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GENUS plc

Genus to Acquire Génétiporc

Genus plc ("Genus" or the "Group"), a leading global animal genetics company, is pleased to announce the acquisition of Génétiporc, the porcine genetics business of Aliments Breton Foods Group, the largest producer and processor of organic and natural pork in North America. Génétiporc is based in Canada, and has operations in the US and Mexico and a joint venture in Brazil. The total consideration for the acquisitions including assumed debt and Genus' share of the Brazilian joint venture is £24.8m.

Genus will acquire the US and Mexican Génétiporc companies and certain assets in Canada, principally intellectual property, genetic nucleus herds of approximately 3,200 pure line sows and customer contracts. The consideration for these acquisitions is US$30.0m (£18.8m) in cash which will be financed from existing facilities. These acquisitions also include assumption of debt of US$5.6m (£3.5m) which will be repaid at, or shortly after, closing. The closing is subject, amongst other things, to satisfactory completion of veterinary verification and is expected to occur in October 2013. Aliments Breton Foods Group will become a customer of PIC, Genus' porcine global business unit, as part of a long term agreement to buy exclusively PIC's genetics.

Agroceres PIC, Genus' 49% owned joint venture in Brazil, has signed a memorandum of understanding with the shareholders of Génétiporc do Brazil to acquire it for Real 18.5m (£5.2m), subject to agreement of definitive documents and completion of confirmatory due diligence. The acquisition by Agroceres PIC will be funded by Genus and its joint venture partner, Agroceres, subscribing for additional equity pro rata to their existing equity ownership.

In the year to 30 June 2013, the pro forma results of the business being acquired excluding Brazil were revenues of US$60m (£37.5m) with a breakeven profit before tax. Génétiporc do Brazil had revenues of Real 19m (£5.4m) and profit before tax of Real 1.5m (£0.4m) in the year to 30 June 2013. Génétiporc has over 300 customers and has estimated volumes of over 13 million market pig equivalents, compared with Genus' 99 million market pig equivalents in the same period.

The acquisition is expected to be modestly accretive to earnings in FY2014 and will add more significantly to earnings as synergies are realised over the first 24 months. At full run rate, synergies of US$11m (£6.9m) per annum are anticipated (including Genus' share of synergies in Brazil) as the operations of Génétiporc are combined with Genus' PIC business.

Rationale of the transaction

Génétiporc represents an excellent strategic fit with Genus' core activities and has very similar values to Genus' porcine global business unit, PIC. Génétiporc has built a strong reputation since its establishment in 1984, across the Americas, for porcine genetics with a particular emphasis on meat quality, product development, bio-security and health, all of which are also areas of focus for Genus.

- Génétiporc's complementary product portfolio expands PIC's genetic diversity and supports future global product development. The parties' genetic nucleus herds and product development programmes will be integrated. The combined product portfolio will give further impetus to PIC's provision of high quality and differentiated genetics globally.
- The acquisition of Génétiporc by Genus brings significant opportunities from the combination of the two operations. Génétiporc's operations will be incorporated into the existing PIC North America and Latin America businesses by integrating the supply chains and merging customer facing teams.
- The broadened supply chain and multiplier base supports future growth for PIC's North American and Latin American business and improves the ability of PIC to serve our current and future customers.
- The acquisition will provide Génétiporc's customers with access to PIC's market-leading technical and health services.
- The acquisition has a solid financial rationale and will be earnings accretive, increasing over time.

Commenting on the acquisition, Karim Bitar, Chief Executive of Genus, commented:

"The acquisition of Génétiporc represents a further important step in the strategic growth and development of Genus as we focus on providing the very best genetics to meet the demands of a rapidly growing and urbanised global population.

Génétiporc is an excellent fit with Genus' existing business in the Americas, further strengthening our market position in that geography and also provides our customers around the world with a wider and deeper genetic pool.

The enlarged business will provide a focused porcine genetics growth platform for Génétiporc's customers and we welcome Aliments Breton Foods Group as a significant customer and partner for the future."

Christian Breton, Chief Executive of Génétiporc International, said:

"This transaction provides our customers and supply chain partners with the long term opportunity to further grow and derive value from the partnership with the new Genus-Génétiporc business. Genus PIC has a world-class genetic improvement capability and strong customer service and we look forward to working together with Genus going forward."

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This announcement is available on the Genus website www.genusplc.com

About Genus

Genus creates advances to animal breeding and genetic improvement by applying biotechnology and sells added value products for livestock farming and food producers. Its technology is applicable across all livestock species and is currently commercialised by Genus in the dairy, beef and pork food production sectors.

Genus' worldwide sales are made in seventy countries under the trademarks "ABS" (dairy and beef cattle) and "PIC" (pigs) and comprise semen and breeding animals with superior genetics to those animals currently in production. Genus' customers' animals produce offspring with greater production efficiency, and quality, and use these to supply the global dairy and meat supply chain.

The Group's competitive edge has been created from the ownership and control of proprietary lines of breeding animals, the biotechnology used to improve them and its global supply chain, technical service and sales and distribution network.

With headquarters in Basingstoke, United Kingdom, Genus companies operate in thirty countries on six continents, with research laboratories located in Madison, Wisconsin, USA.

About Génétiporc

Génétiporc is the porcine breeding business of Aliments Breton Foods Group. It is based in Canada with operations in the US and Mexico and a joint venture in Brazil.

Founded in 1984, in response to demand from producers for a swine genetics company that would understand their concerns and would be there to offer solutions, Génétiporc is now one of the leading providers of porcine genetics in North America. It prides itself on its achievements in product development, health and biosecurity and meat quality.

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