

# AURIGA INDUSTRIES A/S



## Company presentation

>> Continued growth from new products

Roadshow to Frankfurt and Zürich  
November 2010

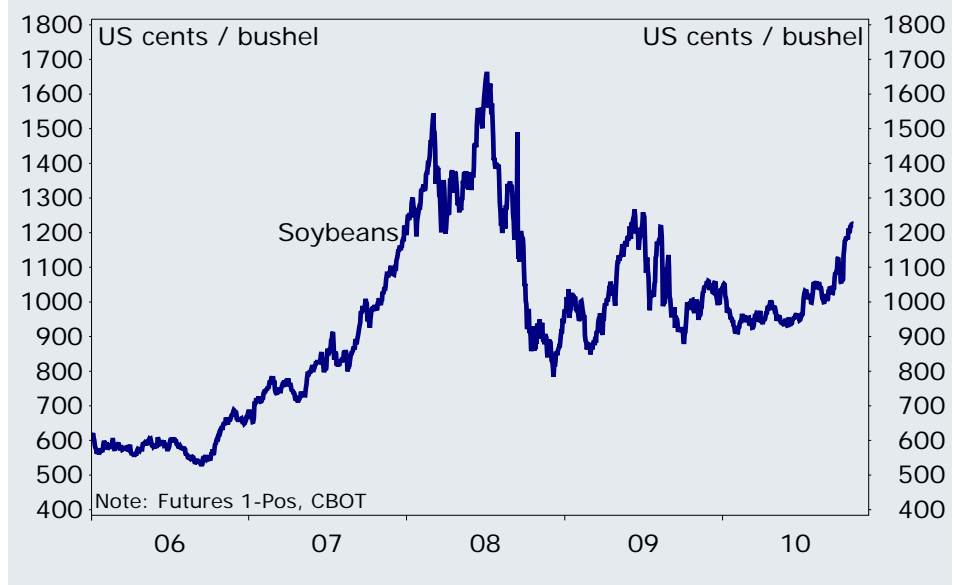
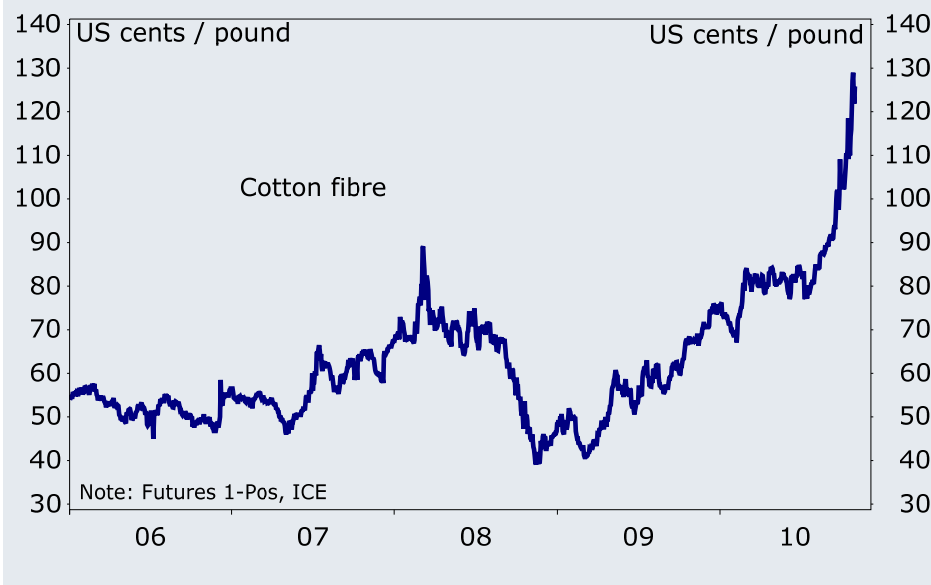
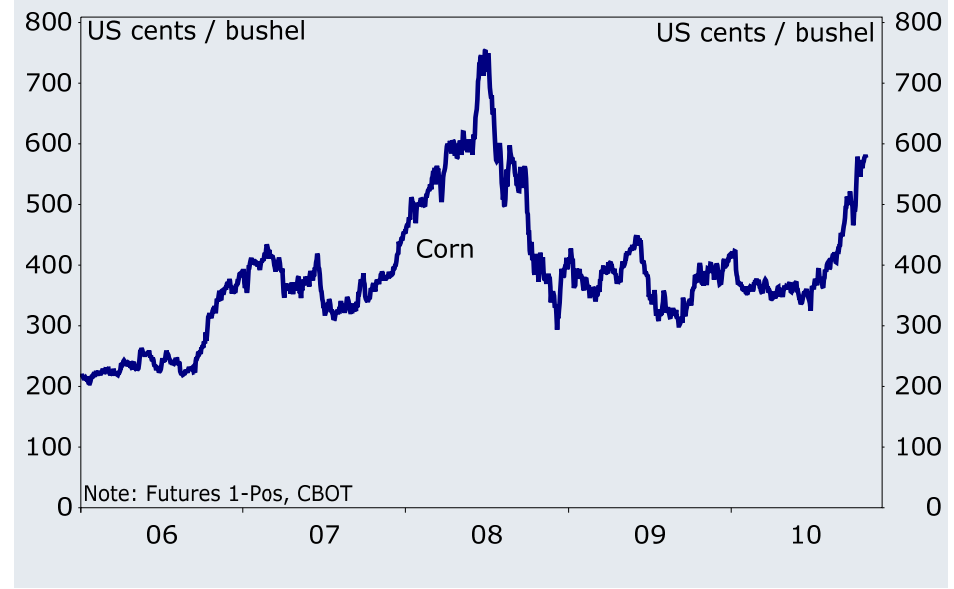
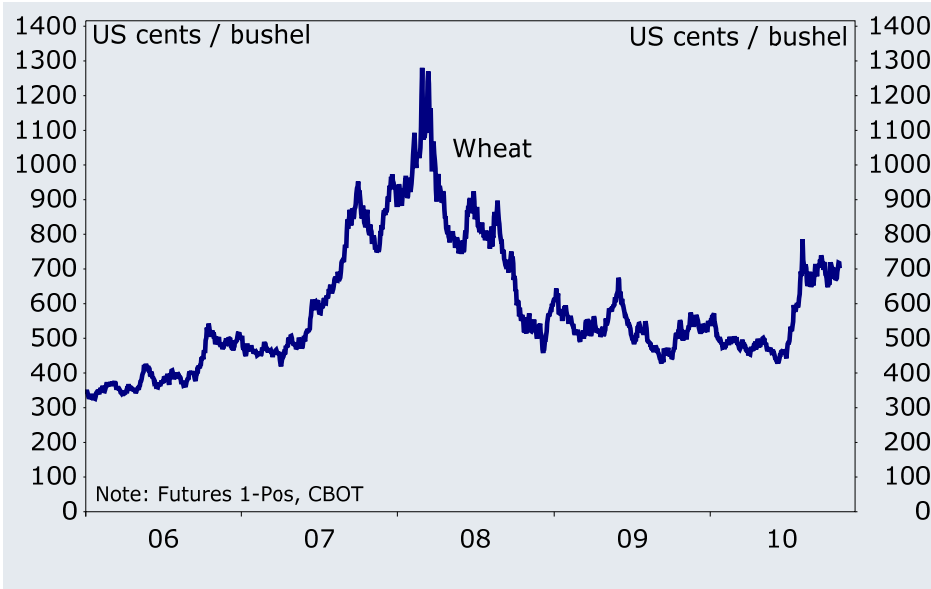
# Agenda

