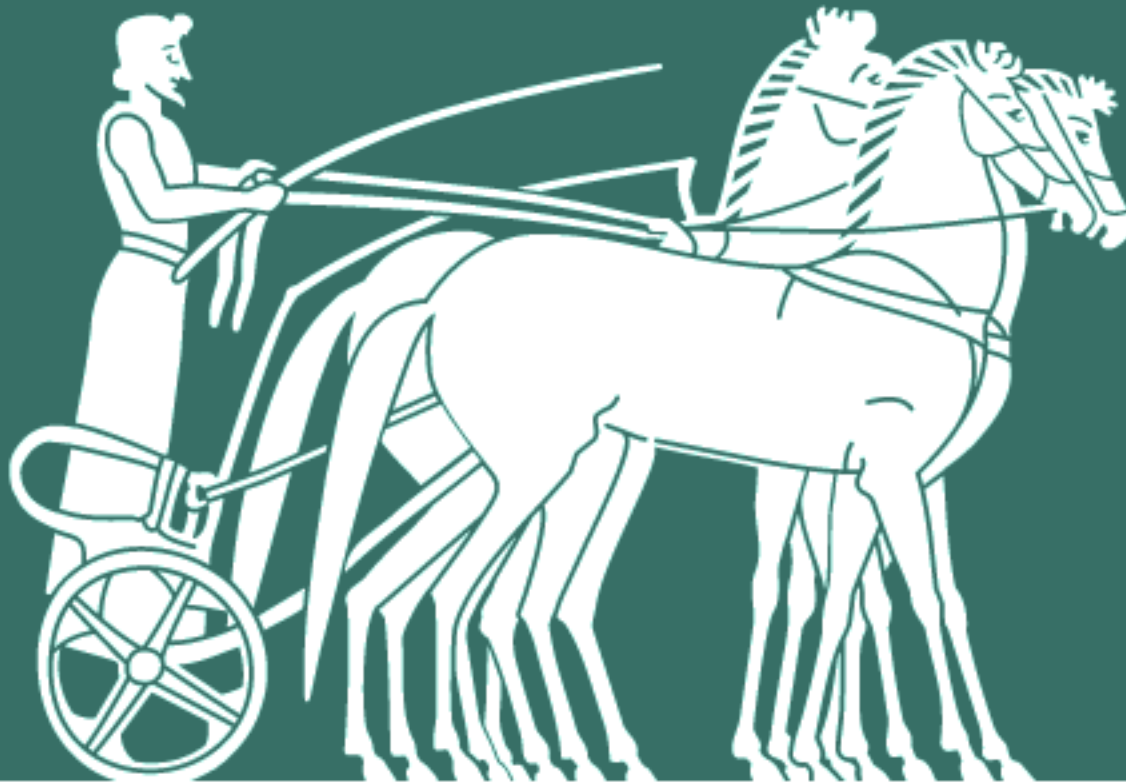


# AURIGA INDUSTRIES A/S



**Corporate presentation – Q3 2009**

**November 16, 2009**

# Agenda

- **Introduction:** **pp. 3-12**
  - Investment case highlights.
  - Corporate introduction.
  - Industry position.
  
- **CSR:** pp. 14-16
  
- **Business Plan “Five-in-Fifteen”:** pp. 18-25
  
- **Current financials:** pp. 27-34
  - Highlights and key figures.
  - Regional performance.
  - Product performance.
  - Glyphosate issue.
  - Outlook.
  
- **Supplementary information:** pp. 38-45

# Investment case highlights

- Sustainable industry growth drivers.
- Unique off-patent segment growth and acquisition opportunities.
- Competitive advantage based on innovation, product development and registration.
- Sales of new products through global market access.
- Business Plan “Five-in-Fifteen” warrants substantial revenue growth and margin improvement.



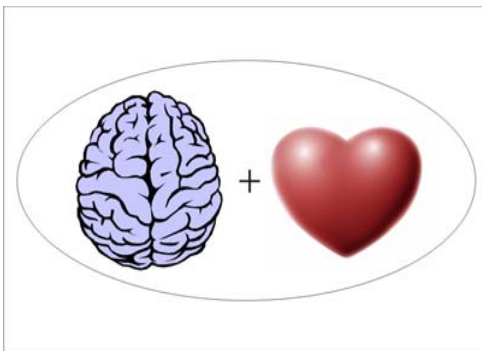
## Mission

We help improve quality of life for the world's population by supplying products that help farmers increase yields and quality of crops to satisfy the global demand for food, feed, fibre and energy.



## Vision

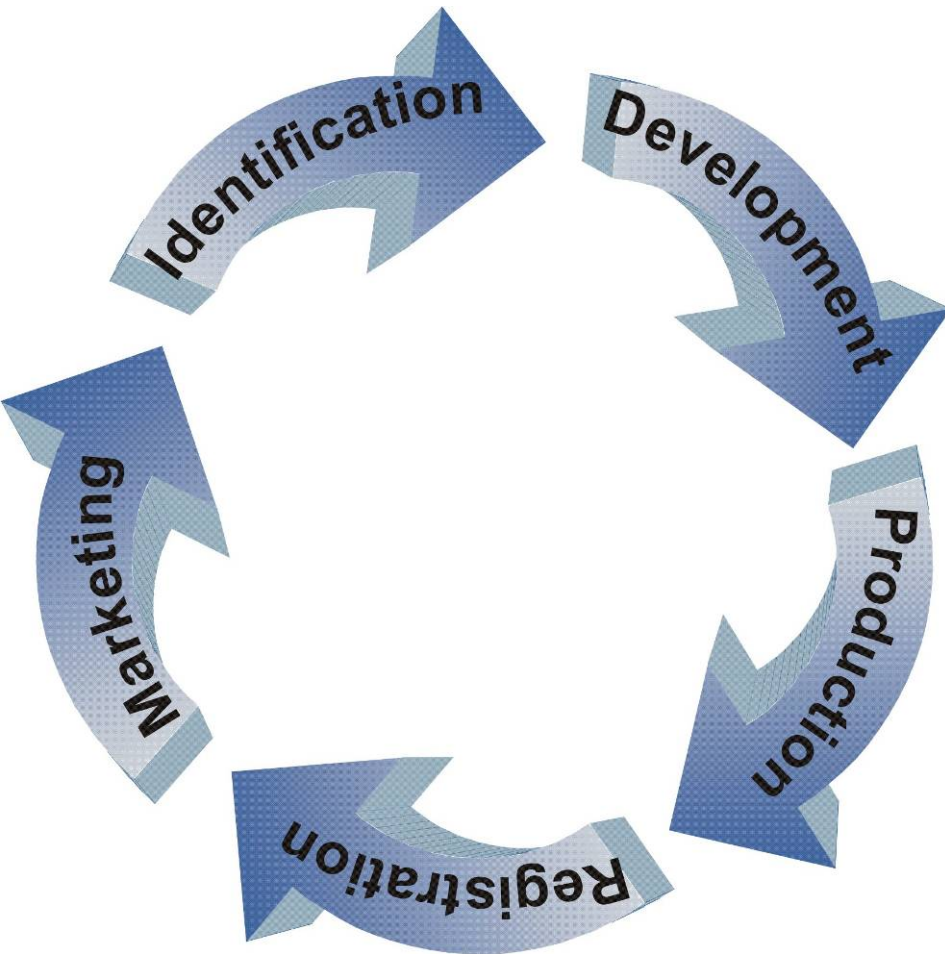
We create results for our customers by being a sustainable and innovative world-class supplier of a broad range of quality crop protection products. Value creation shall match the best among peer companies to the benefit of all stakeholders.



