



# 2014 Full Year Results

February 4, 2015

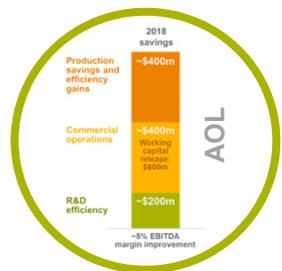
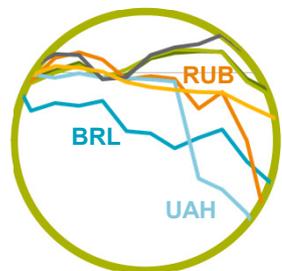
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# 2014 business highlights

## Fourth quarter sales up 12%

## Full year integrated sales: ↑6% CER

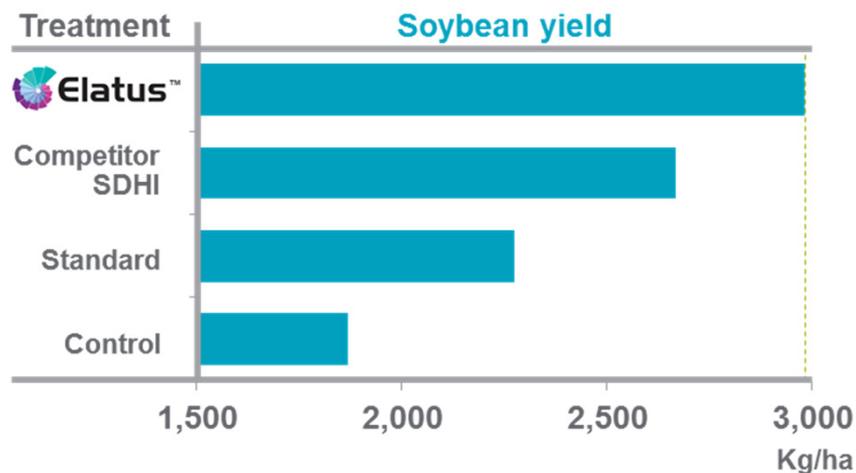


- Integrated sales up 7% excluding glyphosate
- ELATUS™ sales in Brazil exceed \$300m
- Double digit growth in emerging markets for fifth consecutive year
- Adverse currency and mix effects: profitability below expectations
- Accelerating Operational Leverage program on track to deliver savings

Growth at constant exchange rates (CER)

# ELATUS™: Syngenta's largest and most successful launch

## Yield advantage vs. competitor products



- Sales over \$300 million; total invoiced ~\$380 million
- Market share gain in fungicides
- Expected Solatenol™ approvals
  - 2015: corn, wheat, specialty in USA
  - 2016: cereals in EU



Peak sales potential raised from >\$500m to \$1bn

Source: EMBRAPA Circular Technica 103; Syngenta analysis

# 2014 integrated business update by region

## North America: -6%

- Delayed US season; reduced insect pressure
- Canada: lower cereals acreage, flooding
- Lower corn acres; strong growth in soybean
- AGRISURE VIPTERA® maintained at ~30% portfolio

## Europe, Africa & Middle East: +11%

- Developed and emerging market growth: CIS resilient
- Rapid expansion of HYVIDO® barley
- New SDHI fungicides in Western Europe

## Latin America: +9%

- Sales up 15% ex glyphosate
- Successful ELATUS™ launch
- Strong performance despite delayed season
- Insecticide growth: caterpillar pressure

## Asia Pacific: +10%

- Broad-based growth: notably South Asia, China, Australasia
- AMISTAR® expansion in China
- Vegetables integrated protocols

Growth at constant exchange rates

# Integrated offers: global strategy adapted by region

## North America

- Focus on reinforcing CP leadership
- Seeds: focus on distinctive traits, seeds advisors
- Integrated offers:
  - Water+ Intelligent Irrigation
  - AGRIEDGE EXCELSIOR®

## Latin America

- High yield soybean solutions; ELATUS™
- Integrated pest management; new AVICTA® registration
- Further share gain in sugar cane

## Europe, Africa, Middle East

- SDHI fungicides gaining ground: Solatenol™ launch to come
- HYVIDO® barley expansion: paving the way for hybrid wheat
- Market leadership in sunflower seeds pulling CP sales

## Asia Pacific

- Ongoing focus on higher margin products
- Rice and vegetables protocols tailored to smallholder needs
- Corn: Start Right solution, traits expansion



