

AURIGA INDUSTRIES A/S



COMPANY PRESENTATION

Roadshow London
November 23, 2011



>> Continued improvements in Q3

Agenda

- **Introduction:**
 - **The competitive landscape**
 - **Core competences**
 - **Ownership and shareprice**
 - **Investment case highlights**
 - **Significant crop protection products**
- Objectives and strategy
- Financial results
- Outlook and guidance
- Supplementary information

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.

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.



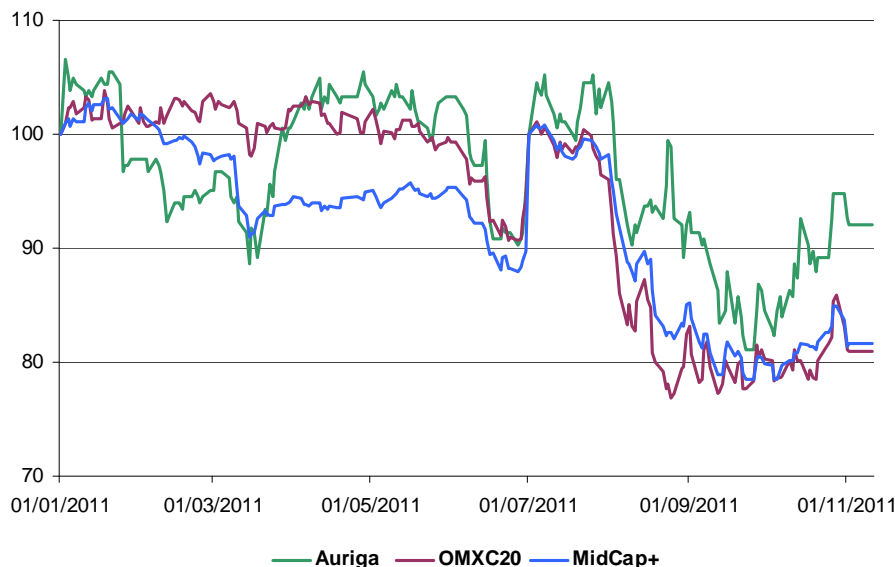
Ownership and shareprice

- Auriga Industries A/S:
Listed parent company.
- Cheminova A/S:
100% owned operating
company.
- Market value:
Approx. DKK 2.0 bn.
(at shareprice 81).

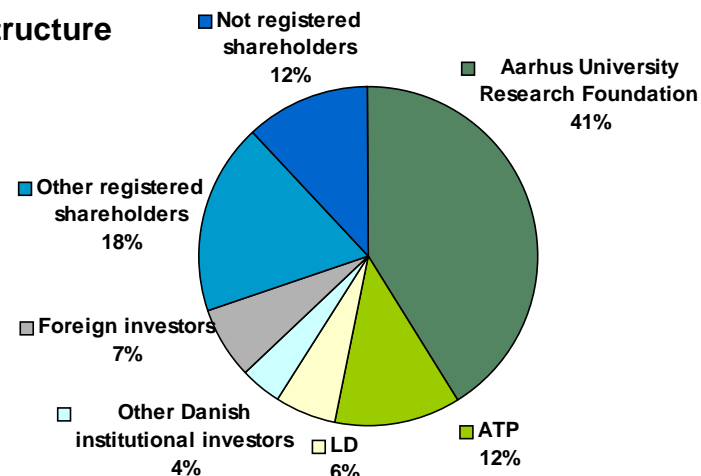
(November 11, 2011)

- Approx. 7,700
registered
shareholders.
- Firm dividend policy:
Min. DKK 2.40 per
share and pay-out ratio
of 35%.

Indexed share price development 2011



Ownership structure



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.
- Improved product portfolio warrants substantial revenue growth and margin improvement.
- Strategy focus on earnings and value creation.

Significant crop protection products

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

¹⁾ OP insecticides (organophosphates) ²⁾ Sulfonylurea herbicides (SU products) ³⁾ Triazole fungicides.

Agenda

- Introduction
- **Objectives and strategy:**
 - Objectives and strategic focus areas
 - Earnings and value creation
 - Development and growth
 - Efficiency improvements and cost control
 - Working capital and debt burden
- Financial results
- Outlook and guidance
- Supplementary information

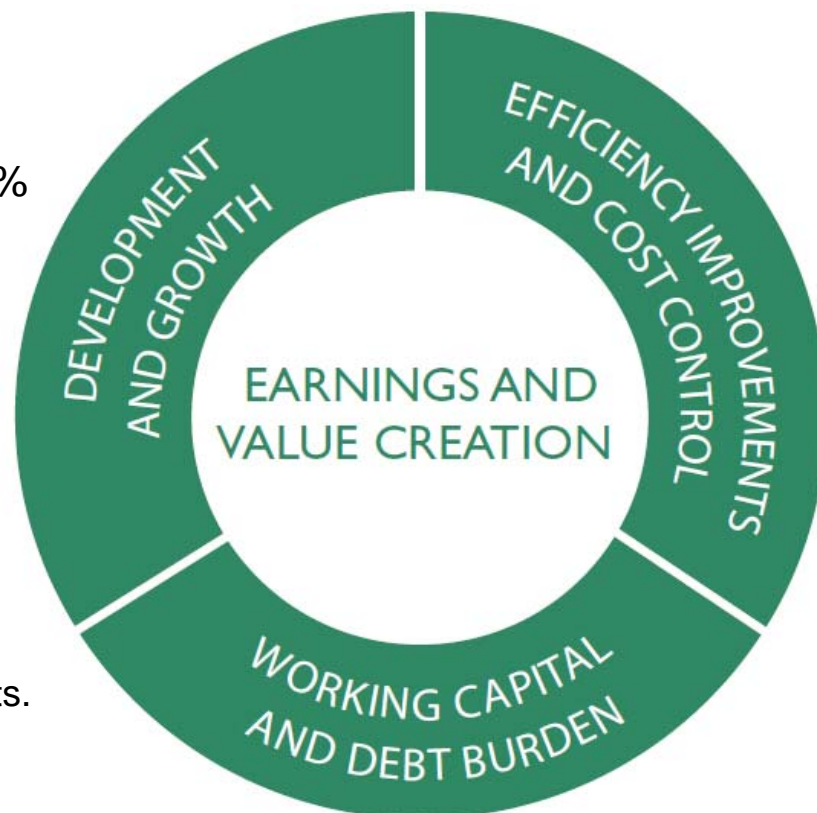
Objectives and strategic focus areas

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 ratio.
- **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

➤ **Strong improvement in Q3 driven by growth in new products, higher gross margin, lower fixed costs and better working capital ratios.**

