

AURIGA INDUSTRIES A/S



COMPANY PRESENTATION

Copenhagen Winter Seminar
December 1, 2011



>> Continued improvements in Q3

Agenda

- **Introduction:**
 - **Mission, vision, values**
 - **Ownership and shareprice**
 - **Investment case highlights**
- **Industry and position**
- **Objectives and strategy**
- **Financial results and guidance**



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.

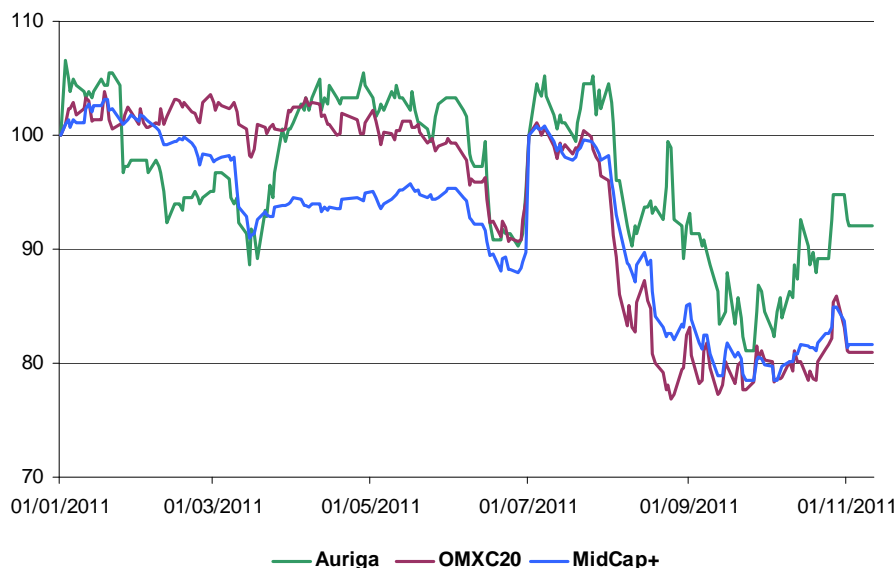
Ownership and shareprice

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

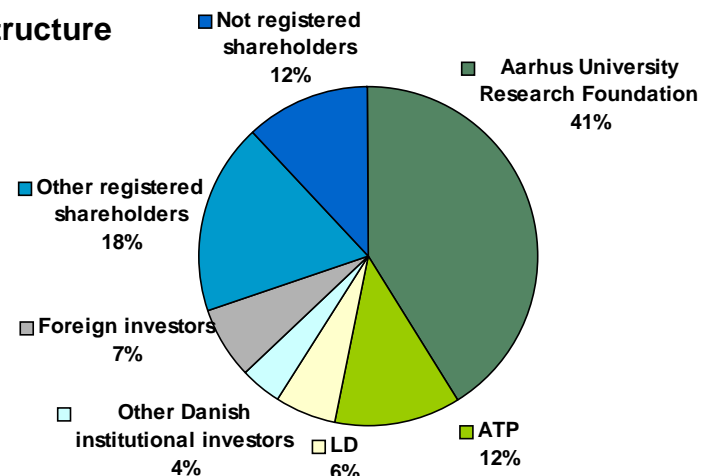
(November 11, 2011)

- 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.

Agenda

- Introduction
- **Industry and position**
 - **The competitive landscape**
 - **Market situation**
 - **Core competences**
 - **Significant crop protection products**
 - **Transformation of product portfolio**
 - **Sales split on HIFO 2010**
 - **Sales split on region 2010**
- Objectives and strategy
- Financial results and guidance

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.

