



# S&W

SEED COMPANY

NASDAQ: SANW



**Pasture  
Genetics**  
Science based seed®

Pasture Genetics Australia  
Acquisition Overview

February 2020

# Forward-Looking Statements



This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" describe future expectations, plans, results, or strategies and are generally preceded by words such as "may," "future," "plan" or "planned," "will" or "should," "expected," "anticipates," "draft," "eventually" or "projected." Forward-looking statements in this presentation include, but are not limited to, statements regarding the anticipated benefits of the Pasture Genetics acquisition, including its positive impact on the Company's product offerings and sales capabilities in Australia; the potential synergies of the combined operations; and statements regarding the advancement of the Company's strategic plans. You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements, including the risks that the Pasture Genetics acquisition may not be completed when anticipated, or at all, and may not provide the anticipated benefits, the risk that the Company's strategic initiatives may not achieve the expected results, as well as risks associated with the Company's ability to successfully optimize and commercialize its business, and other risks identified in the Company's 10-K for the fiscal year ended June 30, 2019 and other filings subsequently made by the Company with the Securities and Exchange Commission.



# Overview: Pasture Genetics

- ▶ **Pasture Genetics is committed to trial, select, market and distribute the most innovative and productive forage seed technology for a sustainable world. It is the largest fully independent and Australian owned forage seed company, and grew to this position in less than two decades.**
  - ▶ **Major Products**
    - ▶ Alfalfa, Medic, Sub Clovers, Annual Clovers, Vetch, Forage Cereals, Grasses and Pasture Species
  - ▶ **Pasture Genetics products are suited to a range of farming enterprises and practices, including:**
    - ▶ Small to medium cattle farming
    - ▶ Large corporate beef cattle enterprise
    - ▶ Sheep and dairy farming
    - ▶ Silage, hay and chaff production
    - ▶ Grain production and supply
  - ▶ **3rd largest forage seed business in Australia**
    - ▶ Industry size USD \$125 million
    - ▶ Main participants
      - ▶ PGG Wrightsons USD \$30 - \$40 million (24% - 32% market share)
      - ▶ Barenbrug USD \$25-\$30 million (20% -24% market share)
      - ▶ Pasture Genetics USD \$20 million (15% -20% market share)
  - ▶ **Diversified customer base with significant domestic (AUS) penetration**
    - ▶ 80% of revenue is Australian