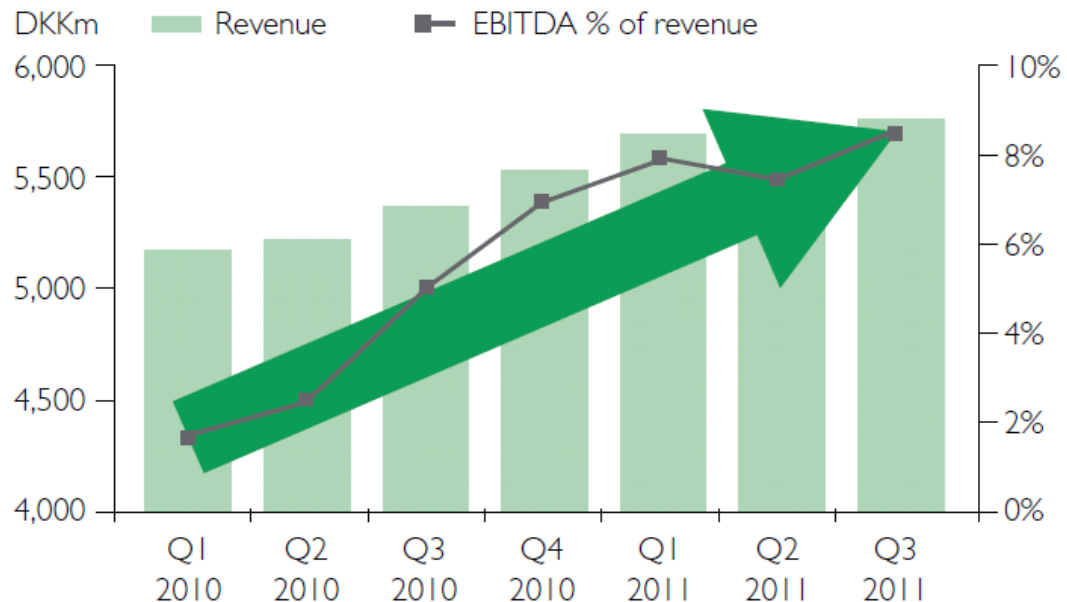
➤ **Earnings (EBITDA %)**

- Q3 2011: 8.4%
- Q3 2010: 3.9%

➤ **Value creation (ROIC %)**

- Q3 2011: 5.5%
- Q3 2010: 1.7%

based on 12 month's rolling data



Graphs are based on 12 months' rolling data

Development and growth

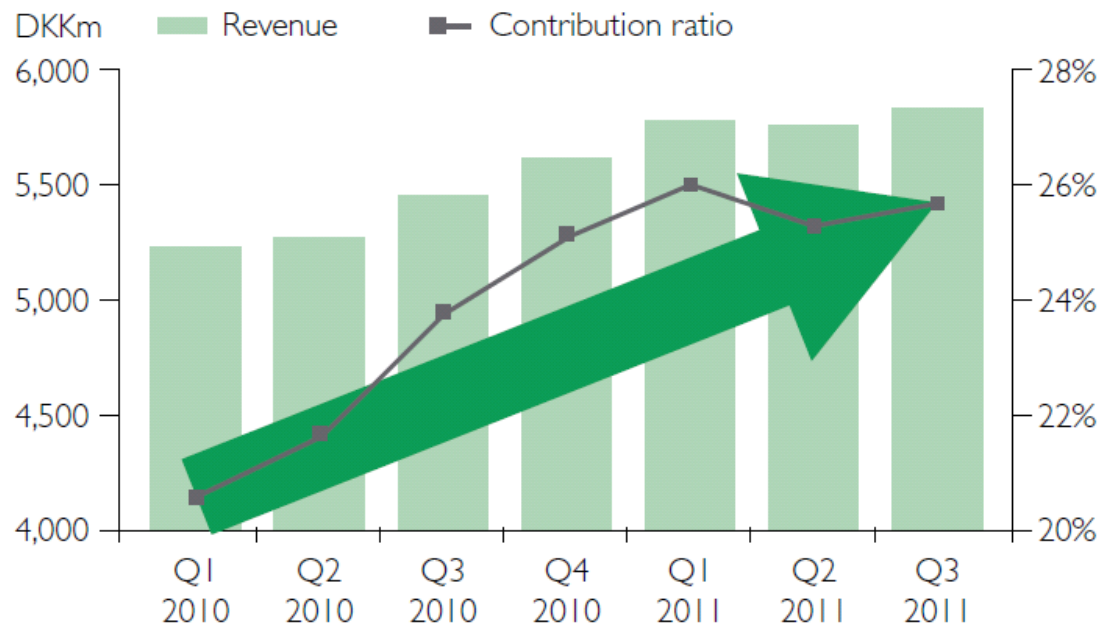
➤ **Growth from new products compensates for expected decline in glyphosate. Gross margin increase due to improved product mix and higher prices.**

➤ **Revenue growth**

- Q3 2011: 4%
- Q3 2010: 14%

➤ **Gross margin**

- Q3 2011: 23.6%
- Q3 2010: 21.1%



Graphs are based on 12 months' rolling data

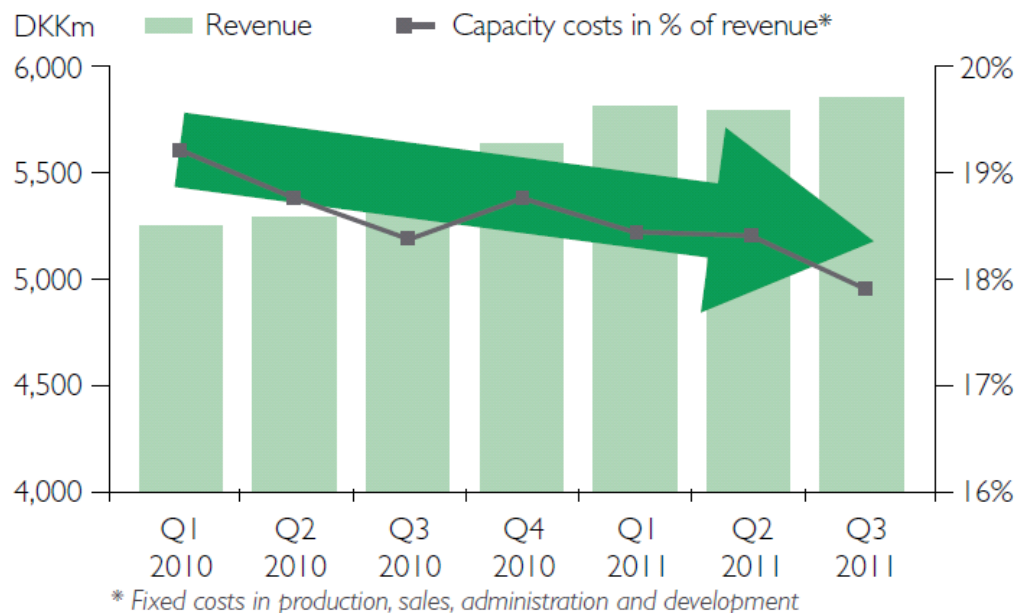
Efficiency improvements and cost control

➤ **Net fixed costs reduced as result of efficiency improvements and strict cost control and despite non-recurrent severance pay and high activity level.**

➤ **Focus on cost control, LEAN and scale effects warrant continuous improvements.**

➤ **Net fixed costs ratio improved**

- Q3 2011: 16.5%
- Q3 2010: 18.5%



Graphs are based on 12 months' rolling data

Working capital and debt burden

➤ **Focus on working capital which has been improved every quarter since Q1 2010.**

