

# **IR Meeting Material for 2<sup>nd</sup> quarter of Period Ending May 2020**

Sakata Seed Corporation

Jan. 22, 2020



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# I Overview of 2<sup>nd</sup> quarter of Period Ending May 2020

Figures in the document are rounded off for fractions less than the unit.  
Please be advised that some figures may differ from the summary of  
financial results.

# Performance overview for 2<sup>nd</sup> quarter of period ending May 2020 (Consolidated)

## Decrease in revenue and net income compared to the previous year With the exception of sales, figures exceeded original forecasts

Unit:100 million yen	Nov./2018	Nov./2019	Difference	Difference(%)	Initial forecast
					Published in Jul./2019
Sales	291	<b>287</b>	-5	-1.6%	298(-11)
Gross profit	174	<b>171</b>	-4	-2.2%	-
Gross profit margin (	59.8%	<b>59.5%</b>	-	-	-
R&D expenses	29	<b>30</b>	1	3.8%	-
Ratio against sales (	9.9%	<b>10.5%</b>	-	-	-
Other SGA expenses	107	<b>102</b>	-5	-4.7%	-
Operating income	38	<b>38</b>	-0	-0.1%	32(+6)
Ordinary income	43	<b>43</b>	0	0.2%	34(+9)
Net income	36	<b>31</b>	-5	-13.0%	26(+5)
Exchange rates for overseas subsidiaries					
Yen/USD (¥)	114	<b>108</b>	-6		107(+1)
Yen/Euro (¥)	132	<b>118</b>	-14		120(-2)

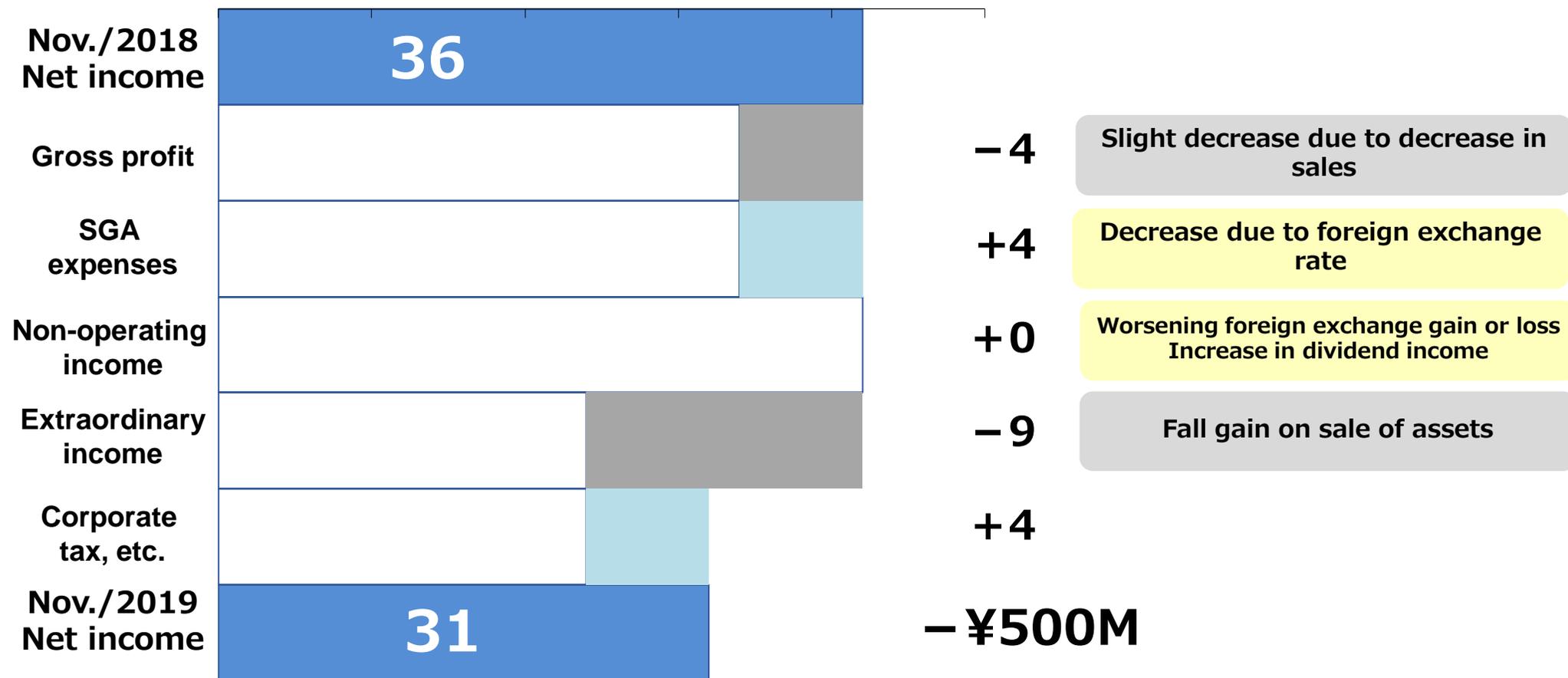
# Results for 2<sup>nd</sup> quarter of period ending May 2020 (Net income)

## Decrease in net income due to fall gain on sale of assets

Unit: 100 million yen

15 20 25 30 35 40

### Main factors causing change in net income



# Results for 2<sup>nd</sup> quarter of period ending May 2020 (By business segment)

**Domestic wholesales: decrease in sales and profit**

**Overseas wholesales: decrease in sales but increase in profit**

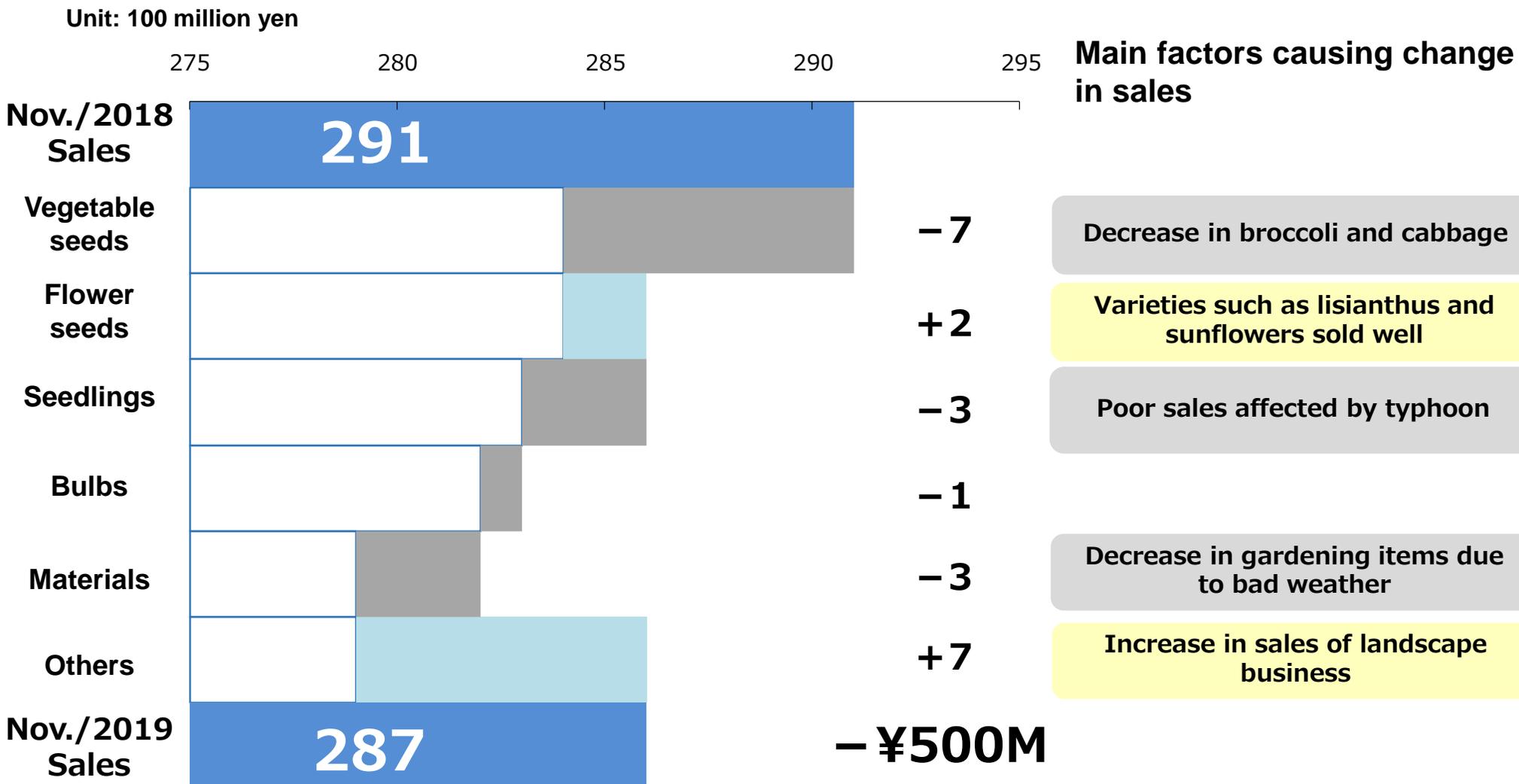
**Retail sales: turn positive**

Unit: 100 million yen

	Sales				Operating income			
	Nov./18	Nov./19	Difference	Difference(%)	Nov./18	Nov./19	Difference	Difference(%)
Domestic wholesale	85	80	-5	-5.8%	28	26	-1	-4.8%
Overseas wholesale	177	173	-4	-2.2%	54	54	0	0.5%
Retail sales	25	23	-2	-8.6%	-2	1	3	-
Other	5	11	6	123.0%	-1	0	1	-
Subtotal	291	287	-5	-1.6%	79	81	2	2.9%
Elimination	-	-	-	-	-41	-43	-2	-5.7%
Consolidated	291	287	-5	-1.6%	38	38	-0	-0.1%

