

**Devgen nv announces its business and financial results for the year ending  
31 December 2009**

**Zwijnaarde, March 11, 2010 - Regulated information**

**Strategic highlights**

Throughout 2009 the global outlook for agricultural business remained positive. Heat and drought spells have highlighted the global challenge of sustainable food production. The food crisis of 2008 has enhanced political and corporate interest in innovation in agriculture and has resulted in a re-appreciation of agriculture and of the seed business in particular.

In India, the erratic and weak monsoon season of 2009 has had significant impact on the economy and on the trade of food grains. Seeds delivering increased yields under both normal and stress conditions are now globally recognized as key drivers to meet the needs of society for feeding its growing population and to bring prosperity to farmers.

During 2009, Devgen continued to implement its agro-biotech business plan to become a leading biotech-seed player in 4 important crops (rice, sorghum, pearl millet and sunflower) and a licensor of crop protection technology in other crops:

- Devgen strengthened and expanded its direct market access for its seed products in India, Indonesia and the Philippines.
- In India, the company achieved substantial revenue growth, expanded its staff and infrastructure and extended its product portfolio in all 4 core crops.
- In the Philippines, Devgen initiated research, production, marketing and sales and launched its first hybrid rice product for the tropical market.
- In Indonesia, key business relationships for production and distribution were established and two hybrids were successfully registered.
- The company increased its advanced breeding efforts, research staff and infrastructure to further strengthen its pipeline and product portfolio in hybrid pearl millet, rice, sorghum and sunflower seeds.
- The company continued to expand its pipeline of biotech and non-biotech traits focused on a-biotic and biotic stress resistance.
- Devgen and Monsanto updated their research and technology agreement, against a payment of EUR 20 million to Devgen.

- Monsanto Company recently announced that it had moved a corn rootworm trait based on RNAi technology from phase 1 to phase 2 in its pipeline.

In 2009, governments and regulators continued to restrict the use of certain hazardous chemicals to control nematode pests on vegetables, fruits and row crops. Anticipating on this trend, Devgen scientists have developed a nematicide product with a superior environmental and worker exposure profile compared to other nematicides, and which is equally efficacious in controlling nematode pests. This product moved in 2009 to commercialization in Turkey and first sales of Devguard<sup>®</sup> were realized.

In the US, commercialization of a different formulation, under the brand name Enclosure<sup>®</sup>, is targeted for 2010. Regulatory approvals in other countries were pursued as planned.

Devgen significantly strengthened its cash position during 2009:

- 14.7 million euro raised in capital
- 20 million euro payment in fees from Monsanto Company.

## **Business highlights**

### Nematicide Business

- Devgen's nematicide was approved in Turkey for use on tomatoes, cucumbers, peppers and eggplant. The product was launched under the brand name Devguard<sup>®</sup> and is distributed by Devgen's partner in Turkey, Dogal A.S.
- The product is well received by farmers, especially because of its environmental safety profile and its short pre-harvest interval which enables growers to extend the treatment period without affecting export of their products into zones with strict residue level controls.
- Devgen's nematicide was approved in the US for use on peanuts and is targeted for launch under the brand name Enclosure<sup>®</sup> in the first half of 2010.
- Additional development is in progress to expand into other crop opportunities.
- The approval procedures in other countries are further pursued with the first ones expected in 2010-2011.