- **Introduction:**
  - Investment case highlights
  - Corporate introduction
  - Industry position
  
- **Business Plan “Five-in-Fifteen”**
  - Objectives & strategy
  - Product portfolio
  - Development & growth
  
- **Strategic achievements Q3 2010:**
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# 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.

# Soft commodities prices

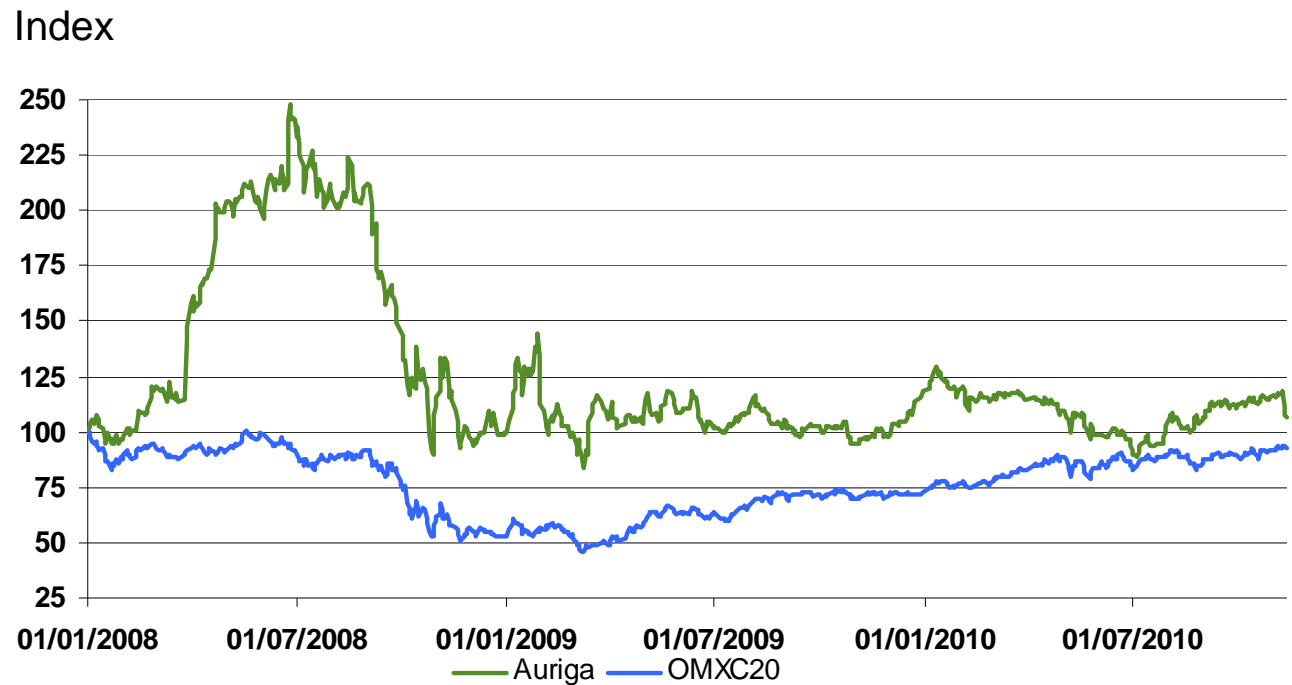


# 5-year key figures

DKKm	Auriga					
	E2010	2009	2008	2007	2006	2005
Revenue	<b>5,400</b>	<b>5,437</b>	5,664	4,368	4,032	4,017
EBITDA		<b>197</b>	712	327	175	625
EBITDA margin		<b>4%</b>	13%	7%	4%	16%
EBIT	<b>200-275</b>	<b>11</b>	515	145	7	443
EBIT margin		<b>0.2%</b>	9%	3%	0.2%	11%
Profit/loss before tax		<b>(107)</b>	402	83	(75)	362
Cash flow from operating activities	<b>&gt;300</b>	<b>299</b>	(342)	274	45	83
Trade working capital		<b>2,825</b>	2,622	1,926	2,628	2,847
Equity		<b>2,075</b>	2,210	2,142	2,304	2,587
Total assets		<b>5,638</b>	5,132	4,422	5,642	5,865

# Share price development

- Market value:  
Approx. DKK 2.5 bn.  
(at shareprice 97).  
*(November 12, 2010)*
- Approx. 7,500  
registered  
shareholders.
- Dividend for 2009:  
DKK 2.40 per share.
- Firm dividend policy  
adopted.





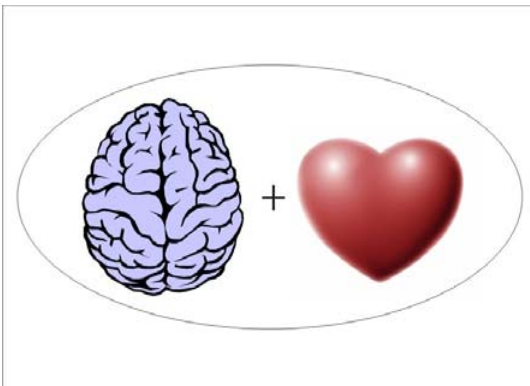
## Mission

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.

