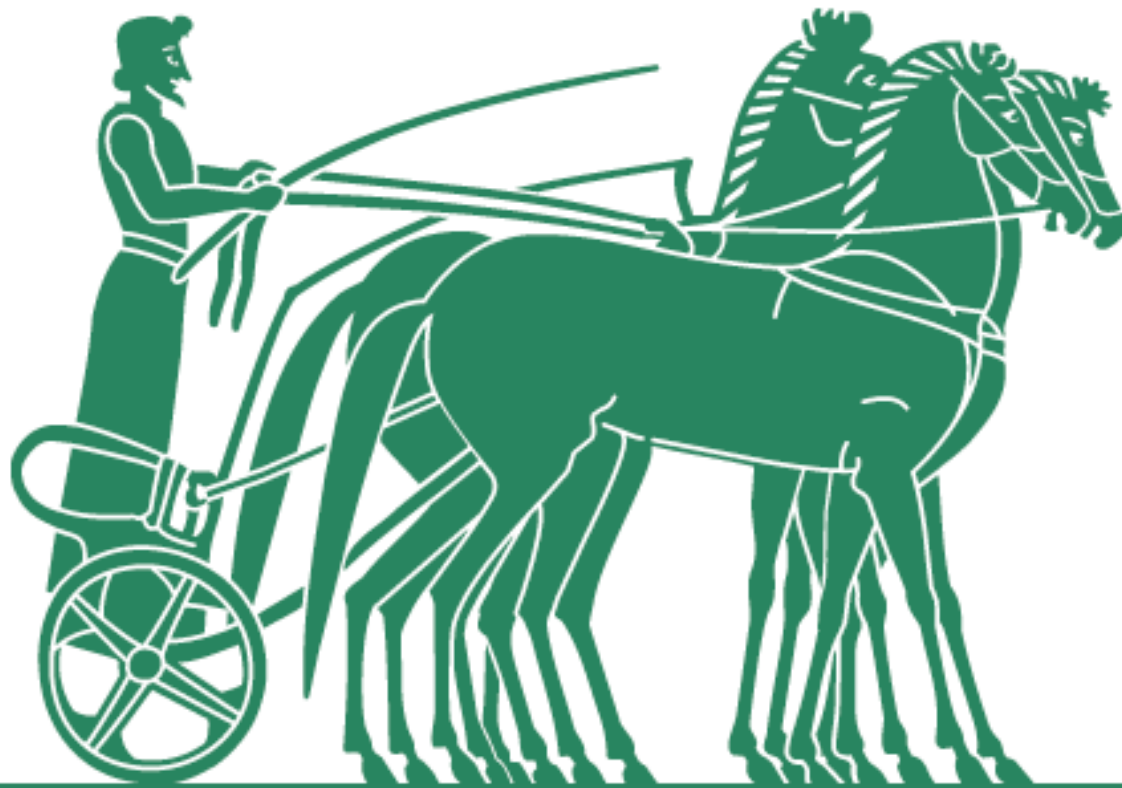


# AURIGA INDUSTRIES A/S



Q1 2011

>> Satisfactory improvements on objectives and strategic focus areas

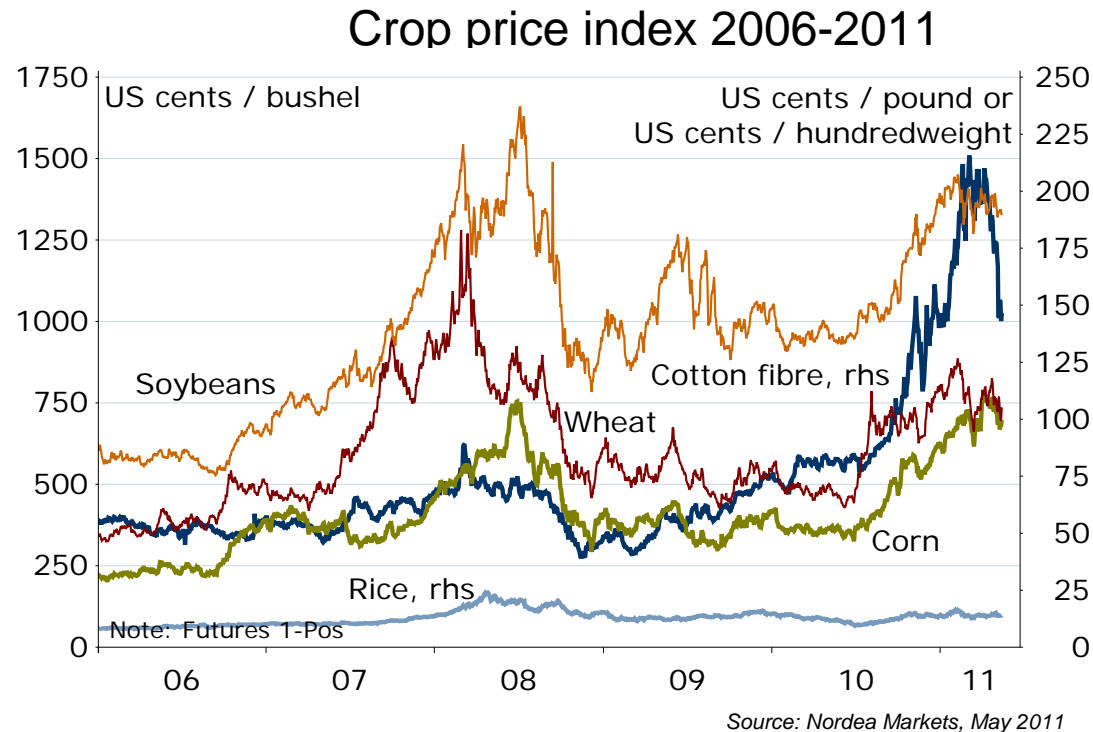
May 26, 2011

# Agenda

- **Introduction:**
  - **Market situation**
  - **Highlights Q1 2011**
- **Objectives & strategic focus areas**
  - Earnings and value creation
  - Development and growth
  - Efficiency improvements and cost control
  - Working capital and debt burden
- **Financials:**
  - Sales development
  - Income statement
  - Balance sheet
  - Cash flow
- **Outlook and Guidance**

# Market situation

- High agricultural commodity prices leading to increased demand for crop protection.
- Normal climatic conditions in Q1 2011 contrary to Q1 2010.
- Market growth of approx. 10% in Q1 2011.
- Competitive pressure unchanged but prices have stabilized.
- Selective price increases to counter high energy and raw materials costs.



# Highlights Q1 2011

- Improved performance on objectives and strategic focus areas in line with expectations.
- Revenue growth 14% (CER 12%).
- Gross margin improved to 26.7% (22.5%) due to changed product mix
  - Growth from new products 20%.
  - Reduction of glyphosate to 11%.
- Fixed costs impacted by severance pay, high activity level and exchange rates.
- EBITDA DKKm 124 (48) – EBIT DKKm 80 (3).
- Working capital ratios and operating cash flow improved.
- ROIC improved to 4.5% and debt burden (NIBD/EBITDA) reduced.
- Guidance for 2011 unchanged.