2014:  
**share gain in  
3 of 4 regions\***

\* Preliminary data



**John Ramsay**  
Chief Financial Officer

## 2014 financial highlights

**Group sales:**  
\$15.1bn ↑3%

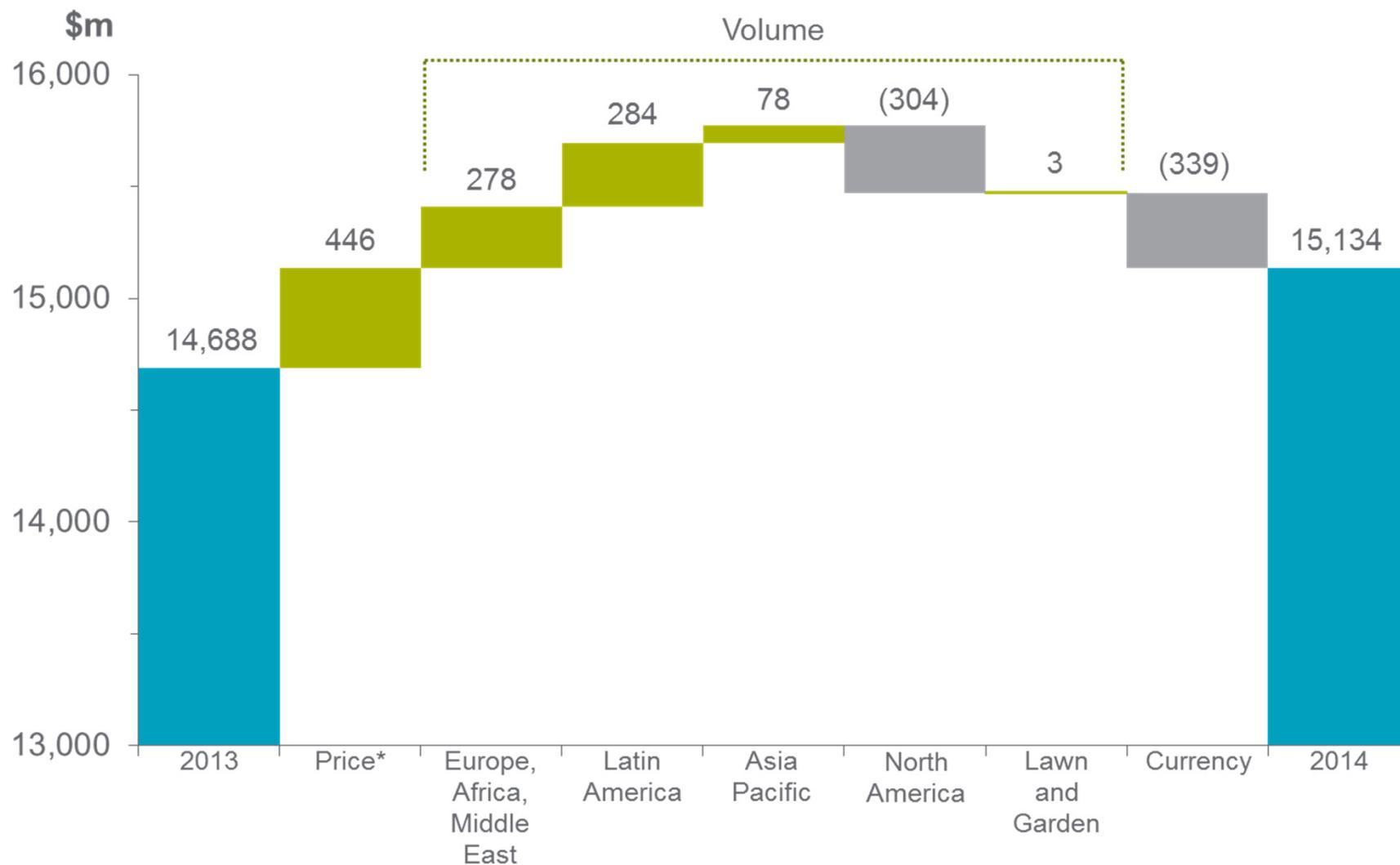
↑ 5% CER

Volume +2% | Price +3%

- EBITDA up 1% at \$2.9bn, margin 19.3%
  - CER margin 20.0%
- Net income \$1.6bn, 2% lower
- EPS\* up 1% at \$19.42
- Dividend up 10% to CHF 11.00 per share
- Free cash flow before acquisitions \$1.2bn
- Cash flow return on investment 11%

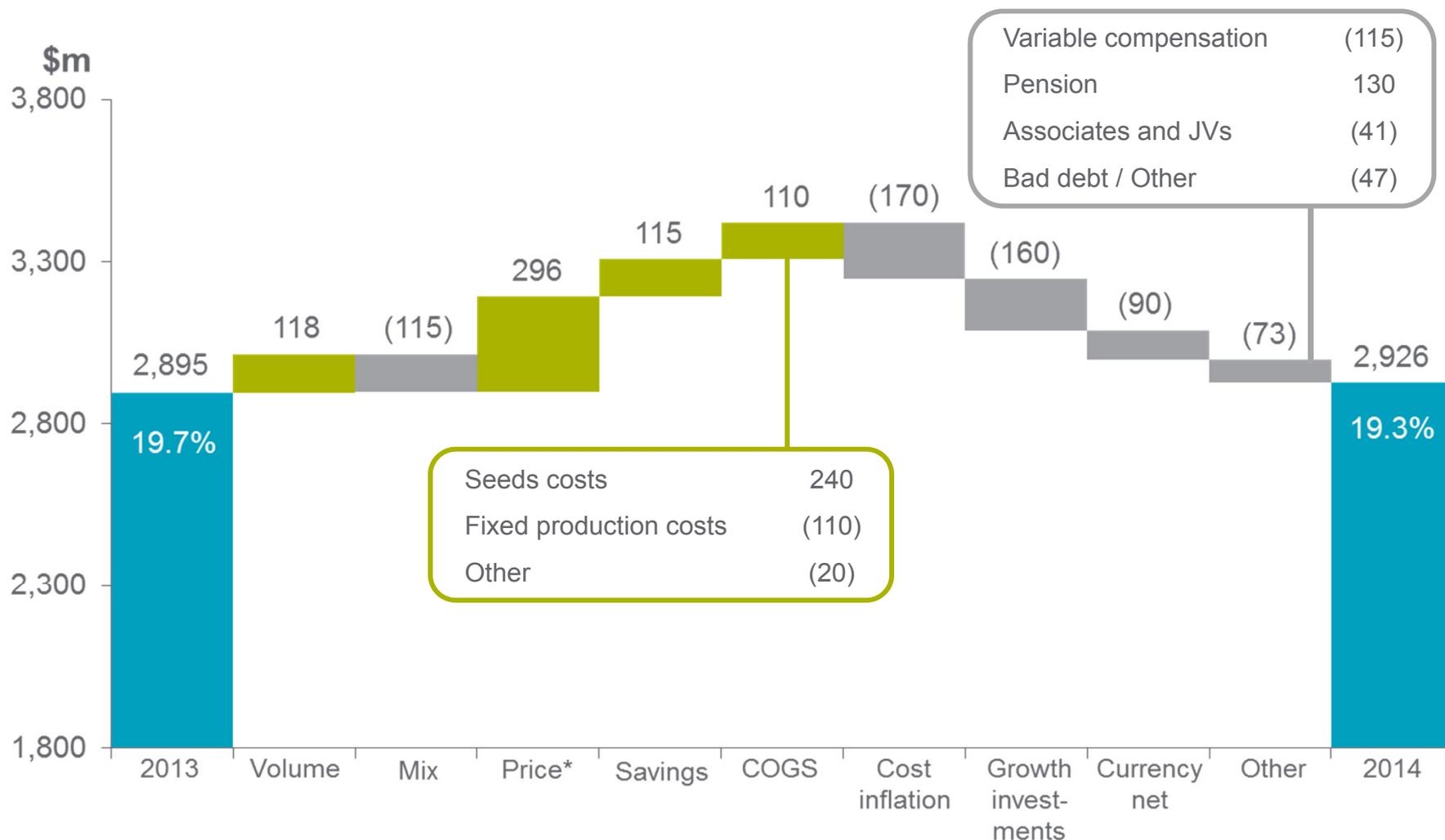
\* Fully diluted basis, excluding restructuring and impairment