## Values

- We achieve ambitious goals
- We are innovative
- We decide and act
- We recognize results
- We are good corporate citizens

# Core competences



- Identification of new product opportunities satisfying farmer needs by value-added products.
- Development of competitive manufacturing processes and proprietary formulations and mixtures.
- Manufacturing in own facilities or with third parties having competitive infrastructure.
- Data development and registration competence for global introduction and defense of products.
- Marketing, sales and distribution of own branded products in all key markets.

# Employees in more than 30 countries



# Share price development

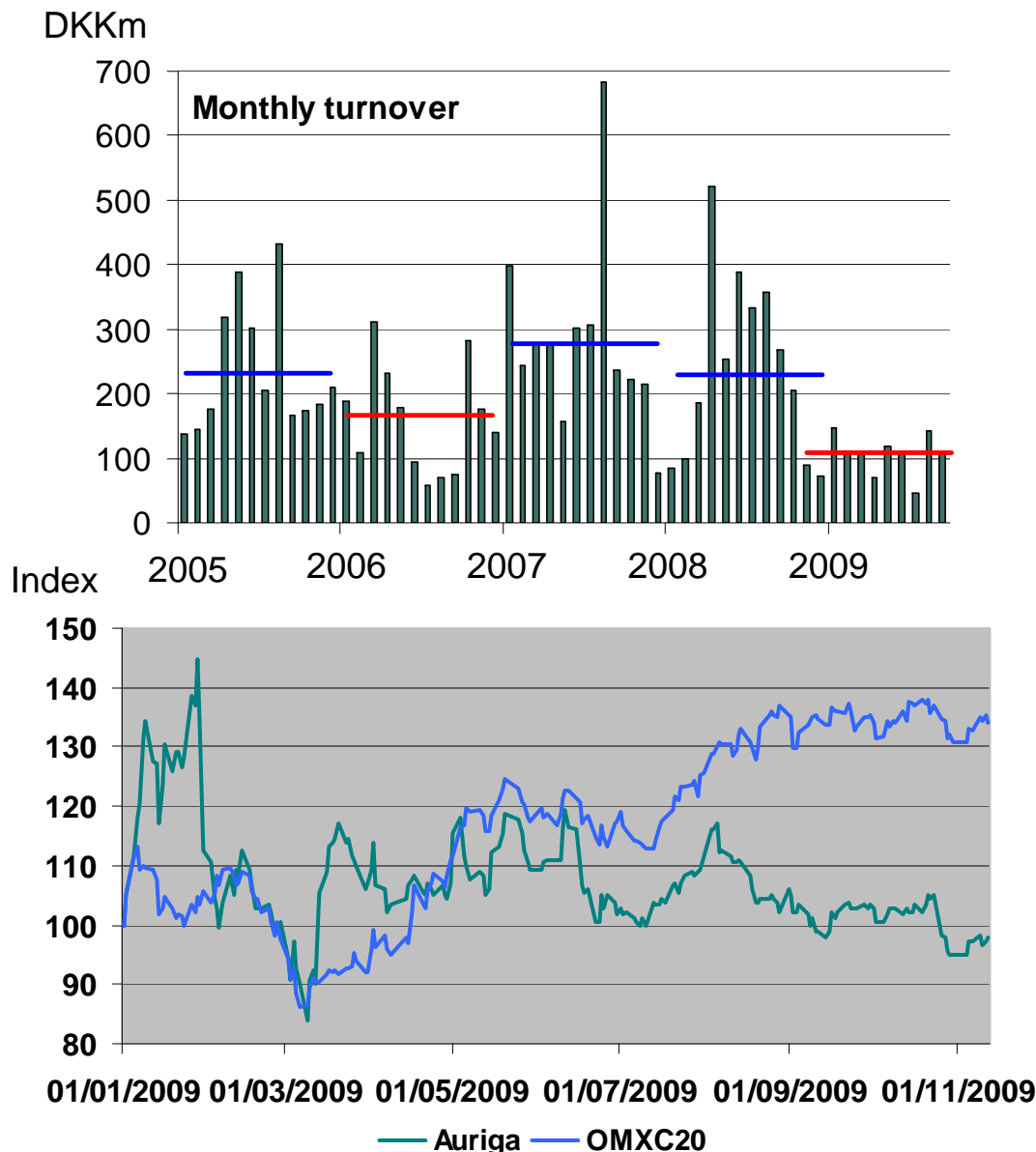
➤ **Market value:**  
**Approx. DKK 2.3 bn.**  
**(at price 88,50).**

*(November 12, 2009)*

➤ **Average monthly turnover: +210 DKKm.**

➤ **Approx. 7,800 registered shareholders.**

➤ **Dividend for 2008: DKK 5.75 per share.**



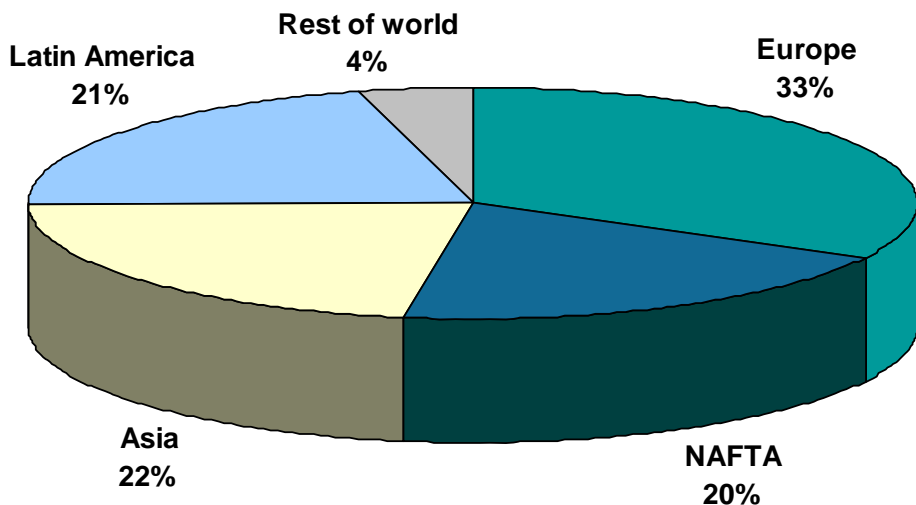
# Key figures

DKKm	2008	2007	2006	2005	2004
Revenue	5,664	4,368	4,032	4,017	4,094
EBITDA	712	327	175	625	818
EBITDA margin	13%	7%	4%	16%	20%
EBIT	515	145	7	443	630
EBIT margin	9%	3%	0.2%	11%	15%
Profit/loss before tax	402	83	-75	362	593
Net working capital	2,622	1,926	2,628	2,847	2,170
Equity	2,210	2,142	2,304	2,587	2,370
Total assets	5,132	4,422	5,642	5,865	5,358

