

# 2016 HALF YEAR RESULTS

BASEL, 22 JULY 2016

# SAFE HARBOR

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# ERIK FYRWALD

## CHIEF EXECUTIVE OFFICER

# OVERVIEW OF THE FIRST HALF

- Challenging market conditions
  - corn and wheat prices remain low
  - adverse weather in Asia Pacific and Europe
- New products success: continuing technology adoption
- Continuing focus on operating efficiency: Accelerating Operational Leverage program on track
- Emphasis on risk management and working capital control
- ChemChina transaction progressing in line with expectations



# JOHN RAMSAY

## CHIEF FINANCIAL OFFICER

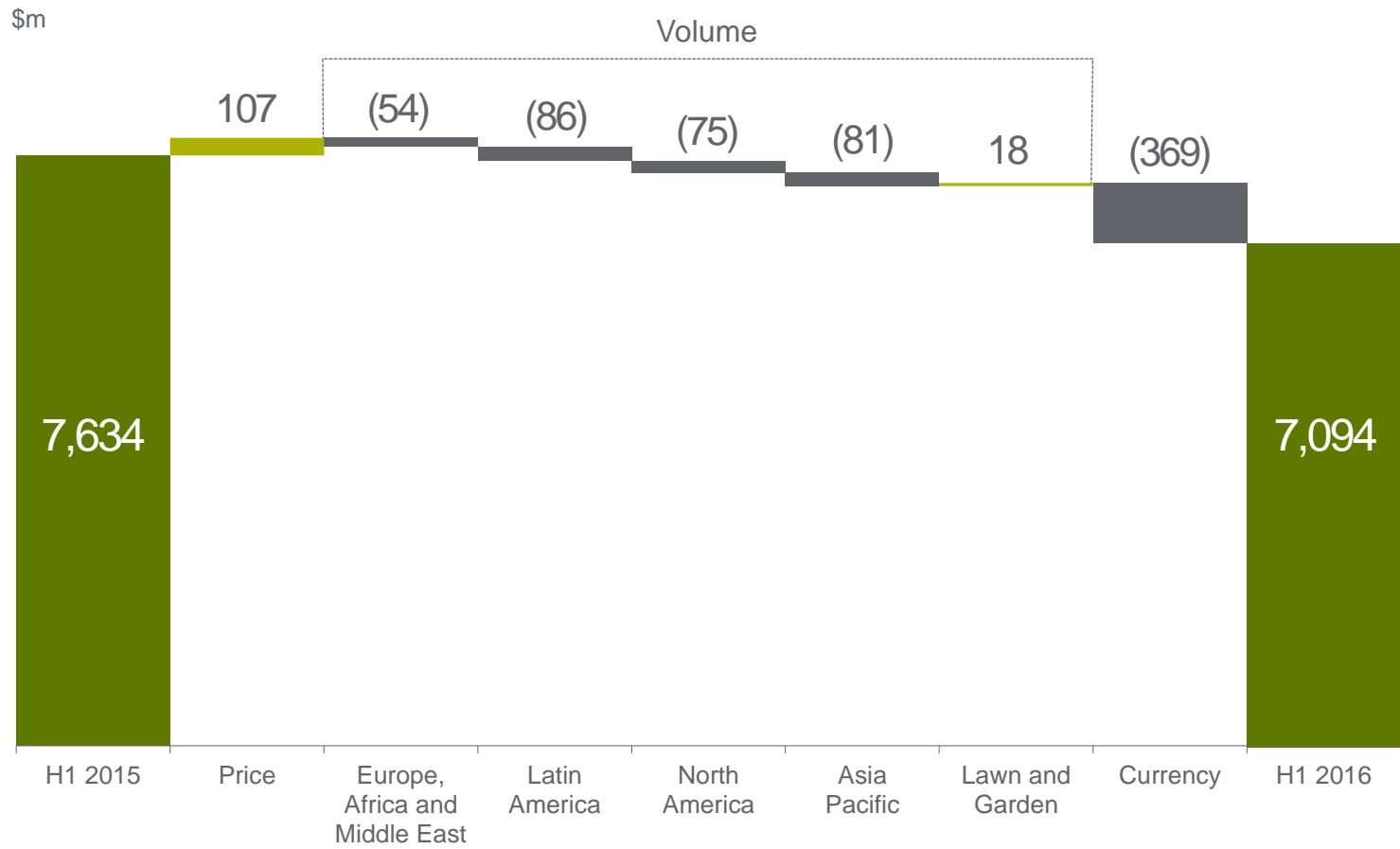
# FIRST HALF 2016 FINANCIAL HIGHLIGHTS

- H1 sales: -2%\*
  - Reported sales: -7%
- Second quarter sales: -5%\*
  - Adverse weather conditions in north west Europe and Asia Pacific
- EBITDA \$1.8 billion: margin 24.9% (H1 2015: 26.2%)
  - Gross profit margin improvement
  - Receivables provision in Venezuela
  - Currency headwinds: EBITDA margin at CER 26.4%
- EPS\*\*: \$12.69 (H1 2015: \$14.70)
- Cash flow: \$337m (H1 2015: -\$109m)