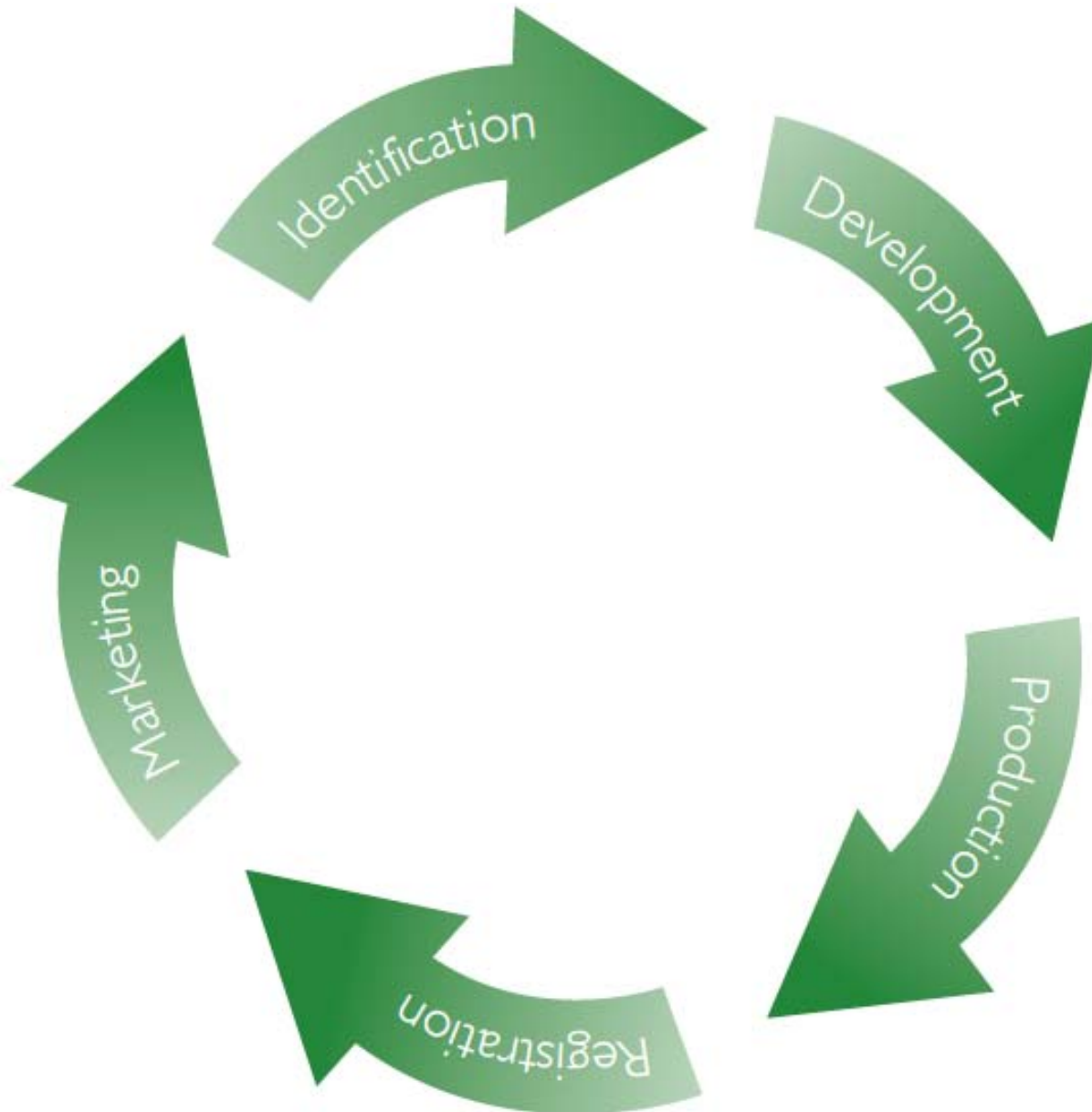
# Good corporate citizenship

- 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.*

# Core competences



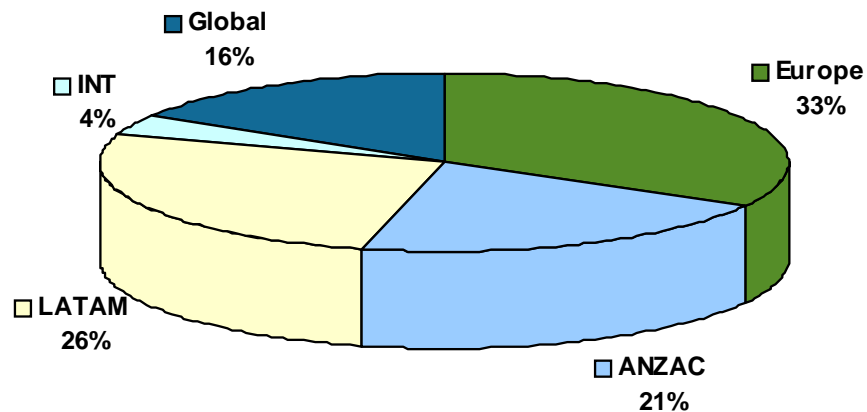
- Identification of new product opportunities satisfying farmer needs by value-added products.
- Development of competitive manufacturing processes and proprietary formulations and mixtures.
- Manufacturing in own facilities or with third parties having competitive infrastructure.
- Data development 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

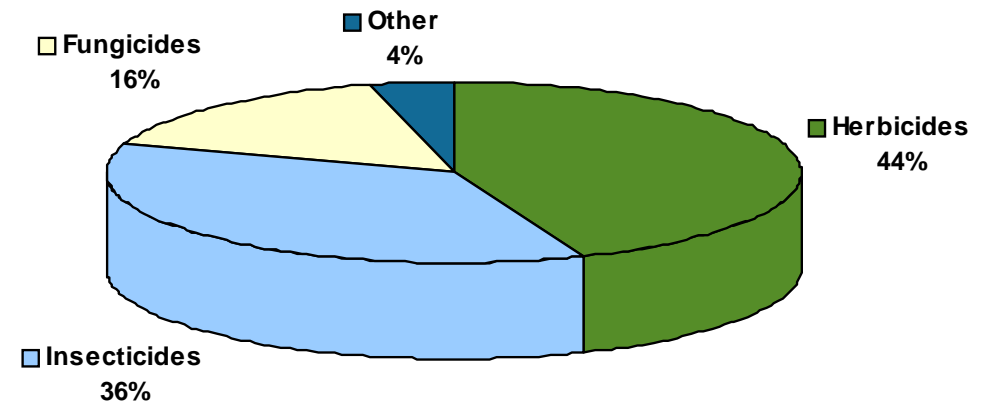


# Region and product split – 2009

Crop protection – Cheminova regions



Crop protection – Cheminova 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.

