



Developing solutions for agriculture

## PRESS RELEASE

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### InVivo sets sights on 2025 objectives

The InVivo agricultural cooperative group is reporting a sharp recovery in consolidated income for the 2013-2014 year and a stronger financial situation.

The group has launched the “2025 by InVivo” ten-year strategic project and initial achievements have been made by the three fields of expertise: Agriculture, Animal Nutrition and Health, and General Public and Agri-food Distribution.

InVivo made several major acquisitions in 2014, including Pancosma, the leading Swiss animal nutrition additives company; Total Alimentos, the Brazilian number three in pet food; Nalod’s, owner of the Delbard and Jardineries du Terroir networks; and Maferme-Néotic, a specialist in information systems for the farming world. InVivo acquired a stake in Life Scientific, a company that works in post-patent crop protection products, and signed a partnership with ADM in grain trading. The group also launched a new concept in local food retail, Frais d’ici.

The InVivo group is reporting net consolidated income of €15.8 million for the 2013-2014 financial year. After two difficult years, this economic recovery was the number-one objective. Already present in 22 countries, the group’s revenue of €5.7 billion was balanced between France (54%) and international (46%). Revenue was down 7.7% on last year, the purely mechanical consequence of the fall in raw materials prices.

The InVivo group’s balance sheet structure gained in robustness over the year, with €422 million in equity attributable to the group. Financial independence – the ratio of equity to permanent capital – exceeded 75%. Net debt continues to fall, this year by €143 million. Gross operating margin came out at €70 million after the payment of €91 million in rebates to member cooperatives, a new record representing an increase of 12.3%. “The significant improvement in our financial ratios enables us to launch the ambitious growth strategy set out in our ‘2025 by InVivo’ project,” said CEO Thierry Blandinières.

The objectives of the “2025 by InVivo” project launched in autumn 2014 are €300 million in EBITDA and €100 million in net income in ten years’ time. To meet those objectives, the group is looking to step up its international expansion, increase investments in R&D and high-potential activities in agriculture, and seek out new outlets for French agricultural production.

**The Agriculture** field of expertise posted overall revenue of €3.8 billion in 2013-2014, of which €1.6 billion for the Seeds and Agricultural Supplies business units and €2.2 billion for the Grain business unit. To better address the requirements stemming from its complex activity, the international grain trading business was secured through the acquisition of new technologies, methods and skills. In addition, an operational partnership was formed with one of the leading global players in grain trading, ADM.

To capture value added for the benefit of cooperatives and farmer, new developments are underway or planned in seeds, crop health and agro-environment, big agri-data and precision agriculture. The fundamental aim with these growth drivers is to help farmers to produce more and better and become more competitive. The acquisition in 2014 of Maferme-Néotic, a leader in information systems for the agricultural and agri-food sectors, and the stake acquired in Life Scientific, a specialist in R&D on post-patent crop protection products, are the first real-life reflections of these changes.

**The Animal Nutrition and Health** field of expertise posted revenue of €1.3 billion in 2013-2014, with results exceeding objectives. The performance of Animal Nutrition and Health, based on an approach consisting of multiple regions, with strong ambitions in South America and Asia, along with multiple activities (complete feed, service company and premix, additives, animal health, analysis laboratory) and multiple species, demonstrates the resilience of its business model.

Aiming to become a world leader in its field, InVivo Animal Nutrition and Health continues to invest significantly in innovation, and is currently building a world innovation centre in Saint Nolff in Brittany. In France, InVivo Animal Nutrition and Health has almost finished the structuring of its complete feed activities into regional centres with its cooperatives and has confirmed its position as the number-one service company. Already boasting robust presence in Mexico, Brazil, Indonesia and Vietnam, it is accelerating its international expansion through targeted acquisitions and new sites. Following the buyout in 2013 of the Mexican service company, Vipresa, it recently acquired the Swiss company Pancosma, a leader in the ingredients and additives market, and Total Alimentos, the Brazilian number three in pet food.

**The General Public and Agri-food Distribution** field of expertise posted revenue of €513 million, with strong results for Gamm vert S.A. InVivo is the leader in French gardening and also plays a structural role in the market, following the acquisition of Nalod's and its Delbard and Jardineries du Terroir networks.

The year also saw the group make a high-profile move into food retail with the launch of a new concept, Frais d'ici, a store selling fresh local produce. The first pilot outlet opened in October 2014 in Toulouse. The initiative brings the group and its member cooperatives a new way of showcasing agricultural production.

"By investing in a new business, the InVivo group is showing its ability to reinvent and open up new perspectives for cooperatives and farmers," said Thierry Blandinières. "In each of our activities, initial milestones have been set in terms of pooling with the cooperatives, innovation, international development and, above all, the creation of value added."

#### **The group's new organisation and governance structure**

The group made major changes to its organisation and governance structure in 2014. Its business architecture has been redesigned around three fields of expertise: Agriculture, Animal Nutrition and Health, and General Public and Agri-food Distribution.

The group adapted its legal organisation to better serve the interests of member cooperatives while enabling the development of each of its businesses in France and internationally. The new structure is organised in three levels:

- Union InVivo, grouping the longstanding activities of collection and supply. As the group's parent company, the Union manages the interests of member cooperatives and rules on strategic directions;
- InVivo Group, the main holding company responsible for the group's corporate functions and acting as the link between the activities specific to the Union and the other business activities;
- the business unit holdings, grouping all the group's business activities responding to the laws of their respective markets.

