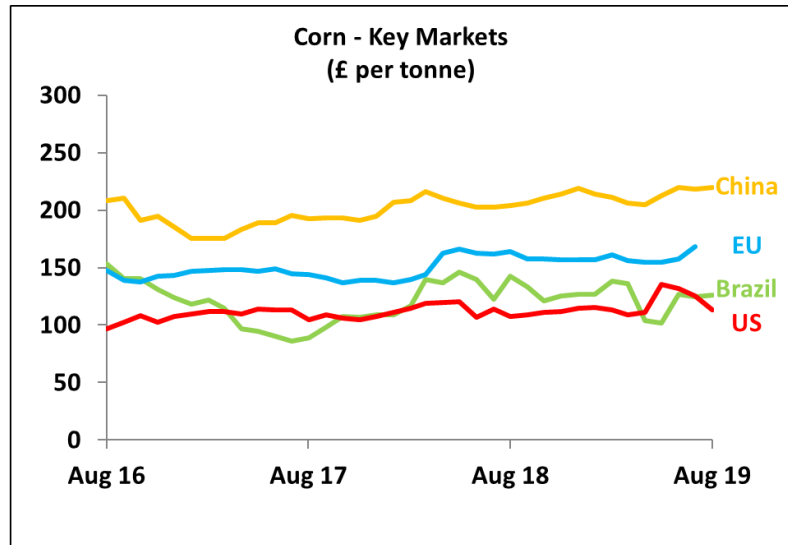
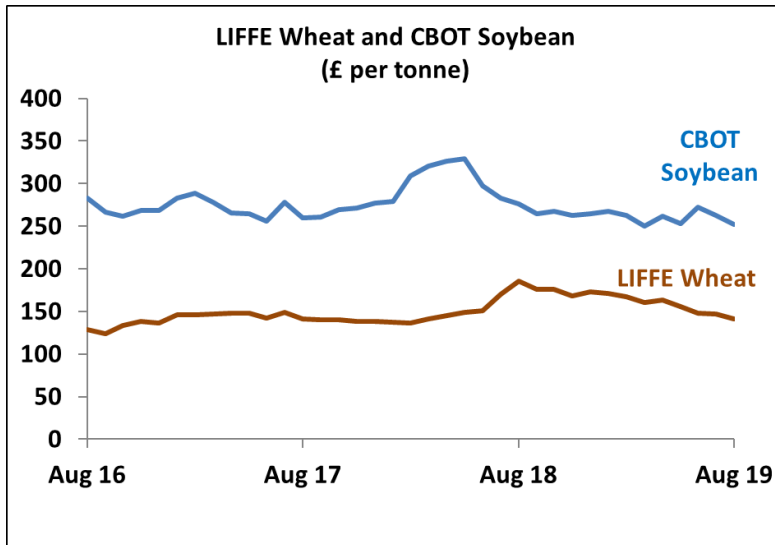
- > **Expected impact on FY20 results on adoption**
 - Additional right of use assets and finance liabilities, in the region of £28m, will be recognised
 - No material impact expected on net assets
 - Operating profit is expected to be in the region of £1m higher as depreciation will be lower than the operating lease payment it replaces
 - Higher finance charges will leave profit before tax minimally impacted
 - Bank covenants are on a frozen GAAP basis and so will not be impacted

Return on adjusted invested capital



Year ended 30 June 2019	2019 £m	2018 £m
Adjusted operating profit inc JV	64.9	63.1
Tax rate	24.3%	20.5%
Adjusted operating profit after tax	49.1	50.2
Equity attributable to owners of the company	503.6	416.6
Add back :		
Net debt	79.6	108.5
Pension liability	24.2	33.9
Related deferred tax	(4.4)	(6.0)
Deduct :		
Biological assets (less historic cost)	(308.5)	(312.0)
Goodwill	(106.3)	(102.0)
Related deferred tax	71.9	70.7
Adjusted invested capital	260.1	209.7
Return on adjusted invested capital	18.9%	23.9%