# Results for 2<sup>nd</sup> quarter of period ending May 2020 (Sales by product)

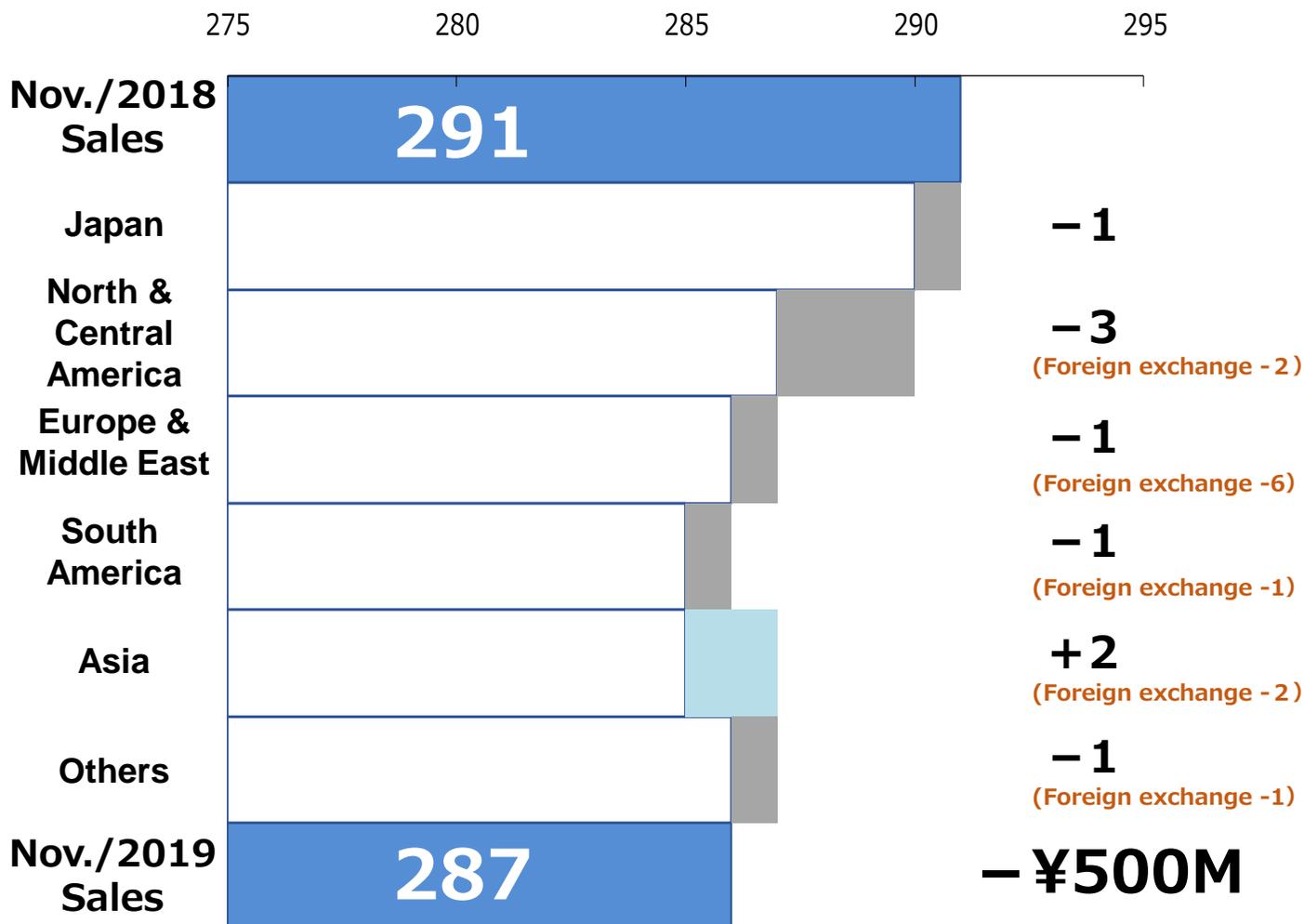
## Decrease in vegetable seeds, increase in flower seeds



# Results for 2<sup>nd</sup> quarter of period ending May 2020 (Sales by customers' region)

## Steady tone in Asia, decrease in other countries

Unit: 100 million yen



### Main factors causing change in sales

Increase in sales of landscape business but decrease due to unreasonable weather

Decrease in vegetable seed sales affected by strong yen

Decrease in JPY basis affected by strong yen, while increase in terms of local currencies

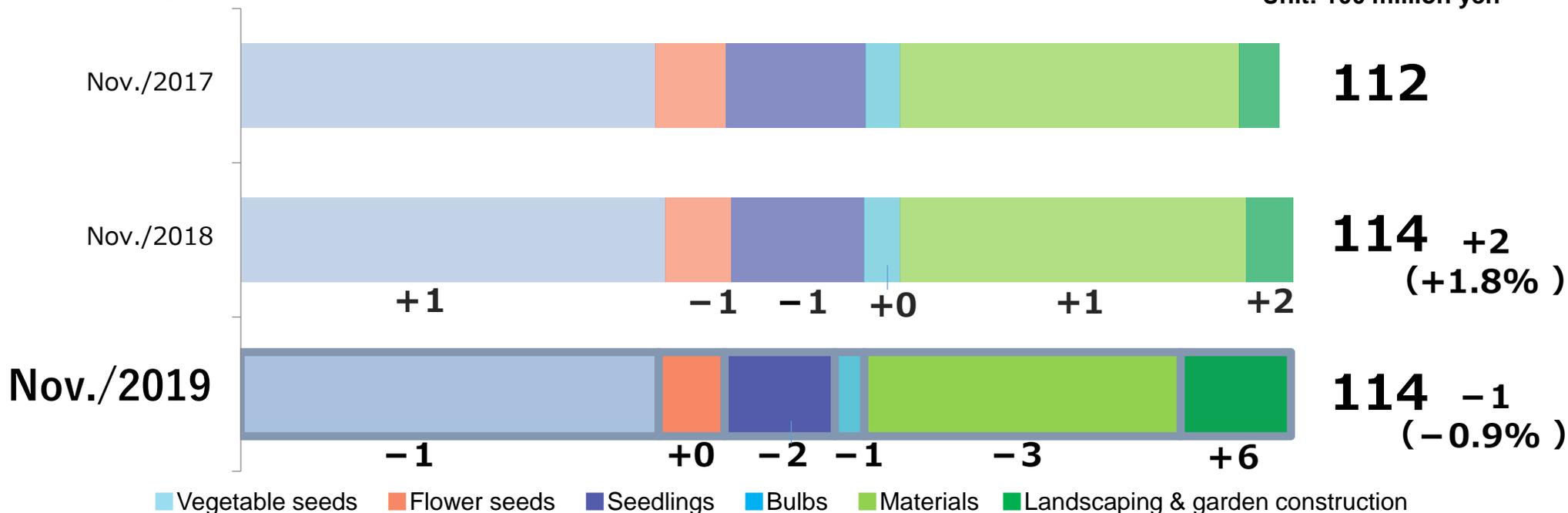
Decrease in JPY basis affected by strong yen, while slight increase in terms of local currencies

Favorable sales of flower seeds led to an increase in revenue even with strong yen

Exchange rate effects  
- ¥1,300M

### Increase in sales of landscape business but decrease in sales of other products affected by unreasonable weather

Unit: 100 million yen



#### Nov./17-Nov./18 Products whose sales changed most

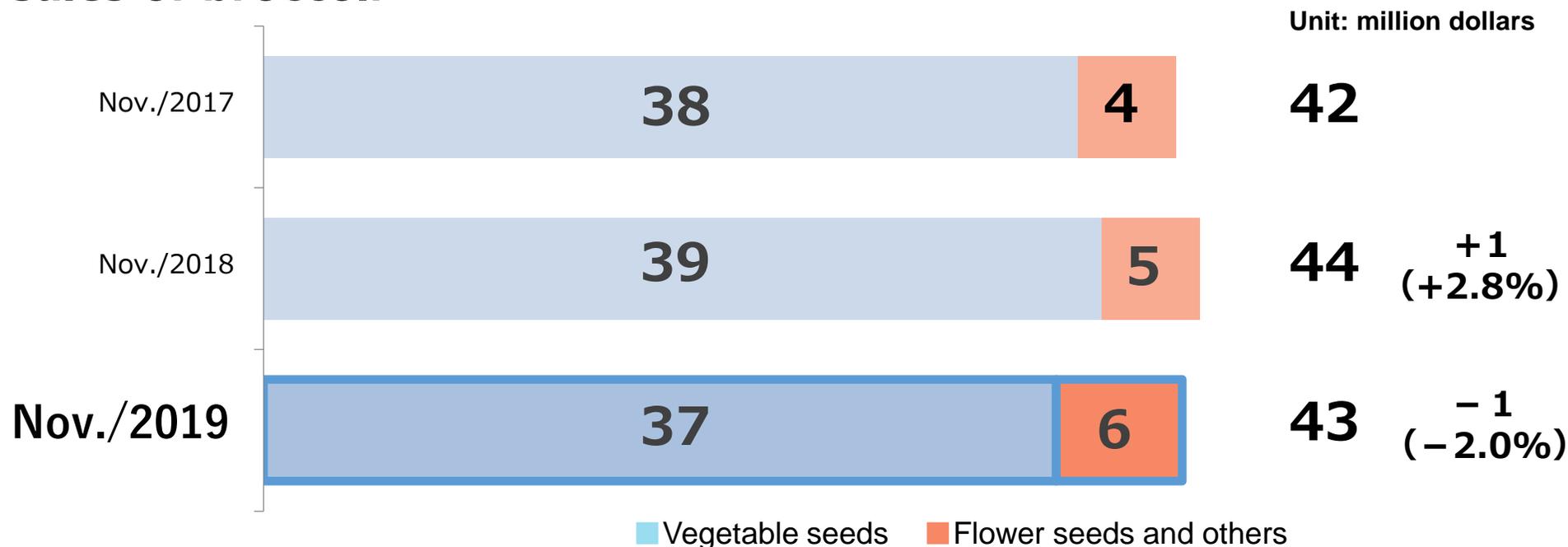
<b>Vegetable seeds</b>	<b>Bunching Onion</b>	<b>+1.2</b>
	<b>Broccoli</b>	<b>+0.8</b>
	<b>Tomato</b>	<b>+0.2</b>
<b>Flower seeds</b>	<b>Pansy</b>	<b>-0.1</b>

#### Nov./18-Nov./19 Products whose sales changed most

<b>Vegetable seeds</b>	<b>Bunching Onion</b>	<b>-0.9</b>
	<b>Broccoli</b>	<b>+0.4</b>
	<b>Sweet Corn</b>	<b>-0.3</b>
<b>Flower seeds</b>	<b>Pansy</b>	<b>-0.1</b>

# Sales by region for 2<sup>nd</sup> quarter of period ending May 2020 (2) 【 North and Central America 】

## Strong sales of flower seed but decrease revenue due to poor sales of broccoli



### Nov./17-Nov./18 Products whose sales changed most

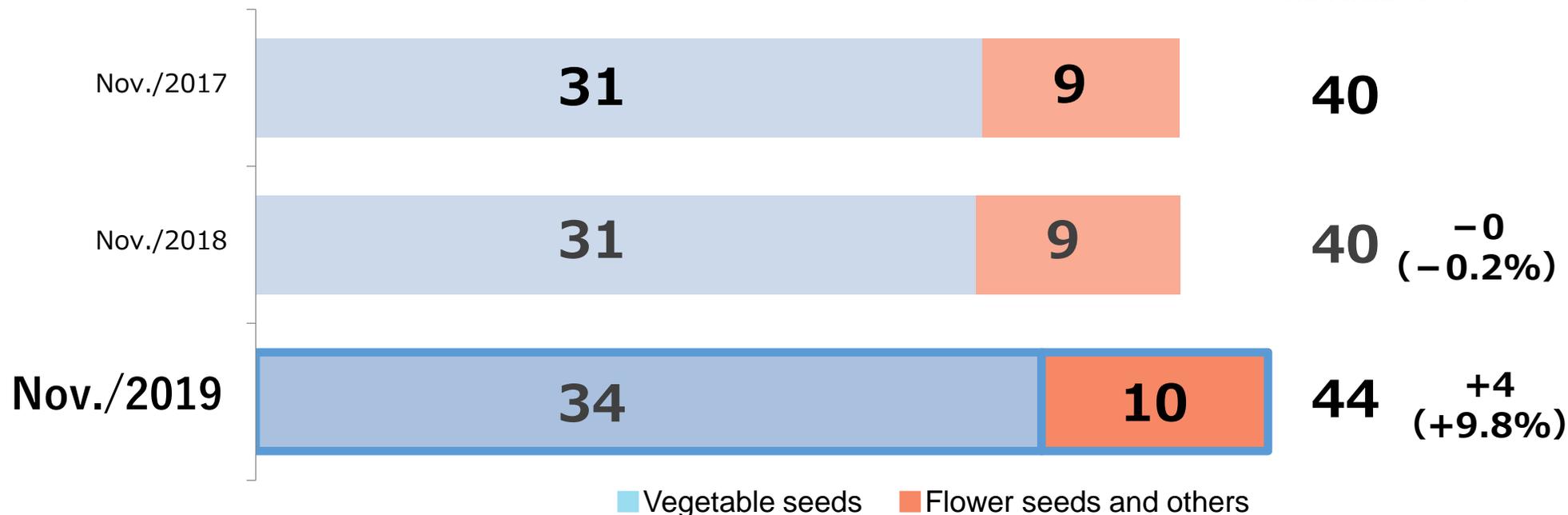
Vegetable seeds	Carrot	-1.5
	Broccoli	+1.4
	Tomato	+1.0
Flower seeds	Campanula	+0.0