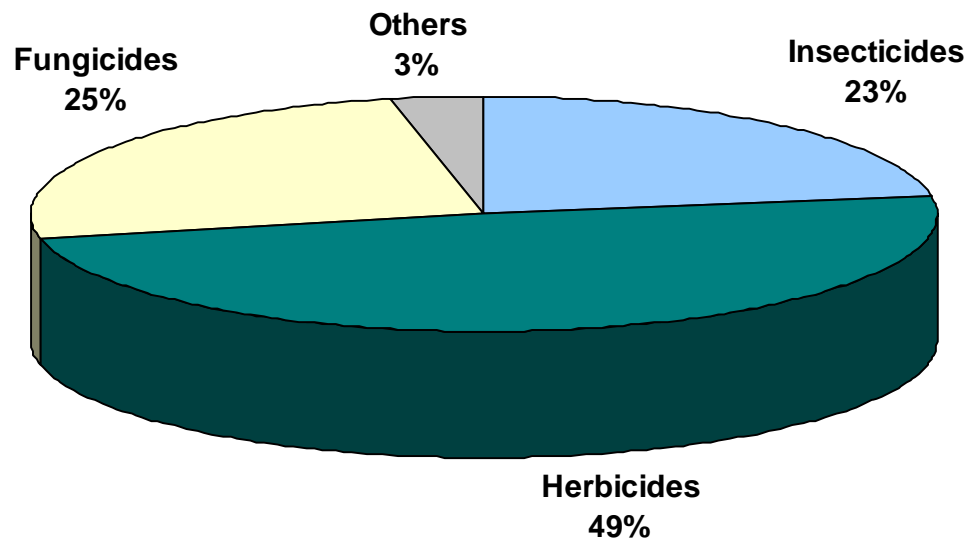
# Crop protection market

Estimated market value USD 47 billion  
(including non crop application)

## 2008 - Regions



## 2008 – Products



# The competitive landscape

## Tier I companies:

*Bayer, Syngenta, BASF, Monsanto, Dow, DuPont*

- Large R&D based multinational companies.
- Diminishing returns of R&D.
- Increasing R&D effects in biotech.
- Consolidation to be expected.

## Tier II companies:

*Makhteshim, Nufarm, United Phosphorous, Arysta, Cheminova, FMC, Sumitomo*

- Focus primarily on off-patent products.
- Increasing market share through organic growth and acquisitions.
- Economies of scale in development, sales and distribution.

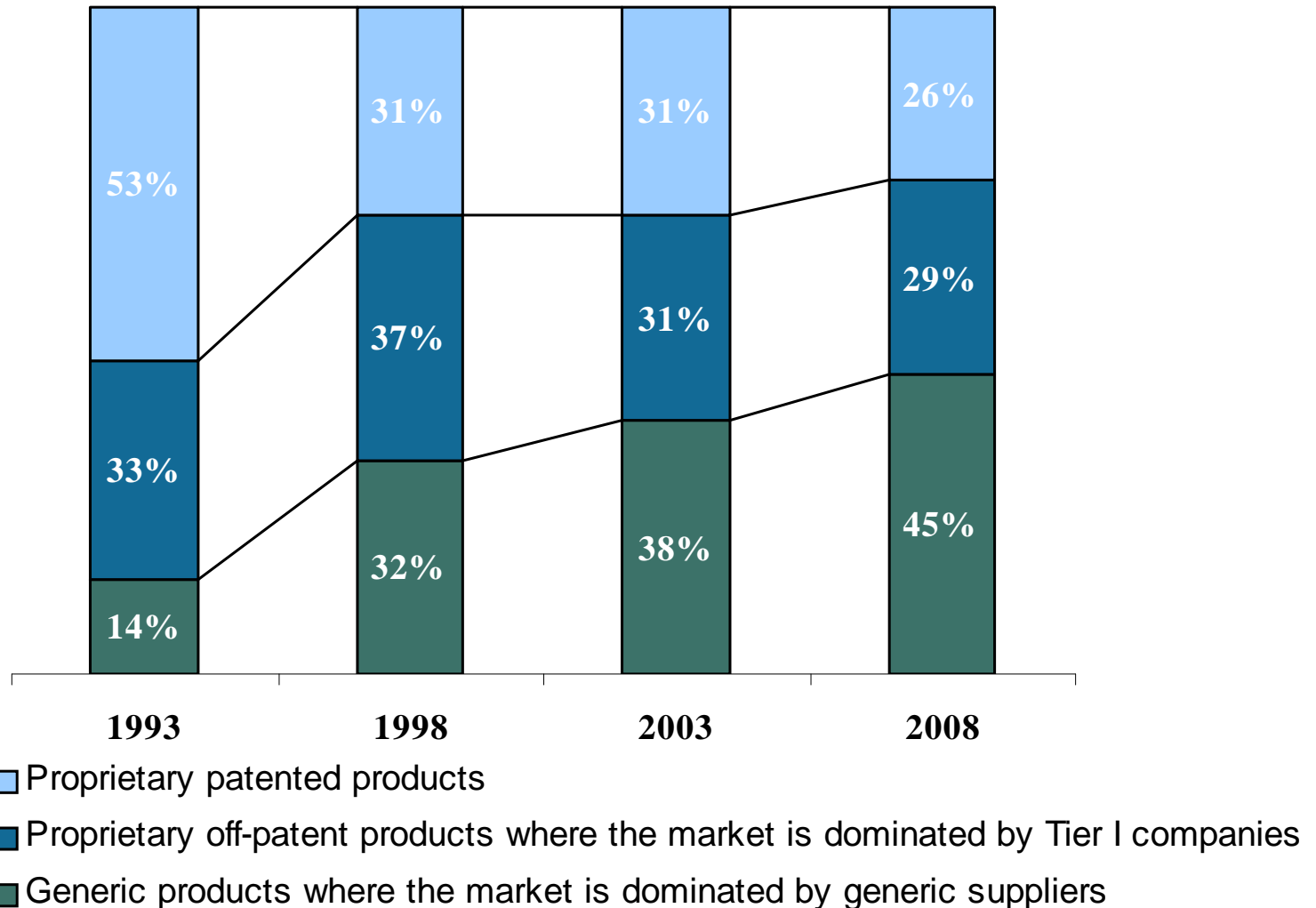
## Tier III companies:

- Local and regional companies.
- Narrow product portfolio companies.
- Acquisition targets for Tier II companies.

# Market & industry development

- Increased demand for farm commodities:
  - Population growth ➡ need for food.
  - Change in diets ➡ need for feed.
  - Increase in biofuels ➡ need for land.
- Renewed market growth:
  - Mature industry with low growth (1%) last 10 years.
  - Strong growth in 2008 (just over 20%).
  - Higher annual average growth (3-4%) from 2007.
- Lower share of patented products:
  - Fewer new block-busters introduced in recent years.
  - Several large products currently coming off-patent.
- Further industry consolidation:
  - Consolidation among Tier-I companies.
  - Continued acquisitions of Tier-III companies by Tier-II companies.
  - Potential consolidation in Tier-II.

# Strong growth potential for off-patent products



# Agenda

- Introduction: pp. 3-12
  - Investment case highlights.
  - Corporate introduction.
  - Industry position.
  
- **CSR:** **pp. 14-16**
  
- Business Plan “Five-in-Fifteen”: pp. 18-25
  
- Current financials: pp. 27-34
  - Highlights and key figures.
  - Regional performance.
  - Product performance.
  - Glyphosate issue.
  - Outlook.
  