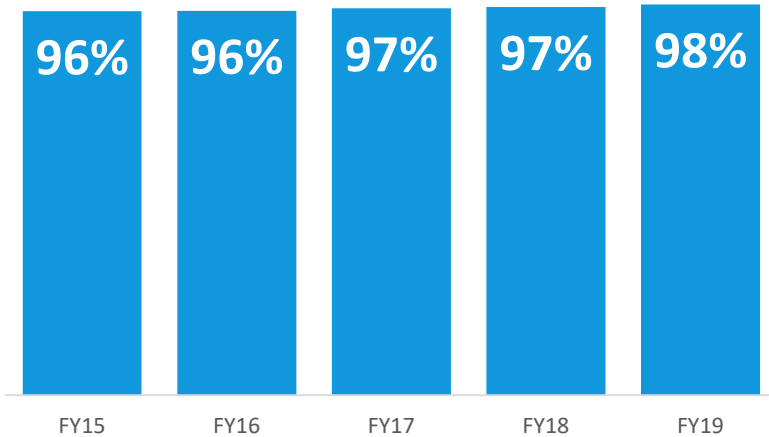
Market dynamics



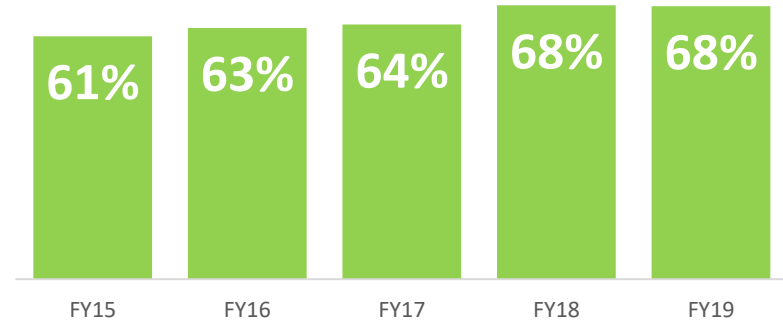
Proportion of total Porcine volumes under royalty