# Sales progression full year 2014



\* Includes TOUCHDOWN® and CIS price: ~\$150m

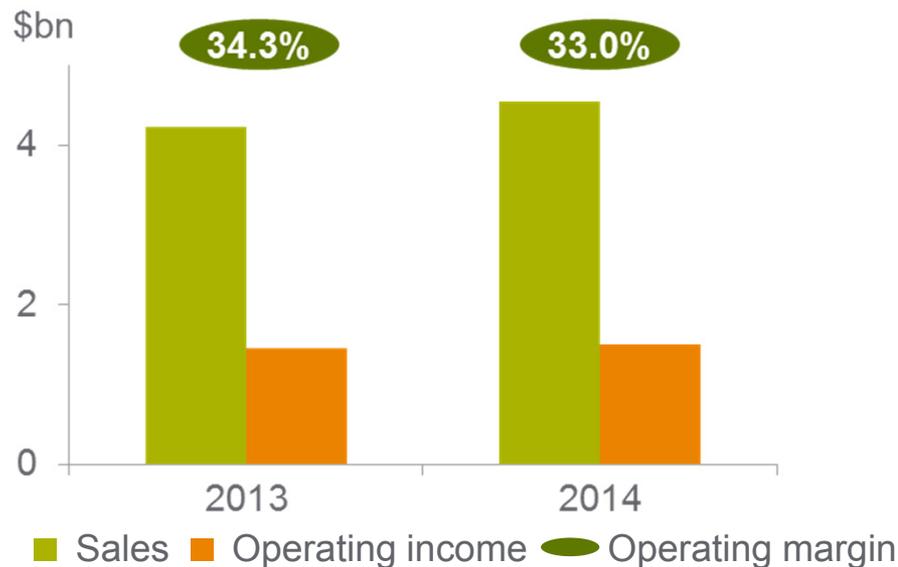
# EBITDA full year 2014



Excluding restructuring and impairment  
 \* Excludes TOUCHDOWN® and CIS price

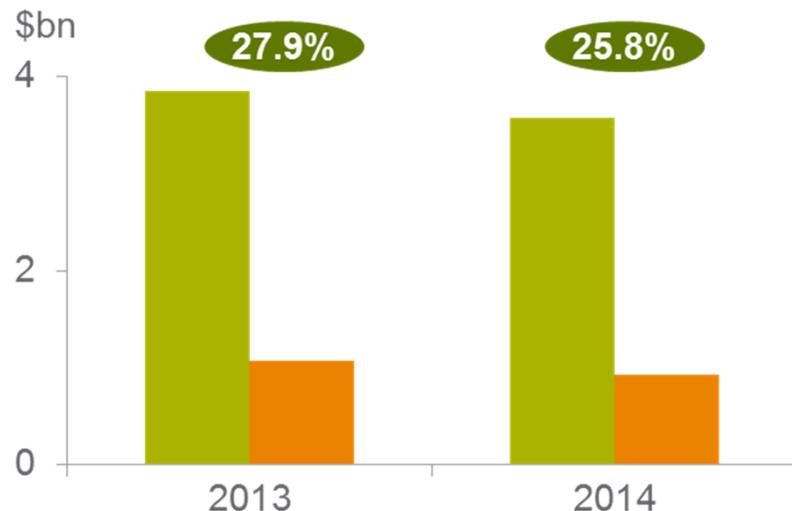
# Regional performance: EAME, North America

## Europe, Africa and Middle East



- Favorable weather increasing crop protection intensity
- EU neonicotinoid suspension
- Focused price action in CIS

## North America



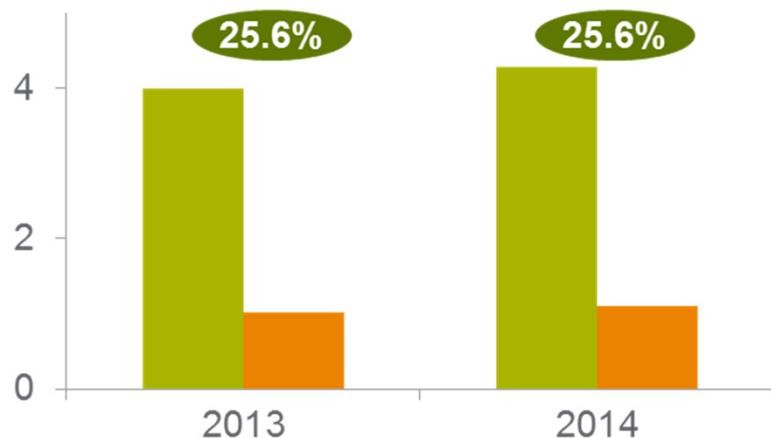
- Lower volumes: late US season, acreage and flooding in Canada
- Lower corn acres adversely affect portfolio mix
- Partial offset from reduced seeds costs

Operating income and margin exclude restructuring and impairment

# Regional performance: Latin America, Asia Pacific

## Latin America

\$bn

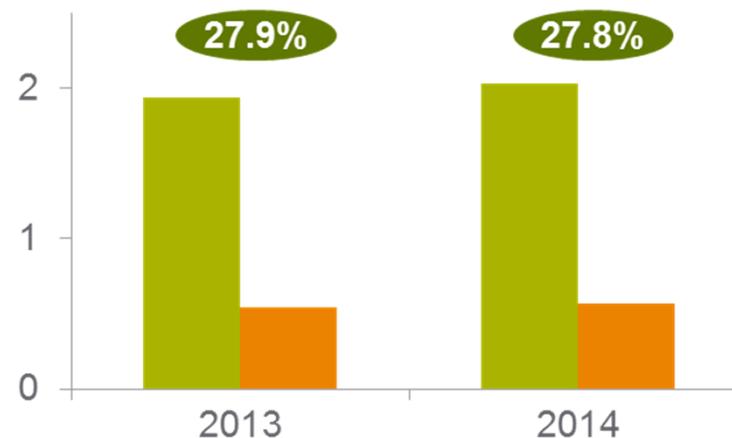


■ Sales ■ Operating income ● Operating margin

- ELATUS™ first year success
- TOUCHDOWN® volumes reduced
- Insecticides growth in Brazil

## Asia Pacific

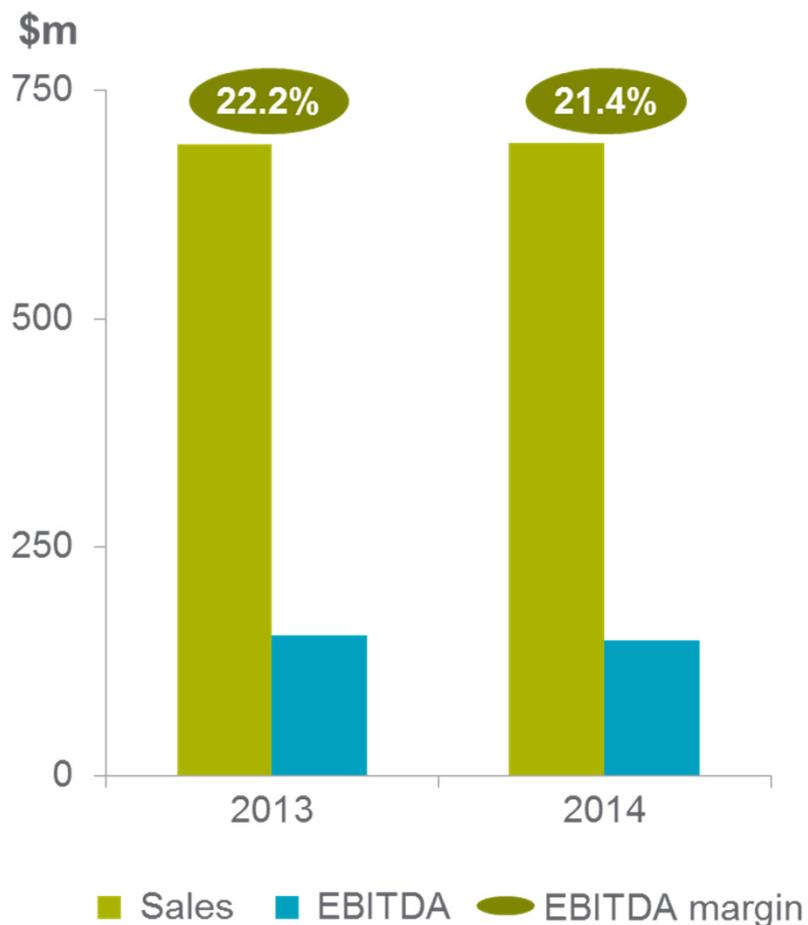
\$bn



- Price increases to offset currency depreciation
- Challenging rice market in ASEAN
- Strong growth in high margin vegetables