### Nov./18-Nov./19 Products whose sales changed most

Vegetable seeds	Broccoli	-2.5
	Melon	-0.8
	Pepper	+0.4
Flower seeds	Sunflower	+0.5

### Increase revenue thanks to good sales of tomato and cucumber

Unit: million euros



#### Nov./17-Nov./18 Products whose sales changed most

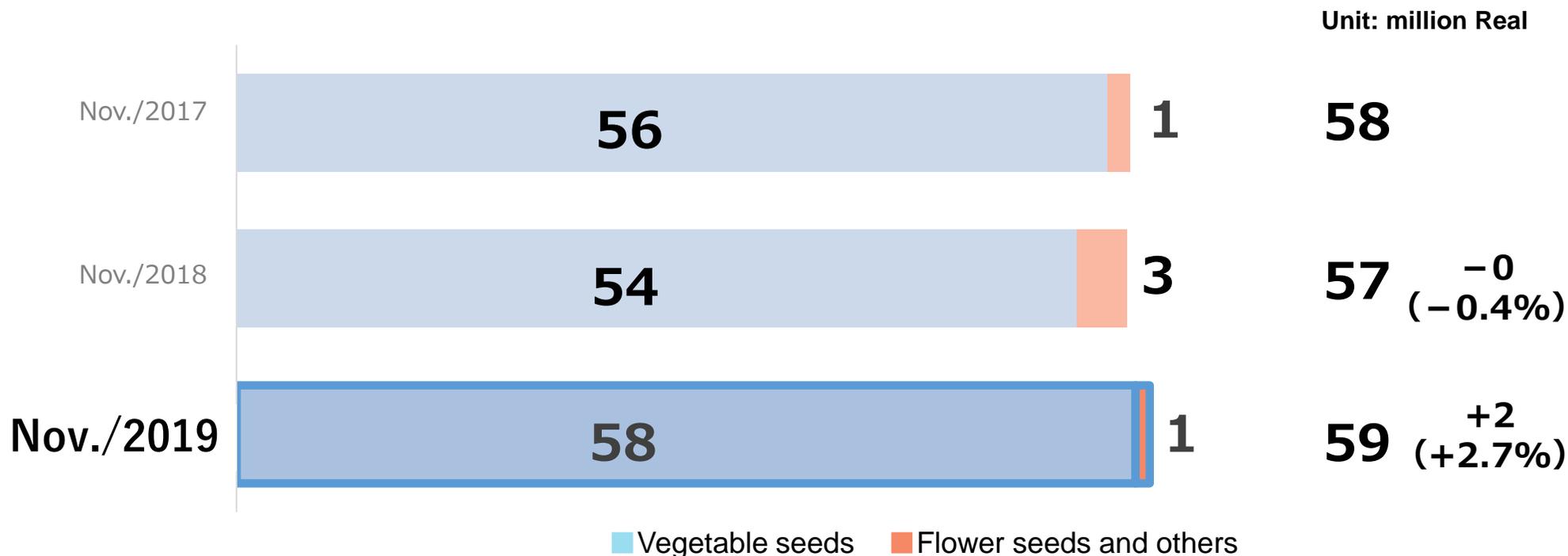
Vegetable seeds	Squash	-0.5
	Cucumber	+0.3
	Tomato	+0.2
Flower seeds	Lisianthus	+0.5

#### Nov./18-Nov./19 Products whose sales changed most

Vegetable seeds	Tomato	+1.7
	Cucumber	+0.8
	Watermelon	+0.6
Flower seeds	Lisianthus	+0.7

# Sales by region for 2<sup>nd</sup> quarter of period ending May 2020 (4) 【 South America 】

## Increase revenue thanks to good sales of squash



### Nov./17-Nov./18 Products whose sales changed most

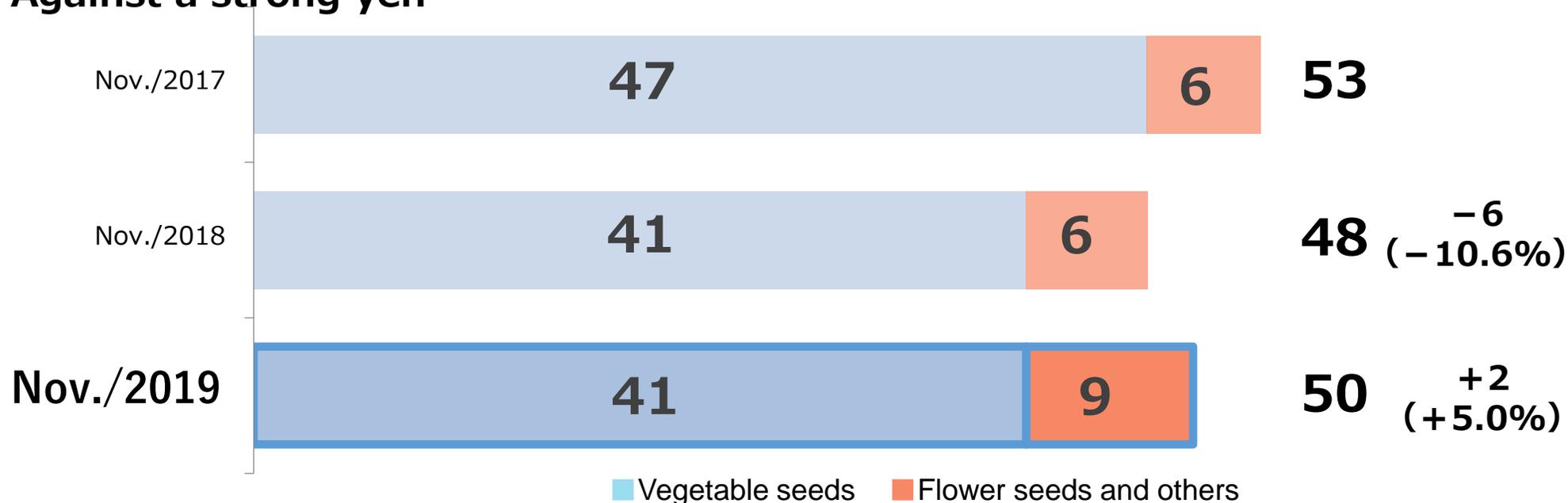
Vegetable seeds	: Broccoli	-1.9
	: Squash	+1.2
	: Lettuce	-0.5
Flower seeds	: Lisianthus	-0.1

### Nov./18-Nov./19 Products whose sales changed most

Vegetable seeds	: Squash	+3.4
	: Pepper	+0.8
	: Broccoli	+0.7
Flower seeds	: Antirrhinum	-0.1

**Flat vegetable seed sales,  
Increase revenue thanks to good sales of flower seed,  
Against a strong yen**

Unit: 100 million yen



### Nov./17-Nov./18 Products whose sales changed most

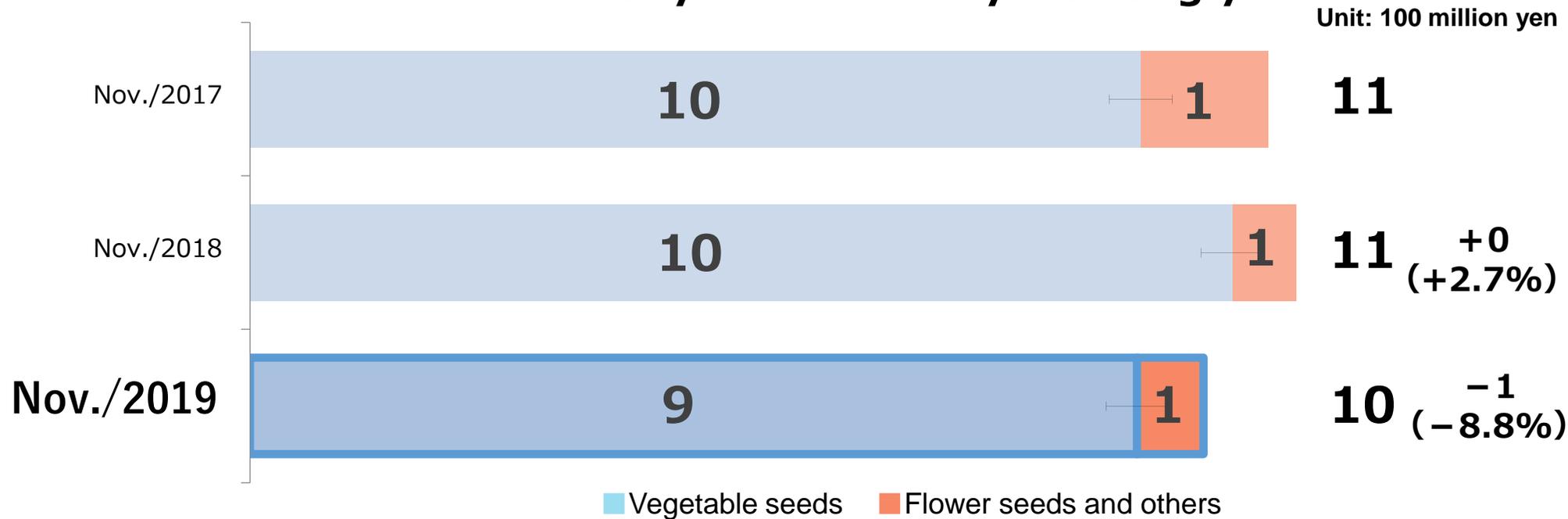
<b>Vegetable seeds</b>	<b>: Carrot</b>	<b>- 10.0</b>
	<b>Broccoli</b>	<b>+ 2.3</b>
	<b>Bunching Onion</b>	<b>+ 1.6</b>
<b>Flower seeds</b>	<b>: Primula</b>	<b>+ 0.5</b>

### Nov./18-Nov./19 Products whose sales changed most

<b>Vegetable seeds</b>	<b>: Bunching Onion</b>	<b>+ 2.7</b>
	<b>Broccoli</b>	<b>- 1.7</b>
	<b>Spinach</b>	<b>+ 1.4</b>
<b>Flower seeds</b>	<b>: Sunflower</b>	<b>+ 1.6</b>

