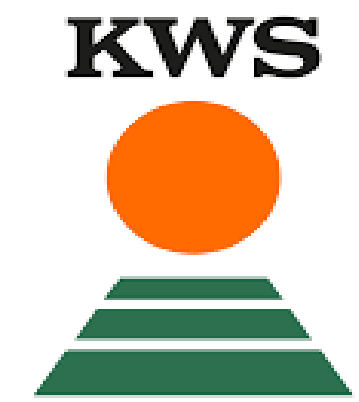


**Kellanova**



# Seed Breeding

Earnings Season 2025 Q4



# What's the sentiment?

## Seed Breeding - Vegetable Seeds Q4 2025

### REVENUE GROWTH

Vegetable Seed producers are showing strong top-line momentum, driven by robust demand across crops and regions. Sakata Vegetable Seed reported net sales growth of 11.4%, supported by strong demand for vegetables such as broccoli, tomatoes, and lettuce, while KWS Vegetable Seed recorded +3.0% comparable growth in vegetable seed sales in the first half. Overall, most companies report positive revenue expansion, reflecting resilient demand for high-value vegetable varieties and continued geographic diversification of sales.

### PROFITABILITY

Profitability trends remain mixed across the industry, reflecting the balance between strong sales and rising investments, or cost pressures. Kaneko Vegetable Seed achieved operating income growth of 20.1% YoY, supported by improved margins and royalties, while KWS' vegetable segment reported negative EBITDA (-52.6% margin), reflecting ongoing investment in breeding and development. These contrasting results indicate that revenue growth is currently being partially offset by research spending, expansion costs, and operational volatility, leading to a neutral overall profitability sentiment.

### MARKET DYNAMICS

Market conditions remain balanced, with demand strength in key vegetable crops offset by broader agricultural uncertainties. Companies report strong sales in tomatoes, broccoli, pumpkins, and squash across multiple regions, yet agricultural markets continue to face low commodity prices and uneven regional demand, affecting growers' planting decisions. In addition, weather variability and regional demand differences, such as weaker retail markets in some areas, contribute to mixed conditions across the sector.

### GROWTH OUTLOOK

Group scope

The overall industry outlook remains positive, supported by strong demand and continued geographic expansion. Sakata raised its full-year net sales forecast to €606m, reflecting stronger-than-expected interim results and continued growth in vegetable seeds across North America, Europe, and South America. In parallel, KWS expects group net sales to remain broadly at the previous year's level, reflecting a cautious market environment but still supported by diversified seed portfolios.

### PROFITABILITY OUTLOOK

Group scope

Profitability expectations remain balanced across the sector due to the combination of earnings momentum and rising cost pressures. Sakata increased its operating income forecast to €75m, reflecting stronger sales and foreign exchange tailwinds. However, other players continue to face pressure from higher research investment, personnel costs, and strategic breeding expansion, which weigh on margins in the short term. As a result, the industry outlook for profitability remains neutral, with earnings improvements offset by continued investment and cost increases across seed development programs.

# What's the sentiment?

Seed Breeding - Vegetable Seeds Q4 2025



# Synthesis

## 2025 Q4 earnings season



**Stable demand, but reported growth can mask underlying momentum**

- Q4 commentary points to vegetable seed sales holding up even when headline growth looks flat: Bayer's Crop Science sales were "broadly stable" on a reported basis but increased on a currency- and portfolio-adjusted basis, suggesting underlying volume and pricing support.
- This implies that mix, pricing discipline, and portfolio shaping are increasingly important to show real progress when currencies and scope changes dilute the reported picture.



**Geographic diversification is driving growth**

- Vegetable seed companies are increasingly relying on regional expansion outside their traditional markets to sustain growth.
- Sakata reported vegetable seed growth across North & Central America, Europe, the Middle East, and South America, supported by strong demand for crops such as tomatoes and broccoli.
- KWS continues investing in breeding and portfolio expansion to strengthen its presence across international markets.



**Profitability is more volatile than sales, with special items and year-end pressure driving swings**





- Bayer's Q4 shows how earnings can disconnect from resilient sales: EBIT was "clearly negative" due to high special items, and EBIT before special items still declined significantly year-on-year.
- BASF also signals a tougher year-end operating backdrop at Group level, even as Agricultural Solutions contributed positively in 2025.
- Vegetable seed performance can be solid, but segment profitability can deteriorate quickly when exceptional charges, cost absorption, or year-end conditions worsen.