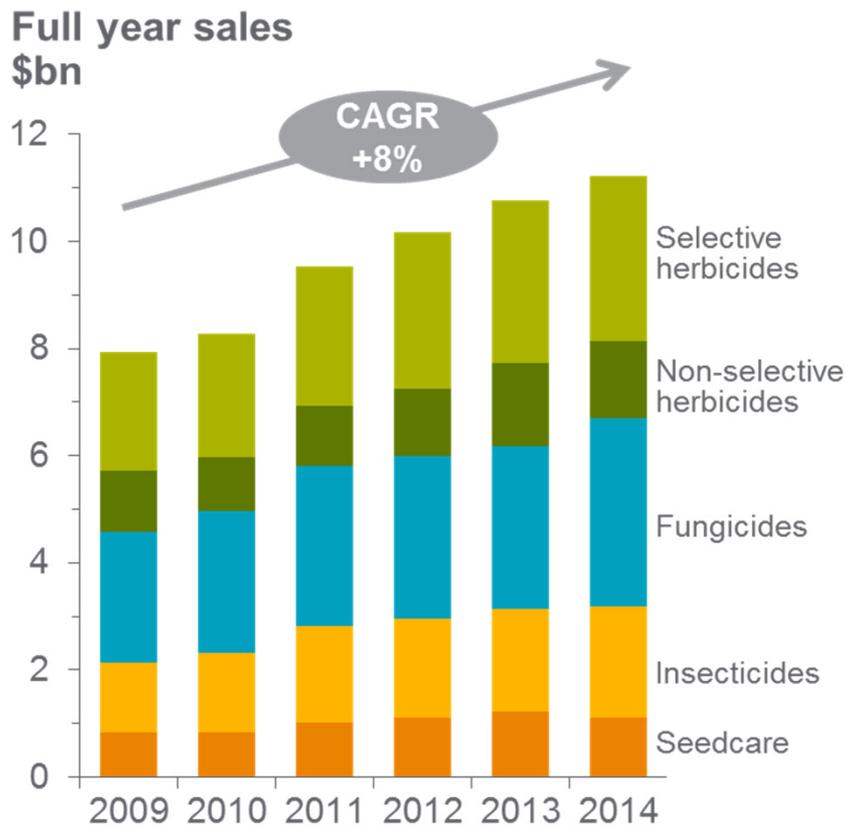
Operating income and margin exclude restructuring and impairment

# Lawn and Garden: EBITDA margin sustainably above 20 percent



- Growth in Turf and Landscape
- Lower Flowers sales in developed markets
  - North America late spring
  - subdued Eurozone consumer environment
- Currency impact on reported margin  
190 basis points: CER 23.3%
- Business streamlining success
  - margin target achieved ahead of schedule

# Crop protection: full year sales up 6 percent (ex glyphosate up 8 percent)



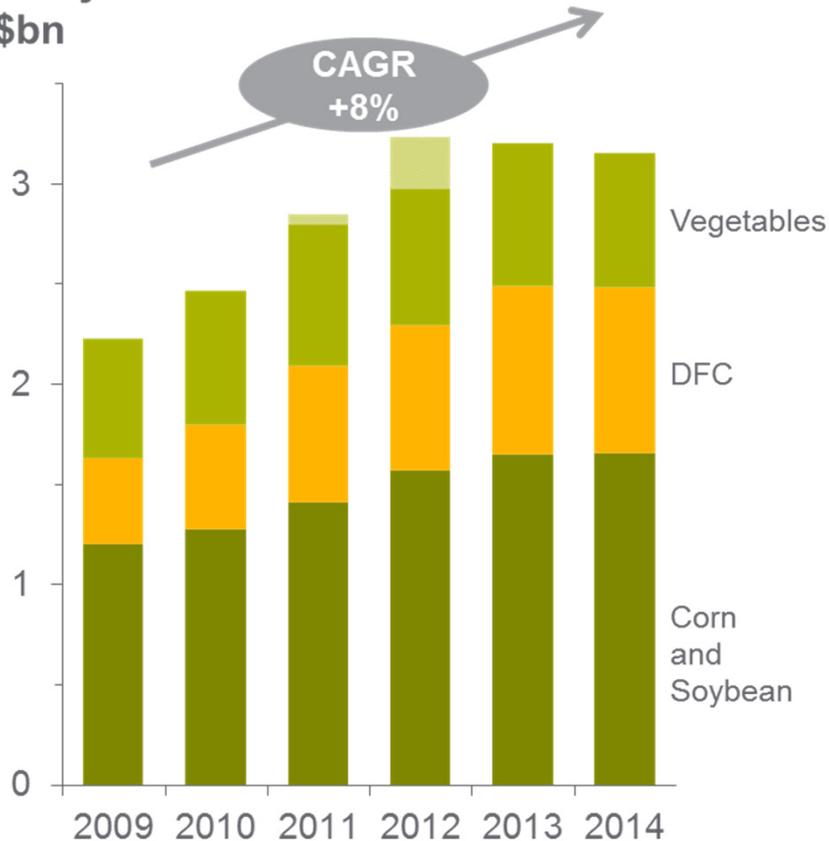
- **Selective herbicides +3%:** strong growth in EAME corn and cereal herbicides offset weakness in North America
- **Non-selective herbicides -4%:** TOUCHDOWN<sup>®</sup> reduction, GRAMOXONE<sup>®</sup> volume and price gains
- **Fungicides +17%:** ELATUS<sup>™</sup> target achieved, SEGURIS<sup>®</sup> growth
- **Insecticides +10%:** Broad based growth with high insect pressure in Brazil; North America lower
- **Seedcare -6%:** VIBRANCE<sup>®</sup> expansion offset by lower sales to other seed companies, EU neonicotinoid suspension

Sales of new products \$640m

Growth at constant exchange rates  
Excludes 'Other' (2014: \$154m)

# Seeds: full year sales up 2 percent (ex acquisitions and divestments up 3 percent)

Full year sales  
\$bn



## Corn and Soybean +4%:

- acreage shift from corn to soybean
- DURACADE® first sales

## Diverse Field Crops +4%:

- strong HYVIDO® seeds sales
- lower sunflower acreage in SE Europe

## Vegetables -5%:

- excluding DULCINEA® divestment +6%
- emerging market expansion
- solid growth in North America and Western Europe