\* At constant exchange rates

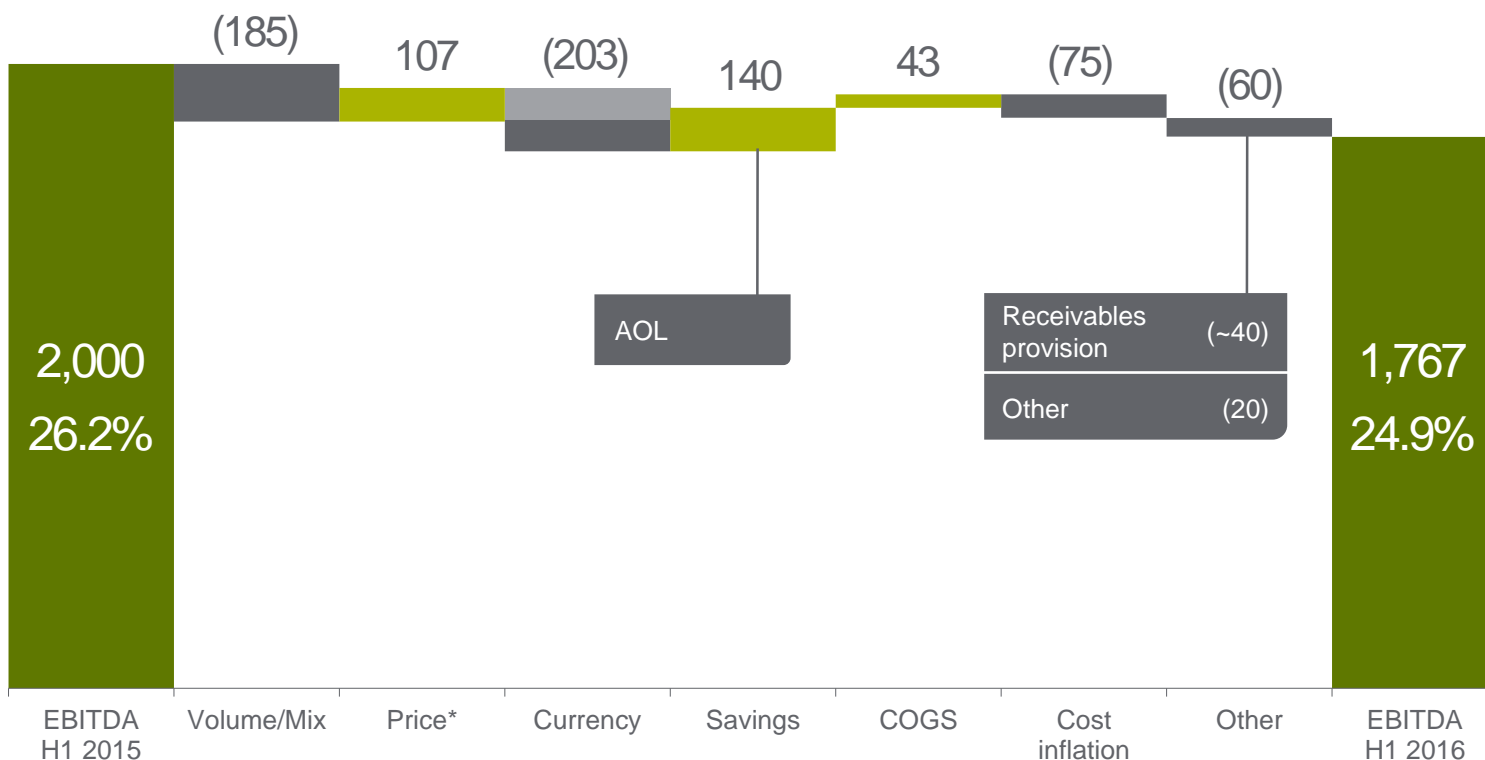
\*\* Fully diluted basis, excluding restructuring and impairment