# Sales by region for 2<sup>nd</sup> quarter of period ending May 2020 (6) 【Other regions(Africa and Oceania)】

**Increase revenue in terms of local currencies**  
**Decrease revenue in terms of yen affected by a strong yen**



## Nov./17-Nov./18 Products whose sales changed most

Vegetable seeds	Squash	-0.7
	Broccoli	-0.4
	Cabbage	+0.1

## Nov./18-Nov./19 Products whose sales changed most

Vegetable seeds	Melon	+0.5
	Carrot	-0.5
	Cabbage	-0.4

# Main selling, general and administrative (SGA) expenses for 2<sup>nd</sup> quarter of period ending May 2020

## SGA expenses decreased 370 million yen compared to the previous year

**Unit: 100 million yen; consolidated basis**

(Breakdowns given on the basis of locations of head office and major subsidiaries)

	SGA expenses	Personnel expenses	Depreciation	R&D expenses*
Results for Nov./2019	132.2	70.8	8.2	30.0
Results for Nov./2018	135.9	71.4	7.1	28.9
Difference Y o Y	-3.7	-0.6	1.1	1.1
Impact of foreign exchange out of the above	-7.6	-3.4	-0.5	-1.5
Breakdown				
Japan (head office)	-2.4	-0.4	-0.1	0.7
Europe	-1.5	-0.5	1.1	0.5
North America	-0.6	-0.4	0.2	0.1
South America (Brazil)	-0.5	-0.1	-0.0	0.0
Others + consolidation adjustment	1.3	0.9	-0.0	-0.3

\*R&D expenses are the total expenses related to research activities, which may also be included as personnel expenses and depreciation.

## Progress of capital investment is somewhat behind schedule

**Unit: 100 million yen; consolidated basis**

(Breakdowns given on the basis of locations of head office and major subsidiaries)

	Initial plan Full-year	Results for Nov. 2019	Progress rate
Capital investment	52	19	36.7%
Overseas	16	9	54.8%
Domestic	36	10	28.7%

# **II Forecast for Period Ending May 2020 and Dividend Policy**

# Performance outlook for period ending May 2020 (consolidated bases)

## Downward adjustment of sales, but maintaining of profit items

Unit:100 million yen	Period2020	Period2020	Difference	Difference(%)	Period2019
	Initial forecast	Revised forecast			
Sales	654	<b>635</b>	-19	-2.9%	627(+8)
Gross profit	368	<b>361</b>	-7	-1.9%	354(+7)
Gross profit margin (%)	56.3%	<b>56.9%</b>	-	-	56.5%
R&D expenses	61	<b>60</b>	-1	-0.4%	56
Ratio against sales (%)	9.3%	<b>9.5%</b>	-	-	8.9%
Other SGA expenses	231	<b>224</b>	-7	-3.0%	221
Operating income	77	<b>77</b>	0	0.0%	77(0)
Ordinary income	79	<b>79</b>	0	0.0%	83(-4)
Net income of FY	60	<b>60</b>	0	0.0%	69(-9)
Exchange rates for overseas subsidiaries					
Yen/USD(yen)	107	<b>107</b>	-	-	111(-4)
Yen/Euro(yen)	120	<b>120</b>	-	-	125(-5)

Estimate of exchange sensitivity(million yen)

USD46

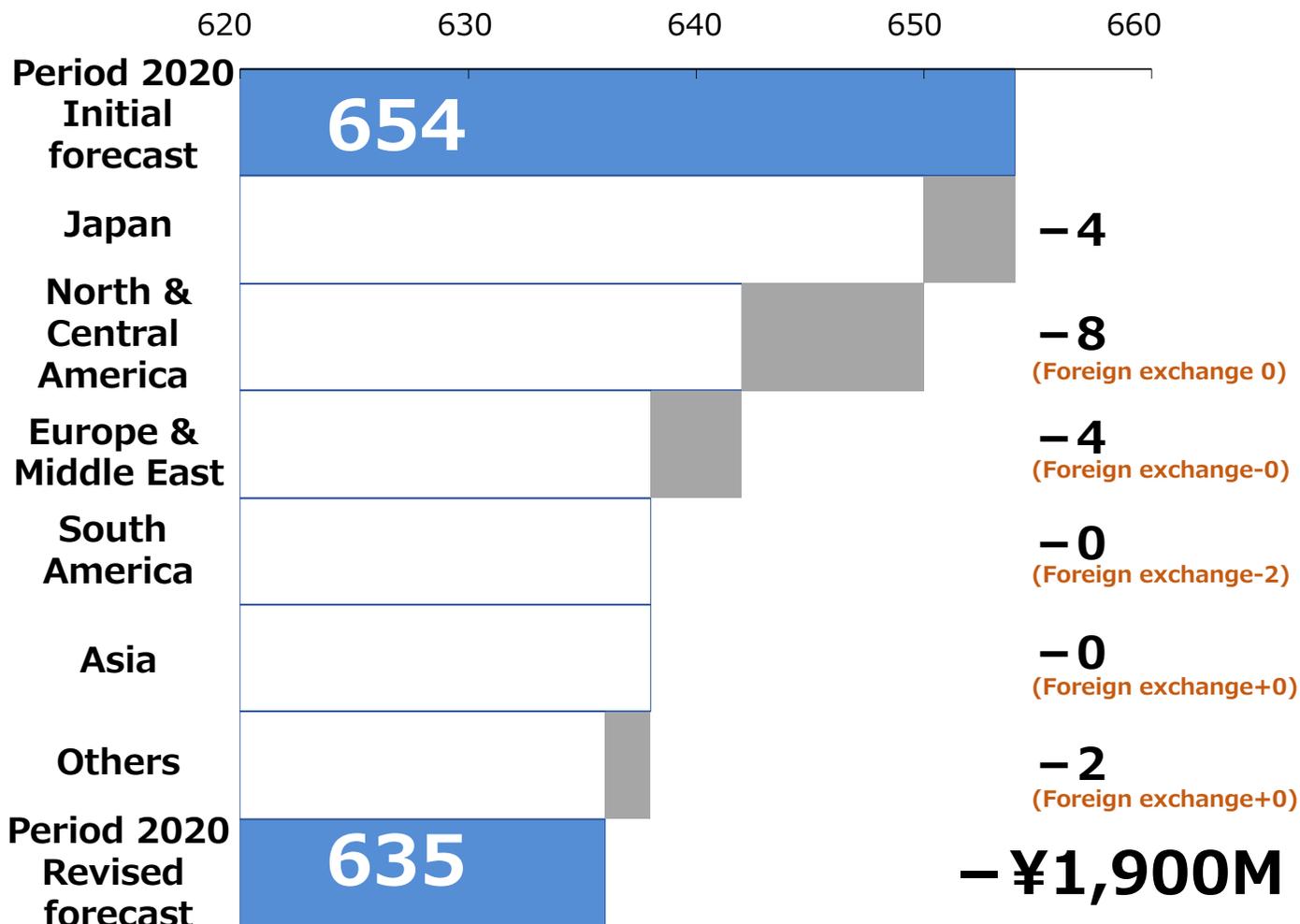
EUR11

(Estimated amount of affect from currency fluctuation of 1 yen on revised expected amount for operating income)

# Performance outlook for period ending May 2020: Sales by customers' region (comparing to initial forecast)

## Sales forecast in Japan, North & Central America and Europe & Middle East revised downward

Unit: 100 million yen



### Major factors likely to cause change in sales

Reflecting results from the 1st half term caused by unseasonable weather

Reflecting results from the 1st half term. Continuing severe conditions into the 2nd half term

Sales forecast in Spain revised downward

Assume sales generally as predicted at the beginning even with the worsening exchange rate

Sales are expected to be largely in line with initial forecast

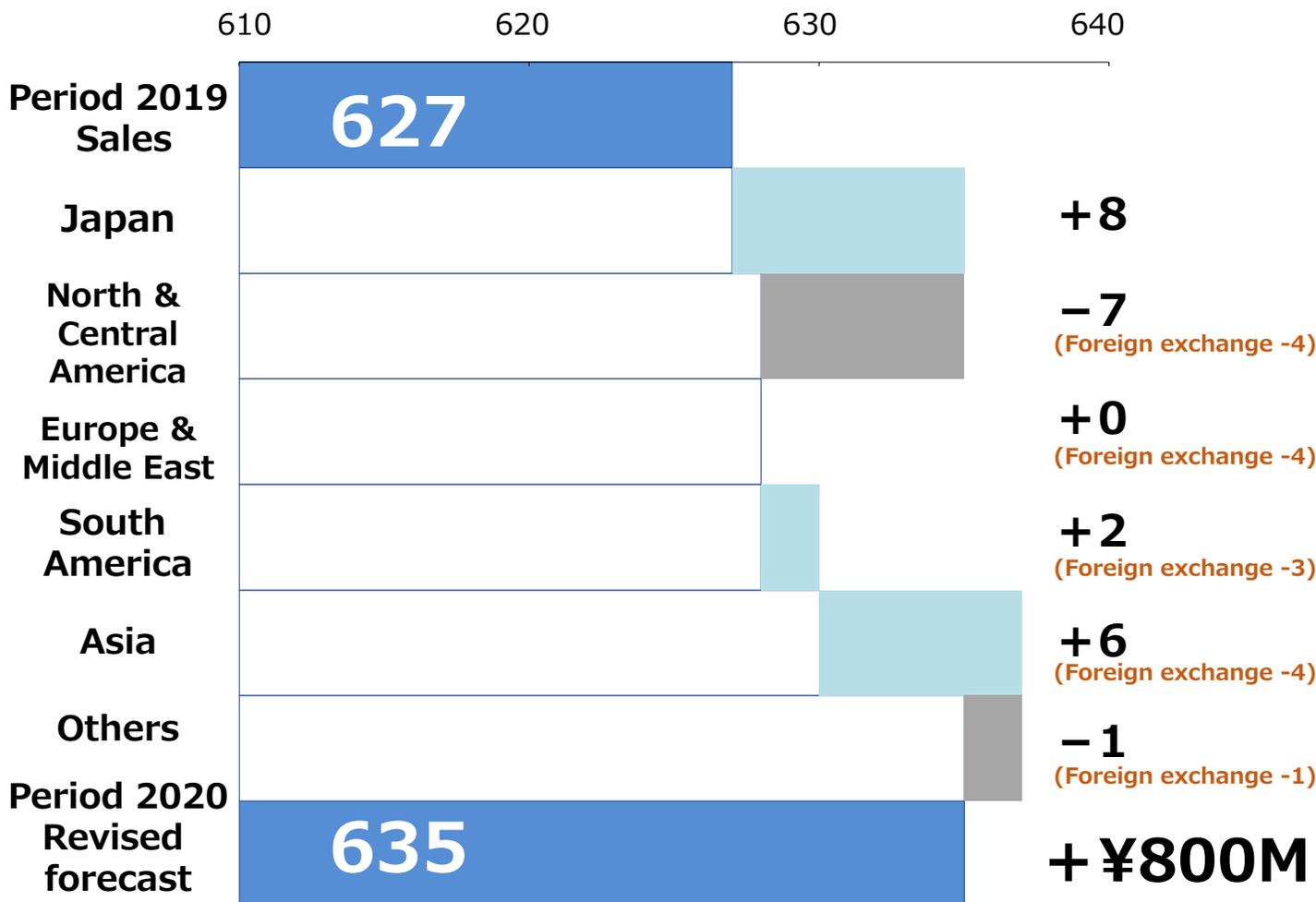
Sales forecast of vegetable seed revised downward