## Net income and earnings per share

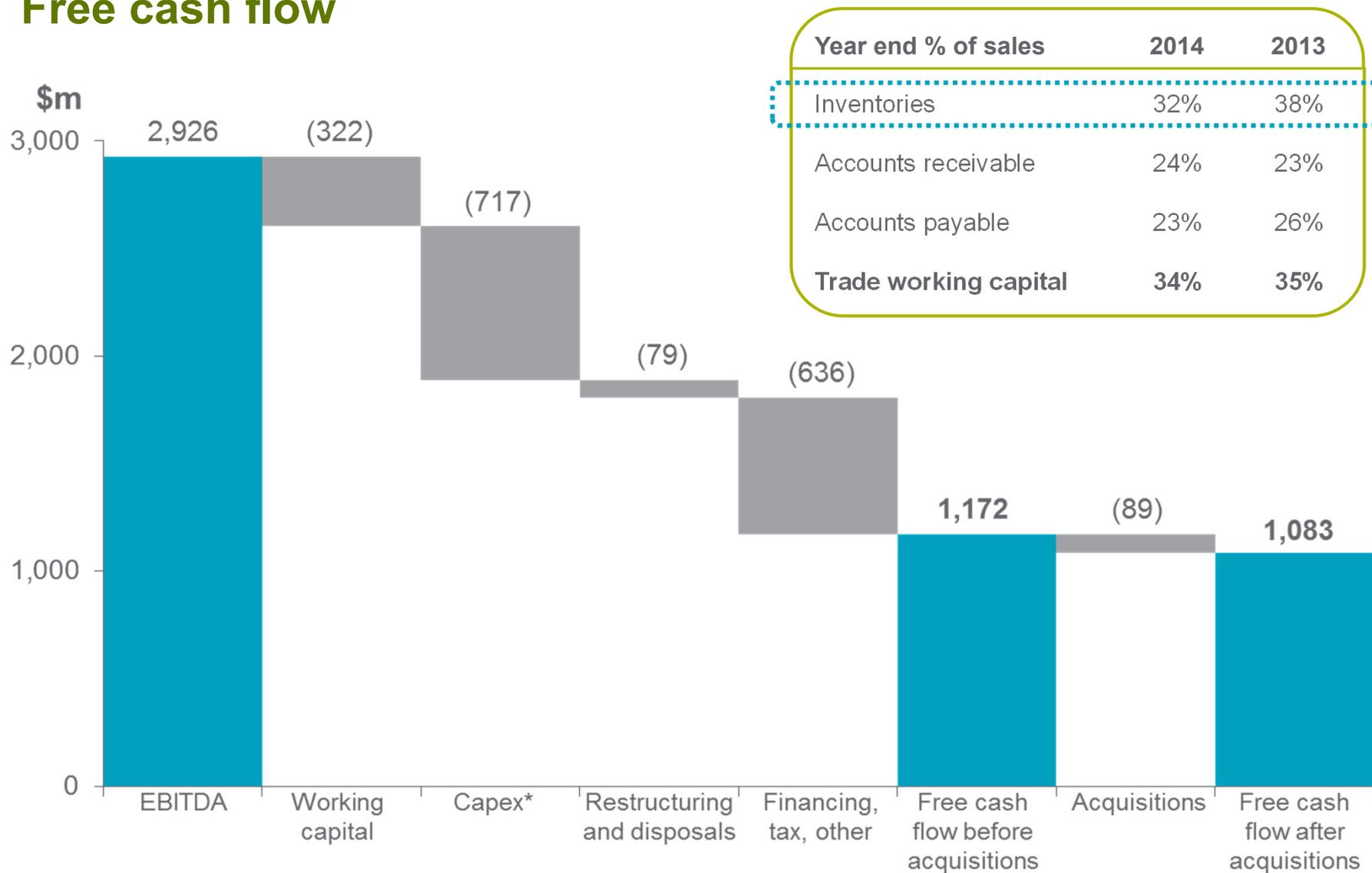
\$m	2014	2013
<b>Operating income</b>	<b>2,311</b>	<b>2,265</b>
Net financial expense	(217)	(200)
Taxation	(311)	(323)
<i>Tax rate</i>	<i>15%</i>	<i>15%</i>
Restructuring*	(168)	(141)
Net income	1,619	1,644
<b>Earnings per share</b>	<b>\$19.42</b>	<b>\$19.30</b>

- NFE: increased hedge volume, emerging market currency volatility
- Tax rate unchanged
- Restructuring slightly higher, first AOL charge \$63m before tax