➤ **Significant results achieved on inventories and payables.**

➤ **Net working capital**

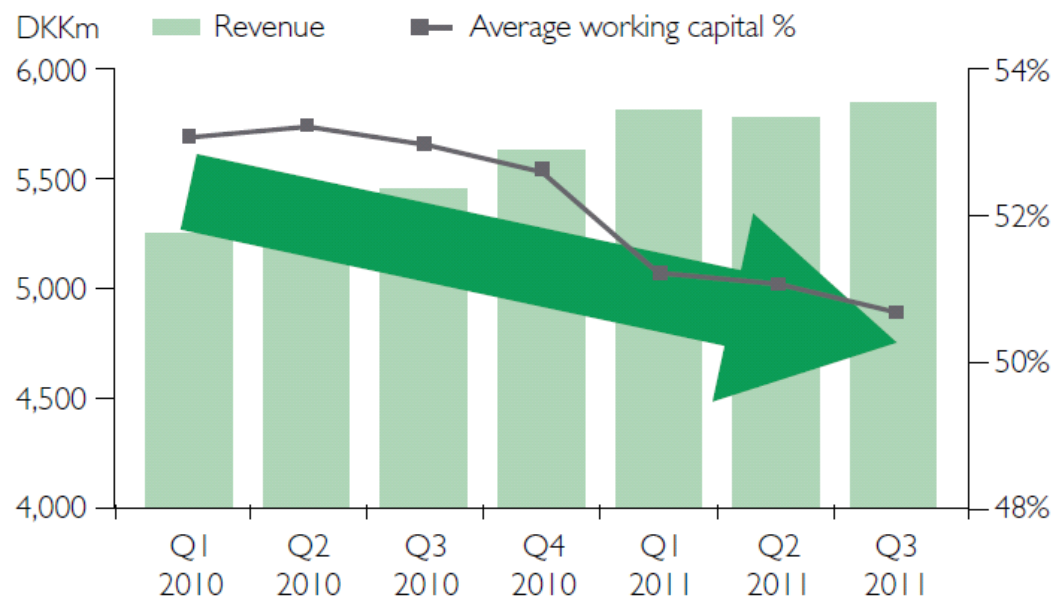
- Q3 2011: 45.5%
- Q3 2010: 51.9%

Ultimo September

➤ **Debt burden (NIBD/EBITDA)**

- Q3 2011: 4.5
- Q3 2010: 8.1

based on 12 month's rolling data



Graphs are based on 12 months' rolling data

Agenda

- Introduction
- Objectives and strategy
- **Financial results:**
 - **Income statement**
 - **Net financials**
 - **Balance sheet**
 - **Cash flow**
- Outlook and guidance
- Supplementary information

Income statement

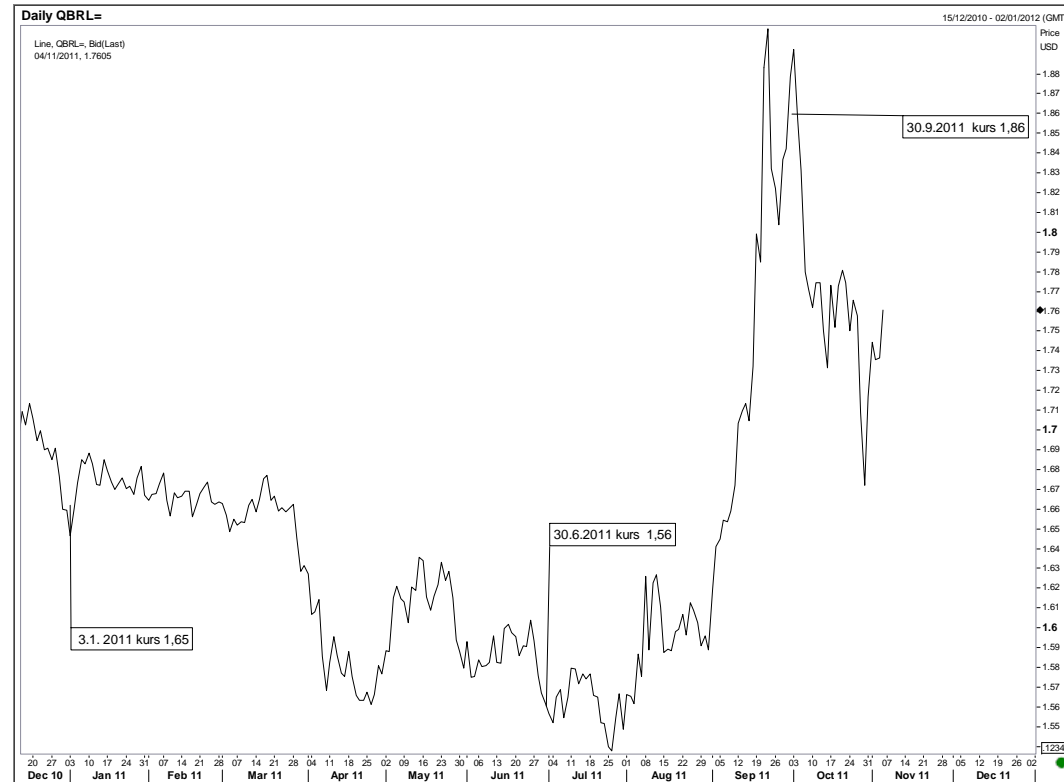
- Revenue growth 5% and 7% at constant exchange rates (CER).
- Gross margin improvement due to price increases and positive product mix.
- Fixed costs reduced to DKKm 874 (DKKm 896) in spite of severance pay and high activity level.
- Capitalized development and registration costs of DKKm 107 (DKKm 65) as expected.
- Finance costs increased to DKKm 180 (DKKm 112).

DKKm	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010
Revenue	1,440	1,382	4,408	4,180	5,604
Gross profit	341	292	1,121	1,028	1,403
EBITDA	121	54	404	292	409
EBIT (operating profit)	78	7	274	153	215
Profit before tax	(26)	(34)	94	47	58
Gross margin	23.6%	21.1%	25.4%	24.6%	25.0%
EBITDA margin	8.4%	3.9%	9.2%	7.0%	7.3%
EBIT margin	5.4%	0.5%	6.2%	3.7%	3.8%

Net financials

- Finance costs increased to DKKm 180 (DKKm 112).
- Higher interest rates and costs in especially Brazil and India.
- USD/BRL up 16% in September and 19% in Q3.
- Unrealised FX adjustment of DKKm 29 in Brazil.
- Most Latin American currencies suffered against USD in September.

Extreme USD/BRL fluctuations in september



Balance sheet: Assets, equity and liabilities

- Working capital DKKm 203 lower than Q3 2010.
- Net interest-bearing debt DKKm 2,362 (DKKm 2,344) of which 43% in foreign currency.
- Equity of DKKm 1,987 equal to 32% of balance.
- Debt burden (NIBD/EBITDA) reduced to 4.5 (8.1).

Balance sheet: Assets

DKKm	Q3 2011	Q3 2010	2010
Non-current assets	1,759	1,615	1,725
Inventory	1,699	1,838	1,639
Receivables	2,426	2,360	2,331
Cash	281	300	266
Total assets	6,165	6,113	5,961

Balance sheet: Equity and liabilities

DKKm	Q3 2011	Q3 2010	2010
Equity	1,987	2,078	2,138
Interest-bearing debt	2,657	2,644	2,285
Payables	1,521	1,391	1,538
Total liabilities	6,165	6,113	5,961

Cash flow

- Positive operating cash flow in Q3 of DKKm 165.
- Total investments of DKKm 183 (DKK 247).
- Available credit facilities of DKKm 800 out of DKKm 3,500 total facility.

DKKm	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	2010
Net profit	(18)	(24)	68	34	45
Depreciation, amortisation and impairment losses	43	47	130	139	194
Adjustments	(27)	29	30	(51)	(139)
Change in working capital	179	101	(312)	(233)	236
Income taxes paid	(12)	52	(45)	38	0
Cash flow from operating activities	165	205	(129)	(73)	336
Investments	(86)	(79)	(183)	(247)	(326)
Available cash flow	79	126	(312)	(320)	10

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- Strategic results
- Financial results
- **Outlook and guidance:**
 - **Guidance 2011 – unchanged**
- Supplementary information

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.
- Poor results in Stähler Germany during transition.
- Strong market outlook for Latin America in Q4.

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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.