**Exchange rate effects**  
**-¥200M**

# Performance outlook for period ending May 2020: Sales by customers' region (comparing to the previous term)

## Increase in revenue forecast for results compared to the previous year

Unit: 100 million yen



## Main factors causing change in sales

Increase sales in landscape business covered the decrease in sales for the other

Expecting decrease compared to the previous year due to poor sales

Expecting increase in both vegetable & flower seed but lower than initial forecast

Expecting increase in line with initial forecast in terms of local currencies

Expecting increase in line with initial forecast

Expecting almost flat in terms of local currencies

Exchange rate effects  
-¥1,700M

# Main selling, general and administrative (SGA) expenses for period ending May 2020

## Decreased 740 million yen from original plans based on 2Q results

**Unit: 100 million yen; consolidated basis**

(Breakdowns given on the basis of locations of head office and major subsidiaries)

		comparing to initial forecast		Comparing to the previous term	
<b>Revised forecast May 2020</b>		<b>284.2</b>		<b>284.2</b>	
<b>Initial forecast May 2020/ Results for period 2019</b>		<b>291.5</b>		<b>277.1</b>	
<b>Difference Y o Y</b>		<b>-7.4</b>	<b>(-1.6)</b>	<b>7.1</b>	<b>(-8.6)</b>
Breakdown	Japan (head office)	-1.2	(0.0)	5.9	(0.0)
	Europe	-2.4	(0.0)	2.3	(-3.1)
	North America	-1.3	(0.0)	-0.0	(-2.1)
	South America (Brazil)	-1.6	(-1.2)	-1.1	(-1.8)
	Others + consolidation adjustment	-0.8	(-0.4)	-0.0	(-1.6)

Number in parentheses are  
the effect of foreign exchange

## Interim dividends decided at 15 yen; year-end dividends forecast at 18 yen

The Company considers returning profits to shareholders an important task for management. The basic policy is to ensure sufficient retained earnings to enhance its management capabilities and foundation, and to make stable and continuous payouts, considering consolidated financial results of each fiscal year.

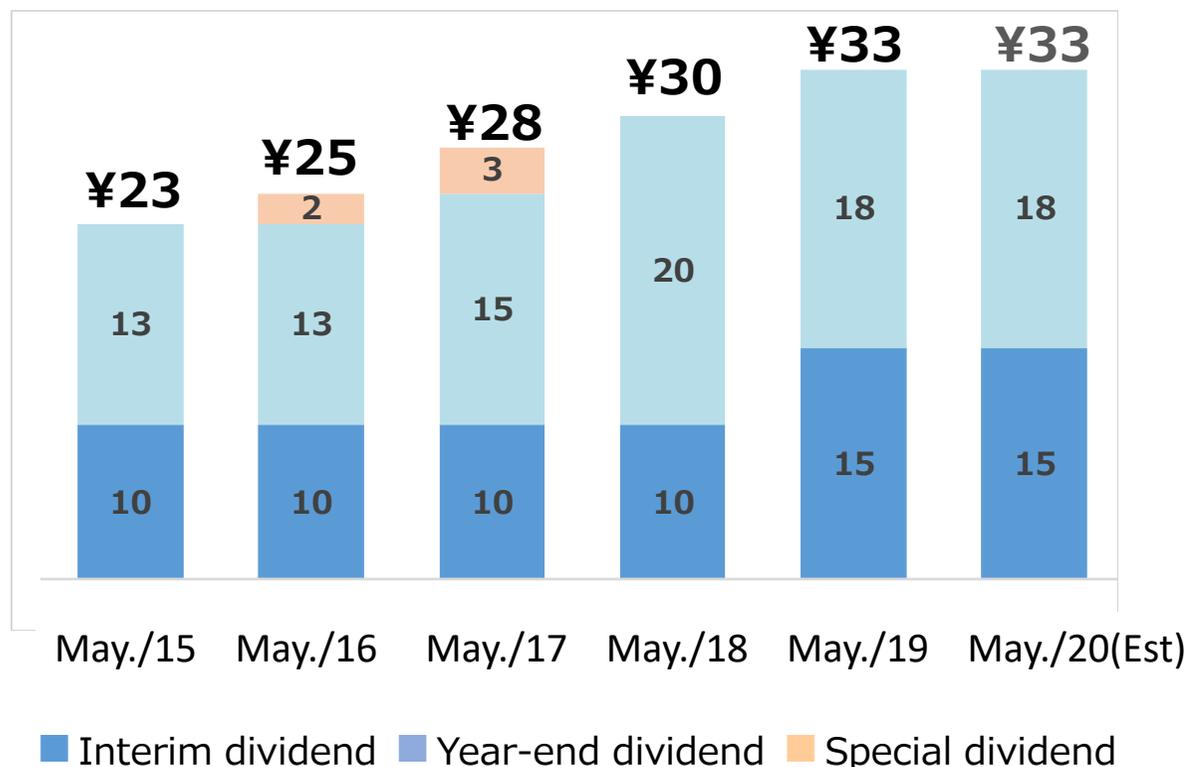
① Interim dividend:

¥15/share

② Year-end dividend:

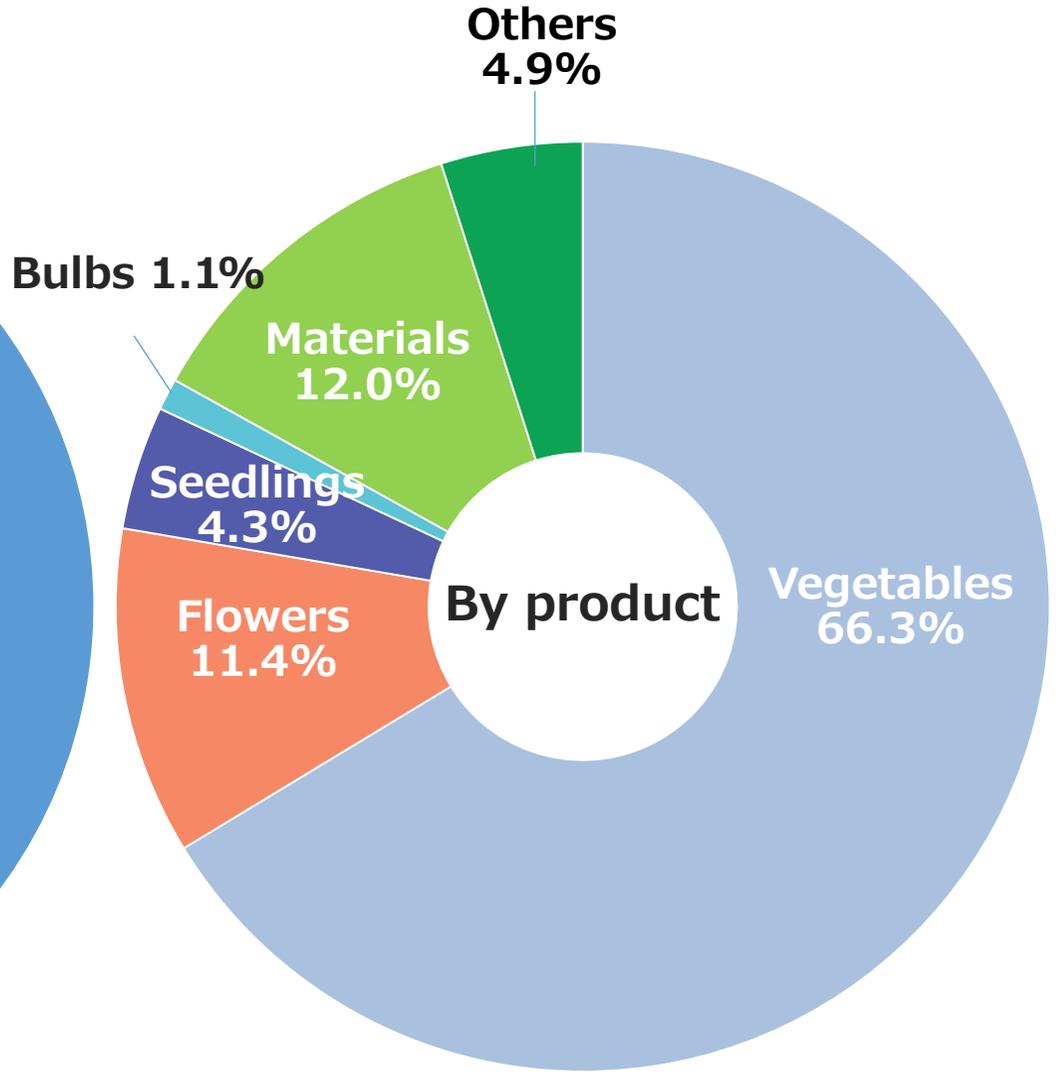
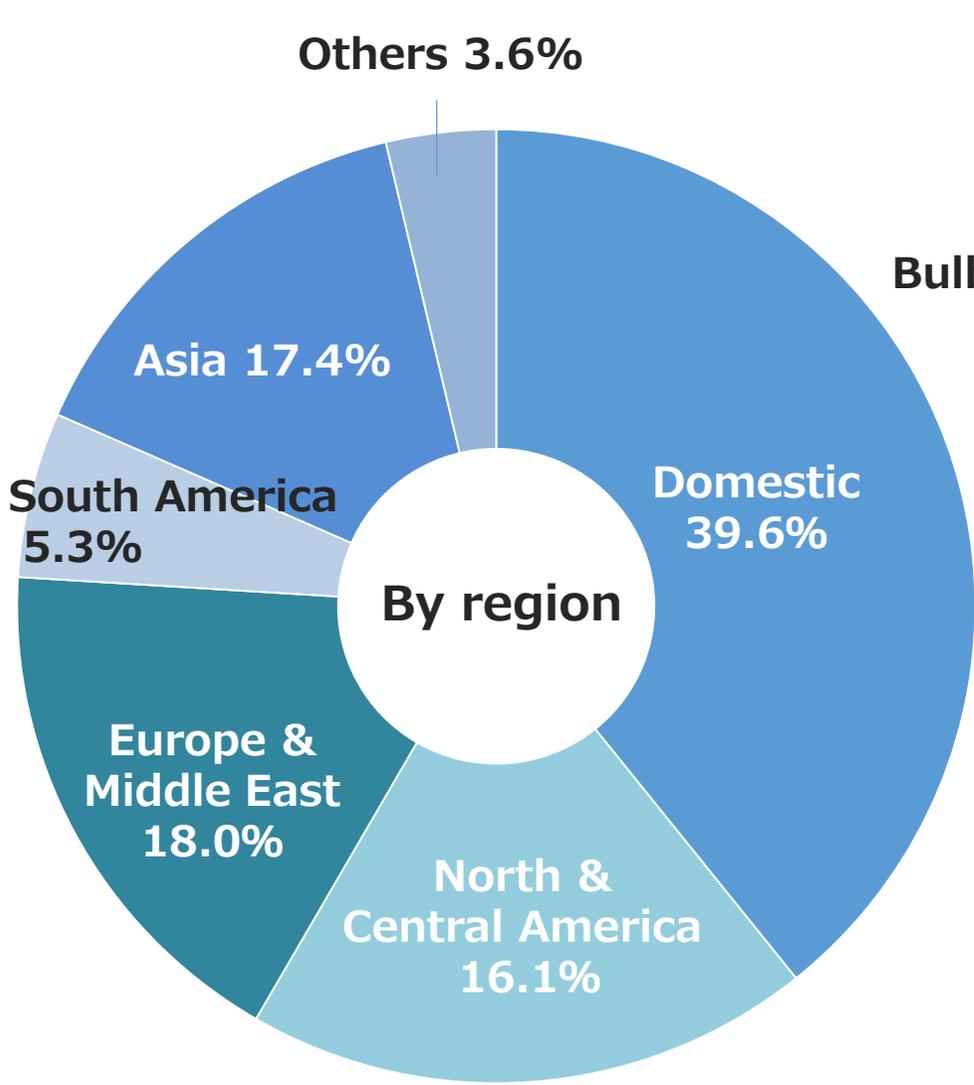
¥18/share

We are planning no change from our initial forecast.