- Supplementary information: pp. 38-45

# Good corporate citizenship

- We achieve ambitious goals
- We are innovative
- We decide and act
- We recognize results
- **We are good corporate citizens**



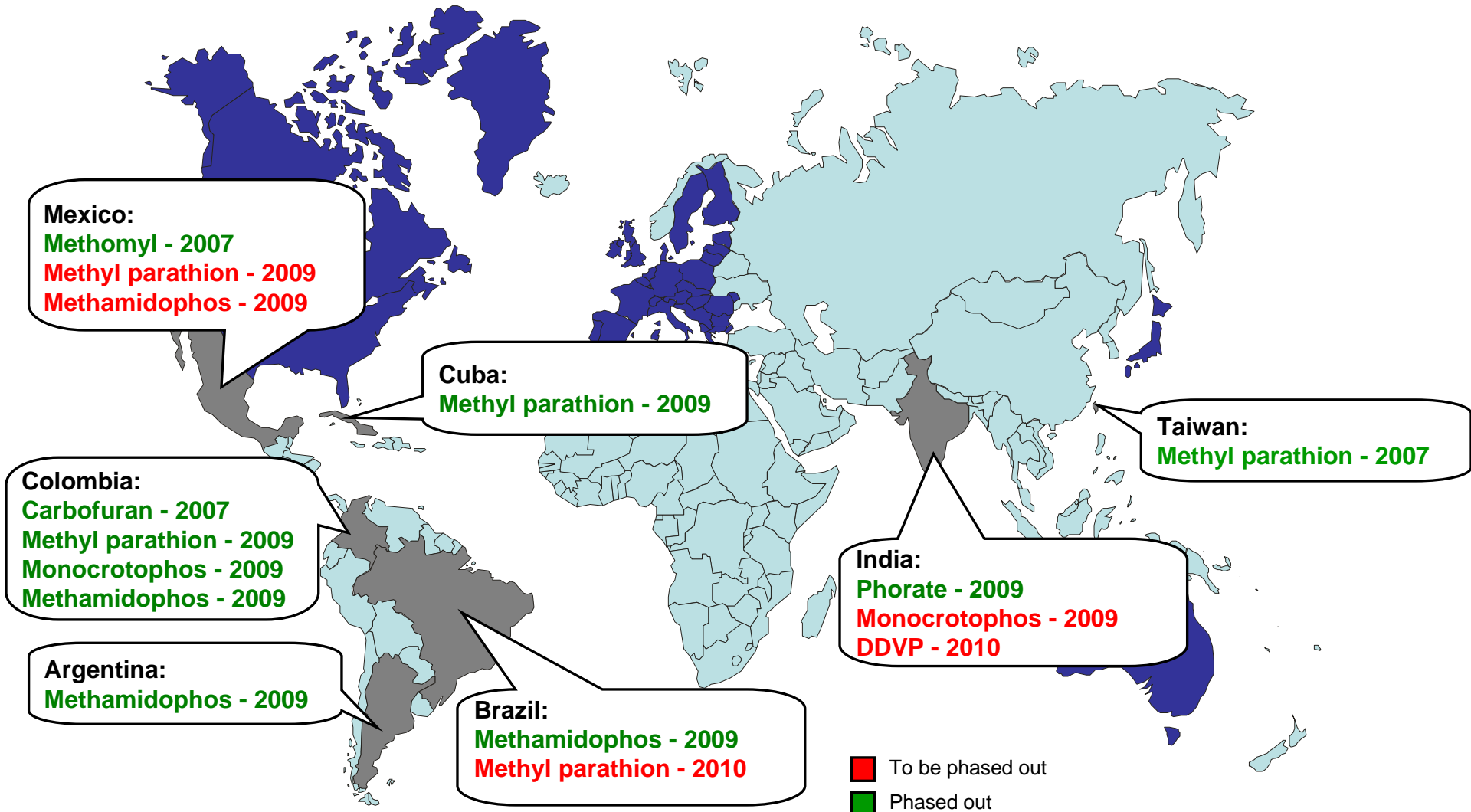
*As a responsible management we wish to ensure that the way we run the company is in accordance with international conventions, local legislation and the management values that we want to promote in the whole group. Therefore, we have prepared a number of **codes of business principles**. Everybody within our organisation must be familiar with the principles so that we together can continue our development making Cheminova the value-creating and socially responsible company we all want.*

# Code of Business Principles

- Standard of conduct.
- Legislative compliance.
- Management.
- Employees.
- Customers, distribution and consumers.
- Shareholders.
- Suppliers.
- Other business relations and partners.
- The environment.
- Competition.
- Business integrity.
- Conflicts of interest.



# Phase-out of class I products



# Agenda

- Introduction: pp. 3-12
  - Investment case highlights.
  - Corporate introduction.
  - Industry position.
  
- CSR: pp. 14-16
  
- **Business Plan “Five-in-Fifteen”:** pp. 18-25
  
- Current financials: pp. 27-34
  - Highlights and key figures.
  - Regional performance.
  - Product performance.
  - Glyphosate issue.
  - Outlook.
  
- Supplementary information: pp. 38-45

# Business Plan "Five-in-Fifteen"

## Objectives:

- Double market share to 5% in 2015.
- EBITDA matching the best among peer companies.
- Increased value creation for the benefit of all stakeholders.

## Strategy:

- Organic growth through development and sales of new products (2/3).
- Acquisitions of complementary products and companies (1/3).
- Margin improvement, economies of scale and improved efficiency in all functions.



# Business Plan assumptions

## Market

**Growth fundamentals in agriculture.  
Average growth rate 3-4% annually.  
Base year 2007: market of USD 39 bn.**

## Currencies

**USD/DKK 5,60 throughout period.  
Major currencies around current levels while  
most emerging currencies are expected to  
decline from current levels.**

## Inflation

**An inflation rate of about 3% for most  
major economies, while emerging  
countries will experience higher, but  
reduced inflation rates.**

## Interest

**Interest rates are expected to increase in  
most major economies and will come down  
in emerging countries.**

## **Objectives – Growth to 5% market share**

### **Organic growth (two-thirds of growth):**

- Very limited growth in traditional product range.
- Strong growth in newly introduced products.
- Continued introductions of new products.

### **Acquisitions (one-third of growth):**

- Products and activities from Tier-I companies.
- Local sales companies in new and established markets.
- Product portfolios from Tier-III companies.

# Product portfolio development

Plant protection products / pesticides			Fine Chemicals
Insecticides	Herbicides	Fungicides	
Organophosphates	Glyphosate		<ul style="list-style-type: none"> <li>- Intermediates</li> <li>- Flotation agents for the mining industry</li> </ul>
<ul style="list-style-type: none"> <li>- Gamma-cyhalothrin</li> <li>- Acrinathrin</li> <li>- Imidacloprid</li> <li>- Abamectin</li> </ul>	<ul style="list-style-type: none"> <li>- Imazethapyr</li> <li>- Chlorimuron</li> <li>- Diflufenican</li> <li>- Fenoxaprop</li> <li>- Metsulfuron</li> <li>- Nicosulfuron</li> <li>- Sulcotrione</li> </ul>	<ul style="list-style-type: none"> <li>- Flutriafol</li> <li>- Fosetyl</li> <li>- Tebuconazole</li> <li>- Fluazinam</li> <li>- Epoxiconazole</li> </ul>	

 = Traditional products introduced before 2000

 = New products introduced after 2000

# Product pipeline

Type	2008	2009	2010	2011	2012	Total	Market value (\$ million)
Herbicides	5	2	1	2	2	12	1,780
Fungicides	2	1	1	1	1	6	1,205
Insecticides		1		1		2	500
Other		1				1	100
<b>Total</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>21</b>	<b>3,585</b>

\* Global sales value 2007 ex. manuf. (Phillips McDougall)

- *Several large products currently coming off-patent.*
- *Continued product development and introductions after 2012.*

# Objectives – Margin Improvement

## Market & portfolio:

- More differentiated, valuable products.
- Lower weight of glyphosate in portfolio.
- Lower weight of third party distribution business.

## Costs of goods:

- Efficiency improvements in manufacturing.
- Lower costs of formulation and packaging.
- Global supply chain for sourcing.

## Objectives – Economies of scale and efficiency improvements

- Lower Sales, General and Administrative costs to sales ratio.
- Lower Development and Registration costs to sales ratio.
- Improved manufacturing and supply chain efficiency.
- Improved efficiency in all functions and companies.