# SALES PROGRESSION



# EBITDA PROGRESSION

\$m



Excluding restructuring and impairment

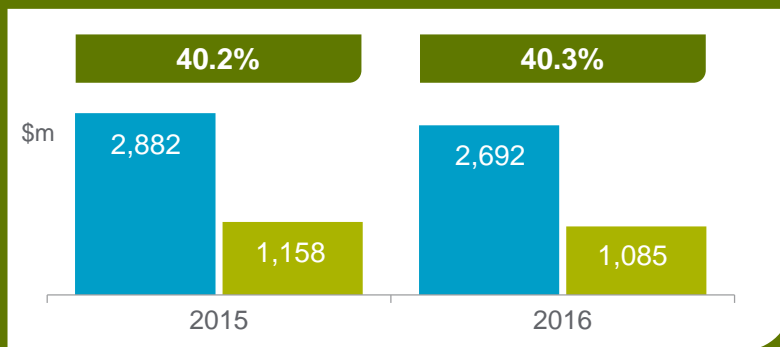
\* CIS Price: approx. \$100m    ■ Currency ex. CIS price \$(100)m



# H1 REGIONAL PERFORMANCE

## EAME, NORTH AMERICA

### Europe, Africa and Middle East

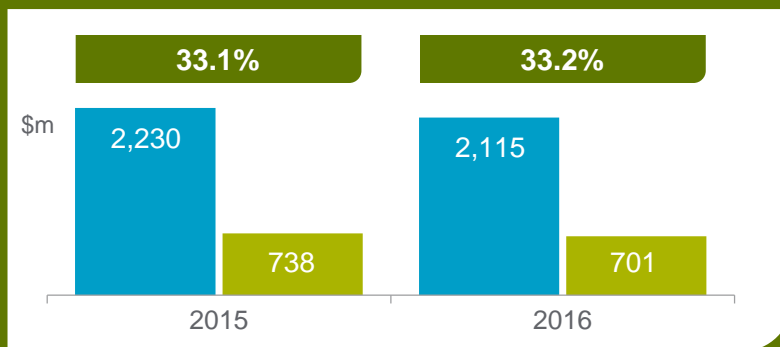


Sales +2% CER

Heavy rainfall in Q2 reduced product applications: significant market contraction in north west Europe

Excellent performance in the CIS: volume expansion and price increases

### North America



Sales -4% CER: -2% ex glyphosate

Challenging farmer profitability

Success of new products TRIVAPRO™, ORONDIS™ and ACURON™

■ Sales ■ Operating profit ■ Operating margin

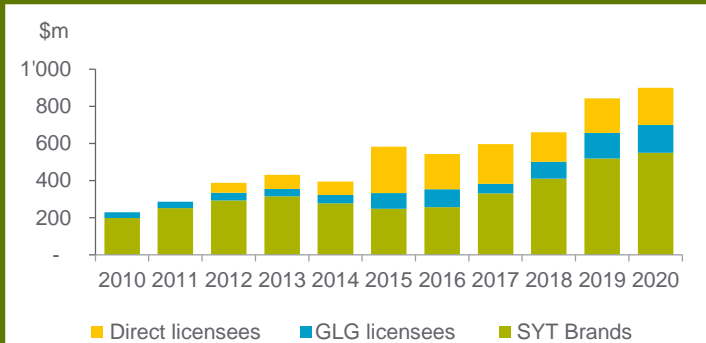
Operating income and margin exclude restructuring and impairment

# NORTH AMERICA SEEDS HIGHLIGHTS

## US corn market dynamics

- Corn acres up 7% (est.)
- Trait offer supporting corn seed prices
- Continuing trait income

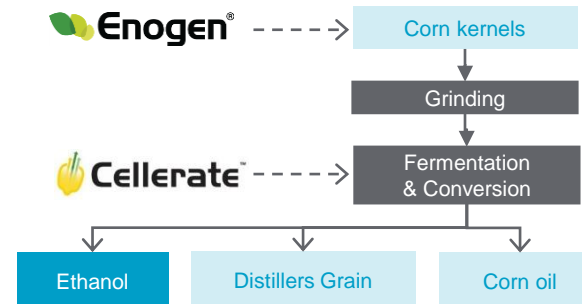
Global corn trait revenue and royalty income - cash basis



## Unlocking the ethanol value chain

- ENOGEN trait tailored to ethanol production
- Contracted plants: ~10% of ethanol production
- Significant savings for dry grind ethanol producers
- CELLERATE: strong complementary benefits
  - Further improves conversion process
  - >20% ethanol yield
  - High-protein co-product: distillers grain