# III Supplemental Data

# Results for 2nd quarter of period ending May 2020: Breakdown of external sales (1)



# Results for period ending May 2020: Breakdown of external sales (2)

## Difference of sales YoY by product and region (after eliminating internal transactions)

Unit: 100 million yen

	Vegetables	Flowers	Seedlings	Bulbs	Materials	Others	Total
North & Central America	-4.5	0.7	-0.0	-	-	0.5	-3.4
Europe & Middle East	-1.0	-0.6	-	-	-	0.5	-1.1
South America	-0.2	-0.0	-	-	-	-0.6	-0.8
Asia	0.0	1.5	-0.0	-	0.0	0.8	2.4
Other regions	-1.0	-0.0	-	-	-	0.0	-1.0
Overseas subtotal	-6.6	1.6	-0.0	-	0.0	1.2	-3.9
Domestic subtotal	-0.7	0.0	-2.5	-0.7	-3.2	6.3	-0.8
<b>Total</b>	<b>-7.3</b>	<b>1.6</b>	<b>-2.5</b>	<b>-0.7</b>	<b>-3.2</b>	<b>7.5</b>	<b>-4.7</b>

# Results for period ending May 2020: External sales by customers' region (Quarterly change)

## Overseas sales (by customers' region)

(Rounded off to the nearest unit)

	1st Qtr	YoY	YoY(%)	2nd Qtr	YoY	YoY(%)	Total	YoY	YoY (%)
North & Central America (1000US\$)	14,623	-2,988	-17.0	28,100	2,135	8.2	42,723	-853	-2.0
Europe & Middle East (1000EUR)	20,493	1,052	5.4	23,258	2,867	14.1	43,750	3,918	9.8
South America(1000BRL)	25,294	1,087	4.5	33,677	445	1.3	58,971	1,533	2.7
Asia (Million yen)	2,579	47	1.9	2,411	190	8.6	4,990	237	5.0
Korea included Asia (Million WON)	5,624	823	17.1	6,782	-116	-1.7	12,406	706	6.0
India included Asia (Million INR)	174	-22	-11.2	333	46	16.2	506	24	5.1
Others(Million yen) (Africa · Oceania)	444	-54	-10.9	574	-44	-7.1	1,018	-98	-8.8

# Results for period ending May 2019: External sales by customers' region (Quarterly change)

## Overseas sales (by customers' region)

(Rounded off to the nearest	1st Qtr	YoY	YoY (%)	2nd Qtr	YoY	YoY (%)	3rd Qtr	YoY	YoY (%)	4th Qtr	YoY	YoY (%)	Total	YoY	YoY (%)
North & Central America (1000US\$)	17,611	-1,836	-9.4	25,966	3,016	13.1	25,725	103	0.4	38,861	3,343	9.4	108,162	4,625	4.5
Europe & Middle East (1000EUR)	19,441	754	4.0	20,391	-825	-3.9	18,516	-503	-2.6	30,529	5,762	23.3	88,877	5,189	6.2
South America(1000BRL)	24,207	-2,912	-10.7	33,232	2,692	8.8	32,829	285	1.0	34,196	687	2.1	124,464	753	0.6
Asia (Million yen)	2,531	-924	-26.7	2,221	360	19.3	1,957	166	9.3	2,531	869	52.3	9,241	472	5.4
Korea included Asia (Million WON)	4,802	49	1.0	6,898	59	0.9	3,570	900	33.7	5,008	118	2.4	20,278	1,125	5.9
India included Asia (Million INR)	196	36	22.3	286	35	13.9	124	-49	-28.1	90	-37	-29.0	696	-15	-2.1
Others(Million yen) (Africa · Oceania)	499	-46	△8.4	618	75	13.8	656	-226	-25.6	568	47	9.1	2,341	-149	-6.0

# IV Action for Global Growth

## Strategy and Outlook for Landscape Business

### 1. Growth strategy of company group

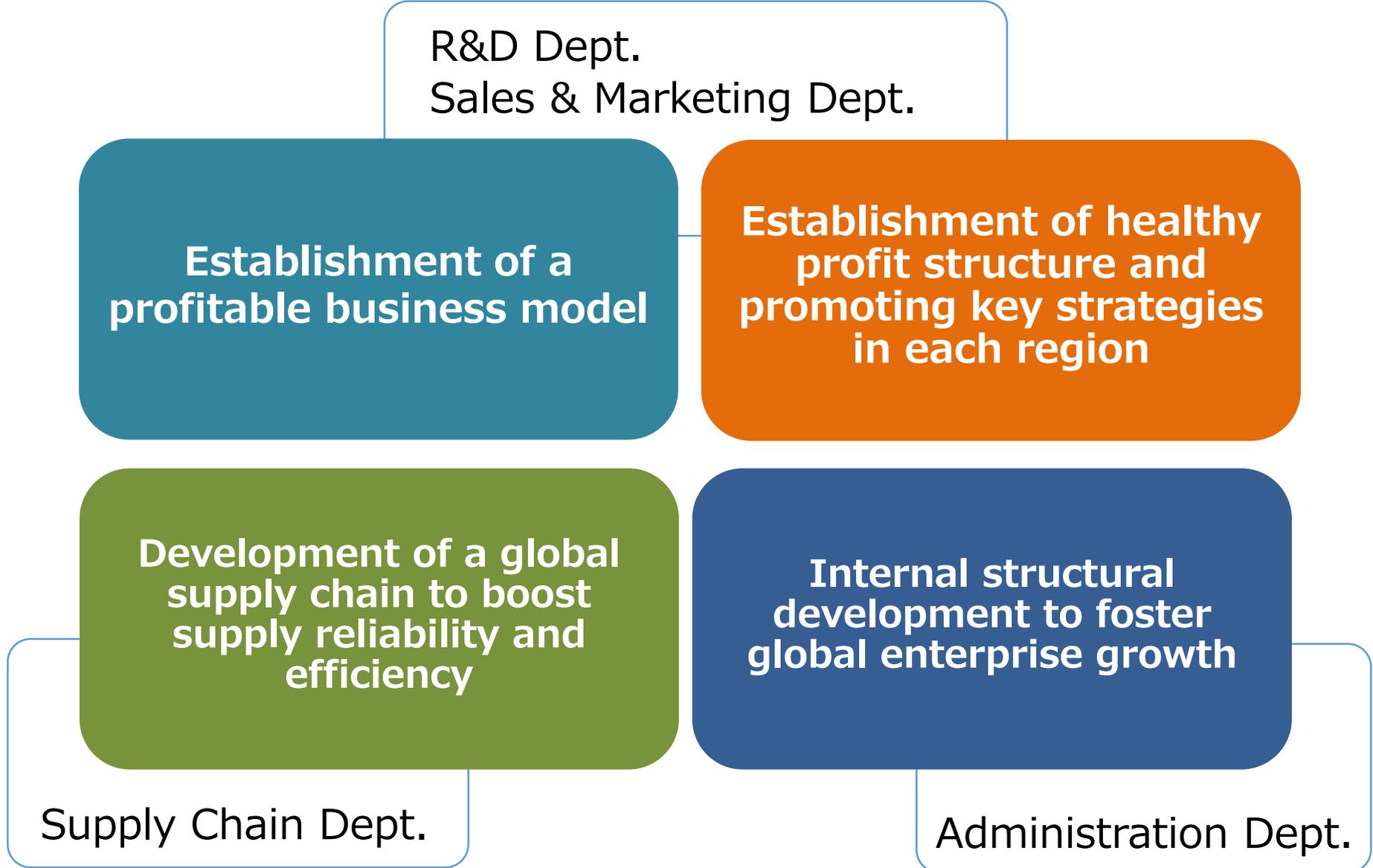
### 2. Landscaping

### 3. Overview of the Landscape Greenery and Flower Business

### 4. Sakata Green Service Strategy and Measures

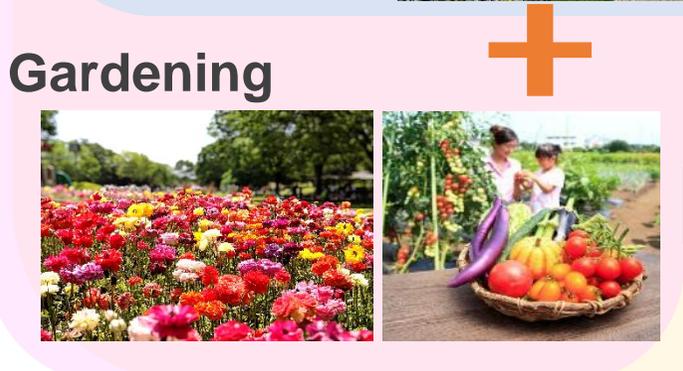
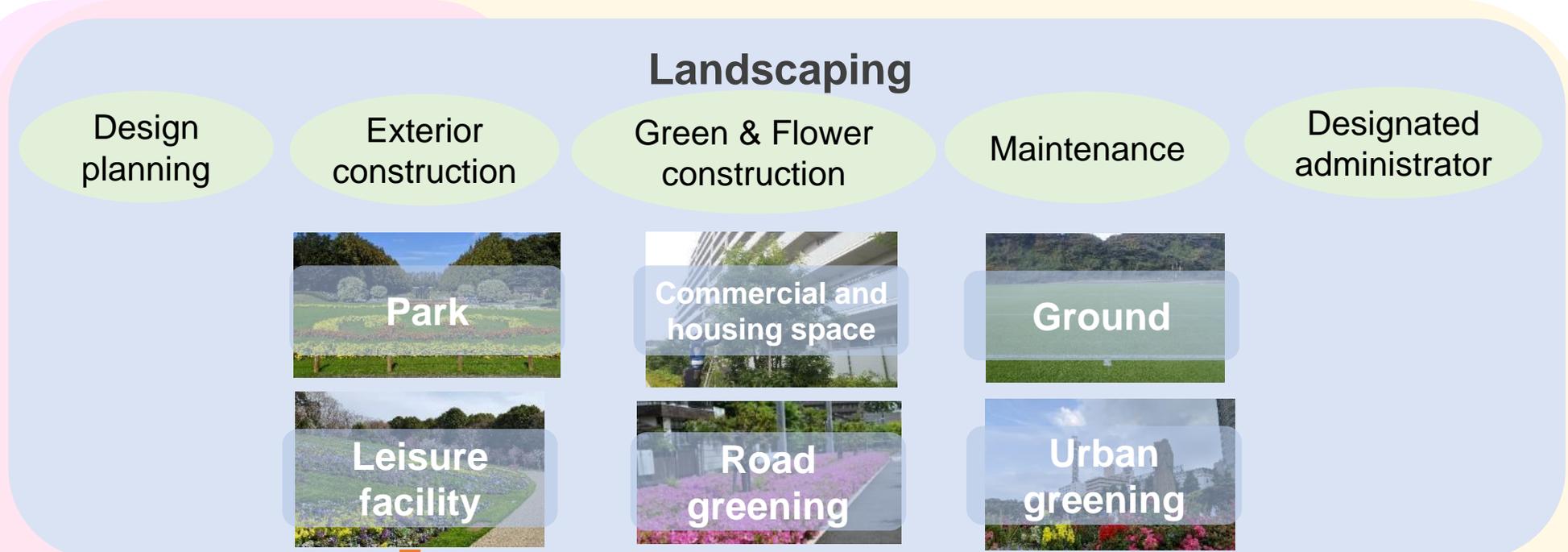
### 5. Future prospects