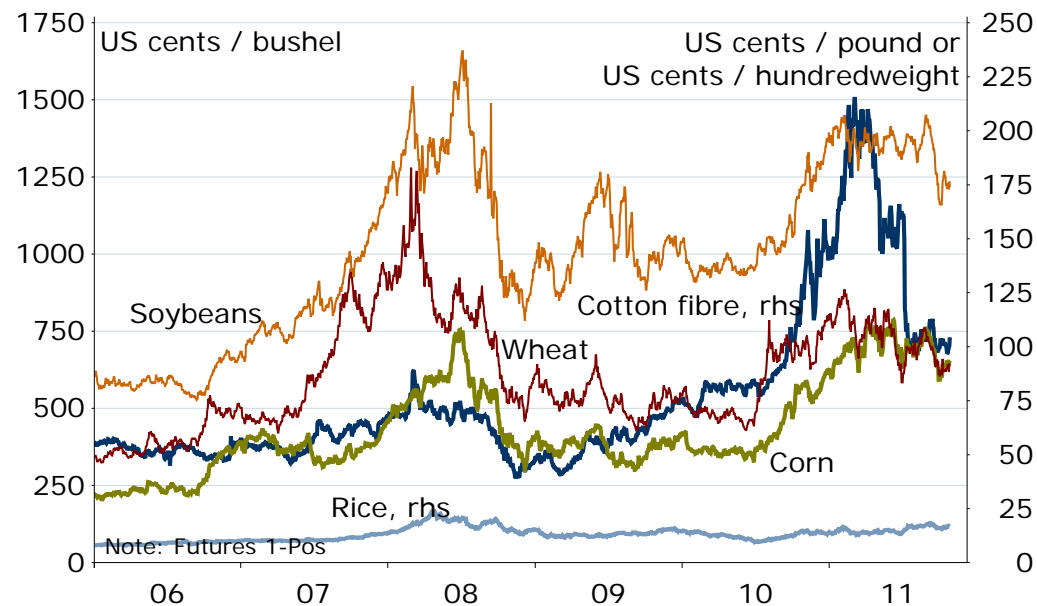
Tier III companies:

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

Market 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

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.



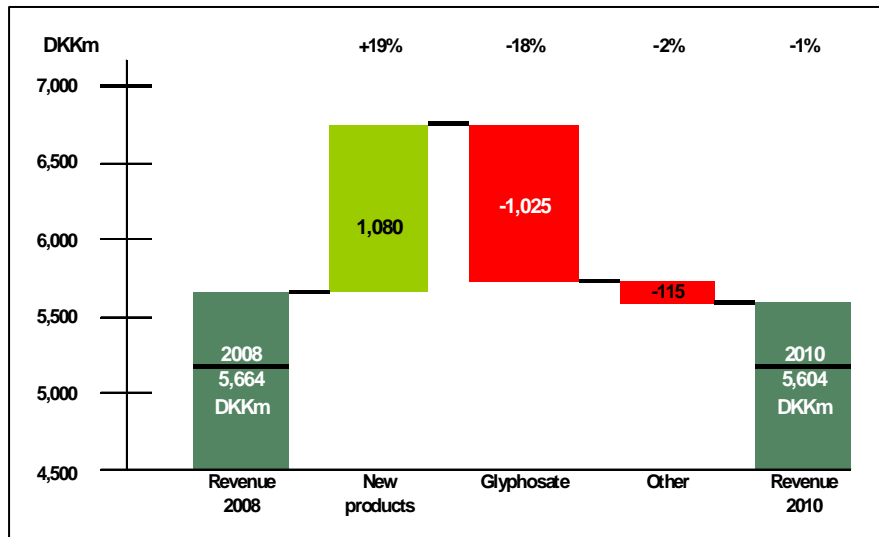
Significant crop protection products

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

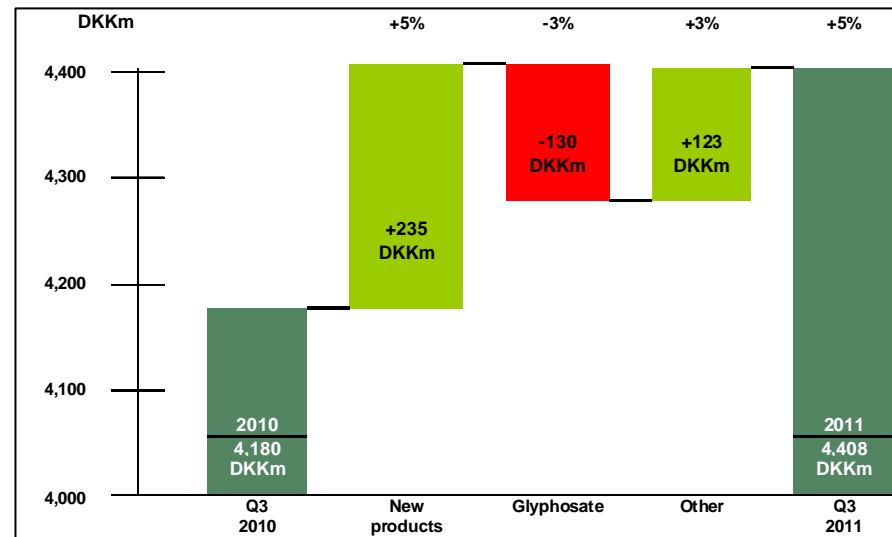
¹⁾ OP insecticides (organophosphates) ²⁾ Sulfonylurea herbicides (SU products) ³⁾ Triazole fungicides.