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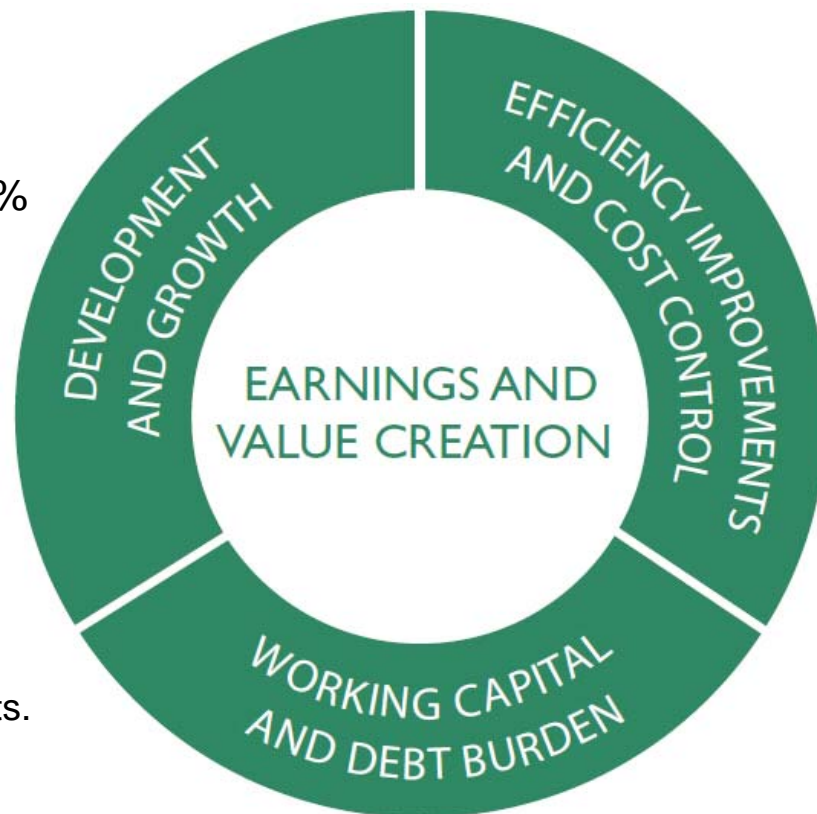
# Objectives and strategic focus areas

## Objectives:

- Improved **earnings** (EBITDA) of 13-18% after 2013.
- Improved **value creation** (ROIC) of approx. 15% after 2013.

## Strategic focus areas:

- **Development and growth**
  - Annual organic growth of 10% after 2011.
  - Continuous improvement of gross margin rate.
- **Efficiency improvements and cost control**
  - Continuous improvements, LEAN and scale effects.
  - Reduction of net fixed costs ratio.
- **Working capital and debt burden**
  - Continuous reduction of working capital ratio.
  - Improvement of debt burden to investment grade.



# Objectives: Earnings and value creation

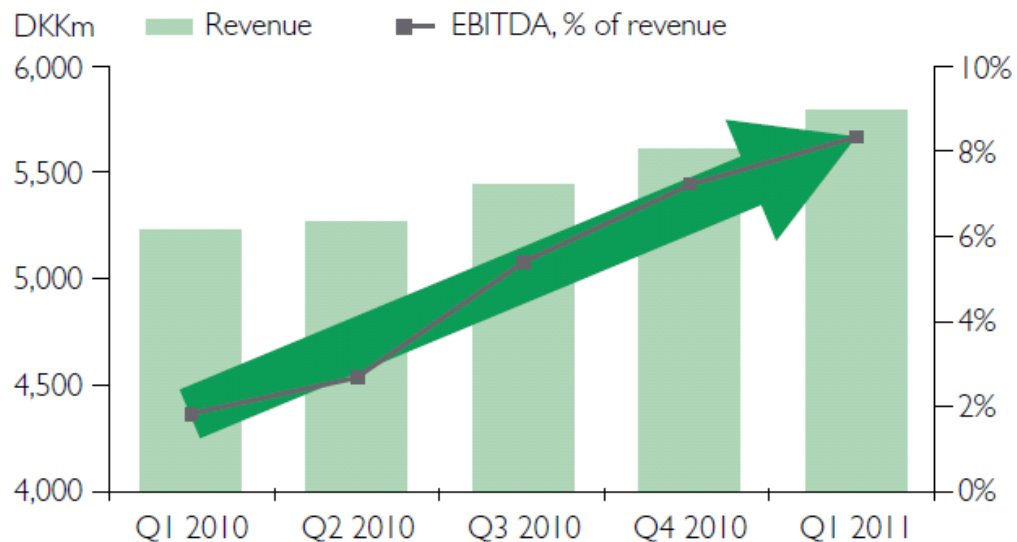
- **Improved performance on strategic focus areas to generate continuous increase in earnings and value creation.**

- **Earnings (EBITDA %)**

- Q1 2011: 8.9%
- Q1 2010: 4.0%

- **Value creation (ROIC %)**

- Q1 2011: 4.5%
- Q1 2010: neg.