# 1. Growth strategy of company group



- 1. Growth strategy of company group**
- 2. Landscaping**
- 3. Overview of the Landscape Greenery and Flower Business**
- 4. Sakata Green Service Strategy and Measures**
- 5. Future prospects**

## Market overview and a new market targeted by Sakata



**Arrival of new needs / Active deployment by Sakata**

- 1. Growth strategy of company group**
- 2. Landscaping**
- 3. Overview of the Landscape Greenery and Flower Business**
- 4. Sakata Green Service Strategy and Measures**
- 5. Future prospects**

## History of the landscape greenery and flower business



**1933**

Established  
Sakata Seed  
Garden Division

**2015**

7th Yokohama, People, Town, Design Award  
【Cityscape division】  
Green Road Park “Toyoko Flower Green Road”  
(Tokyu Tōyoko Line / Area from Higashi Hakuraku  
Station to Yokohama Station)

**2018**

Established subsidiary for  
the landscape greenery and  
flower business

**2010~**

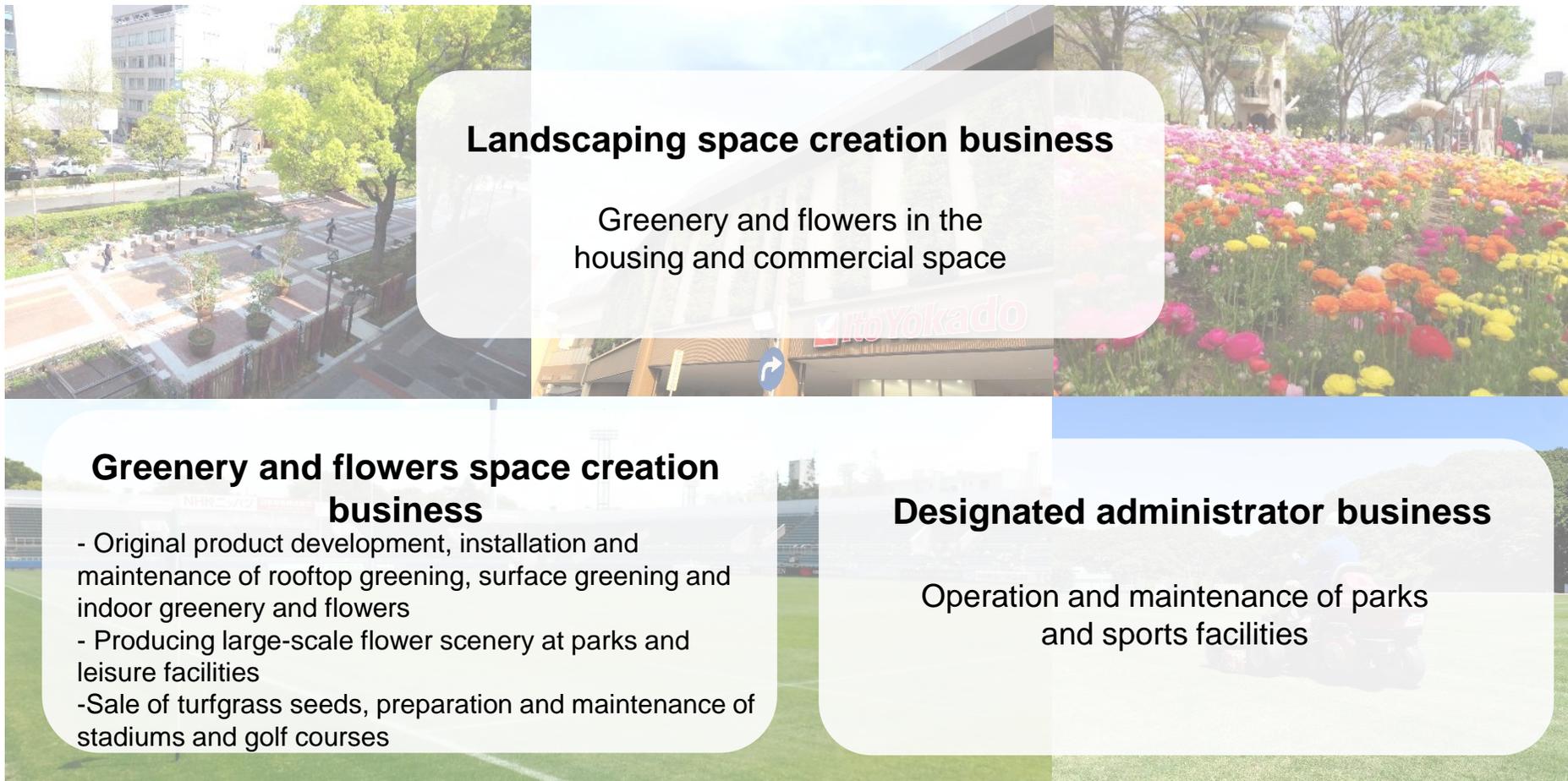
J-League Best Pitch Award  
Awarded 3 consecutive years

**2017**

33<sup>rd</sup> Urban Park Contest  
“Maintenance of Yamashita Park and Rose Garden in the Harbor View Park” won the Special  
Screening Committee Award (Maintenance division)  
“Matano Villa Garden (inner garden)” maintenance construction won the MLIT Award  
(Construction division)  
Indoor Greening Contest  
“Yokohama Landmark Plaza Indoor Greening” won the Japan Flower Promotion Center  
Foundation Chairman’s Award

## Major Business Content

### Expanded three major businesses with greenery and flowers



**Landscaping space creation business**

Greenery and flowers in the housing and commercial space

**Greenery and flowers space creation business**

- Original product development, installation and maintenance of rooftop greening, surface greening and indoor greenery and flowers
- Producing large-scale flower scenery at parks and leisure facilities
- Sale of turfgrass seeds, preparation and maintenance of stadiums and golf courses

**Designated administrator business**

Operation and maintenance of parks and sports facilities

- 1. Growth strategy of company group**
- 2. Landscaping**
- 3. Overview of the Landscape Greenery and Flower Business**
- 4. Sakata Green Service Strategy and Measures**
- 5. Future prospects**

## Landscape Greenery and Flower Business Strategy



**High competitiveness and securing stable  
management base**

# 4. Sakata Green Service Strategy and Measures

## (1) Establishment of a new subsidiary (Corporate outline)

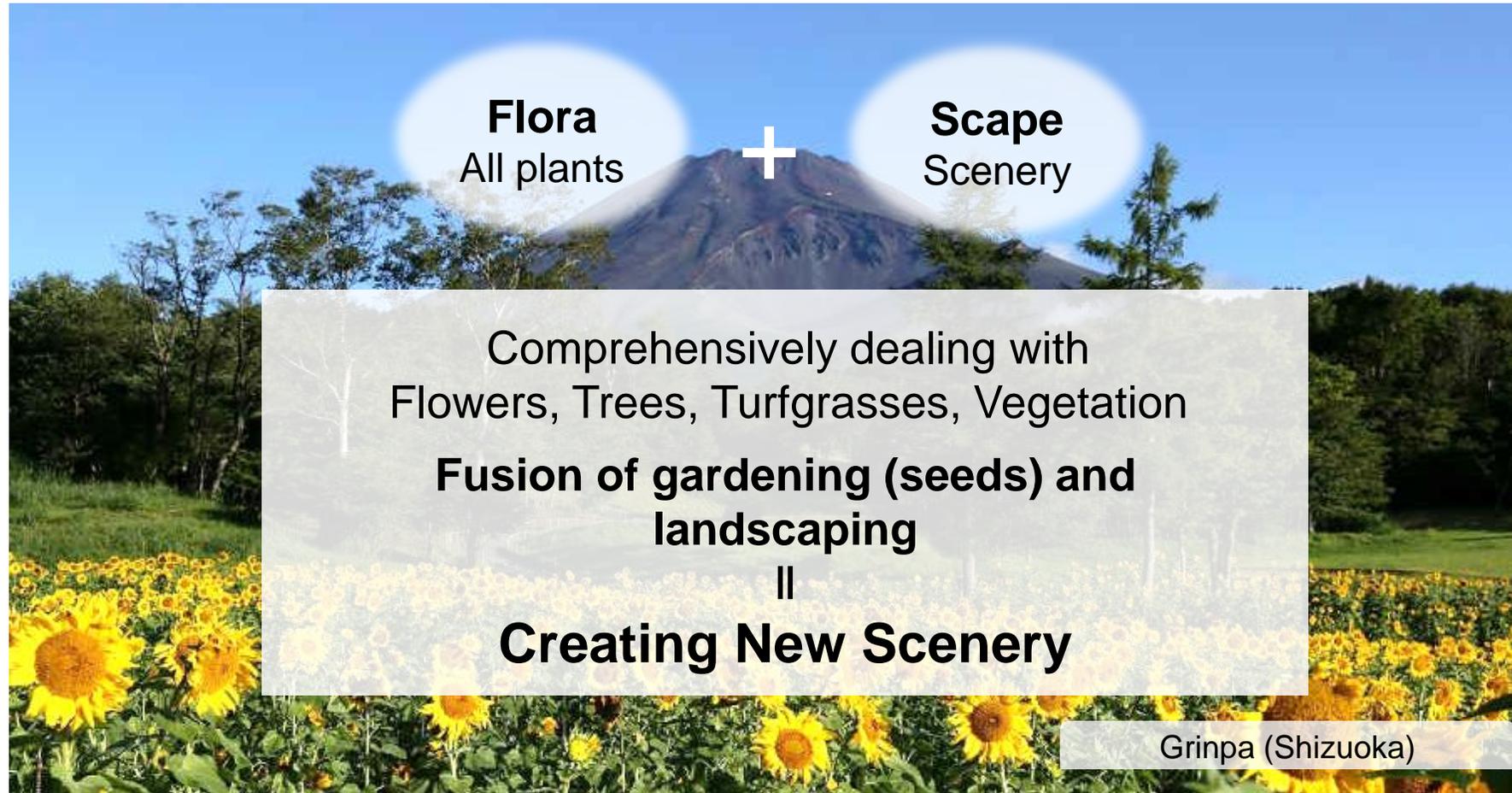
Name	Sakata Green Service Co., Ltd. (SGS)
President	Masahiko Iwai
Location	Namamachidai, Tsuzuki-ku, Yokohama
Established	April 12, 2018
Number of employees	Approx. 130