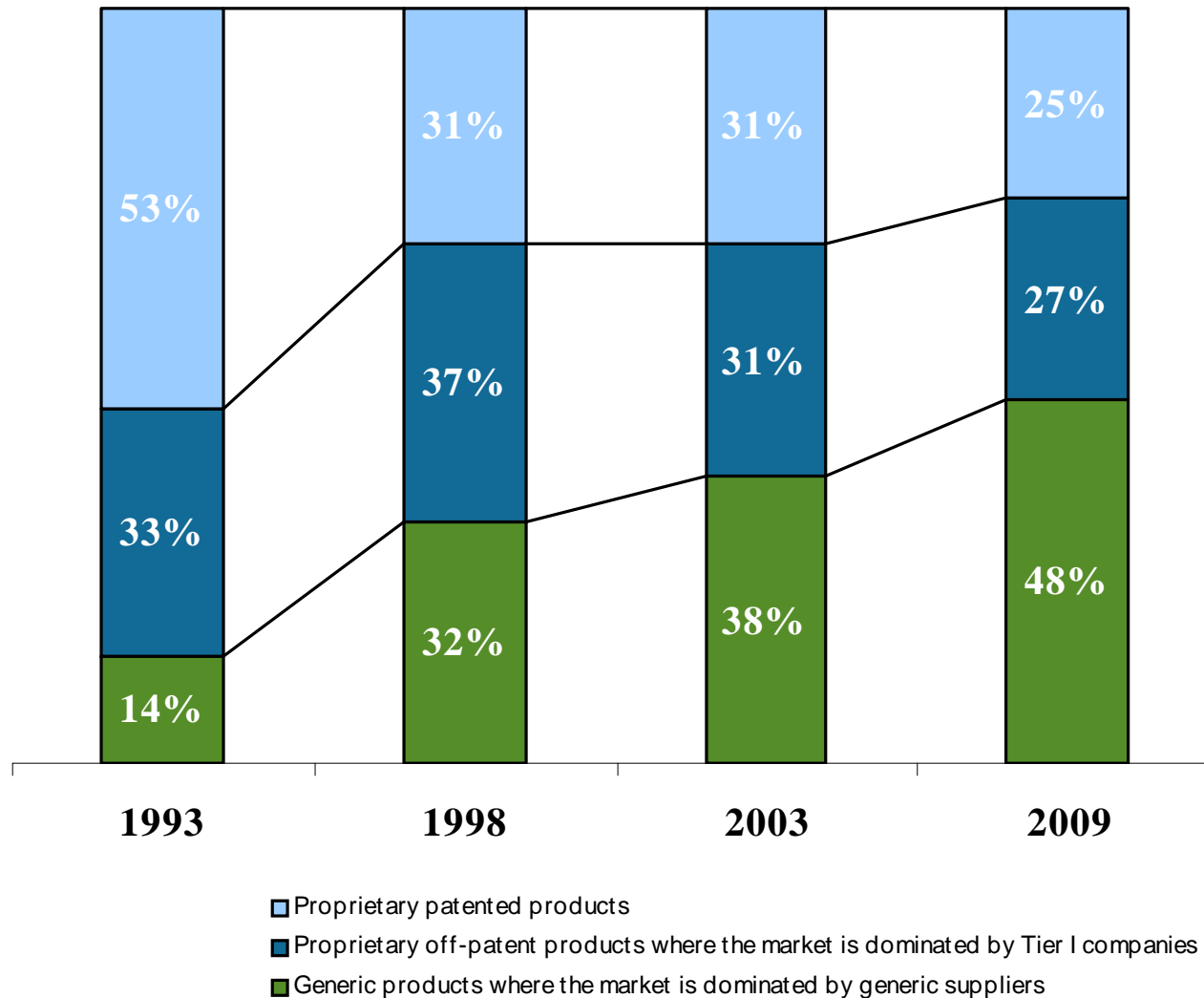
## Tier III companies:

- 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 and contraction in 2009.
  - 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 for off-patent products



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# 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.