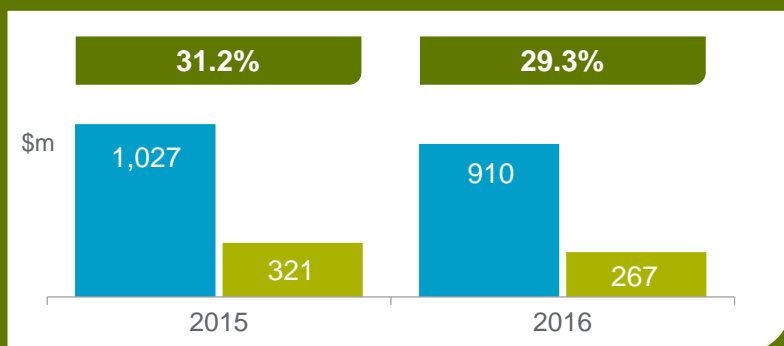
## Corn ethanol value chain



# H1 REGIONAL PERFORMANCE

## ASIA PACIFIC, LATIN AMERICA

### Asia Pacific



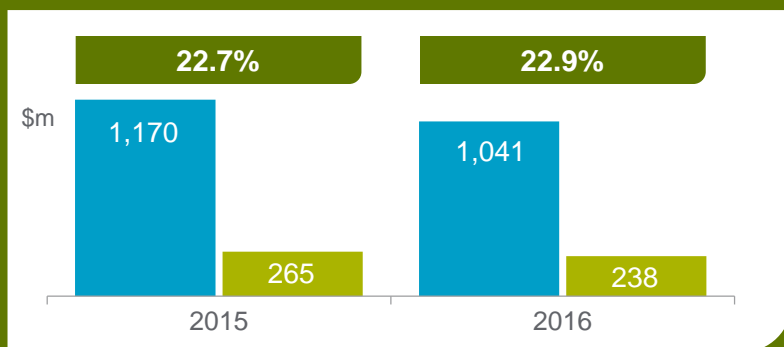
Sales -8% CER

Severe drought in Thailand and Vietnam: rice acreage down and lower investment per acre

Price and volume pressure in non-selectives

End of El Niño should lead to second half recovery

### Latin America



Sales -5% CER; +3% ex. change in sales terms

Continued expansion of ELATUS™ in Brazil

Reduced insecticide sales: soybean trait adoption and high channel inventory

Strong seeds sales: growth in Brazil, acreage expansion in Argentina

■ Sales ■ Operating profit ■ Operating margin

Operating income and margin exclude restructuring and impairment

# LATIN AMERICA MARKET DYNAMICS



## BRAZIL

High grower profitability but regional variations

Severe drought in northern Brazil affecting yields in H1

South Brazil: early season start, strong momentum

Government funding expected but credit remains tight

## LATIN AMERICA NORTH

Venezuela: political and economic instability, no sales expected in 2016

Mexico: positive outlook with solid export economics for vegetable and fruit growers

## LATIN AMERICA SOUTH

Argentina: lifting of export taxes – positive impact on corn, wheat and sunflower