*Graphs are based on 12 months' rolling data*

# Development and growth

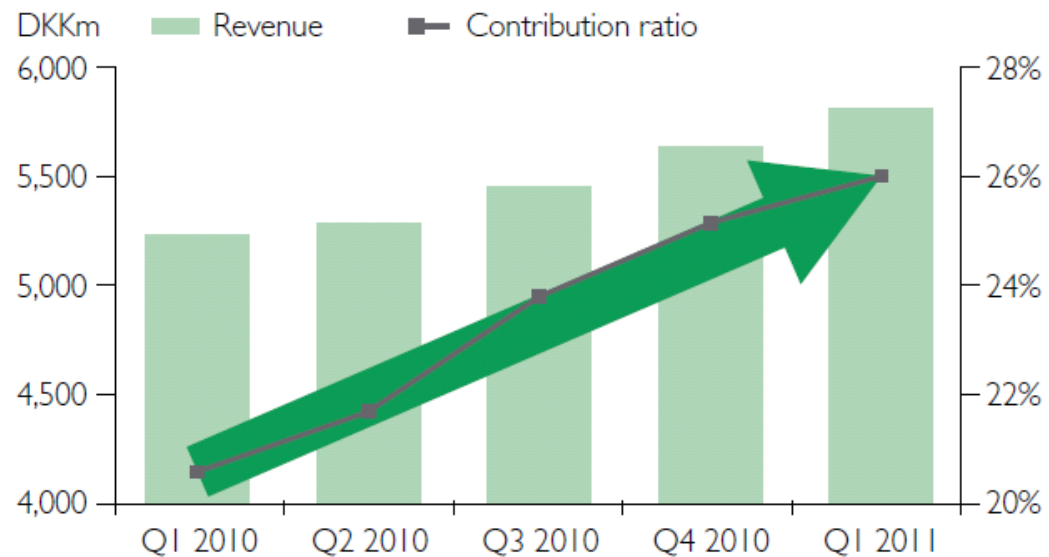
➤ **Increased revenue from new products and improved product portfolio to generate growth and increased average contribution ratio.**

➤ **Revenue growth**

- Q1 2011: +14%
- Q1 2010: -15%

➤ **Gross margin**

- Q1 2011: 26.7%
- Q1 2010: 22.5%



*Graphs are based on 12 months' rolling data*

# Efficiency improvements and cost control

➤ **Continuous improvements, LEAN and scale effects.**

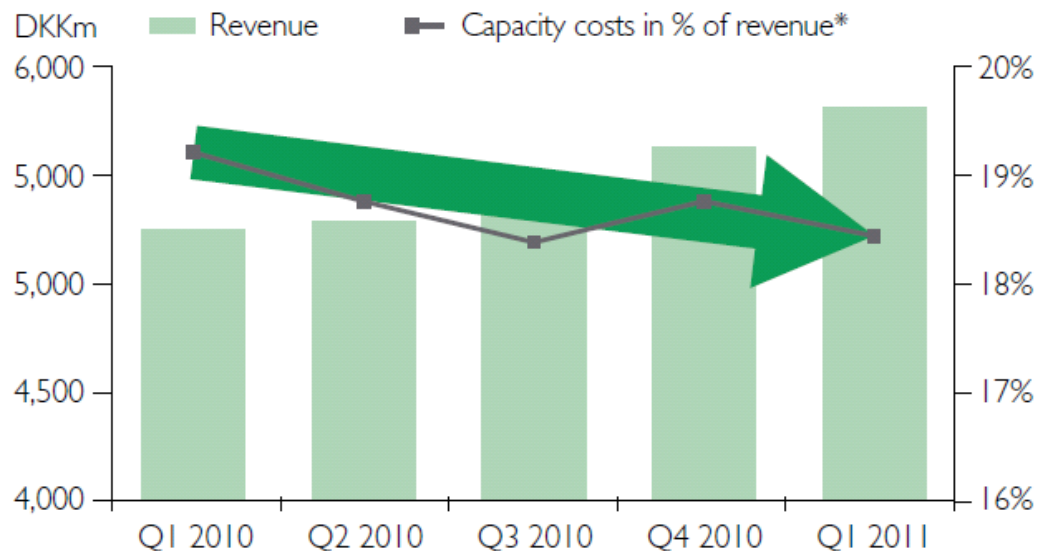
➤ **Capacity adjustment in Q1.**

➤ **Net fixed costs increase**

- Non-recurrent severance pay.
- Increased activity level.
- Foreign exchange rates.