Transformation of product portfolio

Sales development 2008-2010

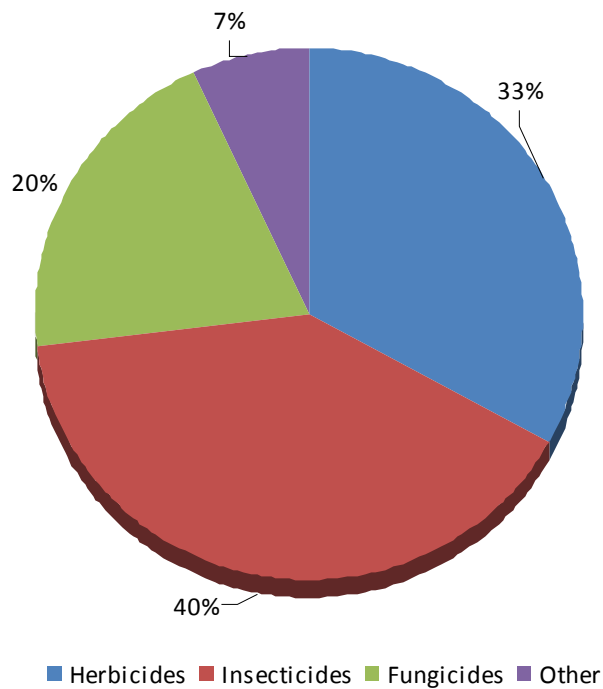


Sales development Q3 2010-Q3 2011

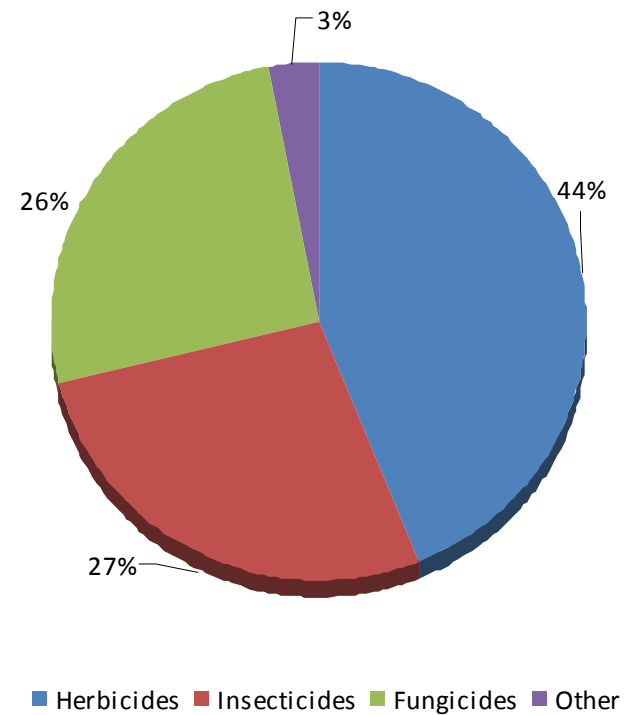


Sales split on HIFO 2010

Cheminova



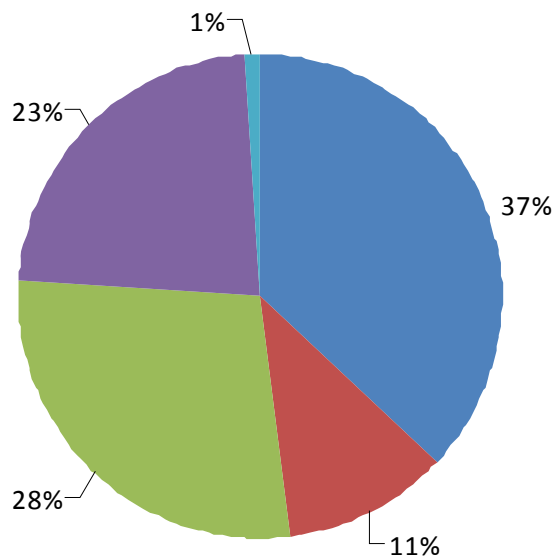
World Market



Source: PhillipsMcDougall

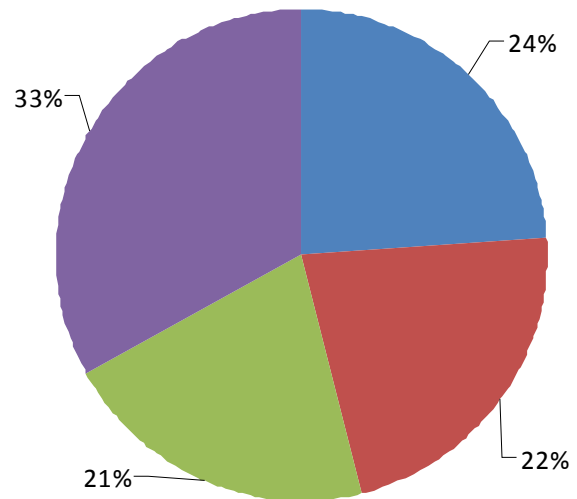
Sales split on region 2010

Cheminova



■ Europe ■ Noram ■ Latam ■ International ■ Other

World market



■ Europe ■ Noram ■ Latam ■ International

Source: Phillips McDougall

Agenda

- Introduction
- Industry and position
- **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 and guidance