## Objectives – Growth, margin, EBITDA and value creation

- Sales increase to double market share by 2015.
- Higher gross margins.
- Improved efficiency in manufacturing and all functions.
- Lower costs-to-sales ratios.
- EBITDA-margin “best among peers”.
- Average trade working capital ratio improvement to 40%.
- Acquisitions funded by cash generation.
- Increased EVA (Economic Value Added) annually.

# Agenda

- Introduction: pp. 3-12
  - Investment case highlights.
  - Corporate introduction.
  - Industry position.
  
- CSR: pp. 14-16
  
- Business Plan “Five-in-Fifteen”: pp. 18-25
  
- **Current financials:** **pp. 27-34**
  - **Highlights and key figures.**
  - **Regional performance.**
  - **Product performance.**
  - **Glyphosate issue.**
  - **Outlook.**
  
- Supplementary information: pp. 38-45

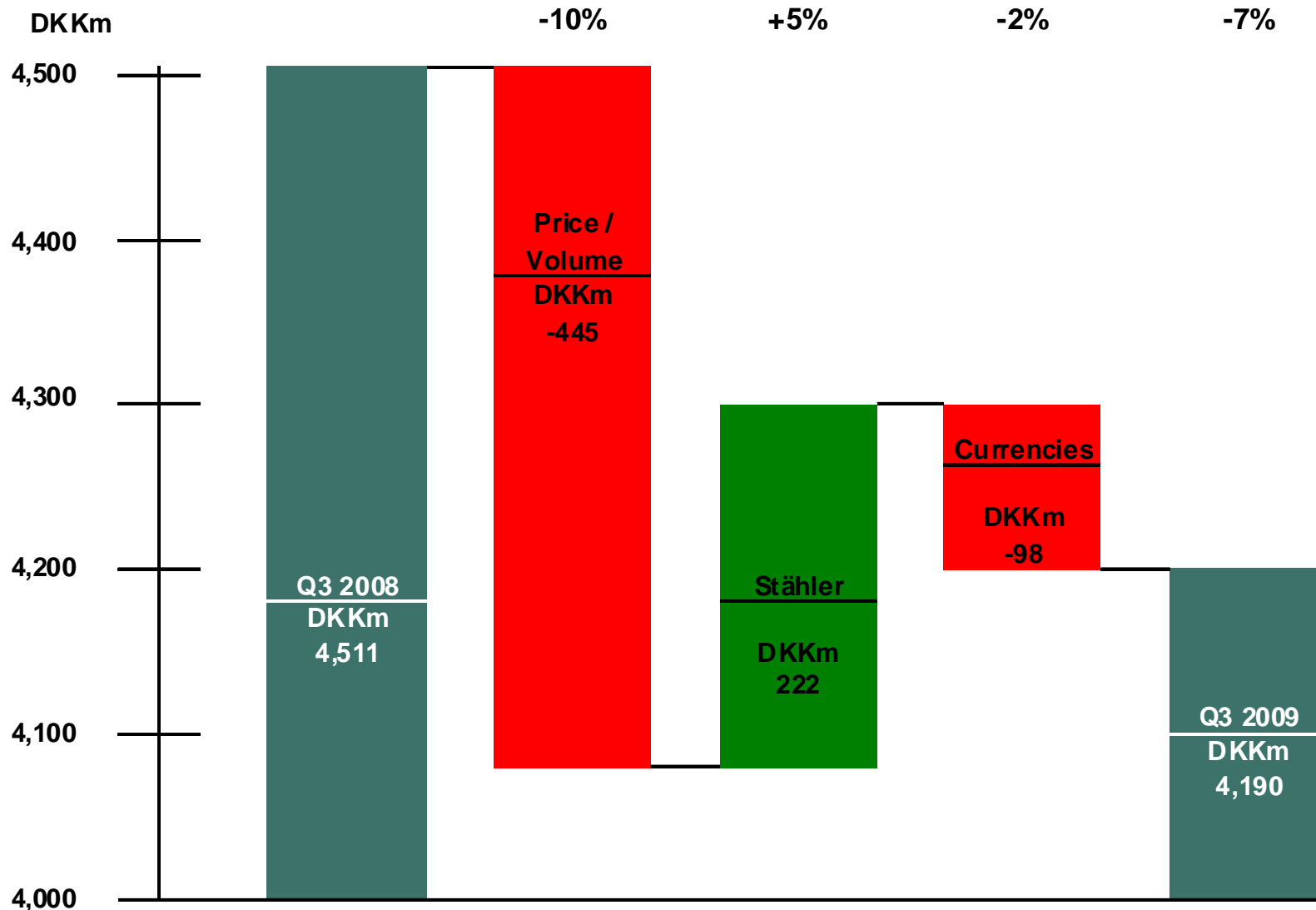
# Highlights Q3 2009

- **>10% organic growth excluding glyphosate:**
  - Growth driven by new products.
  - Agrochemical market declining in first three quarters.
  - Ambitious targets in Business Plan "Five-in-Fifteen" confirmed.
  - Traditional product portfolio now 50% of sales.
- **Market conditions for glyphosate have deteriorated due to:**
  - Increasing supplies from China at low prices.
  - Late season in North America.
  - Reduction in distributor inventories during season.
  - Significant price erosion starting late Q2 – especially in North America.
- **Revenue and profit down solely due to glyphosate price erosion.**
- **Growth in region Europe, but lower revenue in other regions.**
- **Fixed costs on a par with 2008 despite 100% Stähler consolidation.**
- **Inventory reduction during Q3 – working capital reduction by DKKm 422.**
- **Positive operating cash flow of DKKm 287.**

# Key figures Q3 2009

<b>DKKm</b>	<b>Q3 2009</b>	<b>Q3 2008</b>	<b>2008</b>
Revenue	<b>4,190</b>	4,511	5,664
EBITDA	<b>201</b>	652	712
EBIT	<b>57</b>	482	515
Equity capital	<b>2,130</b>	2,332	2,210
Net interest-bearing debt	<b>1,805</b>	1,207	1,710
Operating cash flow	<b>287</b>	(91)	(342)
Available cash flow	<b>(3)</b>	(450)	(720)

# Sales development Q3 2008-Q3 2009



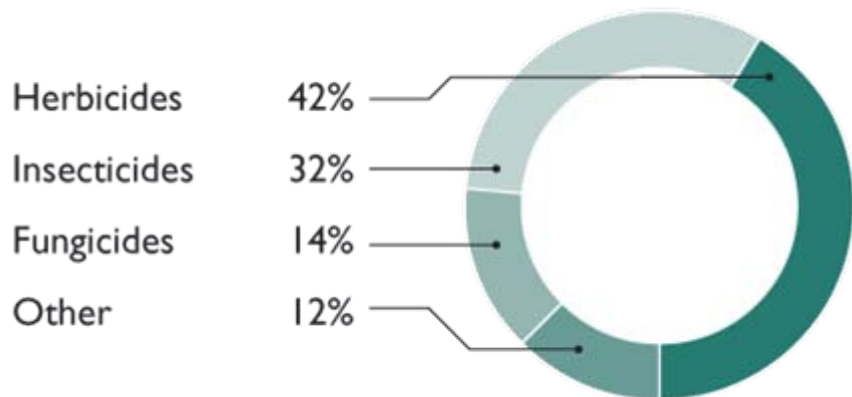
# Sales by region

DKKm	Q3 2009	Q3 2008	Growth	2008
Europe	1,615	1,503	7%	1,667
ANZAC	873	1,004	-13%	1,223
LATAM	824	861	-4%	1,386
International	194	303	-36%	355
Other activities	684	840	-19%	1,033
<b>Total</b>	<b>4,190</b>	<b>4,511</b>	<b>-7%*</b>	<b>5,664</b>