➤ **Net fixed costs ratio decline**

- Q1 2011: 19.6%
- Q1 2010: 21.4%



\* Fixed costs in production, sales, administration and development

Graphs are based on 12 months' rolling data

# Working capital and debt burden

➤ Targeted and dedicated efforts to reduce working capital.

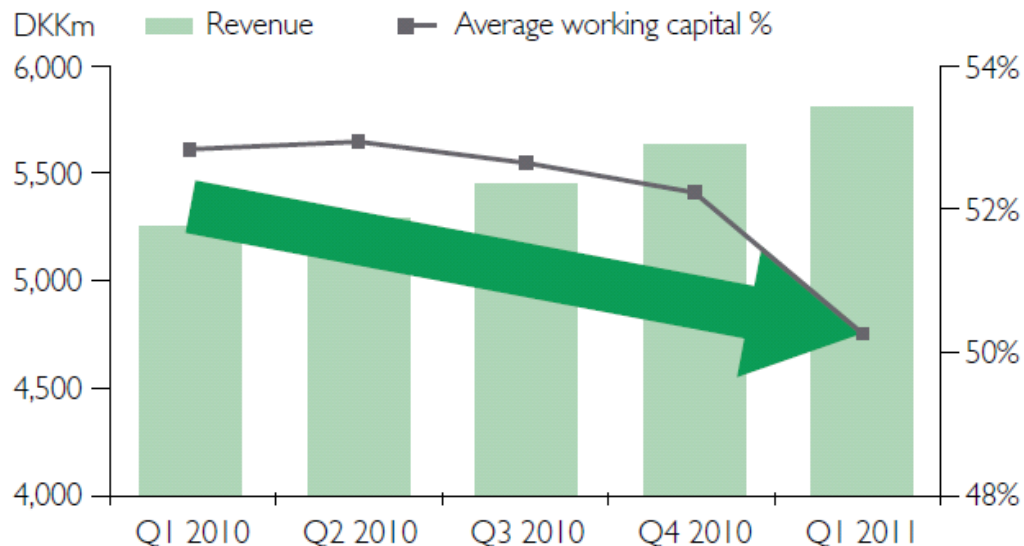
➤ Significant results especially on inventories and payables.

➤ Net working capital

- Q1 2011: 50.9%
- Q1 2010: 59.2%

➤ Debt burden (NIBD/EBITDA)

- Q1 2011: 5.1
- Q1 2010: 27.1



*Graphs are based on 12 months' rolling data*

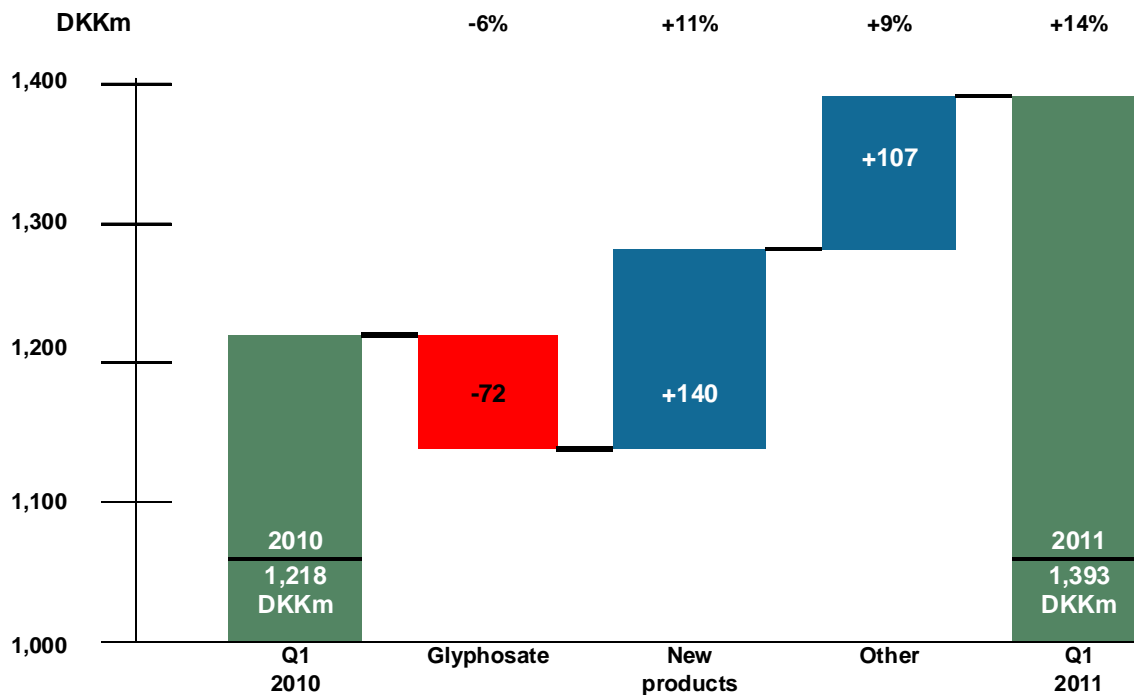
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# Sales development