### Seed business

Despite the impact of adverse weather on agriculture in India<sup>1</sup>, Devgen's hybrid seed business grew by close to 50 %, the strongest growth noted in the industry:

- Sales value of hybrid rice seeds more than doubled and put Devgen in the number 3 position in the Indian hybrid rice market. Devgen's hybrid rice is well received by farmers because of its high yield, drought tolerance and good grain taste when consumed.
- Sales of sunflower hybrid seeds increased by 19%, supported by the launch of a new product, Frontline SH 491, which combines short maturation time and high yield. Devgen is now also a top-3 player in this market segment in India.
- Devgen regained its leadership position in India for sorghum hybrids, thanks to 60% growth in Sales value. Devgen launched new products which are superior over its own sorghum hybrid which is already market leader. Devgen also made a strong entry into the sorghum fodder market.
- In pearl millet Devgen gained market share and increased sales by 50%. Mahalaxmi DB 5000, a new product targeted for the hot and dry regions of India, was launched and should support future growth.
- Availability of good farmland for seed production is crucial in a growing business. For next production season, Devgen has secured access to considerably more area and with more geographically spread to mitigate environmental crop production risks.
- A new seed processing plant was built and became operational. It doubles Devgen's seed processing capacity.
- A dedicated smaller plant for processing parental seed, together with cold storage facilities was built and provides secure high quality parental seed management and processing.
- New laboratory infrastructure for Quality Control and R&D will be commissioned shortly.

In 2009 Devgen established operations in the Philippines:

- A legal entity was incorporated with head office in Manila.
- A research station was set up to focus on the development of tropical hybrids. A production team was put in place and initiated test production on multiple locations. A first product is available for the dry season sales and field locations were secured for the first large scale production during the current dry season.

---

<sup>1</sup> The Reserve Bank of India (RBI) said the agriculture growth will be muted this fiscal year on account of the impact of poor monsoon on Kharif crops. The total rice area during the Kharif season is estimated to have declined by 14% to some 35 million Ha. A late start of the monsoon resulted in delayed plantings and/or made farmers switch to other crops.

- A distribution partnership was set up with Leads Agri, a leading supplier of agrochemical products in the Philippines with nationwide presence.
- The first rice hybrid, named Masuwerte®, bred for the Philippine market was launched. Masuwerte® is a high yielding, long grain rice with good aroma.

In Indonesia, Devgen is preparing to sell hybrid rice as of 2010:

- 2 rice hybrids that were extensively tested over the past 2 years, obtained variety registration. Sales should start in early 2010.
- Devgen deepened its relationship with PT (Persero) Sang Hyang Seri (SHS) through the creation of a Hybrid Rice Strategic Business Unit for hybrid rice seed production. The companies are further building on their cooperation for R&D and distribution of rice hybrids in Indonesia.

#### Technology

- Devgen's global breeding team, operating in Belgium, India, Kenya and the Philippines has made important progress to deliver new products in the short, medium and long term. Several new hybrids are targeted to be launched in 2010.
- The development of Devgen's proprietary biotech crop protection technology continues. Monsanto Company recently announced that it had moved a corn rootworm trait based on RNAi technology from phase 1 to phase 2 in their pipeline.
- Devgen and Monsanto Company modified the scope of their research and technology agreement signed in 2007. Monsanto Company now has broader rights to Devgen technology. In exchange, Devgen received EUR 20 million in cash.
- In rice, Devgen advanced a portfolio of biotech and non-biotech traits to protect plants against biotic and abiotic stress. These hybrids are expected to fuel the Devgen pipeline in hybrid rice and are targeted to deliver increased yield and prosperity to the Asian farmer.
- Devgen renewed its agrochemical compound discovery agreement with Sumitomo Chemical Company, a Japan based company with which Devgen has been collaborating under multiple agreements since 2001.



deVGen

**Business objectives 2010:**

- Devgen's goal is to further grow and entrench its position as an innovating provider of hybrid seeds in India and hybrid rice seed in S.E. Asia. This can be achieved by increasing market access for its existing products and by launching new high value products.
- Seed production and seed sales are highly influenced by weather conditions. Based on the March 1<sup>st</sup> production update, Devgen anticipates substantial revenue growth of its seed business. Devgen management will provide a guidance update in mid-May, after completing the harvest of this year's seed production. A second update will be given after the onset of the monsoon season.
- In the Philippines, the company plans to ramp-up sales of hybrid rice seed.
- In Indonesia, Devgen aims to strengthen the organization and launch its product successfully.
- Several new products will be launched in 2010 and others evaluated for possible launch in 2011.
- The company targets to bring its first biotech traits for rice from research to the development stage in India.
- Simultaneously new non-biotech hybrids are intended to be advanced towards commercialization.
- Devgen plans to launch its nematocide in peanuts in the United States, while progressing the path to product registration in Europe.