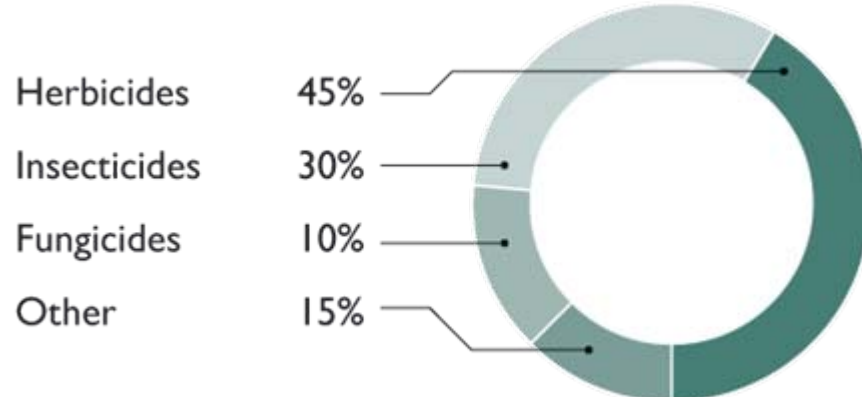
\* By constant exchange rates -5%

# Product performance Q3 2009

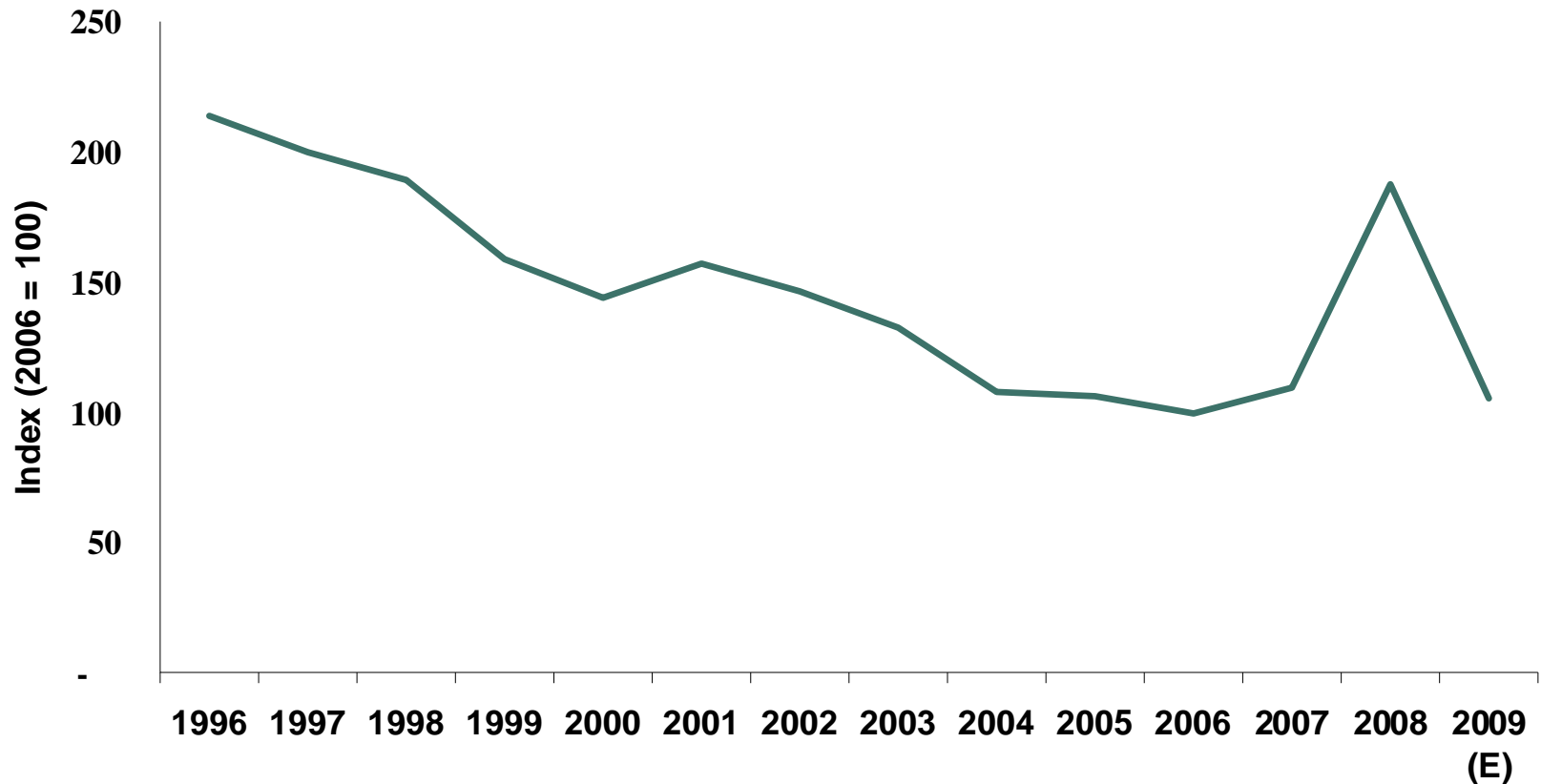
Revenue split on segments Q3 2009



Revenue split on segments Q3 2008

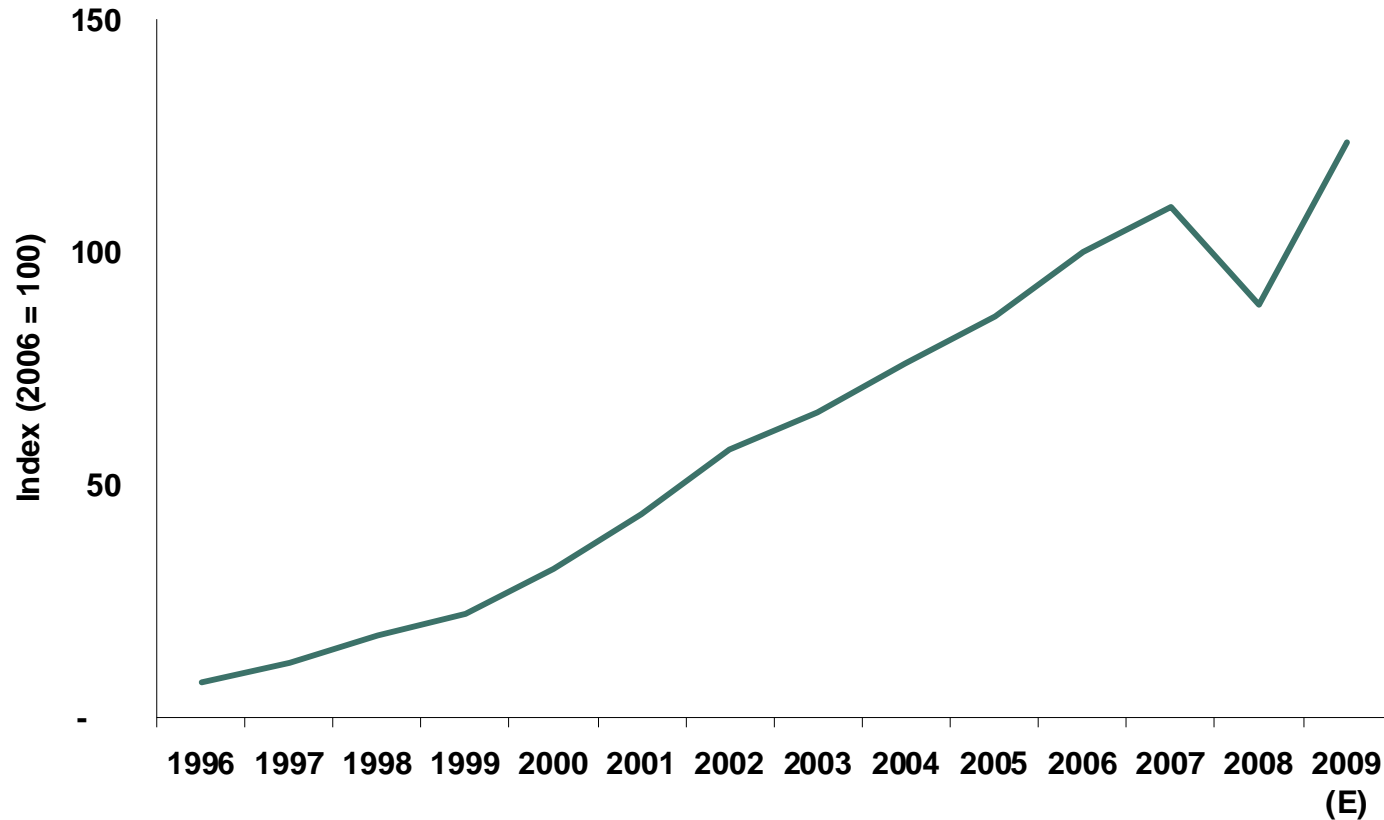


# Glyphosate price "back to normal"!



- 1996-2002: Increased generic competition.
- 2005-2007: Adequate supply from China.
- Late 2007-late 2008: Shortage due to lack of supply from China and increased demand.
- Late 2008-late 2009: Excess supply, delayed demand.

# Glyphosate sales volume



- 1993-2009: Increased quantities from own plant.
- 2000-2007: Increased quantities from third parties.
- 2008: Shortage in supply (ex. Brazil).
- 2009: Adequate supply from third parties.

## Outlook 2009

- Market conditions for glyphosate are not expected to improve in Q4.
- Continued growth from other products including the many new products introduced in recent years.
