

2016 AGM speech John Ramsay

Slide 1: John Ramsay

Guten Morgen sehr geehrte Damen und Herren. Es ist für mich eine besondere Freude und Ehre, Sie heute zu begrüßen.

Ich hoffe, dass der kurze Film, den Sie gerade gesehen haben, Ihnen einen kleinen Einblick vermitteln konnte, was unser Good Growth Plan ist, und was für einen Nutzen er den Landarbeitern bringt.

Bitte erlauben Sie mir in Englisch fortzufahren.

The Good Growth Plan is now firmly embedded throughout our company and I shall be coming back to it in a moment. But what I would like to do first of all this morning, is to put the record straight in relation to Syngenta's operational and financial performance; over both the long-term and the short-term. I will follow this with a strategy update.

Slide 2: Höhepunkte 2015

Let me start with the highlights of 2015.

Sales at constant exchange rates were one percent higher in a difficult market environment, helped by a significant contribution from new products, the result of the continuing innovation at Syngenta . Despite a massive loss of sales due to currency: some **1.8bn** dollars or **12%**; we were able to increase profitability, with a **140** basis points improvement in EBITDA margin to **20.7** percent. This reflected savings from our Operational Leverage program which exceeded our target. Earnings per share were **17** dollars **78** cents, and free cash flow was over **800** million

dollars. These results have enabled us to maintain the dividend we are proposing to you today, at **11** francs per share.

Slide 3: Unsere Infristige Performance

Here you can see a summary of Syngenta's long term performance. Since Syngenta was created, group sales have grown at a compound annual rate of **6** percent. Seeds growth at **9** percent has surpassed growth in Crop Protection. At constant exchange rates the EBITDA margin in 2015 would have exceeded **25** percent, instead of the **20.7** percent reported. The currency headwind has been largely due to the US dollar – Swiss Franc exchange rate.

Despite currency, I think that you will all agree that this is an impressive performance over the last **15** years. Now, as regards the short-term. Although we improved profitability through 2014 and 2015, we did suffer a downside in 2013. Let's look at the reasons for this.

Slide 4: Kurzfristige Herausforderungen meistern

This chart shows the progression of sales and profits over the last five years. Currencies again had a significant negative impact over the period. This is clearly shown by the difference in the orange and green dotted lines, which show the EBITDA margin at actual and at constant exchange rates. The dip in margin which we saw in 2013, however, was not only due to currency – it also reflected a higher level of R&D investment and challenges in our seeds operating performance. These challenges in Seeds are now being addressed. I think we should be congratulated for persisting with R&D investment through difficult times, as these R&D investments are now bearing fruit, as I shall show you later.

Slide 5: Weiterentwicklungen unserer Strategie

Now I come to our strategy. We launched an integrated strategy in 2011. In light of, approaching **5** years' experience, we have now made some adjustments. Let me be clear: launching an integrated Seeds and Crop Protection strategy was a bold move; and the industry has followed us - indeed this was one reason Monsanto wanted to acquire us. I always say that the only failure in life is not to learn from experiences. We have learnt from our experience; and we have made some adjustments to our strategy which I will now explain.

As you can see, we have introduced two new pillars – Differentiate and Leverage – which I shall expand upon in the following slides.

The grower, however, remains key. Keeping the grower central to our business means “thinking like a grower”. This challenge is already familiar to our entire global sales and marketing teams, and over the last five years we have equipped them to achieve it by expanding their agronomic competence; and investing in new systems and marketing tools. Of course our portfolio is designed to create value for growers – but we need also to enhance the value capture for Syngenta and for our channel partners.

Slide 6: Innovation – was meinen wir damit?

Looking now at each of our strategy pillars in turn; starting with innovation, which has always been at the heart of what we do. We have the broadest innovation spectrum in the industry and invest in R&D across a variety of technology platforms. We will continue to bring new products to market in crop protection, seeds and traits. We will also

continue to pursue opportunities for integrated solutions but on a more selective basis.

Slide 7: Syngenta hat die produktivste F&E in der Industrie

Our track record in R&D is shown on this slide, which measures sales against R&D investment on a cumulative basis. It shows that, for every dollar spent on R&D, we have achieved **10.7** dollars in sales; putting us at the top of the peer group. This is despite the fact that, over the period in question, we have invested heavily in building a seeds platform and have made early investments in new technologies. Our returns have been underpinned by productivity of our crop protection R&D.

Slide 8: Differenzierung – was meinen wir damit?

The breadth of our portfolio is already a differentiating factor versus our competitors. We can deliver a superior offer not only through our products but also in the way we bring them to market, with tailored local solutions.