*The InVivo group brings together 223 cooperatives, themselves with over 300,000 farmer members. InVivo has a 6,900-strong workforce in 22 countries. Through its human, industrial, technical, technological and R&D investments, and through its membership and international developments, InVivo supports the development of French agriculture by ensuring the performance and sustainability of agricultural production.*

*Under the chairmanship of Philippe Mangin and deputy chairman Jérôme Calleau, the InVivo Executive Committee is composed of Thierry Blandinières, chief executive officer, Jérôme Duchalais, deputy chief executive officer, Hubert de Roquefeuil, deputy chief executive officer and chief executive officer of InVivo Animal Nutrition and Health, Laurent Martel, director of InVivo Agriculture, Jean Pierre Dassieu, director of InVivo General Public, and Sébastien Graff, director of human resources.*

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## ANNEXE

### Key InVivo developments in 2014 by field of expertise

#### AGRICULTURE

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##### MAFERME-NEOTIC

**The majority shareholder of MaFerme-Néotic since June 2014, InVivo aims to build a European leader in information systems for the agricultural sector.**

By uniting their strengths, InVivo and MaFerme-Néotic now boast a broad range of solutions for all users, including farmers, cooperative advisors and agri-food manufacturers. The objective is to develop innovations in decision-making tools and mobility solutions combined with onboard IT to help farmers better adapt their farming practices to crop needs. The widespread dissemination of these tools will foster the development of precision agriculture.

##### LIFE SCIENTIFIC

**In November 2014 InVivo acquired a share in Life Scientific, a company that works in R&D on post-patent crop protection products.**

By taking a 50% stake in Life Scientific, InVivo is strengthening its ability to work with member cooperatives to develop sustainable and profitable solutions to secure the yield potential and quality of crops. The acquisition also reflects the group's aim to extend the market life of post-patent products essential to the establishment of crop protection programmes. This range of solutions will in the future be extended to include biocontrol products.

Founded in 1995, Life Scientific began life as a start-up hosted by the University of Dublin. Specialised in the formulation and homologation of crop protection products, it currently reports annual revenue of €11 million and employees 20 people, including 8 PhD graduates.

##### ADM

**In June 2014 InVivo sold its 20% share in Alfred C. Toepfer International to ADM, the majority shareholder. The disposal was accompanied by a strengthening of the strategic and operational partnership between the two companies.**

The agreement fosters the sharing of expertise in grain trading. It enables InVivo to expand its Black Sea sourcing and ADM to gain broader access to French production. Synergies are also to be unlocked in sea freight.

InVivo and ADM are already 50/50 partners in Gleadell, the leading grain trading company in the UK reporting annual revenue of €520 million and consolidated net income of €5 million.

#### ANIMAL NUTRITION AND HEALTH

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##### PANCOSMA

**In September 2014 InVivo Animal Nutrition and Health acquired Pancosma, a leading Swiss company in the ingredients and additives market.**

The acquisition underscores InVivo Animal Nutrition and Health's priority to develop a range of innovative products adapted to the changing needs of customers. The development of synergies between Neovia and Pancosma will enable the company to achieve critical mass in this growing market.

Founded in 1947, Pancosma generates annual revenue of €55 million. It produces flavourings, sweeteners, bioactives, organic trace elements, plant carbon and acidifier blends that are sold around the world. Pancosma has five plants, located in France, Switzerland, Canada, Poland and China.

## TOTAL ALIMENTOS

**In October 2014 InVivo Animal Nutrition and Health acquired Total Alimentos, the Brazilian number three in pet food.**

The transaction confirms InVivo Animal Nutrition and Health's strategy in Brazil and more broadly in South America. It also gives the company a firm foothold in the Brazilian pet-food market, the world's second-largest behind the USA. InVivo is already a major player in pet food in France and Mexico. Total Alimentos also has strong positions in feed for dairy cows, horses and aquaculture species.

Total Alimentos, founded in 1975, reports annual revenue of €170 million, employs 1,400 people and has an extensive sales network comprising 21 distribution centres. Total Alimentos exports to over 40 countries, has a pet-food research centre connected to a leading US university in the veterinary field, the University of Illinois, and benefits from a consequential patent portfolio.

## GENERAL PUBLIC

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### DELBARD AND JARDINERIES DU TERROIR

**In April 2014 the Nalod's group, owner of the Delbard and Jardineries du Terroir networks, joined InVivo, the owner of the Gamm vert franchise.**

With this new development, InVivo is confirming its determination to boost its leadership position in the gardening market. The two high-profile brands strengthen InVivo General Public's market share alongside Gamm vert, France's number-one garden centre network with over 1,000 stores. The alliance will enable the group to develop in parallel and on a franchise basis three physical distribution networks with a complementary fit while retaining the specific characteristics and values of each brand, Gamm vert, Delbard and Jardineries du Terroir.

Founded in 2002 in the Rhône area, the Nalod's group, reporting annual revenue from store sales of €250 million, is a renowned services centre for independent garden centres in the specialised garden retail market. It has 161 garden centres represented by two store brands: Jardineries du Terroir, targeting horticulturists, nursery owners and independents, and Delbard, a network of local garden centres with strong plant expertise and which the Nalod's group took over in March 2010.

### FRAIS D'ICI

**On 15 October 2014 InVivo opened the first Frais d'ici store in Portet-sur-Garonne near Toulouse with the claim "Eat fresh, buy local".**

Frais d'ici responds to a new consumer expectation to source food products cultivated in their region and get to know the producers better. The InVivo group is launching the Frais d'ici franchise to gain a strong foothold in the local food retail market on the outskirts of urban areas. The group is also demonstrating that agricultural cooperatives, unified under Union In Vivo, have a major role to play in distribution and that they can bring consumers food security and guaranteed origin.

Seventy percent of the products at Frais d'ici are cultivated by 200 producers and local and regional producer groups. Following the opening of the pilot store in Portet-sur-Garonne, InVivo plans to open several further pilot stores in 2015 and 2016.