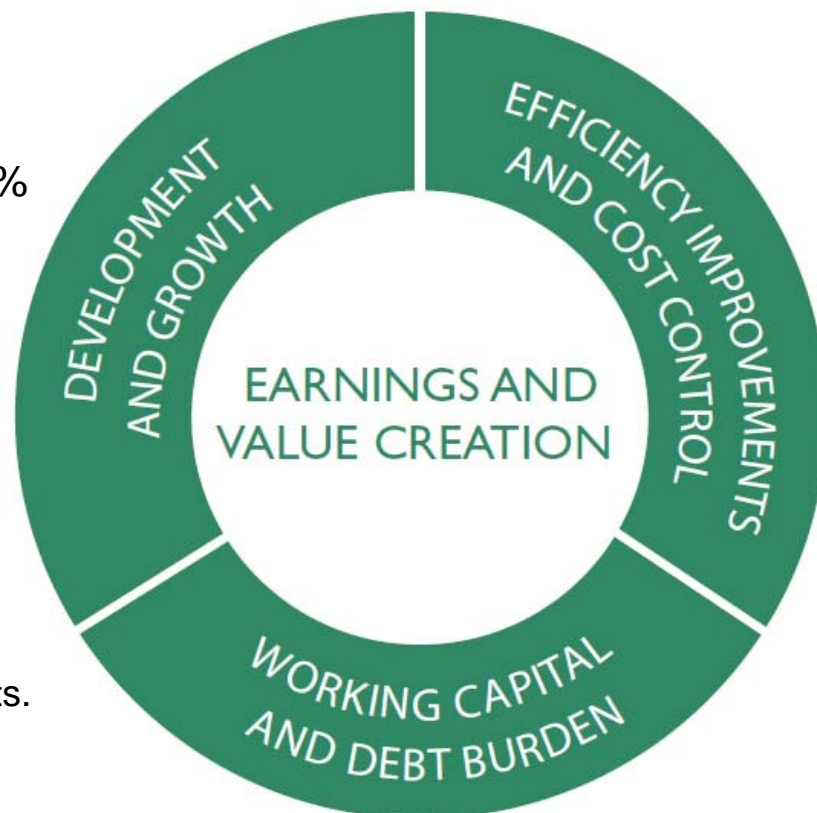
Objectives and strategic focus areas

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.**

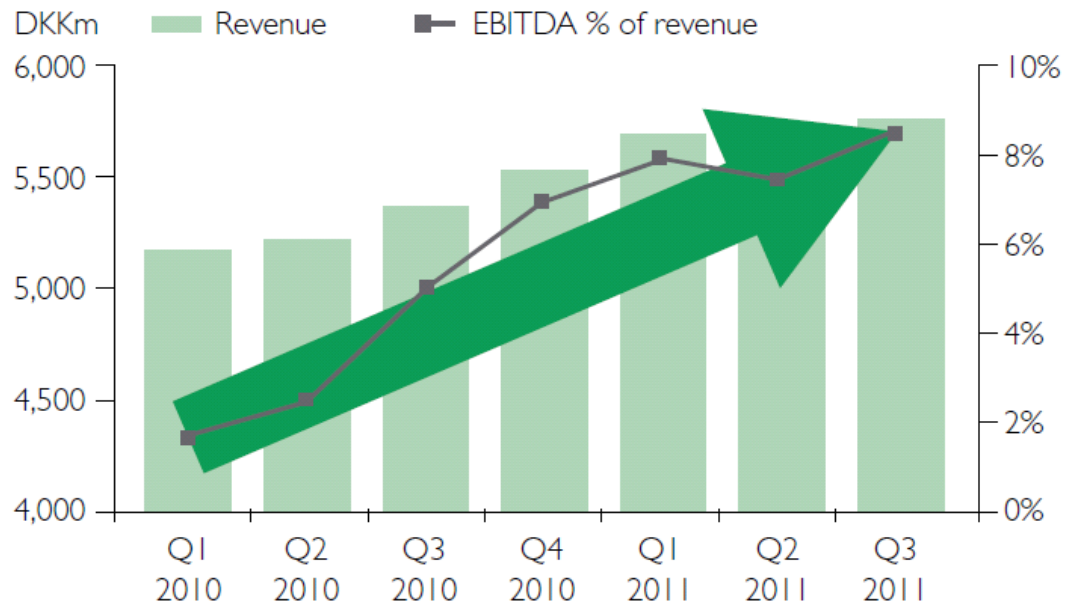
➤ **Earnings (EBITDA %)**