A further element of differentiation lies in redefining the value we bring to society. Ours is a complex and often mis-represented industry. Securing our long term freedom to operate means engaging with a broad stakeholder base and increasing awareness of the importance of our business for global food security.

Slide 9: Produkte auf innovative Weise auf den Markt bringen (Hyvido)

Hyvido barley is an excellent example of bringing products to market in a new way. By offering a cash back yield guarantee, we have encouraged

growers to use our crop protection protocols alongside the Hyvido seed; which is the industry's first commercial hybrid barley.

Slide 10: Unseren gesellschaftlichen Beitrag neu definieren

The Good Growth Plan gives us an opportunity to re-define the value we bring to society. The photos here were taken in March, at the Forum for the Future of Agriculture, in Brussels. We set up a farm environment, right in the middle of the city, and used it to showcase our six commitments which form the basis of our Good Growth Plan.

We have always been clear that we cannot achieve these commitments on our own. With the Good Growth Plan now in its third year, we are attracting interest from an increasing number of partners, such as the Fair Labor Association, the World Food Program and USAID. These partnerships help us to increase our impact, and demonstrate that the objectives we have set, are broadly recognized as valuable in the context of food security.

Slide 11: Effizienzsteigerung - was meinen wir damit?

Leverage can be achieved in a number of ways. In 2014 we set out an ambitious program to capture savings across the organization. We called this program "Accelerating Operational Leverage" known by the abbreviation AOL. We are pleased with what we have already achieved under the AOL program and we will continue to drive operational excellence. In addition, we will leverage partnerships and outsourcing opportunities to maximize the value of our portfolio and assets.

Slide 12: Margenverbesserung dank AOL-Massnahmen

As market conditions worsened, we have increased the proportion of savings coming from cost reduction to compensate for lower leverage from top line growth.

Savings achieved under the AOL program were ahead of target in 2015 and we also expect to exceed the 2016 target. The commercial and supply chain measures we have put in place are also freeing up working capital through a reduction in inventories.

Slide 13: Outperformance – was meinen wir damit?

In addition to increasing market share, profitability and cash flow will remain the key measures by which we will judge our outperformance.

A common goal uniting our organization is that of growing market share. We have gained share in crop protection in all but two of the last **10** years. With our current rate of innovation and our outstanding pipeline, I am confident that the next **10** years will be at least as successful.

Slide 14: Neue Pflanzenschutz-Pipeline

Let me say a few more words about the fundamental essence of our company which is innovation. Since we unveiled our updated crop protection pipeline in July last year, two projects have advanced a stage, and a new project – Lead 8 – has entered the pipeline. Five of the nine projects are expected to reach blockbuster status, and the combined peak sales potential of the pipeline is over **4** billion dollars. This, together with the new products already on the market, will assure growth from innovation for many years to come.

Slide 15: Outperformance 2015

As Chief Financial Officer of Syngenta, as well as interim Chief Executive, I can tell you that any outperformance claim has to be underpinned by financial results. This slide shows our operating margin compared with our competitors. You can see that there is no doubt that in 2015 we outperformed the competition as we were the only company to improve profitability. Our operating margin is now close to the peer group average and I am convinced that with our reset strategy we will continue to outperform in the future.

Slide 16: Dividendenausschüttung & Rückzahlungen an Aktionäre

Coming to cash return to shareholders, we can already demonstrate an exceptional long term performance. Over the last **15** years the dividend has increased at a compound annual growth rate of **28** percent compared with EPS growth of **16** percent – also a strong performance by any standard. The total cash return to shareholders has been augmented by share buybacks although latterly these have played a lesser role. I challenge any critic of Syngenta to tell me that this is not an exceptional performance.

Slide 17: Aktionärsrendite: langfristige Outperformance

And of course, the ultimate measure for shareholders of management performance is total shareholder return, which measures the cash return to shareholders combined with capital appreciation. Syngenta was first listed in November 2000. If you invested in the SMI Index at that time your return over the last 15 years would have been **43** percent. If you invested in Syngenta, you will have achieved a return of more than **580** percent.

So, like the Chairman, I can understand that many of you regret the loss of Syngenta as an investment. But we have listened, and responded, to the majority of our shareholders, and we have sought to realize the value of that investment, while securing the future of Syngenta and of its employees.

Slide 18: Bringing Plant Potential to Life

Sehr geehrte Damen und Herren, Syngenta ist ein grossartiges Unternehmen: hervorragende Produkte, erstklassische Wissenschaft und noch wichtiger – wertvolle Mitarbeiter. Ich bin stolz – sehr stolz dieses Unternehmen führen zu dürfen und heute zu Ihnen zu sprechen.

Vielen Dank für Ihre Aufmerksamkeit. Dankeschön.