Excluding restructuring and impairment, EPS on a fully diluted basis

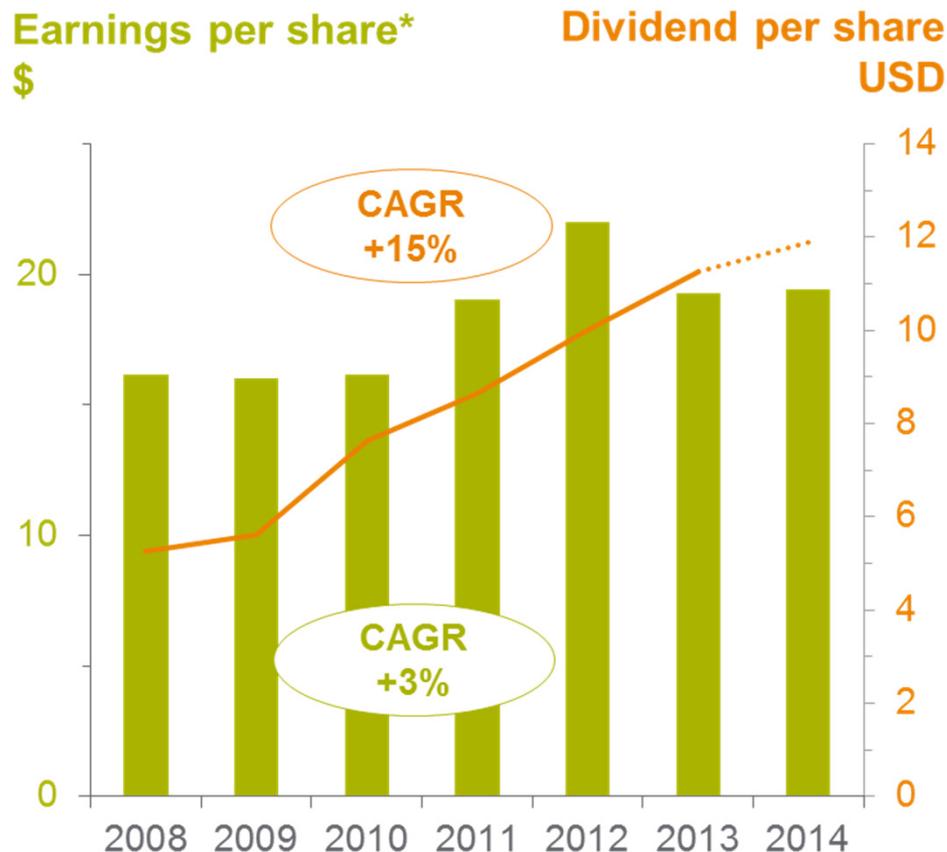
\* Net of tax

# Free cash flow



\* Investment in fixed tangible and intangible assets

# Increasing cash return to shareholders



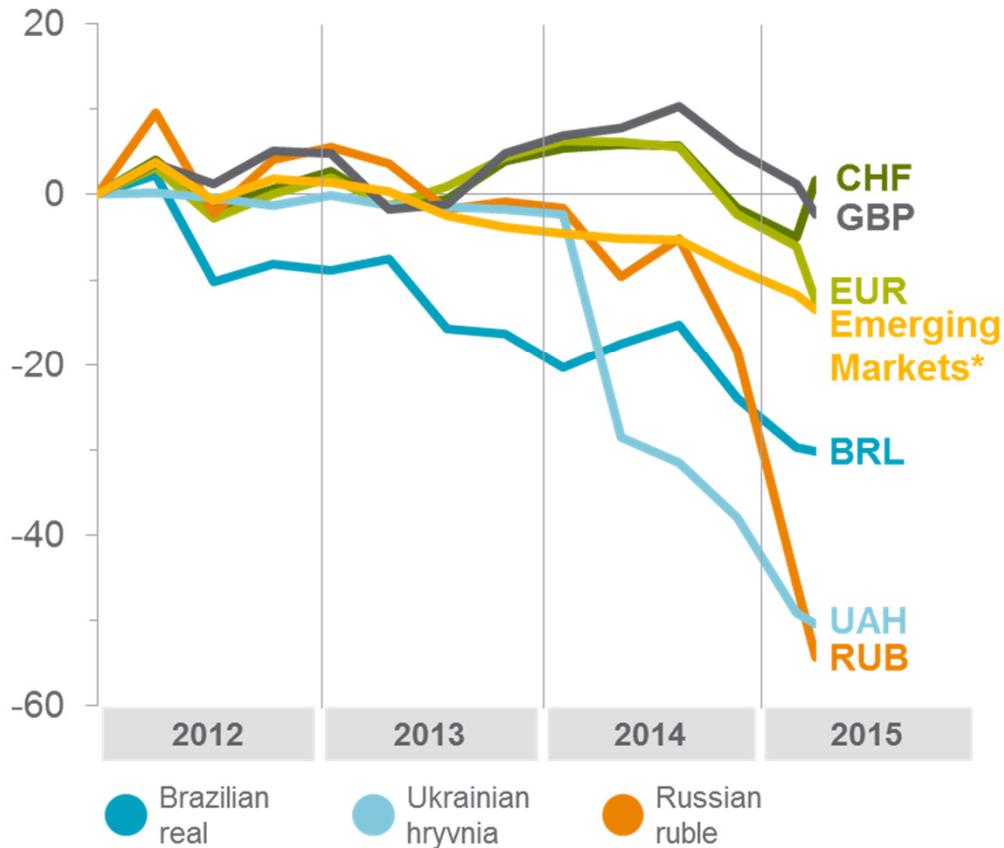
- Proposed dividend increase: +10% in CHF, +6% in USD\*\*
- Net debt to equity 27%
- Flexibility for acquisitions
- Tactical share buybacks
- Commitment to progressive dividend policy

\* Fully diluted basis, excluding restructuring and impairment  
All years restated to reflect pension accounting adjustments

\*\* Converted at end January exchange rates

# Currency movements: dollar appreciation, CIS weakness

End quarter % change vs. dollar  
indexed to December 31, 2011



- Short:
  - CHF ~13% costs, ~1% sales
  - GBP ~5% costs, ~2% sales
  - BRL local costs: sales largely dollarized
- Long emerging markets:
  - CIS ~5% sales, <1% costs
- EUR ~20% sales: balanced exposure with seasonality

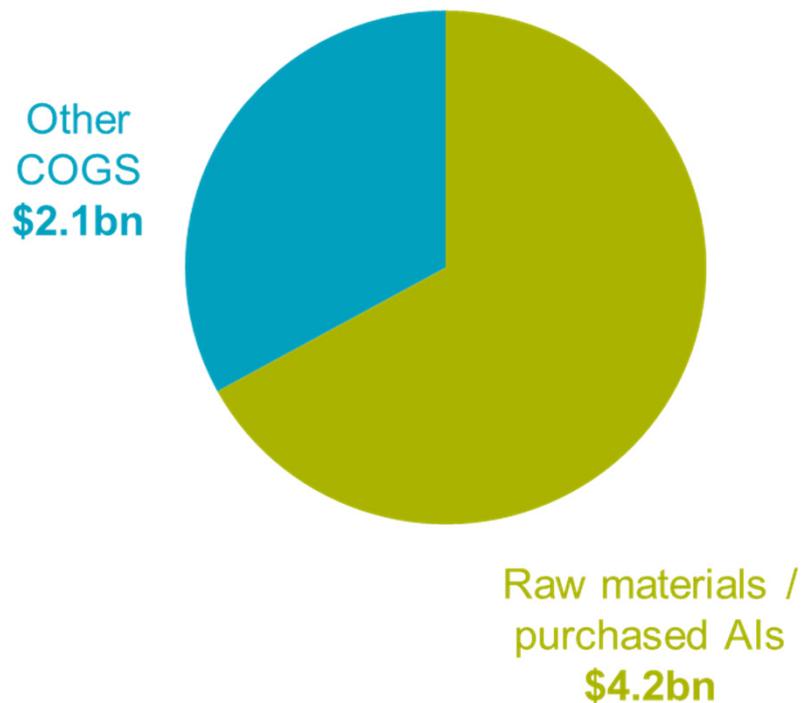
## Outlook

2015: estimated currency headwind  
\$100m excluding CIS

\* Sales-weighted basket of emerging market currencies excl. BRL, UAH, RUB

# Raw material costs: oil price impact

2014 Crop Protection COGS: \$6.3bn



- Up to 12 month lag in oil price pass through
- Estimated sensitivity: \$10 movement in oil price ~\$30m EBITDA impact
- Limited benefit in 2015
- Estimated 2016 benefit at current oil prices: ~\$150m, offsetting CHF appreciation

# 2015 guidance on EBITDA drivers

## Sales

Volume and mix broadly unchanged

Price increases partially offsetting emerging market currency depreciation

## Costs

Seeds / raw material cost benefit ~\$100m

Cost inflation similar level to 2014; growth investments lower

## Savings

Savings: \$265m (including \$75m from prior program)

Non-repeat of pension benefit

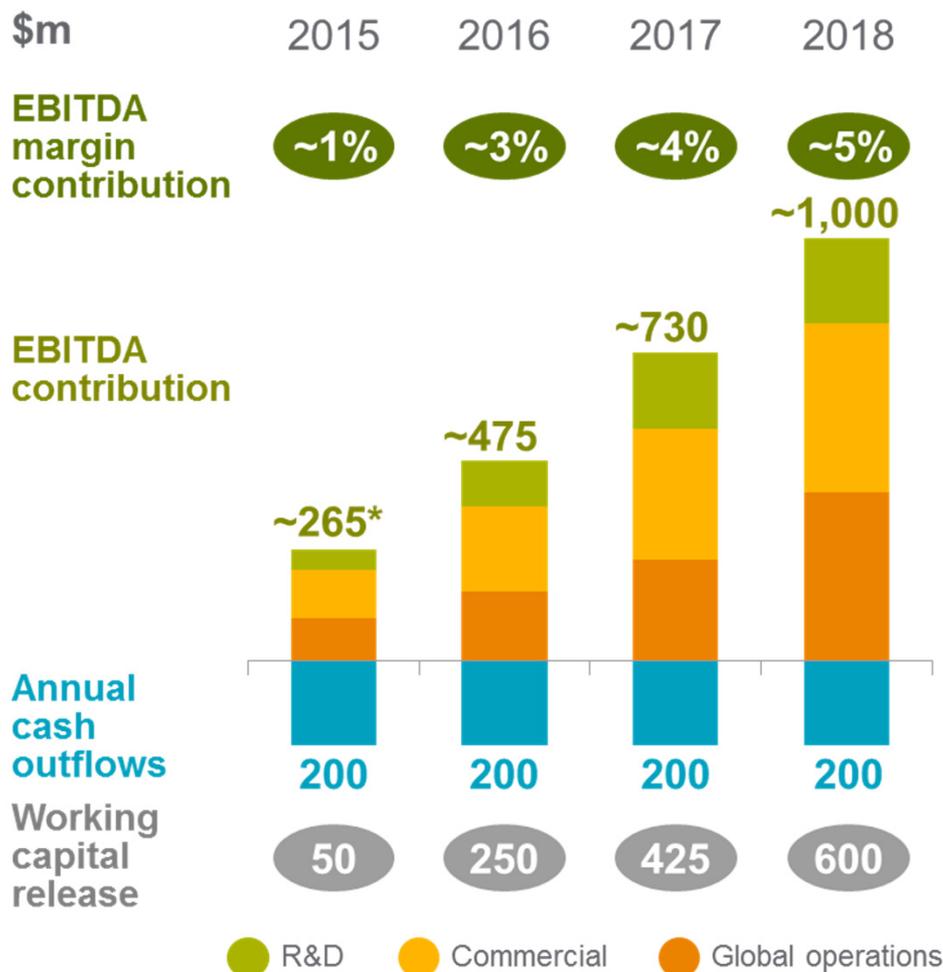
## Currency

All currencies except CHF weaker vs. USD

Impact of CHF appreciation limited by hedging

- Sales at CER
  - EBITDA
  - Substantial free cash flow generation
- }  $\approx$  2014 level