- Strong demand in Brazil expected in Q4.

### Auriga/Cheminova:

Revenue: Approx. DKK 5,500 million

EBIT: In the range of DKK 10-50 million

Operating cash flow: Positive

# Contact investor relations

Kurt Pedersen Kaalund

President & CEO

Tel.: +45 7010 7030

[investor@auriga.dk](mailto:investor@auriga.dk)



Jens Ole Jensen

Vice President

Tel.: +45 7010 7030

[investor@auriga.dk](mailto:investor@auriga.dk)

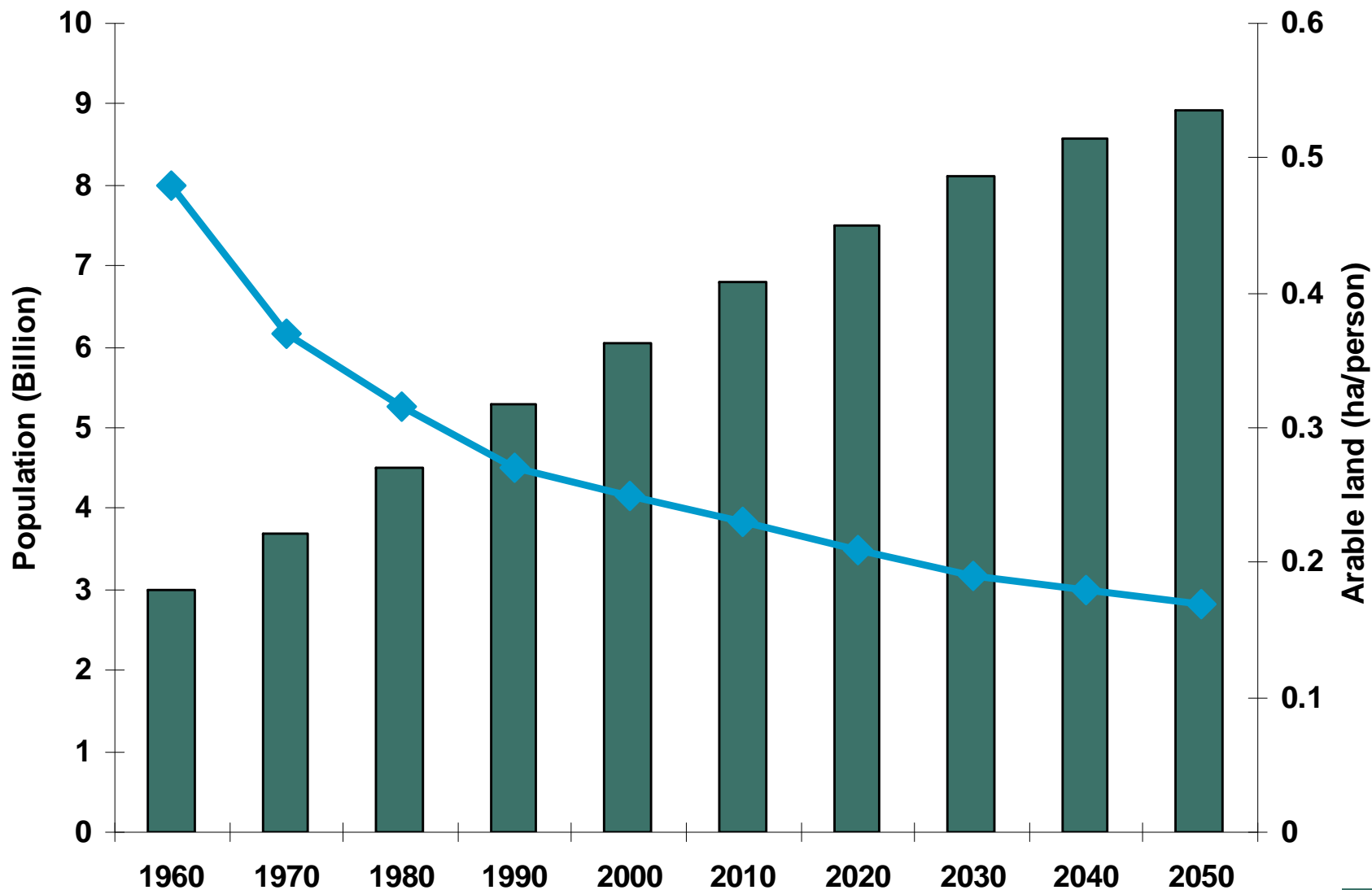
## Disclaimer

This presentation contains forward-looking statements such as revenue and financial results outlook. Forward-looking statements are, by their very nature, associated with risks and uncertainties that may cause actual results to differ materially from expectations.

To the extent that legislation so requires (e.g. the Danish Securities Trading Act), Auriga shall be obliged to update and adjust specifically stated expectations.