- 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

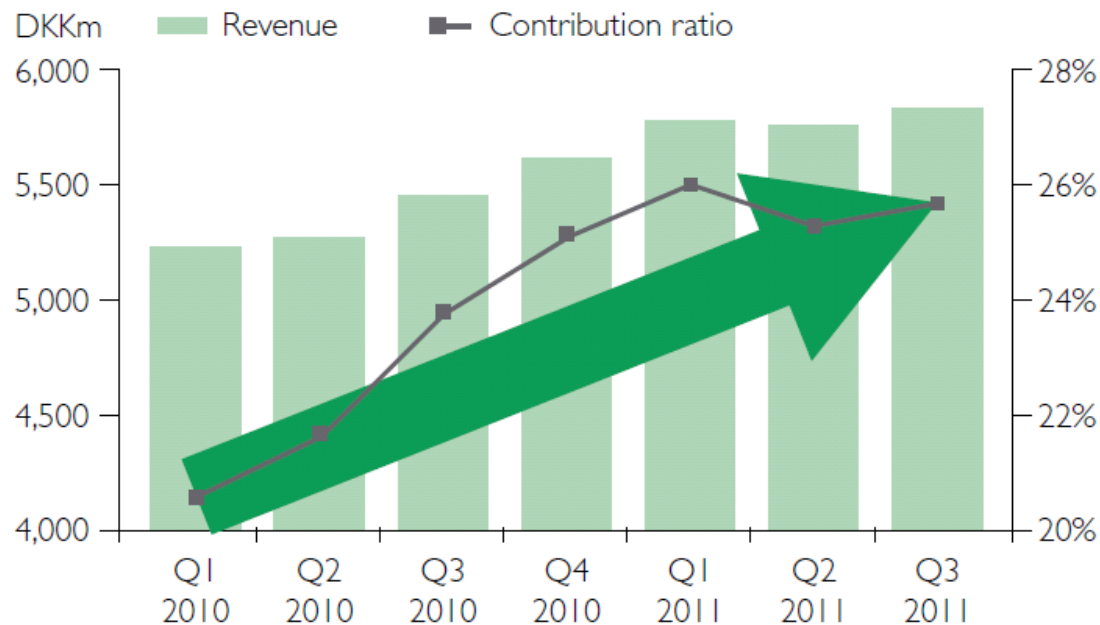
➤ **Growth from new products compensates for expected decline in glyphosate. Gross margin increase due to improved product mix and higher prices.**