サカタのタネグリーンサービスは  
生き物である「植物をあつかうプロ」として  
造園業界および指定管理者業界の  
リーディングカンパニーを目指します



## (2) Florascape (Trademark registration pending)



**Differentiate by leveraging Sakata's strengths as  
an all-plant professional**

## (2) Florascape

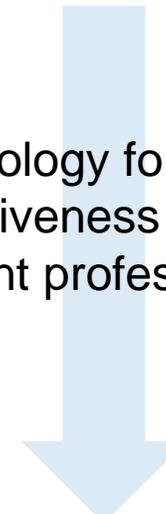
Case example: Unprecedented landscape

~Mt. Fuji and moss phlox in full bloom~



Offering new value fusing  
gardening and  
landscaping

Technology for flowering  
Competitiveness of a group of  
plant professionals



**Virtuous cycle of stable large project orders**  
**Cultivate a new market with good profitability**

## (2) Florascape

**Case example: Unprecedented landscape**  
~“SunPatiens” coloring the water~



**Offering new value fusing  
gardening and  
landscaping**

Technology for flowering  
Competitiveness of a group of  
plant professionals

**Virtuous cycle of stable large project orders**  
**Cultivate a new market with good profitability**

## (3) Continuous operation

Case example: Green space creation business by plant professionals



**Plan-Construct-Maintenance-Service provided in a continuous manner**

Designing ability and  
Technical ability

Idea of **Aging** and technology for its realization  
Storyline taking history and ecology into account  
Expertise in plant maintenance, diverse variety selection

**Stable profitability with direct orders and designated construction**

Top) Mitsui Fudosan Residential Park Homes Yokohama Nakagawa  
Bottom) Nomura Real Estate Development Hill Court Terrace  
Yokohama Shiomidai

## (3) Continuous Operation

Case Example:  
High-quality turfgrass seed business



High-level proposals and solutions  
for stadiums based on experience  
and technology

Maintain turf that supports  
players' best performance and  
victories



**Stable growth of the turfgrass seed business,  
increase in maintenance consignment**

## (4) Stable business foundation

Case example: Designated administrator business



Consigned by local government

Management and operation of sports facilities, parks, etc.  
Using the know-how of private entities  
Improve services

Ensure stable revenue with designated period (5-year) consignment

## (4) Stable business foundation

**Case example:  
Designated administrator business**



**Experienced human resources  
and know-how for designated  
administrator business**

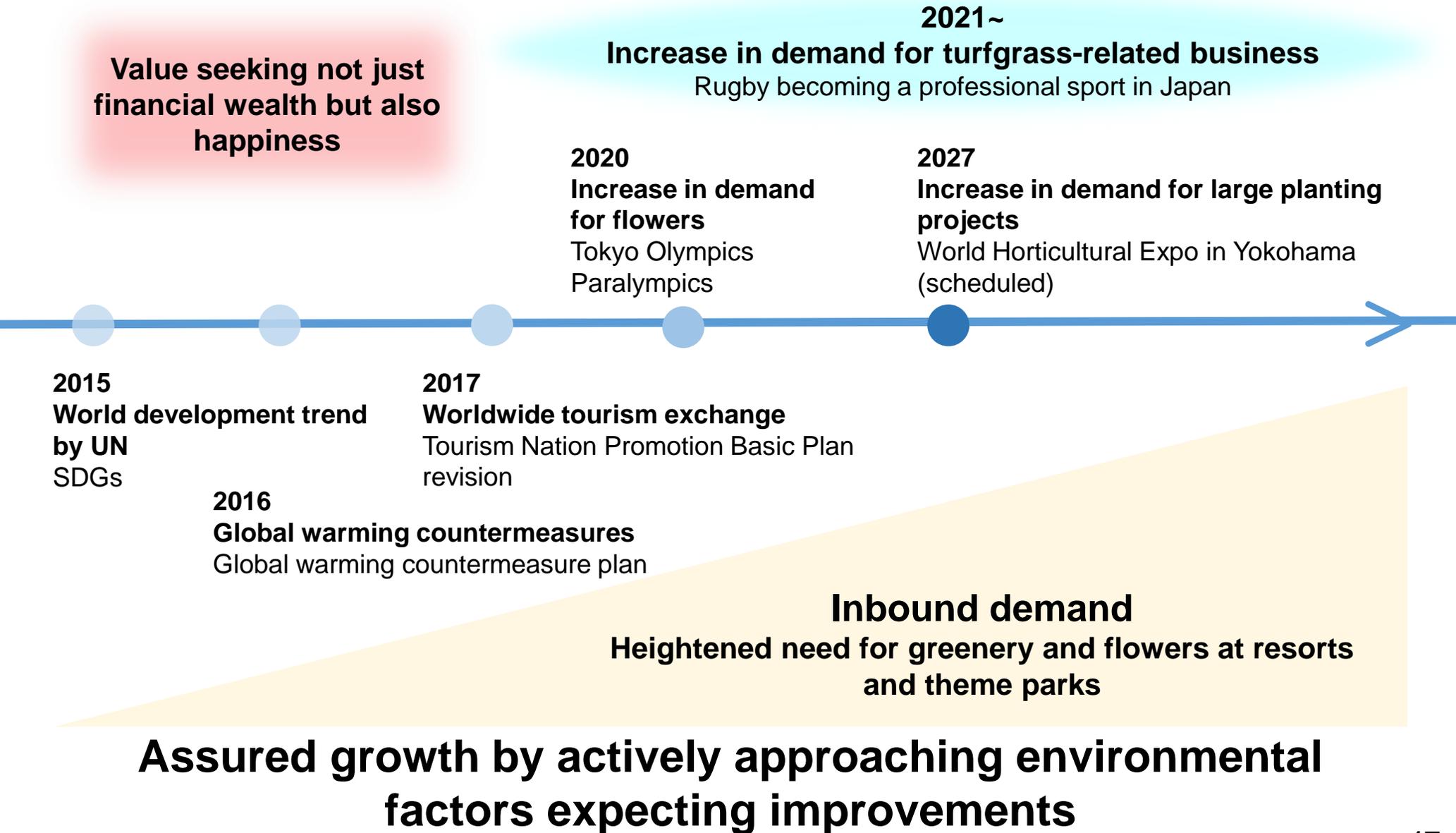


Responding to the increase in  
designated administrator business

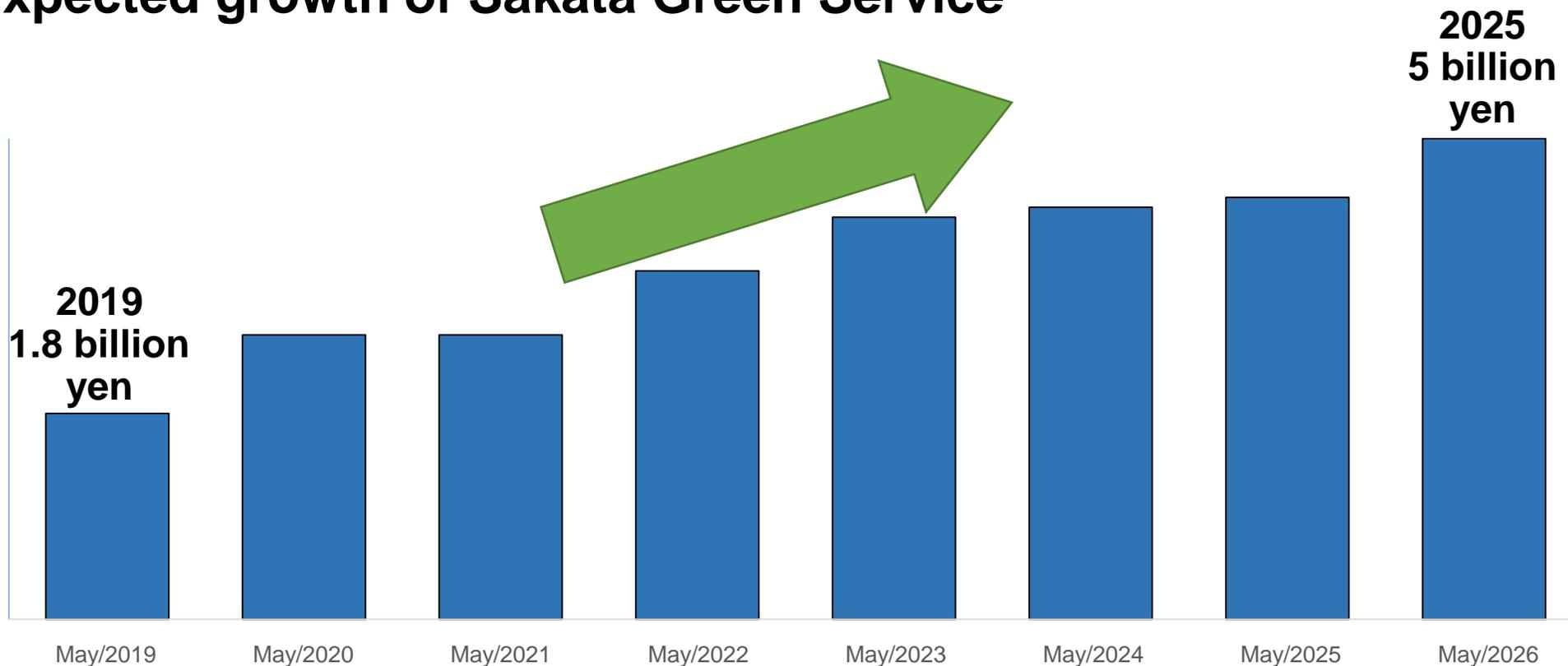
**Spread nationwide from Kanto area,  
Acquire new designated administrator work**

- 1. Growth strategy of company group**
- 2. Landscaping**
- 3. Overview of the Landscape Greenery and Flower Business**
- 4. Sakata Green Service Strategy and Measures**
- 5. Future prospects**

# 5. Future Prospects



## Expected growth of Sakata Green Service



**Aiming for triple the current sales by 2025  
With new business after seed business**

**This presentation document includes descriptions and materials on forecasts regarding performance, strategies and business plans of Sakata Seed Corporation. Those descriptions and materials are the Company's estimates based on information available at the time of announcement, not facts in the past.**

**Also, they include potential risks and uncertain elements such as economic circumstances, conditions of competition with other companies, and foreign exchange rates. Therefore, please acknowledge that the Company's actual performance, business development or financial conditions may turn out very different to the forecasts given herein due to various economic, social and political factors, including economic circumstances, competition in the industry, market demand and foreign exchange rates in the future.**

**Please refer to the annual securities report, the summary of consolidated earnings report and the like for details on general uncertainty and fluctuating elements.**

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