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- Introduction:
- Strategic results
- Financial results
- Outlook and guidance
- **Supplementary information**

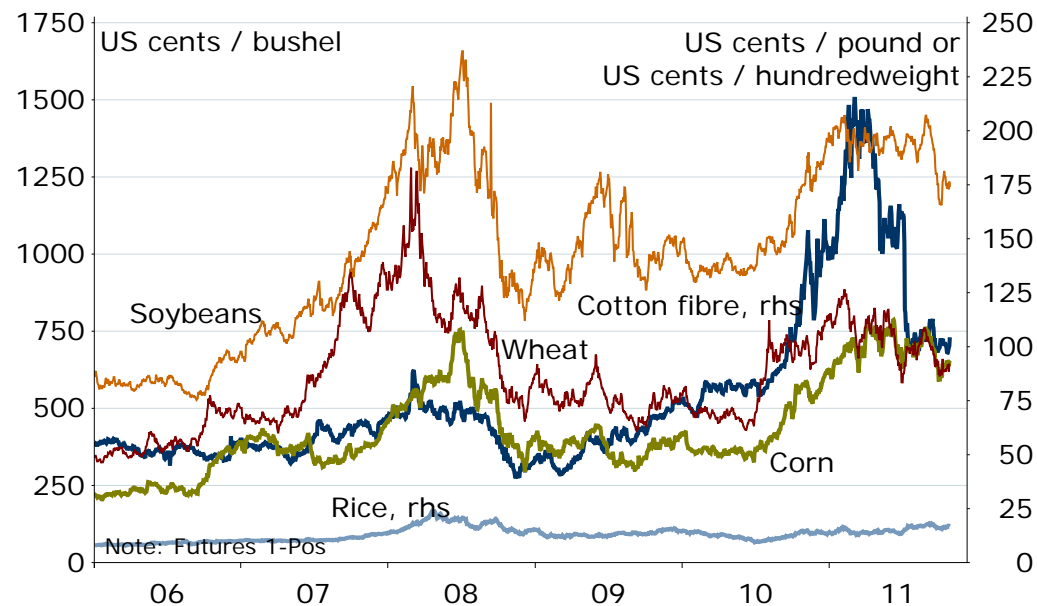
A photograph of a vast field of yellow rapeseed flowers stretching to the horizon under a clear blue sky with a few wispy clouds. The text 'HOW DO WE FEED A HUNGRY PLANET?' is overlaid in white on the right side of the image.

HOW DO WE FEED A
HUNGRY PLANET?

Market situation

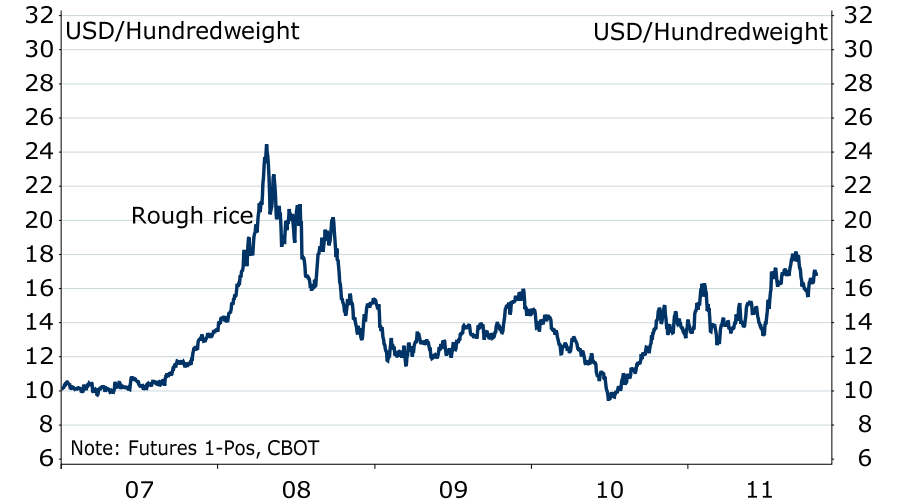
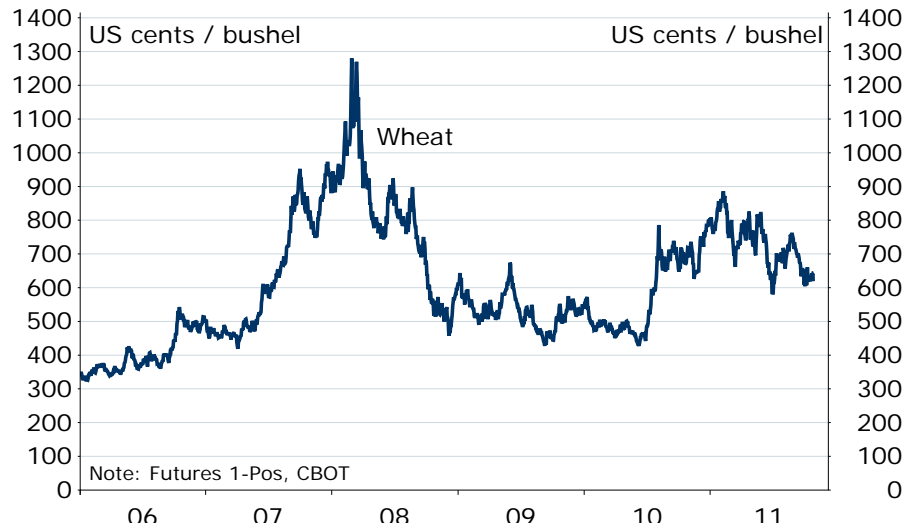
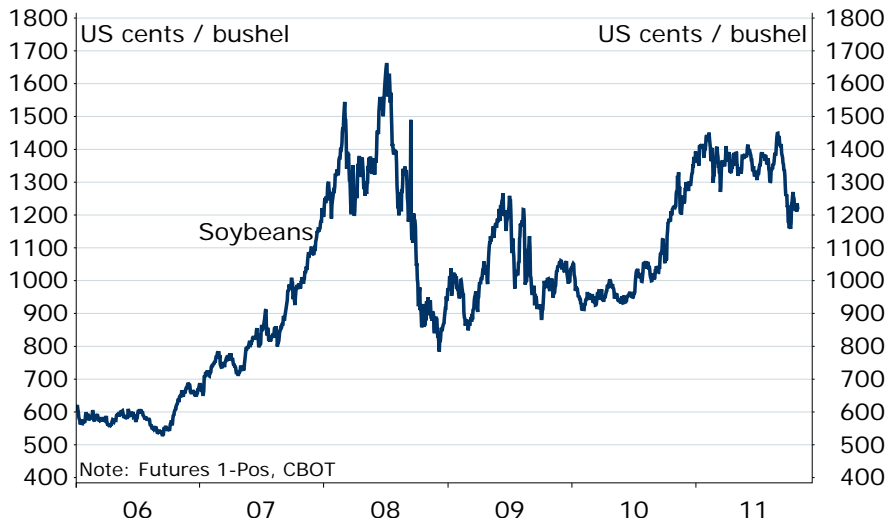
- Crop prices remain high in spite of declining trend the past few months.
- Challenging climatic conditions in North America in Q3.
- Strong pre-season indications in Latin America and intentions to increase planted acreage.
- Some price improvements seen in market.