➤ **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

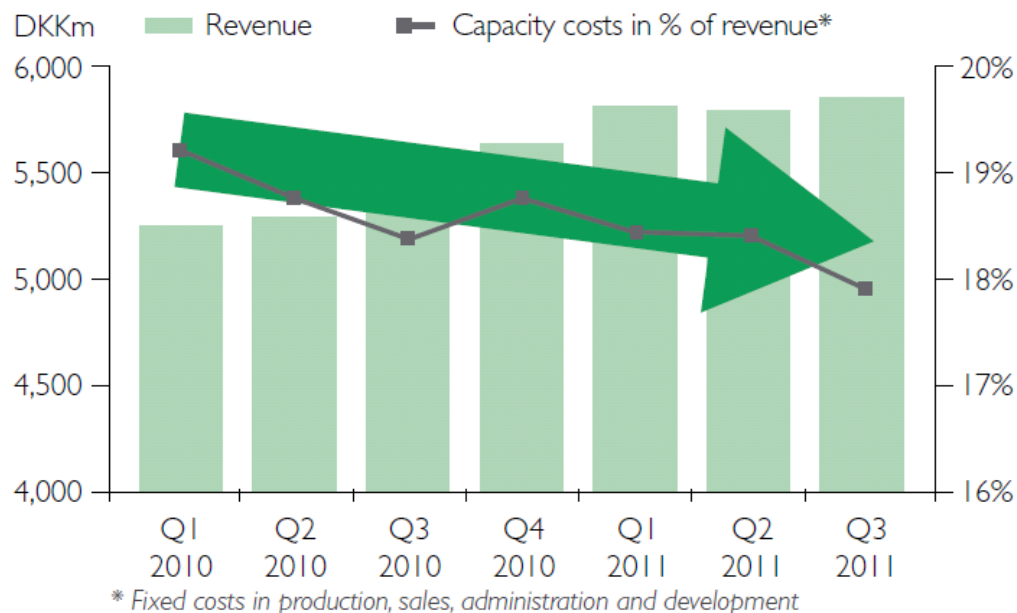
Efficiency improvements and cost control

➤ **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**

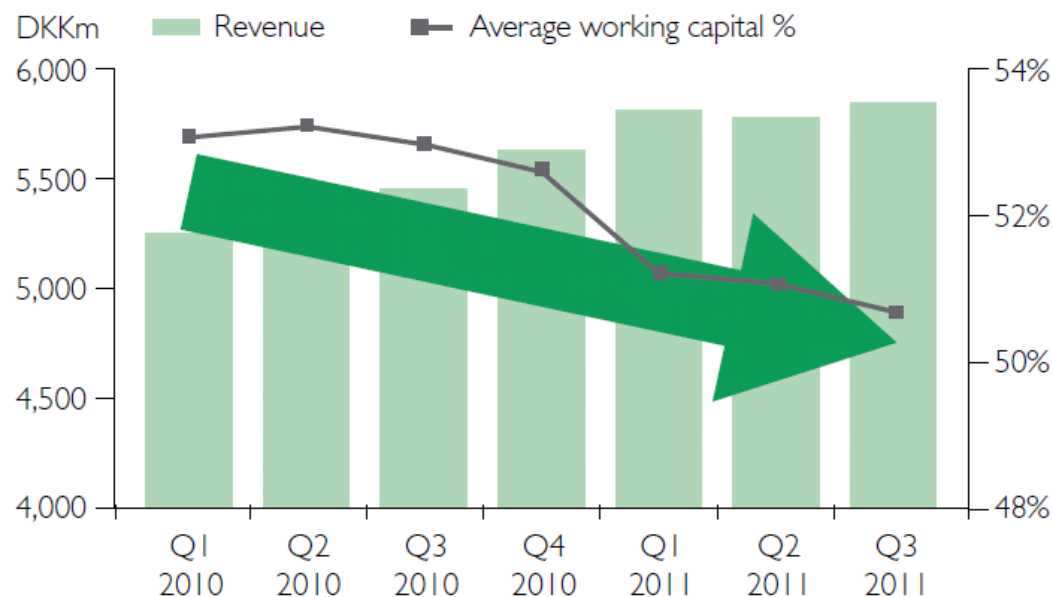
- Q3 2011: 45.5%
- Q3 2010: 51.9%

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

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- **Financial results and guidance:**
 - **Income statement**
 - **Balance sheet**
 - **Cash flow**
 - **Guidance 2011 - unchanged**

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.

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%

Balance sheet: Assets, equity and liabilities

- Working capital DKKm 203 lower than Q3 2010.
- Net interest-bearing debt DKKm 2,362 (DKK 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

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.

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.

- ❖ 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?