**Innovation-led varieties are gaining share and protecting pricing power**

- KWS highlights a pattern that is also central to vegetable seeds: sales growth despite lower profitability, driven by innovative varieties (for example, Conviso and Sea Plus) which increased their share of segment revenue.
- A similar pattern can be observed at Sakata Seed, where growth is supported by the expansion of high-value vegetable varieties, which contributed to the company's 11.4% YoY sales increase.
- This reinforces a broader trend: penetration of higher-value varieties is becoming the main lever to offset slower area growth.





# Overview of results (1/3)

COMPANY	PERIOD	NET SALES (€M and % dev.)	% OPER. PROFIT (%pt dev.)	GROWTH DRIVERS	INSIGHTS & OUTLOOK <sup>1</sup>
 Bayer	2025 – Q4 3 months	11,438 (-2.5%)	-25.1% (-26.2%)	-5.4% FX effect +6% volume Crop Science +5% Pharmaceuticals -7% Consumer Health	<ul style="list-style-type: none"> <li>In Q4 2025, Group sales declined year on year, reflecting weaker topline momentum compared to the prior-year quarter.</li> <li>EBIT turned sharply negative due to substantially higher special charges, resulting in a pronounced net loss.</li> <li>Core earnings per share fell markedly and free cash flow declined, indicating weaker operating performance and reduced cash generation in the quarter.</li> </ul>
 [Bayer] Vegetable Seed	2025 – Q4 3 months	225 (+5.6%)	n/a	+5.6% Q4 sales due to higher price and volume -8.4% Q4 FX impact +70 new seed variables in 2025	<ul style="list-style-type: none"> <li>Within Crop Science, Q4 sales were broadly stable on a reported basis and increased on a currency- and portfolio-adjusted basis, indicating underlying volume and price support.</li> <li>Despite this, EBIT was clearly negative, reflecting high special items, while EBIT before special items declined significantly year on year.</li> <li>Overall, the quarter reflects resilient sales development in Vegetable Seeds but weaker profitability at segment level.</li> </ul>
 Syngenta Group	2025 – Q4 3 months	6,737 (+1.3%)	EBITDA* 11.8% (-2.8%)	+3% FX volume increase in Crop Protection decrease in ADAMA and SGS**	<ul style="list-style-type: none"> <li>Q4 sales showed modest growth, driven by stronger performance in Crop Protection and Seeds, offsetting declines in ADAMA and China.</li> <li>Profitability weakened significantly as EBITDA declined due to restructuring impacts, higher credit provisions in Brazil, and a strong prior-year comparison.</li> <li>The newly operational production facility in Orangeburg, South Carolina, further strengthens Syngenta's global biologicals manufacturing network.</li> </ul>
 [Syngenta Group] Seeds	2025 – Q4 3 months	1,418 (+6.7%)	n/a	FX flat +5% Vegetable Seeds sales (FY '25) flat Flower seeds (FY '25)	<ul style="list-style-type: none"> <li>Seeds sales increased, supported by continued demand and portfolio strength across key markets (Brazil, LATAM).</li> <li>Performance reflects ongoing momentum in innovation and product mix, contributing positively to overall group sales growth in the quarter.</li> <li>Syngenta Vegetable Seeds advanced its strategy to strengthen innovation, partnered with BetterSeeds and Tropic Biosciences to explore promising next-generation breeding technologies.</li> </ul>