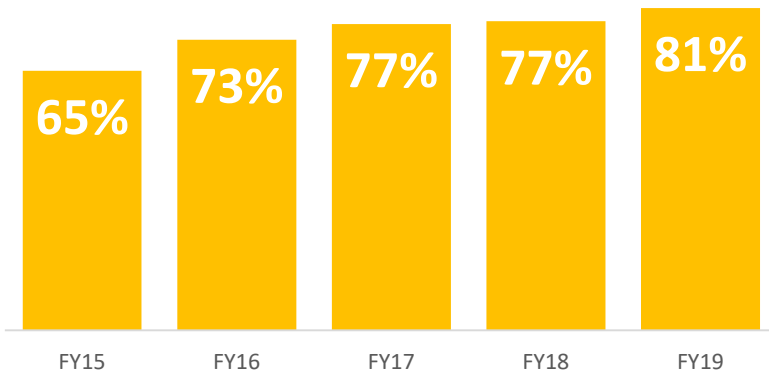
North America



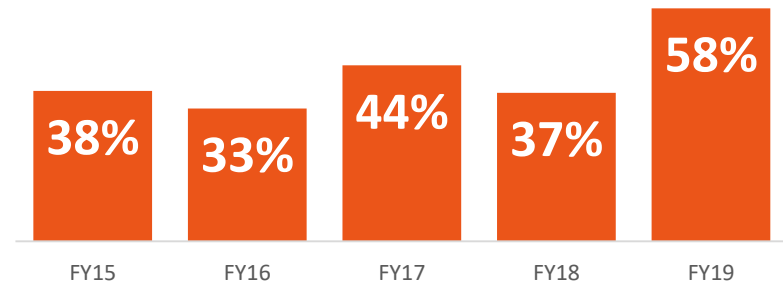
EMEA



Latin America



Asia

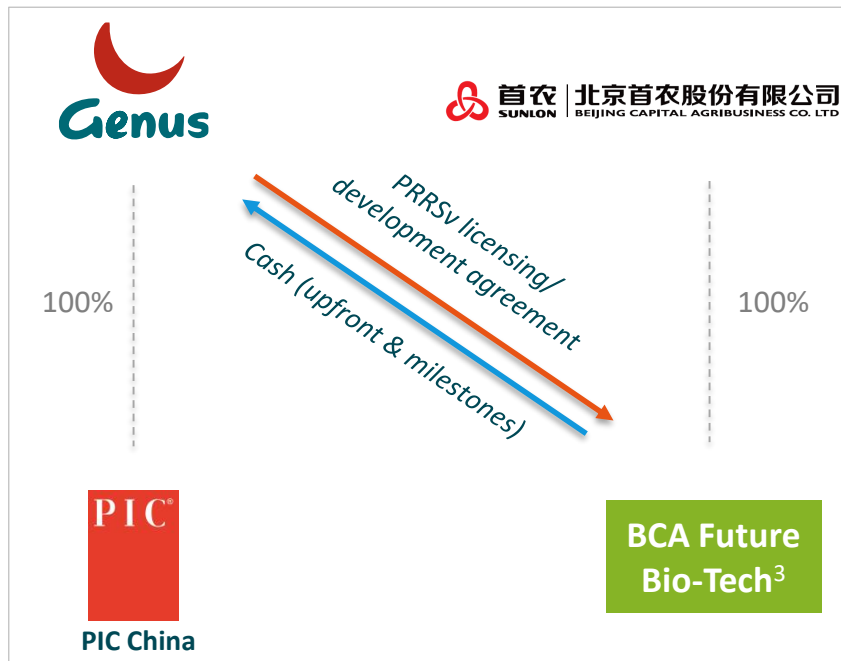


PRRSv resistance collaboration structure

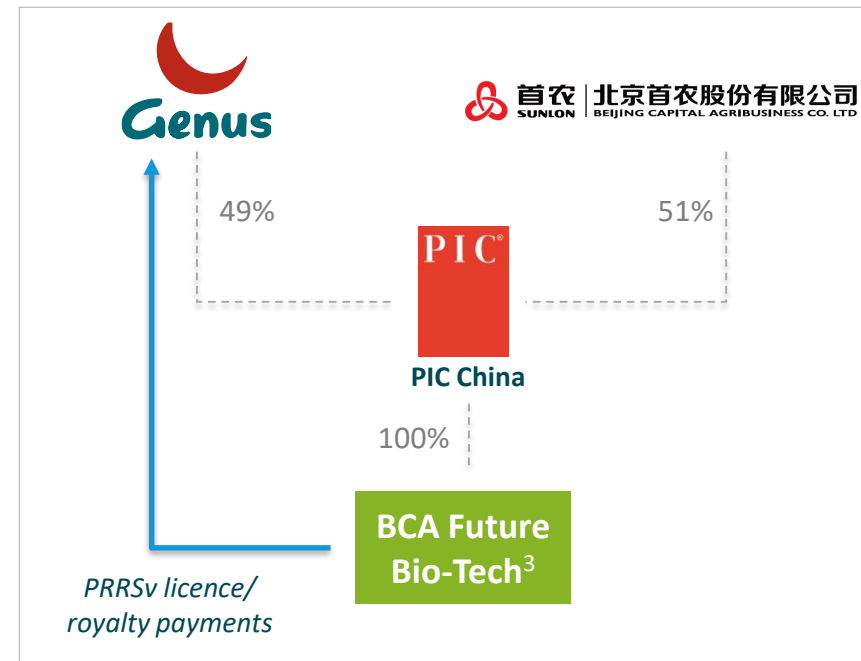
Porcine



Initial structure¹



Structure post MoA approval²



(1) Upon deal closing following receipt of customary Chinese regulatory approval expected in 2019

(2) Chinese Ministry of Agriculture approval of PRRSv-resistant pigs

(3) Beijing Shou Nong Future Bio-Tech Co., Ltd. - a wholly owned corporate entity established by BCA for the purposes of the collaboration

Please refer to company press release for more details on the strategic collaboration with BCA