

French Seed Firm Vilmorin Cuts Sales on Russia Crisis

By [The Moscow Times](#)

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PARIS — French seed group Vilmorin cut its full-year sales and margin targets on Monday, blaming a financial crisis in Russia and Ukraine that has dented spending by farmers.

Stalled activity in the two countries, plus an expected drop in maize and sunflower sowings across Europe and in maize in the United States, led the company to slash its forecast for field crop seeds.

Vilmorin had already trimmed its outlook for crop seeds in February, citing the same factors, although an upgrade to its growth target for vegetable seeds allowed it to maintain its group sales goal.

"The spring [sowing] campaigns were particularly difficult in Ukraine and in Russia, with

a significant slowdown; the persistent lack of visibility on the short-term evolution of these two markets has become extremely difficult," Vilmorin said in a statement.

The company said it now expected an increase of between zero and 1 percent in like-for-like sales in 2014/15, compared with a previous target of 4 percent.

This reflected an expected 4 percent decline in crop seed sales, against a previous forecast of 1-1.5 percent growth, and an unchanged target of 6-7 percent growth in vegetable seeds.

Vilmorin said farmers in Ukraine and Russia were reducing investment in seed and other farm supplies due to currency depreciation, restrictions on imports and limited access to credit.

In response, the group was adopting "a prudent sales policy" to ensure payment and limit currency effects.

Vilmorin estimated that the area sown with maize in Ukraine would fall 4 percent to 4.9 million hectares this year, while Russia would see an 8 percent drop to 3.5 million hectares.

It reiterated a previous estimate that Ukraine's sunflower area would decline by 9 percent this year to 5.2 million hectares, adding that it expected Russian sunflower sowings to be stable.

Vilmorin also cut its full-year operating margin target to 9 percent from 10 percent.

The group reported a 4.1 percent drop in like-for-like sales for its third quarter, which led to a 1 percent decrease in nine-month sales to 955 million euros (\$1.04 billion).

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