Crop price index 2006-2011



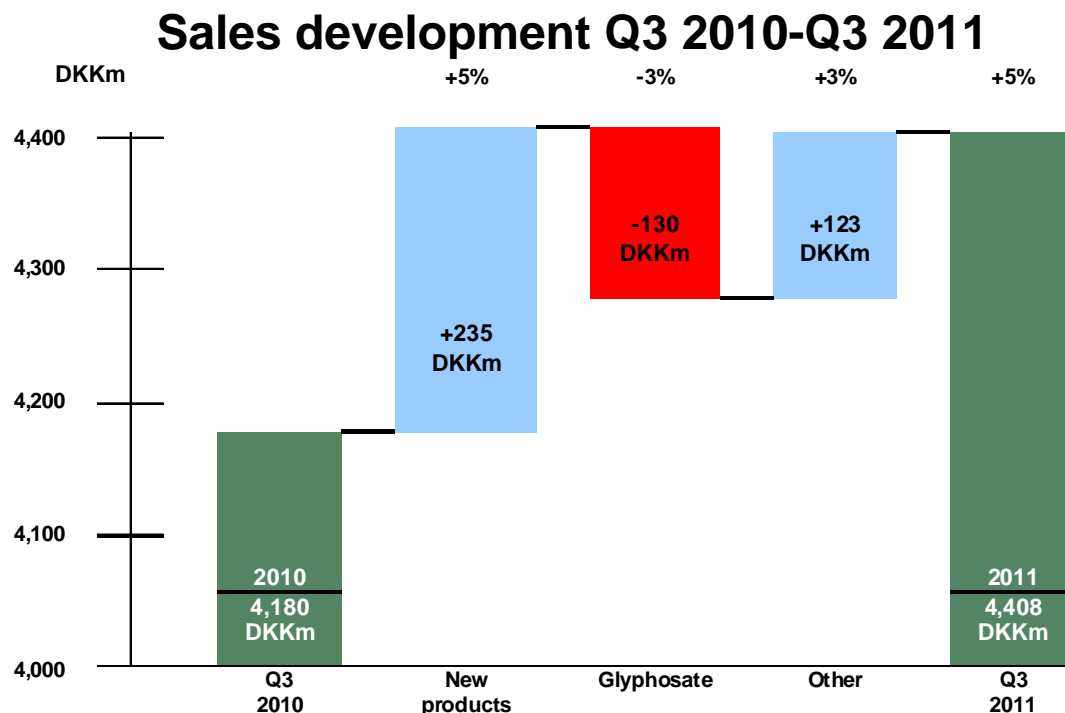
Source: Nordea Markets, October 2011

Soft commodities prices



Sales development

- Revenue increase 5% (7% CER).
- Growth excl. glyphosate) 10%.
- Price increases offsetting negative currency effects.
- Strong growth in new products especially from own development.
- Positive development also within OP insecticides, ie. dimethoate and chlorpyrifos.



Regional sales

Region Europe

- Revenue growth due to increased sales of new products and the acquisition of Rogor® (dimethoate). Glyphosate margin improved due to efficient manufacturing setup.

Region North America

- Sales impacted by severe drought in Texas and lower glyphosate sales. Future sales to benefit from growth in flutriafol and introduction of several new products.

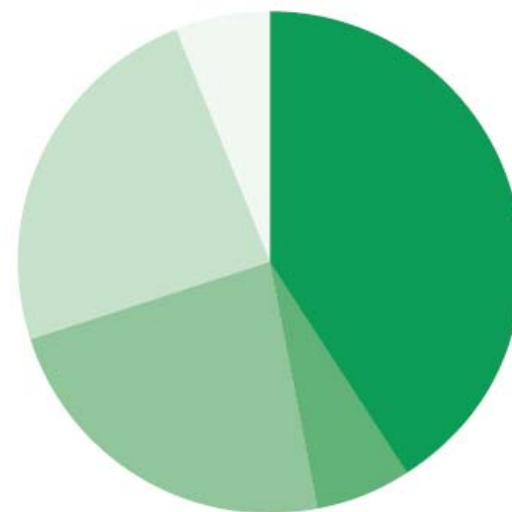
Region Latin America

- 31% revenue growth in Q3 due to strong pre-season sales in Brazil and Argentina. Profitability improved by completed product transformation leading to improved margin impact.

Region International

- Positive development in India and CIS-countries driven by sales growth from new products. Focus on differentiated products in Australia where competition is strong.

Revenue split Q3 YTD 2011



● Europe	41%	(41%)
● North America	6%	(10%)
● Latin America	23%	(21%)
● International	24%	(22%)
● Global activities	6%	(6%)

Figures in brackets are Q3 2010 figures

Product sales

- **Herbicides** declined to 31% of revenue due to glyphosate. Growth from selective herbicides such as pethoxamid, fenoxaprop and SU-herbicides.
- **Insecticides** increased to 37% of revenue. Growth driven by new products such as abamectin, imidacloprid and gamma-cyhalothrin, and by traditional insecticides like dimethoate and chlorpyrifos.
- **Fungicides** accounting for 18% of revenue due to strong performance for fluazinam and flutriafol.
- Strong growth in Headland micronutrients and improved performance in fine chemicals.

Revenue split Q3 YTD 2011

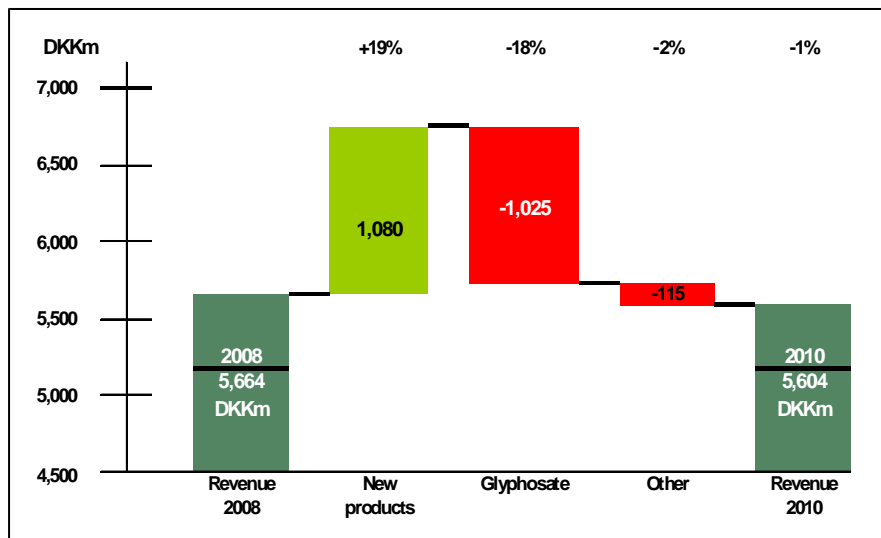


● Herbicides	31%	(34%)
● Insecticides	37%	(35%)
● Fungicides	18%	(18%)
● Other crop protection products	6%	(6%)
○ Other activities	8%	(7%)