- Revenue increased 14% in DKK and 12% at constant exchange rates.
- Strong growth of 20% in new products.
- Glyphosate share down to 11% of total revenue.
- Positive development also within OP insecticides.

## Sales development Q1 2010-Q1 2011



# Regional sales

## Region Europe

- Increased sales of new products and the acquisition of Rogor<sup>®</sup> (dimethoate) leading to 23% revenue growth and higher earnings.

## Region North America

- Sales impacted by lower glyphosate sales, but growth from new products leads to improved earnings.

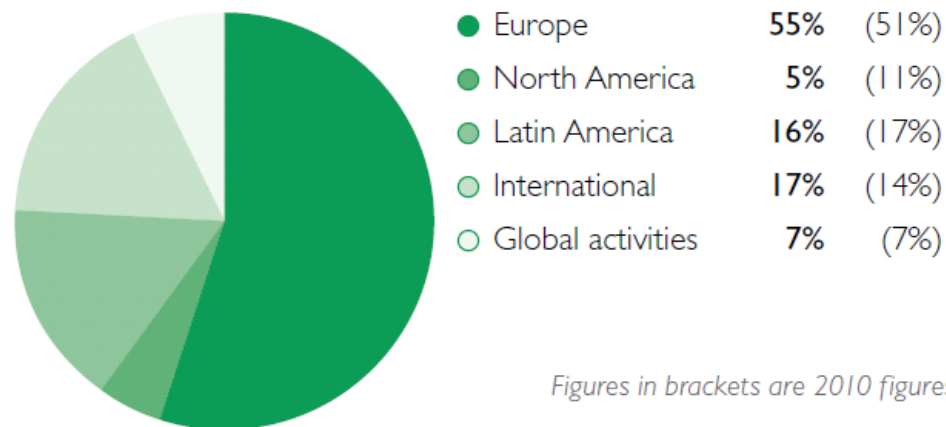
## Region Latin America

- High crop prices are driving market growth, but competition leads to declining margins.

## Region International

- Positive development in sales and earnings driven by sales growth in new products.