## Financial highlights

### Key figures 2009

	H1 2009	H2 2009	Y 2009	Y 2008
EUR 000 (except for earnings per share)				
<b>Revenue</b>	8,618	9,817	18,435	9,344
<b>EBITDA</b>	-3,615	-2,283	-5,898	-15,030
<b>Operating Loss from continued operations</b>	-4,645	3,293	-7,938	-17,300
<b>Net of financial income/cost</b>	-339	-242	-581	685
<b>Net loss from continued operations</b>	-4,985	-3,534	-8,519	-16,615
<b>Basic earnings per share from continued operations (EUR)</b>	-0.28	-0.17	-0.45	-0.93
<b>Net loss from discontinued operations</b>	-162	29	-133	-8,508
<b>Net Loss for the year continued &amp; discontinued operations</b>	-5,147	-3,504	-8,651	-25,123
<b>Basic earnings per share from continued &amp; discontinued operations (EUR)</b>	-0.29	-0.17	-0.46	-1.41
<b>Cash and cash equivalents<sup>2</sup></b>	36,173	45,762	45,762	24,218

- Revenues increased from €9.3 million in 2008 to €18.4 million in 2009, an increase with 97%.
- Earnings before amortization, interest and taxes (EBITDA) improved from €-15.0 million in 2008 to €-5.9 million in 2009.
- Net loss for the year from continuing operations amounted to €8.5 million as compared to €16.6 million in 2008, a decrease with 49%.
- Net loss for the year from discontinued operations related to the ceased Human Therapeutics business amounted to €0.1 million as compared to €8.5 million in 2008.
- Total net loss from continued and discontinued operations amounted to €8.7 million as compared to €25.1 million in 2008, a decrease with 66%.
- The cash position of the company increased from €24.2 million at year end 2008 to €45.8 million at year end 2009 (including €5.6 million cash restricted in its use).

<sup>2</sup> Including restricted cash for an amount of EUR 5.6 million as per December 31, 2009.

## Revenues

The company's revenues have been derived from product sales, research and development partnerships and government grants.

'000 of € / year ended 31 December	2009	2008	2007
Sales of goods	9,060	6,093	338
Partnering income	9,170	3,171	5,657
Government grant income	205	80	1,288
<b>Total revenues</b>	<b>18,435</b>	<b>9,344</b>	<b>7,284</b>

Revenue from sales of goods amounted to € 9.1 million in 2009. This is an increase of 49% compared to € 6.1 million achieved in 2008. Sales in 2009 include the product launch of Masuwerte<sup>®</sup> in the Philippines and of Devgen's nematicide, sold under the brand name Devguard<sup>®</sup>, in Turkey.

Partnering income increased from € 3.2 million in 2008 to € 9.2 million in 2009 as a result of the update of the research and technology agreement with Monsanto Company and from the renewed collaboration with Sumitomo Chemical Company. Government grant income amounted to € 0.2 million in 2009 and is fully related to an R&D grant from EDB (Economic Development Board, Singapore).

## Gross profit

'000 of € / year ended 31 December	2009	2008	2007
Revenues	18,435	9,344	7,284
Including Sales of goods	9,060	6,093	338
Cost of goods sold	(5,942)	(4,170)	(390)
Gross profit from sales of goods	3,118	1,923	(52)
<b>Total gross profit</b>	<b>12,493</b>	<b>5,175</b>	<b>6,895</b>

Total gross profit increased from € 5.2 million in 2008 to €12.5 million in 2009, an increase with €7.3 million. The gross profit from sales of goods amounted to € 3.1 million compared to € 1.9 million in 2008, representing an increase of 62%.