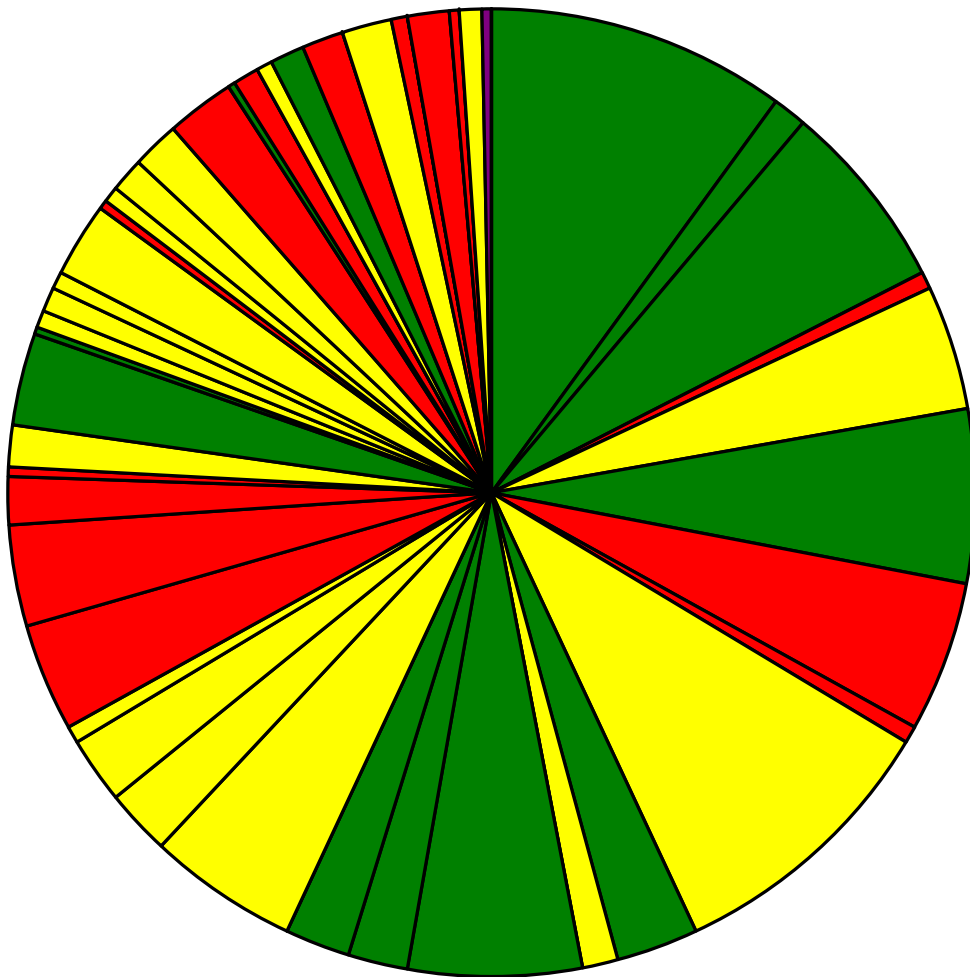


# Significant crop protection products 2010

SIGNIFICANT CROP PROTECTION PRODUCTS				
	Herbicides	Insecticides	Fungicides	Other
Traditional products introduced before 2000	glyphosate	acephate <sup>1</sup> chlorpyrifos <sup>1</sup> dimethoate <sup>1</sup> malathion <sup>1</sup> methyl parathion <sup>1</sup>		
New developed products introduced after 2000	clodinafop clomazone diflufenican fenoxaprop fomesafen metsulfuron <sup>2</sup> nicosulfuron <sup>2</sup> sulcotrione thifensulfuron <sup>2</sup> tribenuron <sup>2</sup>	abamectin gamma-cyhalothrin imidacloprid	azoxystrobin difenoconazole <sup>3</sup> epoxiconazole <sup>3</sup> fluazinam tebuconazole <sup>3</sup>	trinexapac
Acquired products	beflubutamid pethoxamid propoxycarbazone	acrinathrin phosalone <sup>1</sup>	flutriafol <sup>3</sup>	micronutrients

<sup>1)</sup> OP-insecticides (organophosphates) <sup>2)</sup> Sulfonylurea herbicides (SU products) <sup>3)</sup> Triazole fungicides.

# Market segment participation



**Market coverage – High:**  
Cereals, soy bean, cotton,  
coffee, banana, citrus.

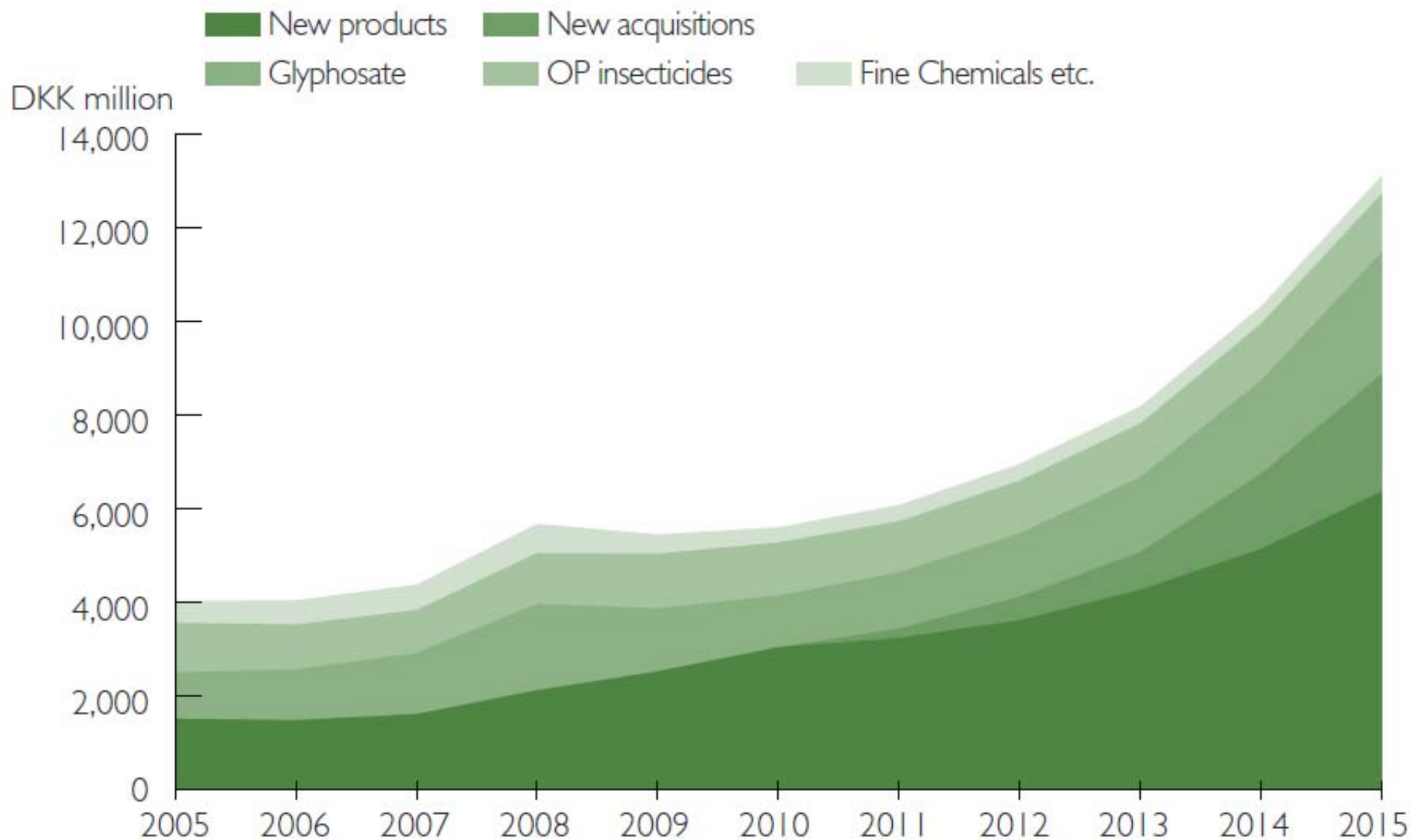
**Market coverage – Medium:**  
Corn, wine, tomatoes,  
potatoes, other fruit trees,  
sunflower, rapeseed.