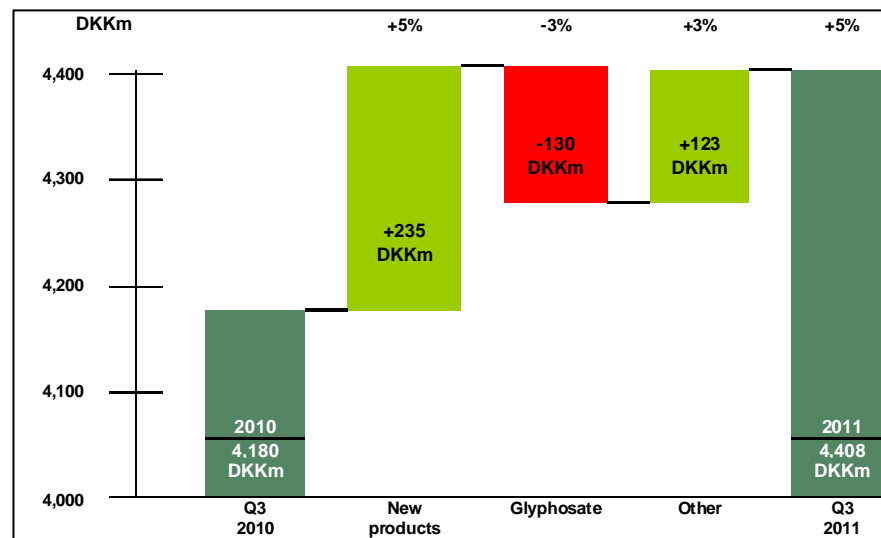
Figures in brackets are Q3 2010 figures

Transformation of product portfolio

Sales development 2008-2010



Sales development Q3 2010-Q3 2011



Historic financial performance

DKKm	Auriga					
	E2011	2010	2009	2008	2007	2006
Revenue	5,800	5,604	5,437	5,664	4,368	4,032
EBITDA		409	197	712	327	175
EBITDA margin	8-10%	7.3%	3.6%	12.6%	7.5%	4.3%
EBIT	300-400	215	11	515	145	7
EBIT margin		3.8%	0.2%	9.1%	3.3%	0.2%
Profit/loss before tax		58	(107)	402	83	(75)
Cash flow from operating activities	>336	336	299	(342)	274	45
Trade working capital		2,801	2,825	2,622	1,926	2,628
Equity		2,138	2,075	2,210	2,142	2,304
Total assets		5,961	5,638	5,132	4,422	5,642

Market & industry development

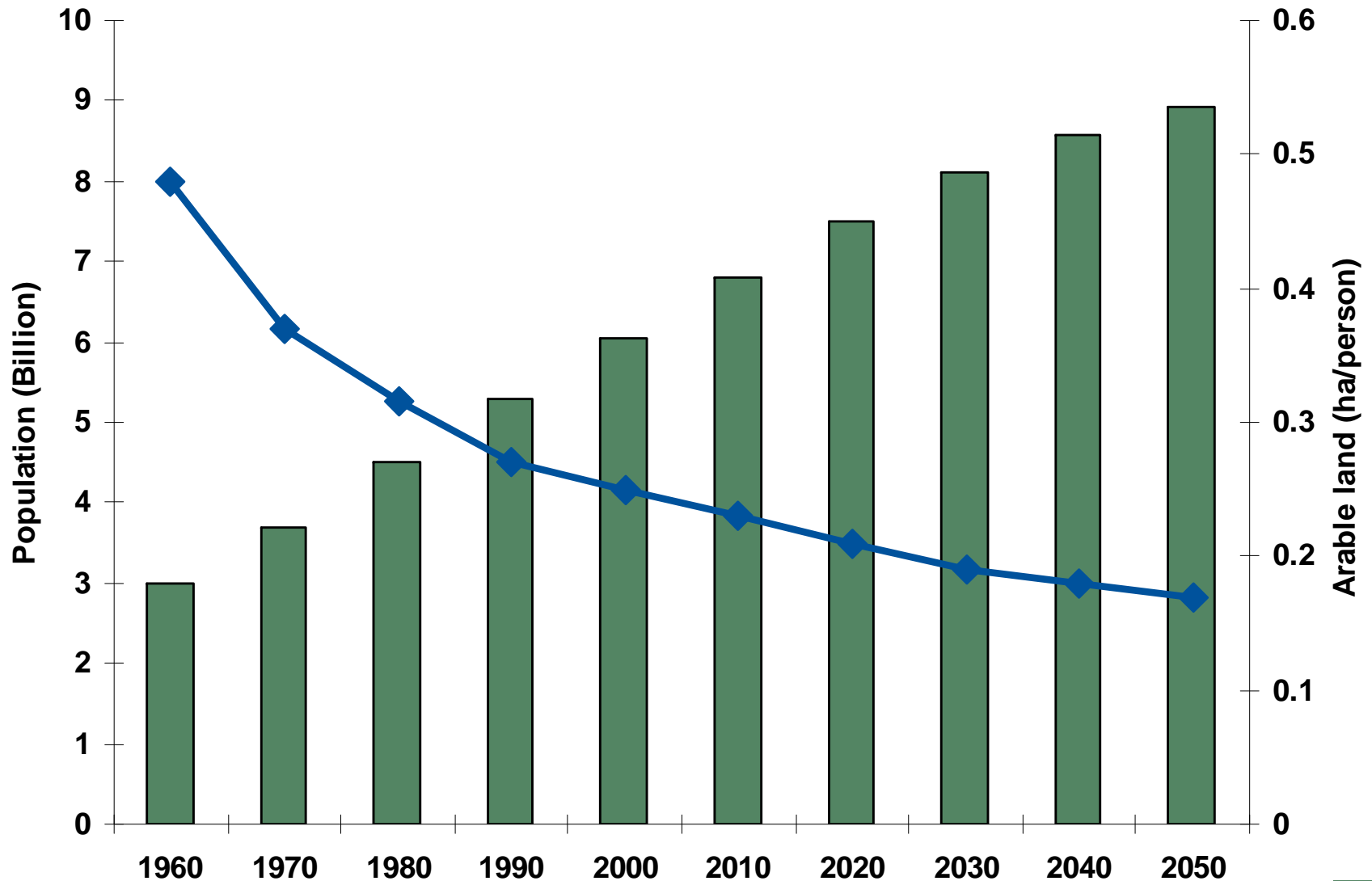
- **Increased demand for farm commodities:**
 - Population growth ➡ need for food.
 - Change in diets ➡ need for feed.
 - Increase in biofuels ➡ need for land.

- **Renewed market growth:**
 - Mature industry with low growth (1%) past 10 years.
 - Higher annual average growth (3-4%) since 2007.
 - Strong growth of approx. 5-10% in H1 2011.

- **Lower share of patented products:**
 - Fewer new block-busters introduced in recent years.
 - Several large products currently coming off-patent.

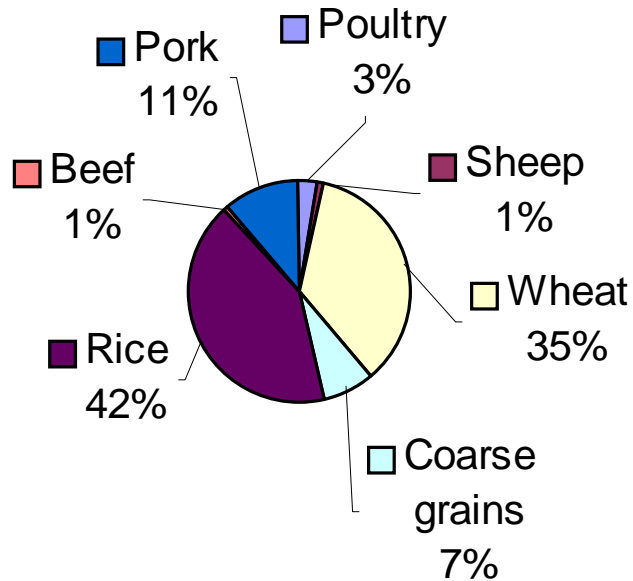
- **Further industry consolidation:**
 - Consolidation among Tier-I companies.
 - Continued acquisitions of Tier-III companies by Tier-II companies.
 - Potential consolidation in Tier-II.