# Accelerating Operational Leverage program to drive margin

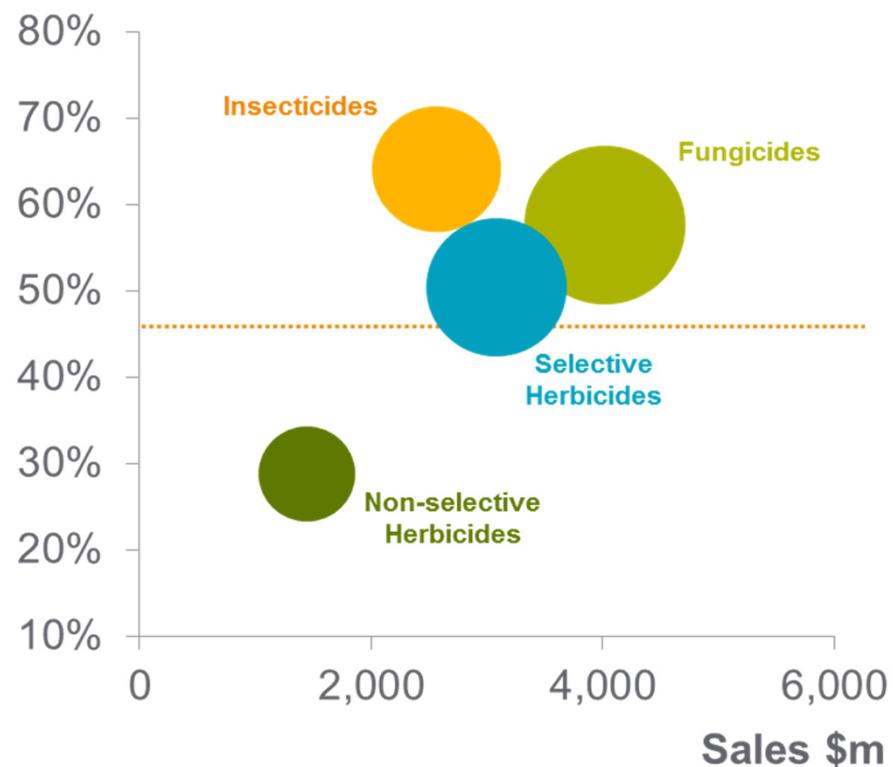


- Seeds production cost optimization
- Procurement and manufacturing fixed cost reductions
- Simplified marketing structure
- Integrated demand and production management
- Field development rationalization
- Outsourcing of standard activities

\* Includes existing program savings: \$75 million in 2015

# Crop Protection: mix effects to drive margin improvement

## Gross margin %



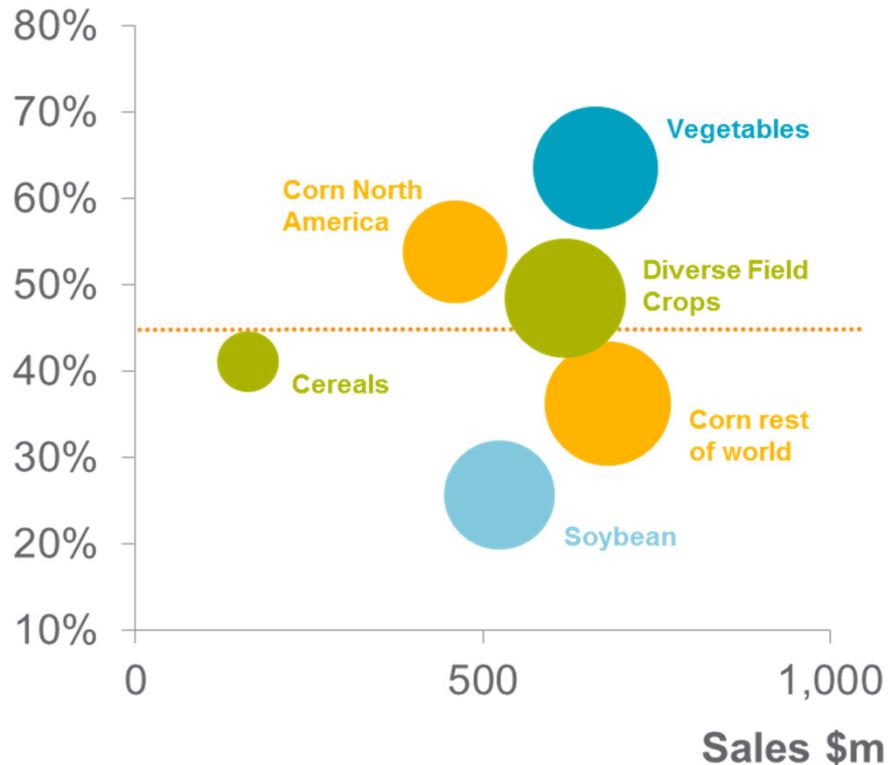
## Margin drivers to 2018:

- Ongoing reduction in solo glyphosate
  - ~\$150m in both 2015 and 2016
  - further growth in higher margin glyphosate mixes
- ELATUS™ scale-up; fungicide pipeline

Excludes Seedcare on Syngenta seeds (~\$90m gross profit)  
Product line margin at budgeted standard cost

# Seeds: substantial scope for margin improvement

## Gross margin %



## Margin drivers to 2018:

- Maximizing distinctive corn traits in North America, expansion in Latin America and APAC
- Scaling up Soybean in Latin America: business partner model, new insect trait
- DFC: sunflower high value genetics, native trait weed control solutions
- Leading Cereals platform
- Continued growth in Vegetables