**Market coverage – Low:**  
Rice, Other fruits &  
vegetables, sugar beet,  
sugar cane.

# Key growth drivers

- Identification, development and registration of several new products.
- Introduction of these products in several new markets.
- Increased market share over time for new products.
- Add-on acquisitions of products, activities and companies.
- Reduction of the glyphosate share of revenue to approx. 20%.
- Reduction in traditional organophosphates following the phase-out programme.

# Five-in-Fifteen: Development and growth

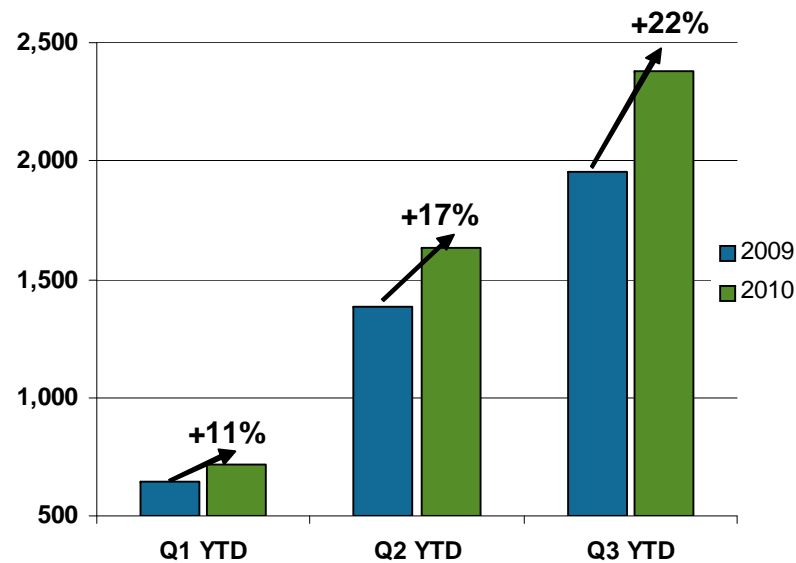
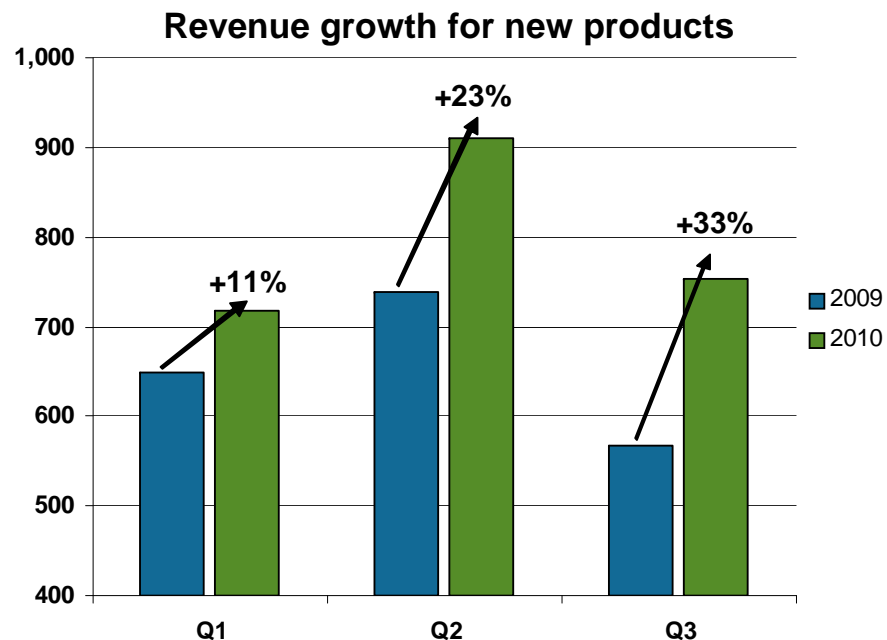


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# Strong growth from new products

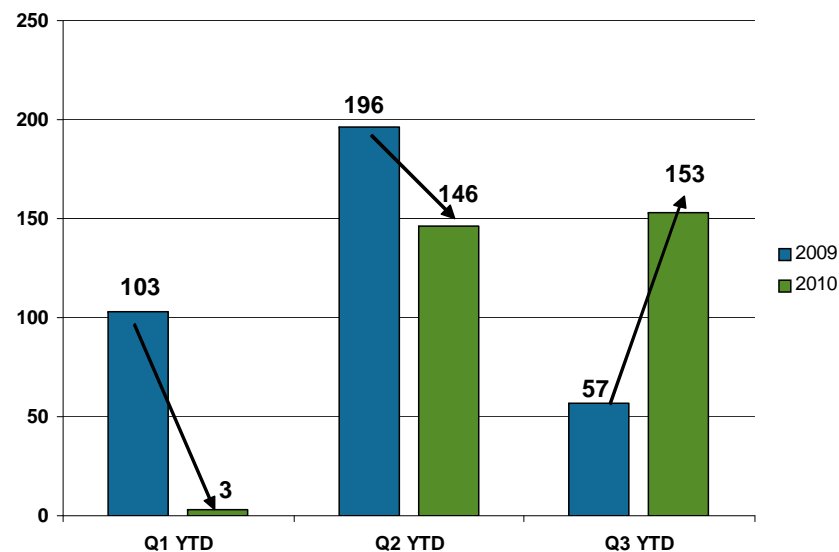
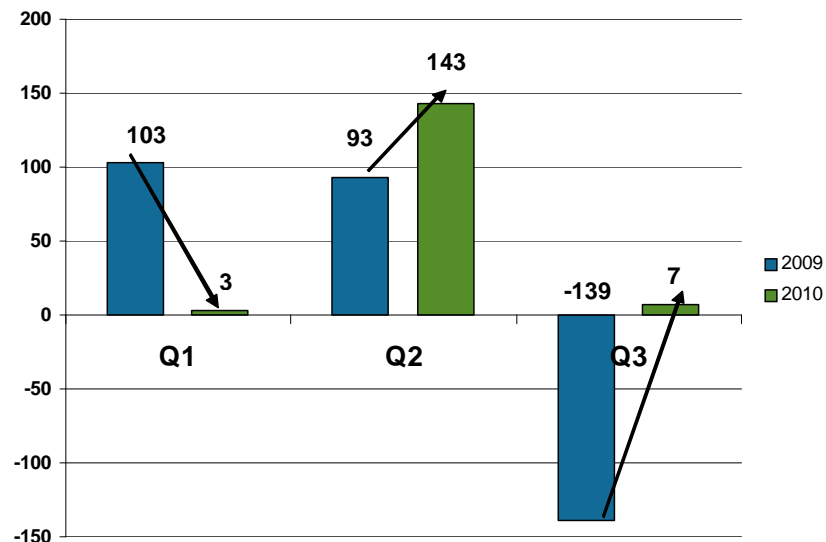
- Another quarter with strong growth from new products now accounting for more than 60% of total crop protection revenue.
- New products up 33% in Q3 and 22% year-to-date.
- Glyphosate's share of revenue reduced to 15% against 25% in 2009.