Arable land per cap vs. population

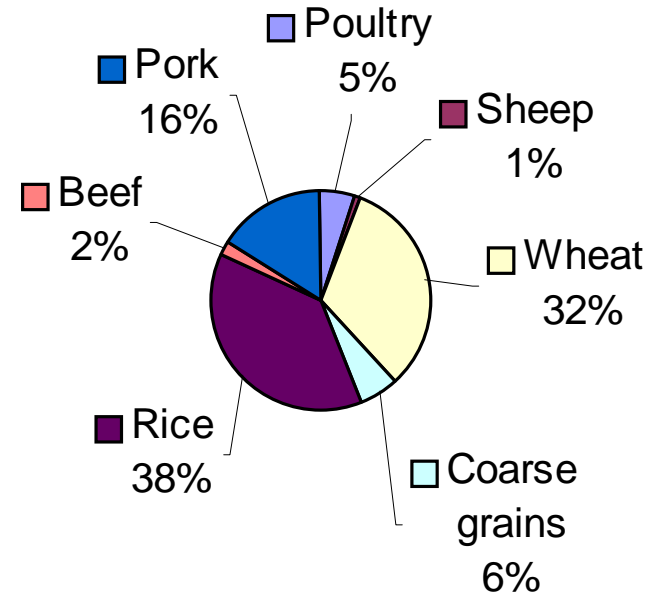


Chinese diets are shifting

1997

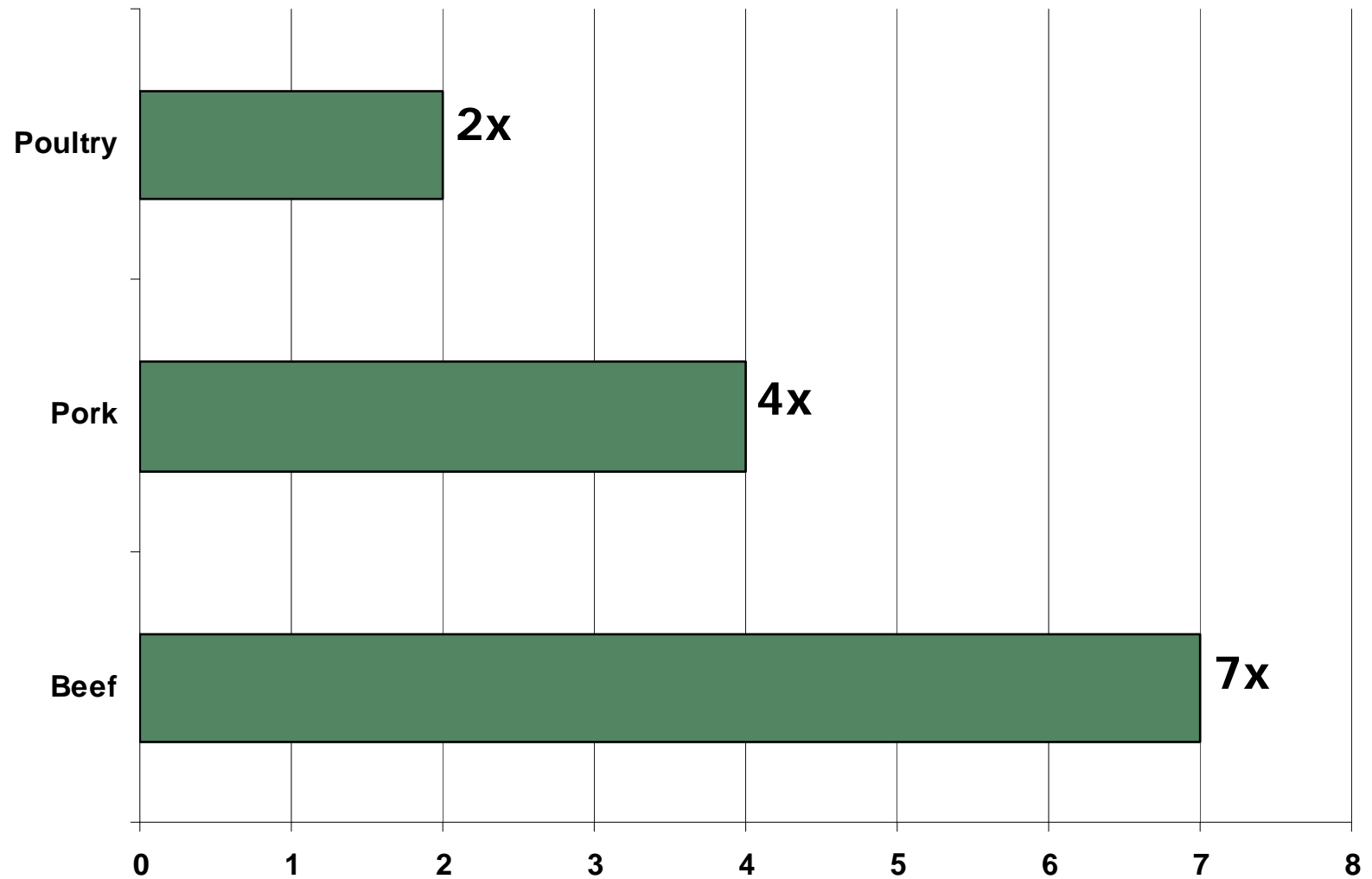


2008

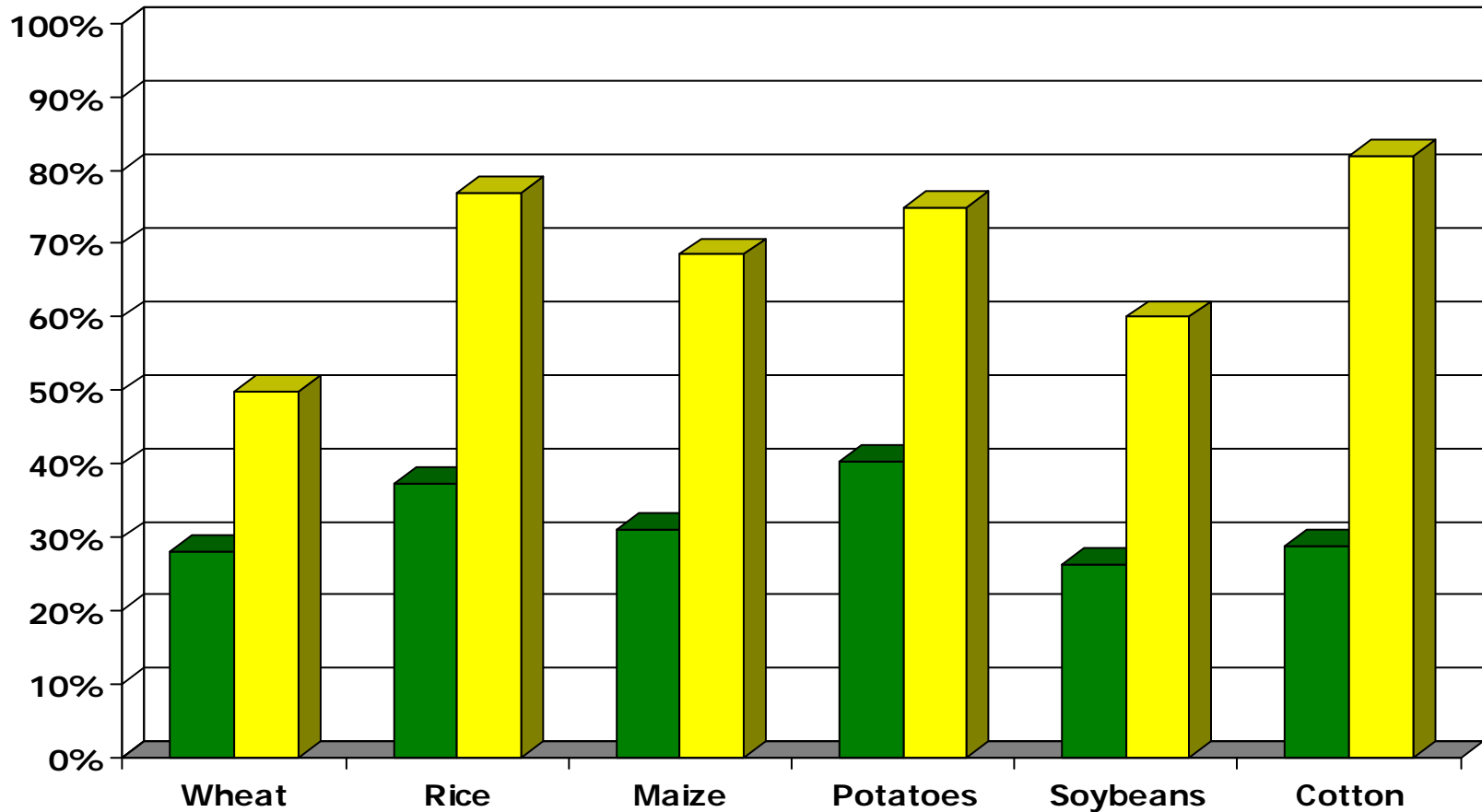


- As incomes increase in China and other developing countries, diets shift towards more meat consumption.
- Meat is energy-inefficient, meaning that more feed is required to produce the same amount of calories.
- Feed growth has been primarily in Brazil and China recently, which feed their herd with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