Revenue

US \$20 M

Annual Run Rate

EBITDA Margins

8-10%

Go Forward Expectations



# Pasture Genetics: Major Products



Medic



Annual & Sub Clovers



Alfalfa



Forage Cereals



Pasture & Grasses



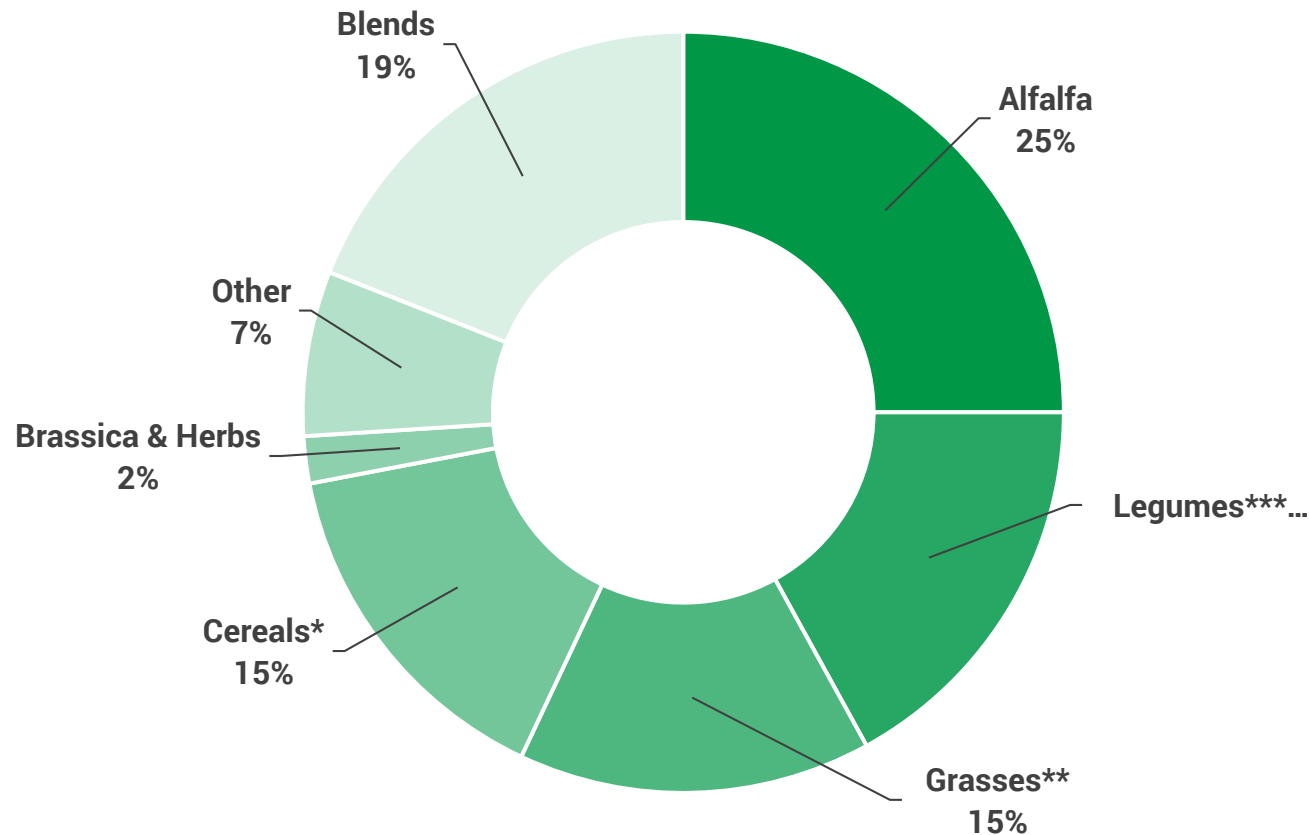
# Summary of Potential Synergies

- ▶ **Expands and diversifies** product offerings which are complementary to existing crops
  - ▶ Ability to replace forage sorghum and alfalfa with elite S&W genetics, and cross-sell into S&W grain sorghum and sunflower ranges
- ▶ **Creates cross-selling opportunities** with domestic sales force and multiple distribution channels to market
  - ▶ Minimal cross-over between sales staff
  - ▶ Expanded geographical sales coverage to encompass all Australian cropping regions
  - ▶ PG has excellent relations with distribution including key Australian retail chains
- ▶ **Opportunity for cost reduction** in SG&A functions
- ▶ **Opportunity for improved gross margins** via access to proprietary seed coating technology – Goldstrike®



# Potential Synergies

## Complementary Products



\* Cereals (Barley, Beans, Canola, Chickpeas, Lentil, Lupins, Oats, Peas, Sunflower, Triticale, Vetch, Wheat)

\*\*Grasses (Ryegrass, Fescue)

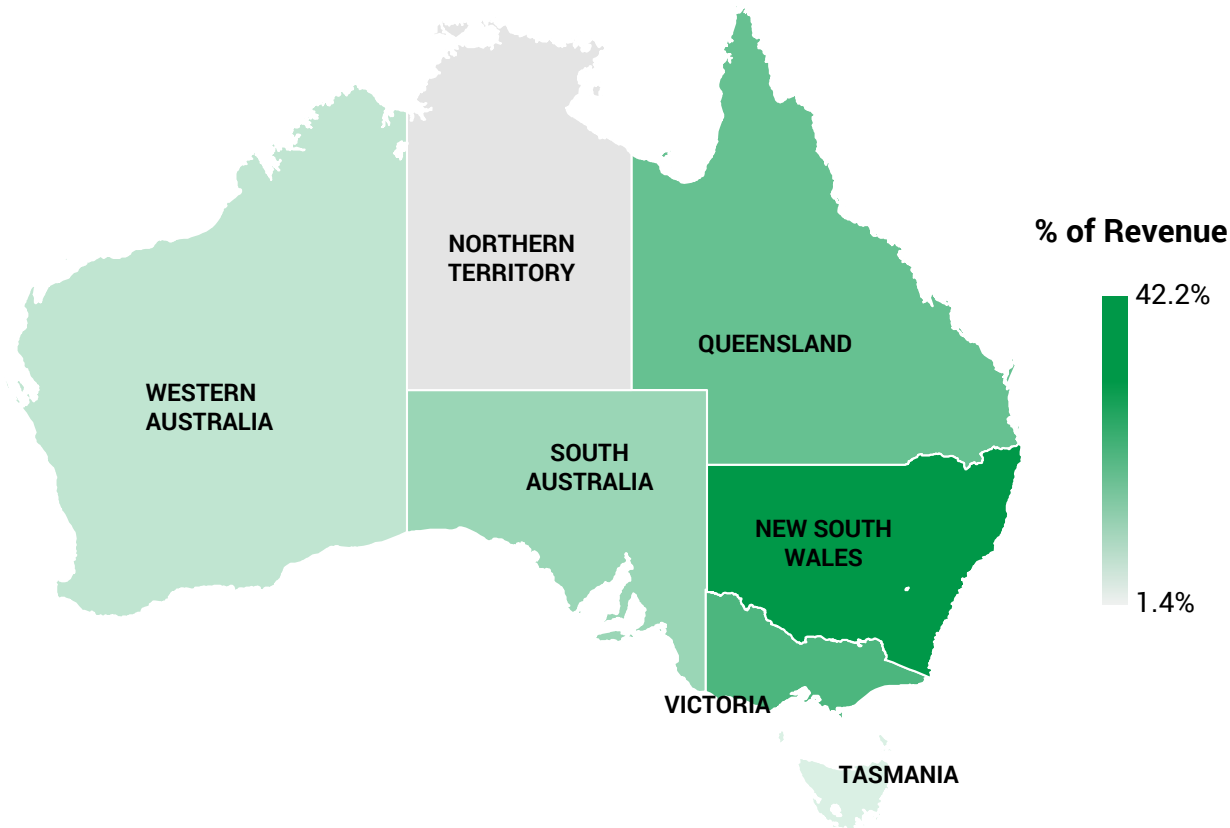
\*\*\*Legumes (Range of clovers, Medic)