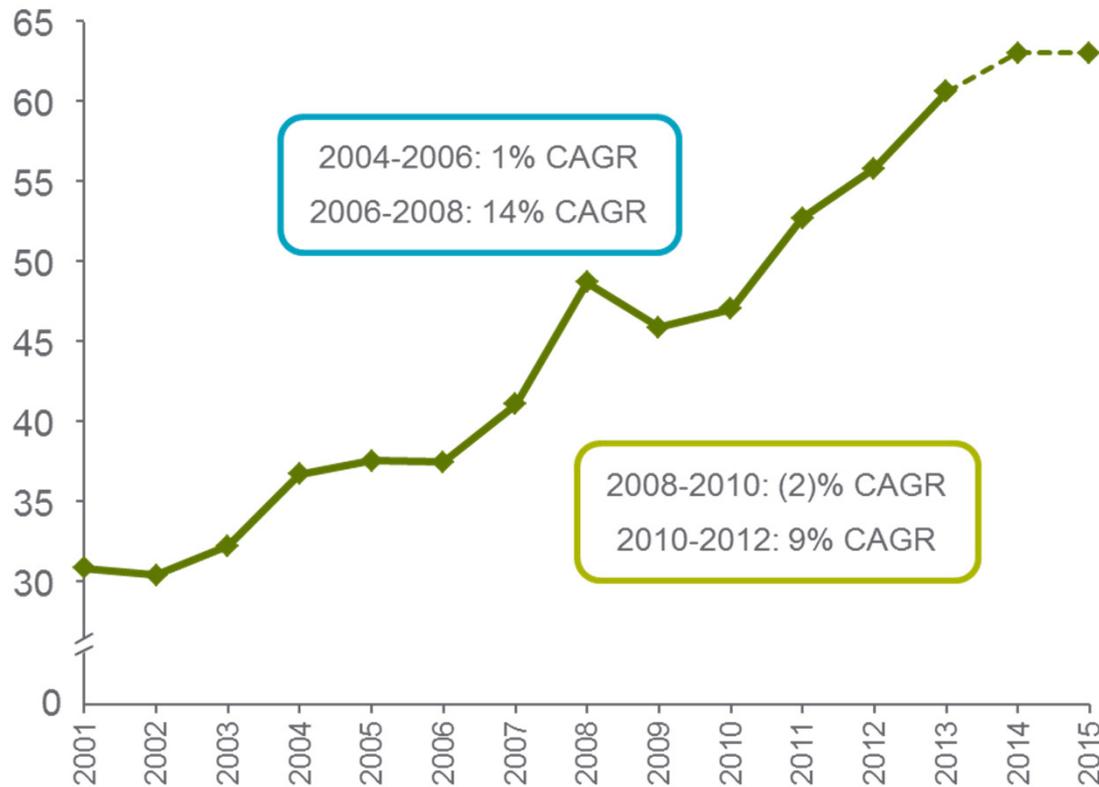
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**Mike Mack**  
Chief Executive Officer

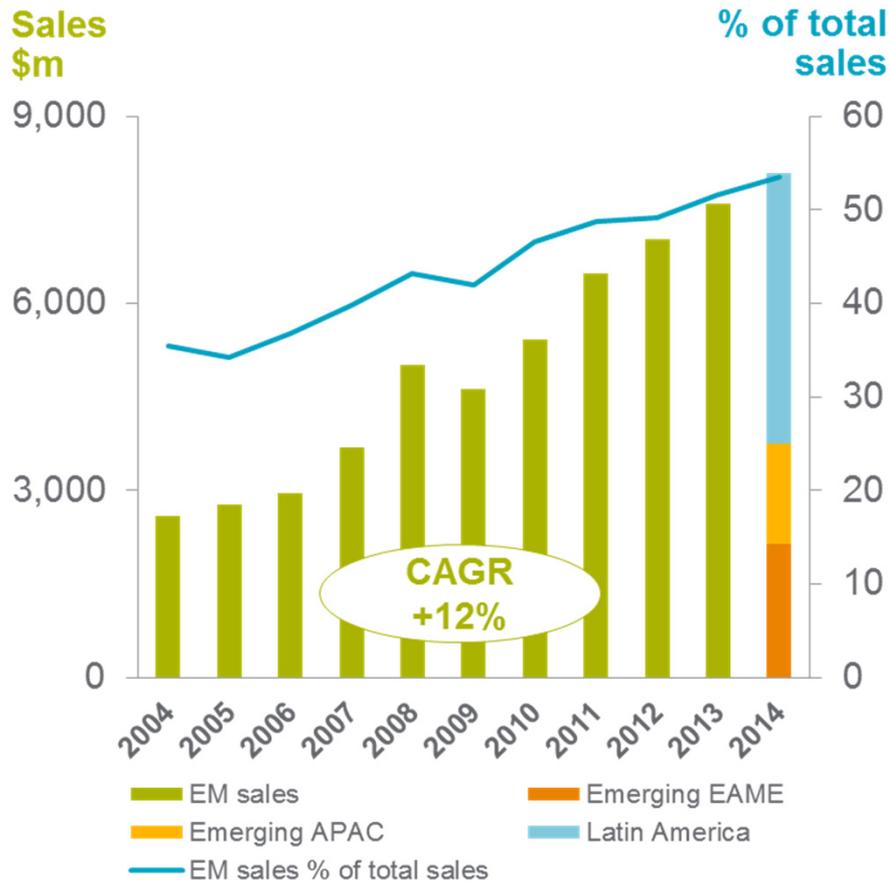
# Long term market growth potential

Crop Protection market size  
\$bn



- 2001-2005: low crop prices, low investment
- Emerging market productivity drive gathered pace from 2006
- Growing need to manage resistance
- Exceptional crop production levels in 2013 and 2014

# Emerging markets are key to future growth



- >50% sales in emerging markets
- EAME, APAC: expansion achieved without diluting regional margins
- Broad portfolio and tailored offers
  - APAC: rice, vegetables
  - Eastern Europe: cereals, sunflower
  - Latin America: soybean, specialty, sugar cane
- Managing volatility key to business success: currencies, credit
- Significant yield gaps vs. developed markets
  - technology adoption, intensification

CAGR as reported

## Integrated sales by crop

Key crops	Sales (bn)		
	2014	CER % change vs. 2013	Pipeline target
Cereals	1.9	+12%	~2.8
Corn	3.4	-4%	~5.5
DFC	1.4	+1%	>2.2
Rice	0.6	+2%	~2.0
Soybean	3.0	+18%	~4.0
Specialty	2.1	+7%	~4.0
Sugar cane	0.3	-2%	~2.0
Vegetables	1.7	+5%	>3.0
<b>Integrated sales</b>	<b>14.4</b>	<b>+6%</b>	<b>25.0</b>

- 5 of 8 crops on track for pipeline target in 2020
- Cereals, Soybean: strong 2014 performance driven by innovation
- Corn: acreage decline in 2014. Longer term trait expansion, resistance management, emerging markets
- DFC, Vegetables: diverse seeds portfolio, integrated offers
- Rice, Specialty, Sugar cane: targets stretched based on progress to date

**\$25bn target: achievement expected post 2020**

# New and pipeline products: \$700m increase in peak sales

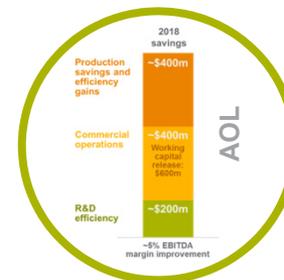


	Cereals and DFC	Corn	Rice	Soybean	Vegetables and Specialty	Peak sales
Seguris®	●		▲		●	>\$150m
Vibrance™	●	●	●	●	▲	~\$500m ↑
Clariva™	●			●		>\$200m
Elatus™ Solatenol™	▲	▲		●	▲	~\$1,000m ↑
Fortenza®	●	●			●	>\$400m
Acuron™	▲	▲				>\$250m
Oxathiapiprolin					▲	>\$100m
New fungicide	▲	▲		▲	▲	>\$300m

● Already launched      ▲ Launches to come

# Outlook

## Focus on above market growth and higher profitability



- Integrated strategy driving above market growth:
  - new products
  - emerging market presence
- AOL program: margin improvement, working capital management
- 24-26% EBITDA margin target for 2018 maintained
- Strong cash flow: increasing cash returns

*Bringing plant potential to life*