# Improved operating profits

- Improved operating profits in Q3 2010.
- Q3 2009 severely hit by glyphosate.
- Lower gross margin in Q3 due to price pressure.
- Substantial improvement in operating profit year-to-date.

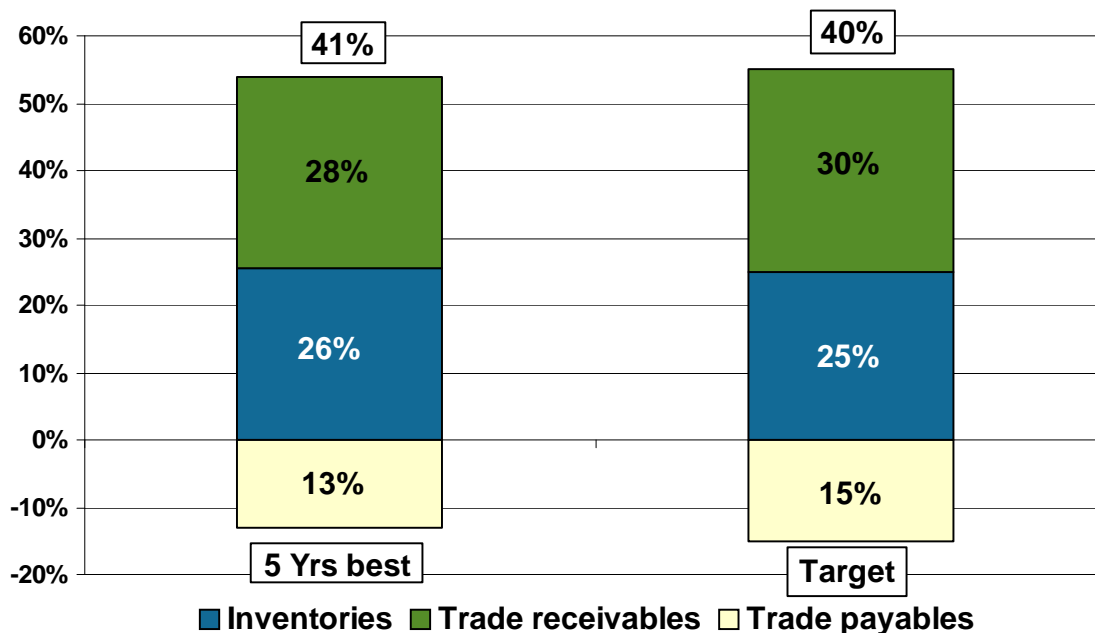
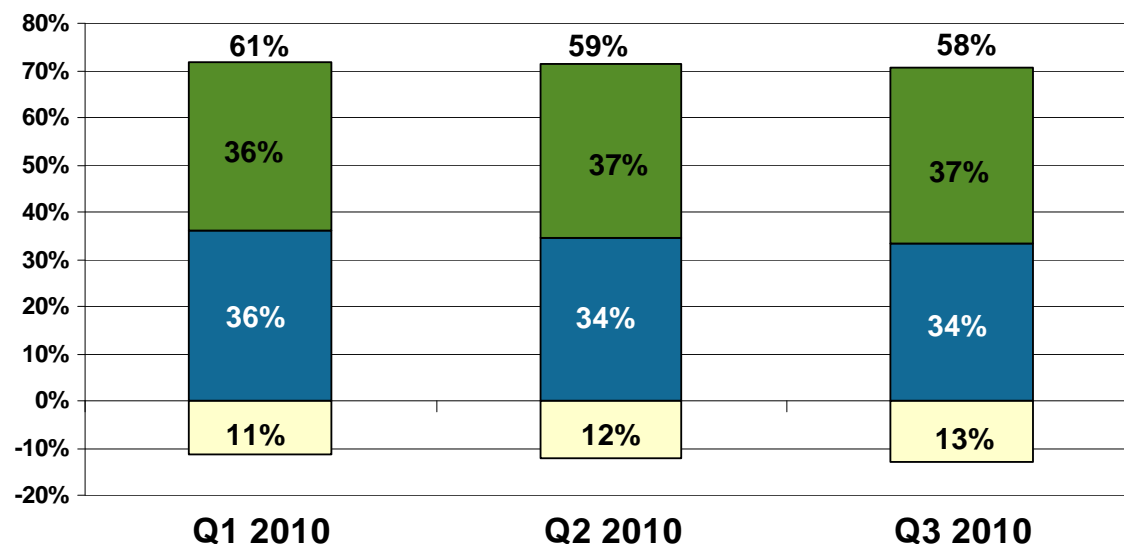
Operating profit improvement



# Reduced trade working capital

- Trade Working capital reduced DKKm 273 in Q3.
- Average trade working capital remain high.
- Reduction of debt in Q3.

Average trade working capital



# Corporate Social Responsibility

## Mission

- Good start to village projects in India targeting better living conditions for local citizens.

## Product stewardship

- Phase-out plan for class I products in developing countries completed by year-end.

## Production

- Successfully audited for continued ISO 14001 and OHSAS 18001 certifications.



» We have started village projects in a number of Indian villages to help improve the quality of life for the locals.

We do that by introducing the villagers to improved and sustainable agricultural practices and the safe use of crop protection.