Expands and diversifies product offerings which are complementary to existing crops

# Potential Synergies

## Cross Selling

Pasture Genetics / S&W Seed Sales by State



A diversified  
customer base with  
significant Australian  
penetration

# Potential Synergies

## Seed Coating



Opportunity for gross margin expansion via access to proprietary seed coating technology – Goldstrike®

Two Coating Lines

**4,000**  
metric tons / year

- ▶ PG has 2 Goldstrike® coating lines - capacity of 4,000 metric tons / year
- ▶ Goldstrike® seed treatment includes rhizobia inoculation and when required, insecticide and fungicide, and is specifically designed to improve seed performance in production
- ▶ Goldstrike® LongLife treatment extends product shelf life
- ▶ Goldstrike® is applied to all pasture legume products including alfalfa, medic, sub clover, clover, sub-tropical grasses including commodity and proprietary products in these markets



# Purchase Price (\$USD in millions)

## *Upfront consideration*

Cash	\$	0.7
Assumption of Debt	\$	7.4
<b>Total</b>	<b>\$</b>	<b>8.1</b>

## *Potential earn-out\**

Cash	\$	2.7
Equity	\$	2.7
<b>Total</b>	<b>\$</b>	<b>5.4</b>

<b>Total Potential Consideration*</b>	<b>\$</b>	<b>13.5</b>
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0.7x

Implied FY21 Revenue Multiple\*\*

6.8x

Implied FY21 EBITDA Multiple\*\*

\*Purchase price (including potential earn-out) capped at AUD \$20 million/USD \$13.5 million. Earn-out, if any, payable in cash or, at S&W's election, a combination of cash and equity.

\*\*Assuming FY21 Pasture Genetics revenue of USD \$20 million and EBITDA contribution of 10%. Please see Appendix for non-GAAP information.



"This acquisition continues our strategic transformation into a fully-integrated, multi-crop seed development, production and distribution company with strong positions in a number of key crops.

We look forward to the integration of Pasture Genetics, and realization of the opportunities we believe are available to add incremental value in the future."

- Mark Wong, CEO, S&W Seed Co

**S&W**

**S E E D C O M P A N Y**

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# Appendix

## Non-GAAP Financial Measures

This presentation includes S&W's expectations regarding the Pasture Genetics acquisition's impact on EBITDA, which is a non-GAAP financial measure. S&W uses this non-GAAP financial measure internally to facilitate analysis of its operating performance and liquidity, and believes it is useful to investors as a supplement to GAAP measures in analyzing the performance and value of S&W's business and its recently-completed transactions. However, this measure is not intended to be a substitute for financial measures reported in accordance with GAAP. This measure may be different from non-GAAP financial measures used by other companies, even when similar terms are used to identify such measures.

S&W has not reconciled EBITDA or the resulting implied EBITDA multiple for fiscal 2021 to net income (loss) because S&W does not provide an outlook for the other line items that are reconciling items between net income (loss) and EBITDA. As items that impact net income (loss) are out of S&W's control and cannot be reasonably predicted, S&W is unable to provide such an outlook. Accordingly, reconciliation of adjusted EBITDA outlook to net income (loss) for fiscal 2021 is not available without unreasonable effort.