### Operating expenses and other operating income

'000 of € / year ended 31 December	2009	2008	2007
R & D expenses	10,086	14,422	10,793
Marketing and distribution expenses	4,315	2,381	91
General and administrative expenses	6,289	5,937	5,093
Other operating income	(259)	(266)	(212)
<b>Total operating costs</b>	<b>20,431</b>	<b>22,474</b>	<b>15,765</b>

Research and development expenses amounted to € 10.1 million, decreasing with € 4.3 million or 30% compared to last year. Lower expenses in the nematicide program, which enters into the pre-commercialization phase, were partially offset by higher R&D expenses into the rice breeding programs in support of the further expansion of the seed business.

Marketing and distribution expenses amounted to € 4.3 million in 2009 as compared to € 2.4 million in 2008 and fully relate to the efforts made to grow Devgen's seed and nematicide business.

General and administrative expenses in 2009 show an increase of € 0.3 million or 6% and amount to € 6.3 million. This increase is in line with Devgen's geographic and business expansion.

Other operating income, mainly related to rent income and sales of thrash seed, remained stable at € 0.3 million.

### Net results

The net loss from continuing and discontinued operations in 2009 amounted to € 8.7 million as compared € 25.1 million in 2008, a decrease with € 16.5 million or 66%. The result in 2009 has been impacted by substantially increased contract income and strong growth of seed sales, combined with lower operational expenses and the impact of the termination of the Human Therapeutics business unit on the R&D expenses.

### Cash flow

Cash provided by operations in 2009 amounted to € 10.8 million, as compared to cash used in operations of € 18 million in 2008. The net operating cash drain (operating loss + amortization and depreciations + share based compensation) of € 5.2 million was offset by € 16.0 million improvement in working capital mainly relating to cash received in advance from Monsanto (€ 20 million received at the end of April 2009 and resulting in a positive net working capital effect of € 14.6 million at December 31, 2009 as income is recognized at € 667 ('000) per month until the end

of the related contract period) and to the company's advance booking incentive scheme for the Indian seed business resulting in early collections for next season's seed sales for amount close to € 3 million.

Cash used by investing activities amounted to € 1.2 million in 2009 as compared to cash provided by investing activities of € 5 million in 2008.

In 2009, investments in property, plant and equipment amounted to € 1.7 million, partially offset by the sale of equipment and by interest received from cash investments. In 2008 the sale of financial assets held for trading resulted in cash provided by investing activities of € 5 million.

Cash provided by financing activities amounted to € 12.8 million in 2009 as compared to cash used in financing activities of € 0.7 million in 2008. The cash flow in 2009 included the net proceeds from capital increases of € 14.1 million as compared to € 0.1 million in 2008, and the net payments for financial debt of € 1.3 million in 2009 as compared to € 0.7 million in 2008.

As a result of the above cash flows, a net increase of € 21.5 million in cash and cash equivalents was recorded during 2009. Devgen's cash and cash equivalents, including restricted cash of € 5.6 million, amounted to € 45.8 million on 31 December 2009, as compared to € 24.2 million on 31 December 2008.

### **Balance sheet**

The balance sheet at 31 December 2009 has a solvency ratio (equity vs. total assets) of 59 % (versus 71% at 31 December 2008). The balance sheet shows total assets and liabilities for an amount of € 80.1 million, an increase of 40%. The stronger cash position at the assets side is compensated by the increase of the share premium account (capital increase) and the deferred income account (payment by Monsanto Company).

### **Segment reporting**

The results of the company are reported under one single "agro" segment.

### **Staffing**

Per December 2009, Devgen employed 283 members of staff, an increase of 30 % compared to last year. Devgen is further strengthening its organization in India and in South-East Asia. In Belgium Devgen employs 54 employees forming the core research team and the business support

unit responsible for global coordination, legal and regulatory affairs, intellectual property management, IT, finance, investor relations and HR.