Feed grain multipliers for meat production



Crop losses with and without crop protection



■ With plant protection
■ Without plant protection

Source: E.C. Oerke, *Journal of Agricultural Science*, 2006



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.



Corporate Social Responsibility

- Phase-out plan for the most toxic products in development countries fully accomplished without delay.
- The first progress report in accordance with the UN Global Compact released in the CSR report 2010.
- Target met for reduction of energy consumption in production in India and Denmark.
- Increased number of supplier audits and screenings in China, India, Mexico, Uruguay, Argentina and USA.
- Village projects in India and Brazil to improve quality of life for the citizen.



CSR and innovation protect banana plants from destructive fungal diseases in Brazil

A few drops of Impact® (flutriafol) – one of Cheminova's new products – in combination with new and cheap precision technology help small farmers in Brazil to increase yields and the quality of their banana production by eradicating fungi. Airplane spraying is substituted with a new technique placing few drops of the fungicide directly on the plant.

Employees in more than 30 countries



Regions



Regions

Region North America:

- Canada
- USA

Region Latin America:

- Argentina
- Brazil
- Colombia
- Mexico

Region International:

- Australia
- Kenya
- Russia
- Taiwan
- Thailand
- Ukraine
- China
- India

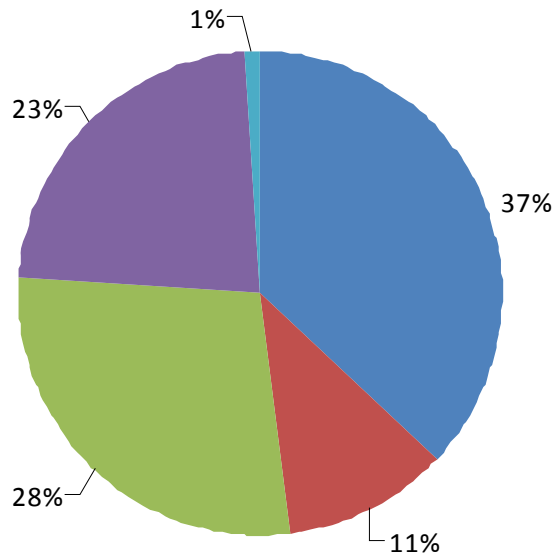


Region Europe:

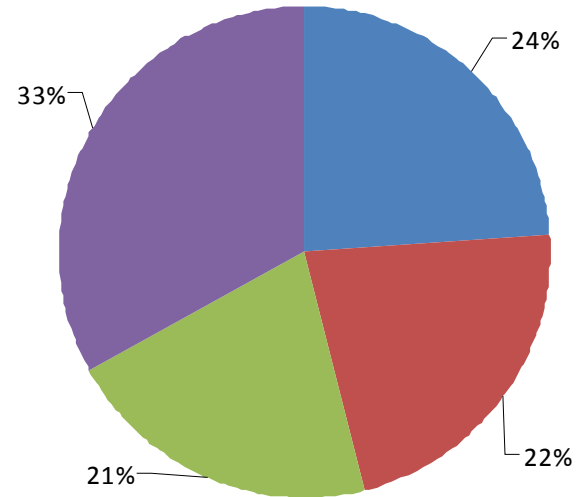
- Austria
- Bulgaria
- France
- Germany
- Hungary
- Italy
- Poland
- Serbia
- Spain
- Switzerland
- United Kingdom

Sales split on region 2010

Cheminova



World market



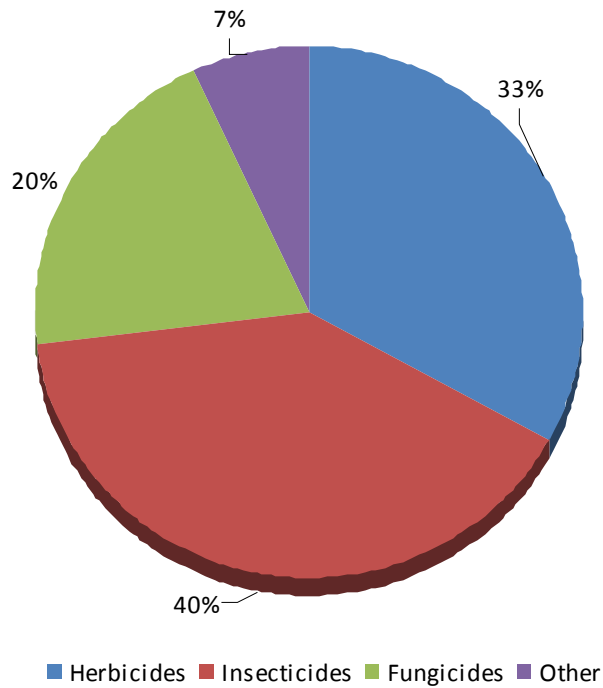
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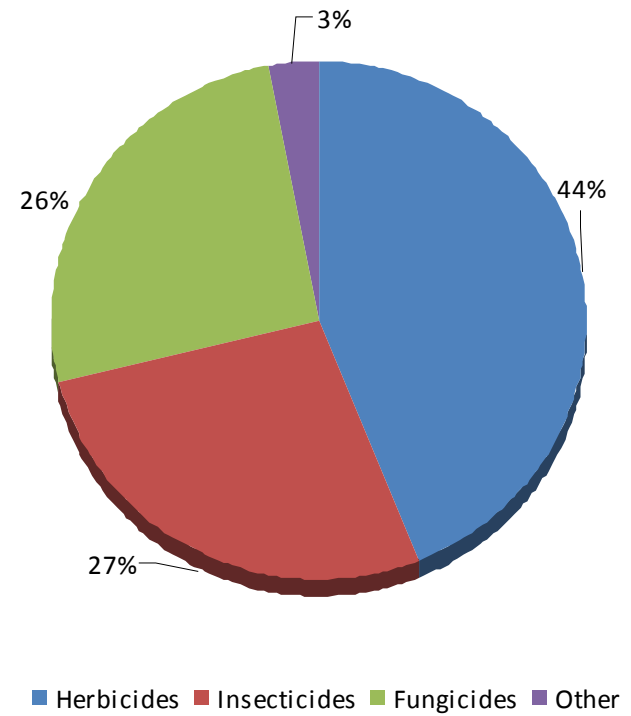
Source: Phillips McDougall

Sales split on HIFO 2010

Cheminova



World Market



Source: PhillipsMcDougall

- ❖ How do we feed 9 billion people by 2050?
- ❖ Farmland is limited.
- ❖ We have to grow more from less!
- ❖ We supply sustainable and innovative crop protection.



HOW DO WE FEED A HUNGRY PLANET?