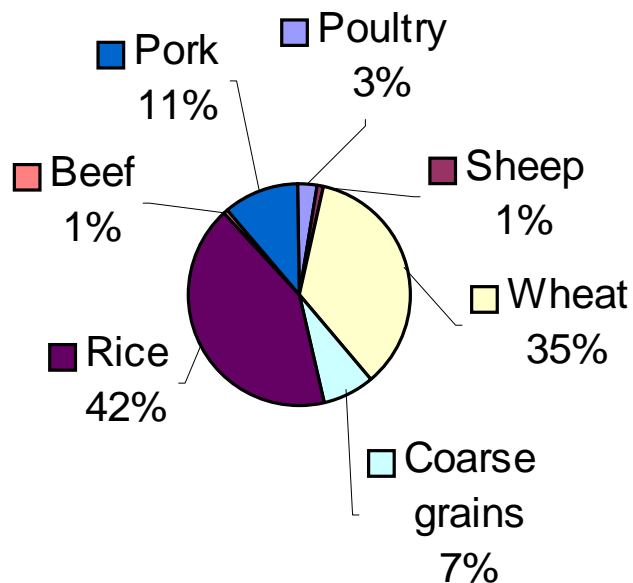
# Supplementary information

# Arable land per cap vs. population

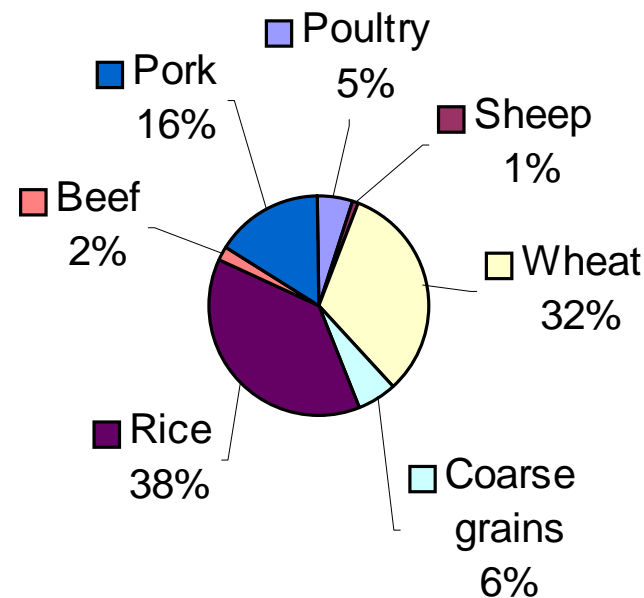


# Chinese diets are shifting

1997

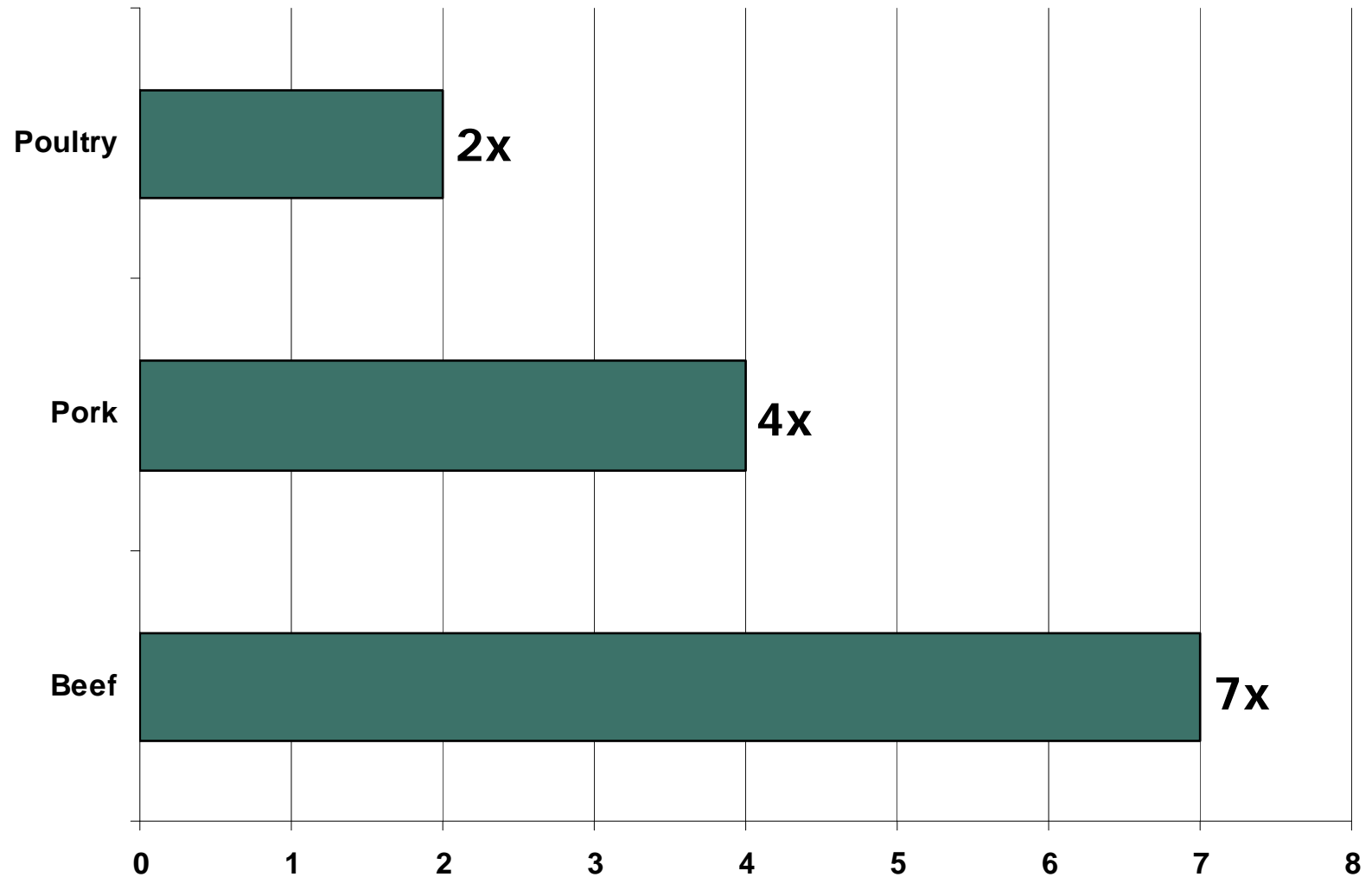


2008



- As incomes increase in China and other developing countries, diets shift towards more meat consumption.
- Meat is energy-inefficient, meaning that more feed is required to produce the same amount of calories.
- Feed growth has been primarily in Brazil and China recently, which feed their herd with domestically produced grain.
- However, China cannot produce enough soybeans to sate demand and has relied increasingly on imports.

# Feed grain multipliers for meat production



# Soft commodities prices



# Income statement

DKKm	Auriga			Cheminova		
	Q3 2009	Q3 2008	2008	Q3 2009	Q3 2008	2008
Revenue	4,190	4,511	5,664	4,180	4,502	5,651
EBITDA	201	652	712	205	657	715
EBIT (operating profit)	57	482	515	63	510	541
Profit before tax	(22)	416	402	(33)	423	401
EBITDA margin	5%	14%	13%	5%	15%	13%
EBIT margin	1%	11%	9%	2%	11%	10%

## Balance sheet: Assets

DKKm	Q3 2009	Q3 2008	2008
Non-current assets	1,476	1,335	1,294
Inventory	1,849	1,708	1,803
Receivables	2,018	1,780	1,811
Cash	225	332	224
Total assets	5,568	5,155	5,132

## Balance sheet: Equity and liabilities

DKKm	Q3 2009	Q3 2008	2008
Equity	2,130	2,332	2,210
Interest-bearing debt	2,030	1,539	1,710
Trade payables	532	668	652
Other payables	876	616	560
Total liabilities	5,568	5,155	5,132

# Cash flow

<b>DKKm</b>	<b>Q3 2009</b>	<b>Q3 2008</b>	<b>2008</b>
Cash flow from operating activities	<b>287</b>	(91)	(342)
Investments	<b>(290)</b>	(359)	(378)
Available cash flow	<b>(3)</b>	(450)	(720)