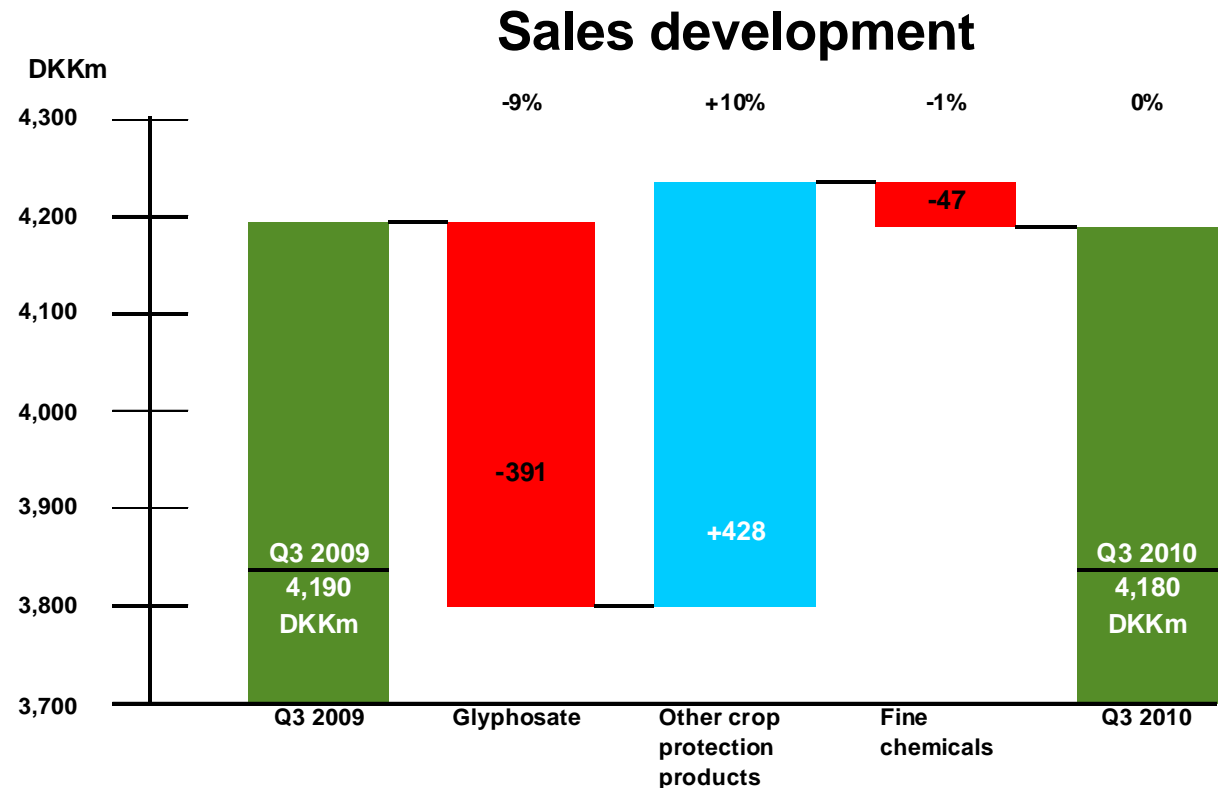
*A farmer from the village shows one of the trial fields; the onlookers are villagers, including local farmers.*

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# Sales development

- Substantial reductions in glyphosate revenue due to lower prices and volumes.
- Increase in total revenue from other crop protection products with new products up 22%.
- Positive currency impact due to higher exchange rates compared to last year.



# Key figures

DKKm	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009
Revenue	1,382	1,212	4,180	4,190
EBITDA	54	(95)	292	201
EBITDA margin	4%	Neg.	7%	5%
EBIT	7	(139)	153	57
EBIT margin	1%	Neg.	4%	1%
Operating cash flow	205	277	(73)	287
Equity ratio	34%	38%	34%	38%

# Income statement

- Total revenue in Q3 2010 up 14% and year-to-date on a par with 2009.
- Low gross margin due to increased price pressure.
- Capacity costs on a par with 2009, though, higher currency rates impacted costs in many subsidiaries. Capitalised development costs of DKKm 65.
- Improved operating profit compared to 2009.

	Auriga				
DKKm	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	2009
Revenue	1,382	1,212	4,180	4,190	5,437
Gross profit	292	145	1,028	926	1,185
EBITDA	54	(95)	292	201	197
EBIT (operating profit)	7	(139)	153	57	11
Profit before tax	(34)	(167)	47	(22)	(107)
Gross-margin	21.1%	11.9%	24.6%	22.1%	21.8%
EBITDA margin	4%	Neg.	7%	5%	4%
EBIT margin	1%	Neg.	4%	1%	0.2%

## Balance sheet: Assets, equity and liabilities

- Inventory reduced DKKm 253 in Q3.
- Trade receivables reduced DKKm 152 in Q3.
- Trade working capital reduced DKKm 273 in Q3.
- Net interest-bearing debt reduced to DKKm 2,344 in Q3.

### Assets

DKKm	Q3 2010	Q3 2009	2009
Non-current assets	1,615	1,476	1,490
Inventory	1,838	1,849	1,742
Receivables	2,360	2,018	2,166
Cash	300	225	240
<b>Total assets</b>	<b>6,113</b>	<b>5,568</b>	<b>5,638</b>

### Equity and liabilities

DKKm	Q3 2010	Q3 2009	2009
Equity	2,078	2,130	2,075
Interest-bearing debt	2,644	2,030	2,149
Trade payables	770	532	705
Other payables	621	876	709
<b>Total liabilities</b>	<b>6,113</b>	<b>5,568</b>	<b>5,638</b>

# Cash flow

- Positive operating cash flow of DKKm 205 in Q3.
- Operating cash flow DKKm -73 year-to-date.
- Total investments reduced to DKKm 247 due to lower plant investments and acquisitions.

DKKm	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009	2009
<b>Net profit</b>	(24)	(120)	34	(16)	(66)
Adjustments	76	2	88	172	160
<b>Change in working capital</b>	101	427	(233)	201	290
Change in receivables	77	265	(124)	112	68
Change in inventories	200	221	(39)	128	263
Change in trade payables etc.	(176)	(59)	(70)	(39)	(41)
Income taxes paid	52	(32)	38	(70)	(85)
<b>Cash flow from operating activities</b>	205	277	(73)	287	299
Investments	(79)	(32)	(247)	(290)	(373)
<b>Free cash flow</b>	126	245	(320)	(3)	(74)

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# Outlook 2010 – revised full year guidance

- Positive industry outlook due to high crop prices.
- Lower exchange rates (BRL, USD & INR) than expected at half-year.
- Increased price pressure.
- Delayed season start in Brazil.

DKKm		New
Revenue		approx. 5,400
EBIT		200-275
Cash flow		> 300

DKKm		Original
Revenue		approx. 5,600
EBIT		300-400
Cash flow		> 300

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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.