Revenue, regions Q1 2011

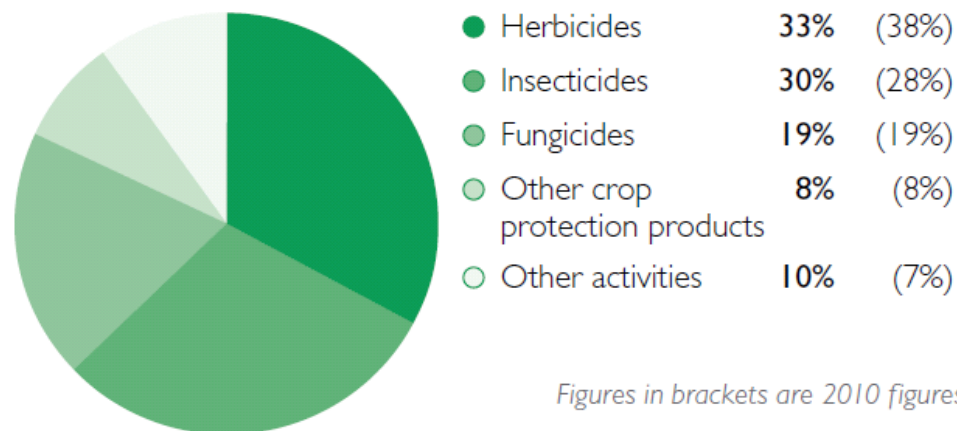


*Figures in brackets are 2010 figures*

# Product sales

- **Herbicides** declined to 33% of revenue due to glyphosate. Growth from selective herbicides, new formulations and mixtures.
- **Insecticides** increased to 30% of revenue. Growth driven by new products but traditional insecticides like dimethoate and chlorpyrifos also performed satisfactory.
- **Fungicides** accounting for 19% of revenue due to strong performance for new products and flutriafol.

## Revenue, products Q1 2011



# Income statement

- Total revenue growth 14% (12% CER).
- Positive development in product mix has improved gross margin in spite of high raw material and energy costs.
- Fixed costs impacted by severance pay, high activity level and exchange rates.
- Capitalized development and registration costs of DKKm 18 (DKKm 7).
- Finance costs of DKKm 34 (DKKm 20) - increase due to exchange rates and higher average debt.

DKKm	Q1 2011	Q1 2010	2010
Revenue	1,393	1,218	5,604
Gross profit	372	274	1,403
EBITDA	124	48	409
EBIT (operating profit)	80	3	215
Profit before tax	46	(15)	58
Gross margin	26.7%	22.5%	25.0%
EBITDA margin	8.9%	4.0%	7.3%
EBIT margin	5.8%	0.3%	3.8%

## Balance sheet: Assets, equity and liabilities

- Working capital DKKm 147 lower than Q1 2010.
- Net interest-bearing debt of DKKm 2,478 of which 54% in foreign currency.
- Equity improved DKKm 106 to DKKm 2,151 equal to 33% of balance.
- Debt burden (NIBD/EBITDA) reduced to 5,1 (27,1).

### Balance sheet: Assets

DKKm	Q1 2011	Q1 2010
Non-current assets	1,704	1,447
Inventory	1,933	1,964
Receivables	2,733	2,565
Cash	159	288
<b>Total assets</b>	<b>6,529</b>	<b>6,264</b>

### Balance sheet: Equity and liabilities

DKKm	Q1 2011	Q1 2010
Equity	2,151	2,045
Interest-bearing debt	2,651	2,776
Payables	1,727	1,443
<b>Total liabilities</b>	<b>6,529</b>	<b>6,264</b>

# Cash flow

- Operating cash flow of DKKm -467 (DKKm -503).
- Total investments of DKKm 32 (DKKm 43).
- Available credit facilities of DKKm 800 out of DKKm 3,200 total facility.

DKKm	Q1 2011	Q1 2010
<b>Net profit</b>	33	(10)
Depreciation, amortisation and impairment losses	44	45
Adjustments	33	(64)
Change in working capital	(555)	(535)
Income taxes paid	(22)	61
<b>Cash flow from operating activities</b>	<b>(467)</b>	<b>(503)</b>
Investments	(32)	(43)
<b>Available cash flow</b>	<b>(499)</b>	<b>(546)</b>

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# Outlook 2011 – Assumptions

- Crop prices remain high creating good demand for crop protection.
- Energy and raw material costs remain high in 2011.
- Competitive environment unchanged.
- Exchange rates at current level.
- Normal business, market and climatic conditions.
- Successful development and maintenance of registrations.

# Guidance 2011 - unchanged

- Revenue of approx. DKKm 5,800.
- EBITDA of 8-10%.
- EBIT of DKKm 300-400.
- Operating cash flow of more than DKKm 336.

## 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 and best practice so requires, Auriga will be obliged to update and adjust specifically stated expectations.

# Q & A Session

May 26, 2011