### Corporate highlights

In 2009 two new board members joined Devgen's board. Gengest BVBA, represented by Mr. Rudi Mariën and Mr. Orlando de Ponti both joined on June 2, 2009.

### Financial outlook 2010

- Devgen anticipates overall **revenue** growth of 35 to 40%.
- **R&D** remains a key factor in the development of Devgen's future. Investment in R&D excluding depreciation is set at € 10 million to allow Devgen to continuously build on its pipeline of biotech and non biotech seeds.
- **Cash Burn** for the year including planned investments is estimated at € 15 million.

### Conference call and webcast

Devgen will conduct a conference call on Thursday, March 11, 2010 at 11 am which will also be simultaneously broadcasted via internet. The event is open to the public and is accessible via [www.devgen.com](http://www.devgen.com) and via telephone at +32 (0)2 290 14 07. To ask questions during the Q&A session, please join the event via telephone 10 minutes prior to the start of the conference call. A recording of the event will also be made available at [www.devgen.com](http://www.devgen.com) shortly after the call.

### Financial calendar

---

May 17, 2010	Business update H1 2010
June 1, 2010	Annual Shareholders' Meeting at Devgen's offices
August 25, 2010	H1 2010 Results
November 16, 2009	Business update H2 2010

---

### Financial statements

More complete financial statements for 2009 are available for downloading in the investor section of [www.devgen.com](http://www.devgen.com).



# deVGen

## **Auditor's report**

The auditor has confirmed that he has accomplished substantially all of the audit work and that, as a result of the audit, no meaningful corrections need to be applied to the financial information as included in this press release.

The Statutory Auditor  
DELOITTE BEDRIJFSREVISOREN  
Represented by Gert Vanhees and Gino Desmet

## **About Devgen nv**

Devgen's mission is to enable farmers to sustainably grow more food on less land, with less water, agrochemicals and labour.

Devgen uses advanced biotechnology and molecular breeding technology to make high yielding seeds and crop protection solutions with a superior environmental profile.

Devgen brings this technology to the market in the world's major food and feed crops through two complementary strategies:

- Licensing Devgen technology for use in corn, cotton and soy and selected other crops in exchange for R&D funding, and milestone and royalty payments.
- Producing and selling its premium hybrid seeds in major field crops such as rice, sunflower, sorghum, and pearl millet, in the Indian subcontinent and South-East Asia.

In its Crop Protection unit, Devgen developed and has taken to market a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes.

Incorporated in 1997, Devgen has offices in Ghent (Belgium), Singapore, Hyderabad (India), General Santos (The Philippines) and Delaware (US) and employs today more than 280 people.

## **For more information please contact:**

Thierry Bogaert, CEO  
Tel. +32 9 324 24 24  
Thierry.Bogaert@devgen.com

Wim Goemaere, CFO  
Tel. +32 9 324 24 24  
Wim.Goemaere@devgen.com

*This press release may contain forward-looking statements containing the words "anticipates", "expects" , "intends", "plans", "estimates", "may" and "continues" as well as similar expressions. Such forward looking statements may involve known and unknown risks, uncertainties and other factors which might cause the actual results, performance or achievements of Devgen to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, among others: agricultural risks and difficulties, including weather factors, diseases and pests, the costs and requirements of regulatory compliance and the speed with which approvals are received; public acceptance of biotechnology products; political, economic and social developments in countries where Devgen operates and other risks and factors detailed in the company's most recent annual report.*

*These forward looking statements speak only as of the date of publication of this document. Devgen disclaims any obligation to update such forward looking statements in this document to reflect any change in its expectations, conditions or circumstances on which such statement is based, unless required by law or regulation. This document does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer, to purchase or subscribe for any securities issued by Devgen nv.*