# Overview of results (2/3)

COMPANY	PERIOD	NET SALES (€M and % dev.)	% OPER. PROFIT (%pt dev.)	GROWTH DRIVERS	INSIGHTS & OUTLOOK <sup>1</sup>
 <b>KWS</b>	2025 – Q4 3 months	183 (+8.6%)	-41.4% (+8.0%)	+8.6% net sales due to: +25.2% Sugarbeet +8% Corn +8%	<ul style="list-style-type: none"> <li>KWS delivered stable sales despite weaker agricultural markets and declining acreage, achieving slight organic growth driven by sugar beet and vegetables.</li> <li>Profitability was impacted by prior-year one-offs, higher R&amp;D, and functional costs, though gross margin improved supported by pricing power and product mix.</li> <li>Portfolio streamlining, including corn divestments, strengthened focus on European operations and significantly reduced net debt through improved free cash flow.</li> </ul>
 <b>[KWS] Vegetable Seed</b>	2025 – Q4 3 months	14 (+0.0%)	EBITDA* -52.6% (-23.4%)	0% change in Q2 sales +3.1% sales in H1 due to spinach sales mainly dueto sales in US	<ul style="list-style-type: none"> <li>The Vegetables business supported performance with a strong product mix and sustained demand,</li> <li>EBITDA remained negative, reflecting planned spending on expanding vegetable breeding programs, highlighting the company's focus on strengthening its product pipeline rather than maximizing short-term margins</li> <li>The business continues to rely on innovation-driven penetration to offset stagnating acreage and commodity headwinds.</li> </ul>
 <b>BASF</b>	2025 – Q4 3 months	14,032 (-11.5%)	EBITDA before special items 7.4% (-2.5%)	+1.8% volume effect -1.6% price effect -5% FX effect	<ul style="list-style-type: none"> <li>BASF's performance was weaker than anticipated, contributing to the year-on-year decline. BASF faced geopolitical headwinds after a strong start to 2025, impacting market conditions while focusing on restoring European competitiveness.</li> <li>The Materials segment experienced declining prices and currency effects, while Performance Materials delivered higher volumes with stable margins supported by strategic positioning.</li> <li>Portfolio actions, including the coatings sale and Agricultural Solutions IPO preparations, support long-term strategic alignment.</li> </ul>
 <b>[BASF] Agricultural Solutions</b>	2025 – Q4 3 months	14,032 (-3.8%)	EBITDA before special items 15.6% (+8.0%)	+3.6% volume effect -0.7% price effect -6.7% FX effect	<ul style="list-style-type: none"> <li>Agricultural Solutions contributed positively to earnings development in 2025, supported by improved contribution margins.</li> <li>However, given the overall weaker Q4 performance at Group level, the division operated in a challenging environment toward year-end.</li> <li>Currency effects remain a key sensitivity, with slightly lower earnings expected in 2026 primarily due to FX impacts.</li> </ul>

# Overview of results (3/3)

COMPANY	PERIOD	NET SALES (€M and % dev.)	% OPER. PROFIT (%pt dev.)	GROWTH DRIVERS	INSIGHTS & OUTLOOK <sup>1</sup>
 <b>Sakata</b>	2025 – Q4 3 months	<b>251</b> (-11.4%)	<b>13.4%</b> (-1.0%)	+16% overseas sales +6% domestic wholesale sales	<ul style="list-style-type: none"> <li>Sakata reported strong sales growth driven by higher vegetable and flower seed demand across domestic and overseas wholesale businesses, with all regions posting increases supported by favorable foreign exchange effects.</li> <li>Gross profit improved on higher revenues and royalties, while operating income increased despite increased personnel and R&amp;D expenses.</li> <li>Overseas markets, particularly North America, Europe, and South America, led growth, while retail sales in Japan remained weak.</li> </ul>
 <b>[Sakata] Vegetable Seed</b>	2025 – Q4 3 months	<b>209</b> (+11.4%)	n/a	+12.6 overseas sales* 8.2% domestic sales	<ul style="list-style-type: none"> <li>Vegetable seed sales increased globally, led by broccoli, tomatoes, squash, pumpkin, and lettuce, with strong momentum in EMEA and the Americas.</li> <li>Growth was supported by portfolio expansion in fruit vegetables, strategic R&amp;D investments in Spain and Turkey, production capacity enhancement in France, and targeted M&amp;A in cucumbers and onions.</li> <li>Regional management and global breeding collaboration strengthened market penetration, with EMEA showing sustained multi-year expansion and further growth potential.</li> </ul>
 <b>Kaneko Seeds</b>	2025 – Q4 3 months	<b>171</b> (+2.6%)	<b>1.7%</b> (+0.5%)	+6.2% sales Agricultural Materials business offset by decline in seed business	<ul style="list-style-type: none"> <li>Kaneko reported strong sales growth in the first half, supported mainly by good performance in the Agricultural Materials business, particularly higher demand for herbicides and insecticides.</li> <li>Operating profit increased significantly due to improved profitability in the seed segment and loss reduction in flowers, alongside stable SG&amp;A.</li> <li>Though some exports were deferred, overall profitability improved across segments.</li> </ul>
 <b>[Kaneko Seeds] Vegetable Seed</b>	2025 – Q4 3 months	<b>25</b> (-0.7%)	<b>6.1%</b> (+1.1%)	-0.7% sales decline driven by product mix effects +20.1% YoY EBIT	<ul style="list-style-type: none"> <li>The seed segment recorded slightly lower sales due to postponed export shipments and weaker landscaping materials, despite strong domestic onion demand.</li> <li>However, segment saw solid domestic onion and feed crop sales</li> <li>Profitability improved markedly as margins recovered, leading to higher segment profit.</li> <li>Performance reflects resilient domestic demand and improved cost efficiency, partially offset by export timing effects.</li> </ul>

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