# CROP PROTECTION SALES CONTINUING TECHNOLOGY ADOPTION

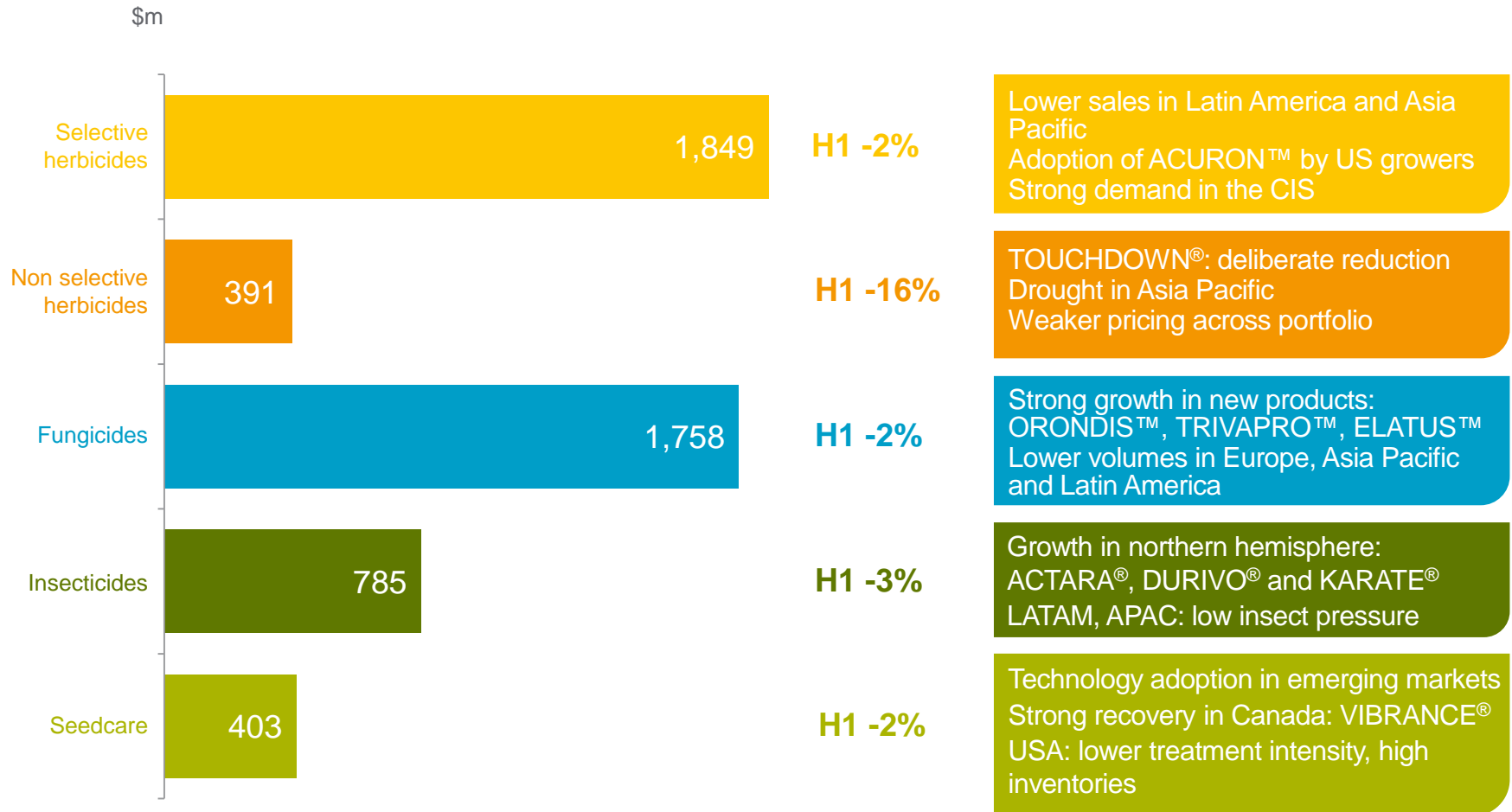
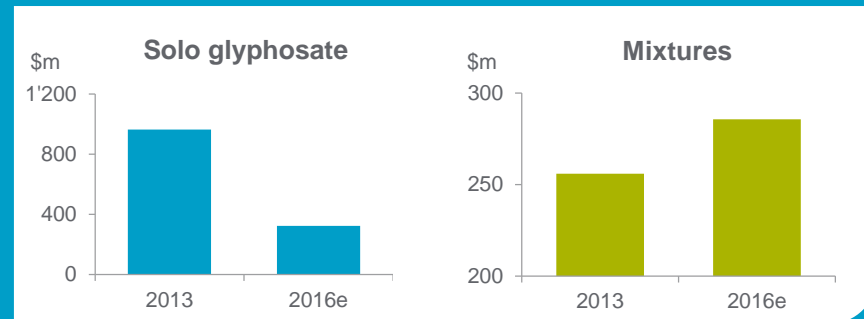


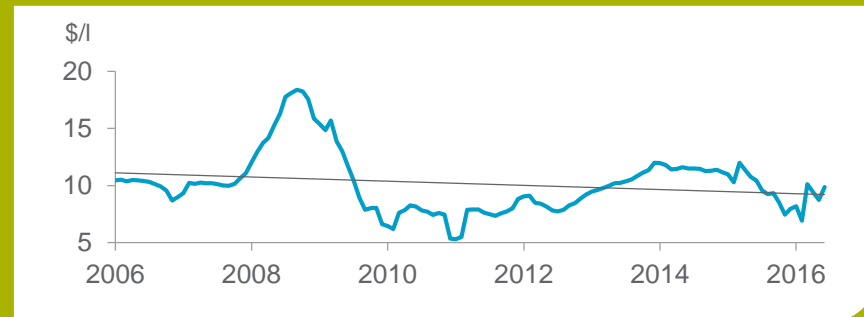
Chart excludes 'Other': H1 \$58m  
Growth at constant exchange rates

# GLYPHOSATE SIGNIFICANT MIX IMPROVEMENT

## Full year sales of glyphosate and mixtures



## Glyphosate selling price



Strategy initiated in 2014

2016: final year of execution

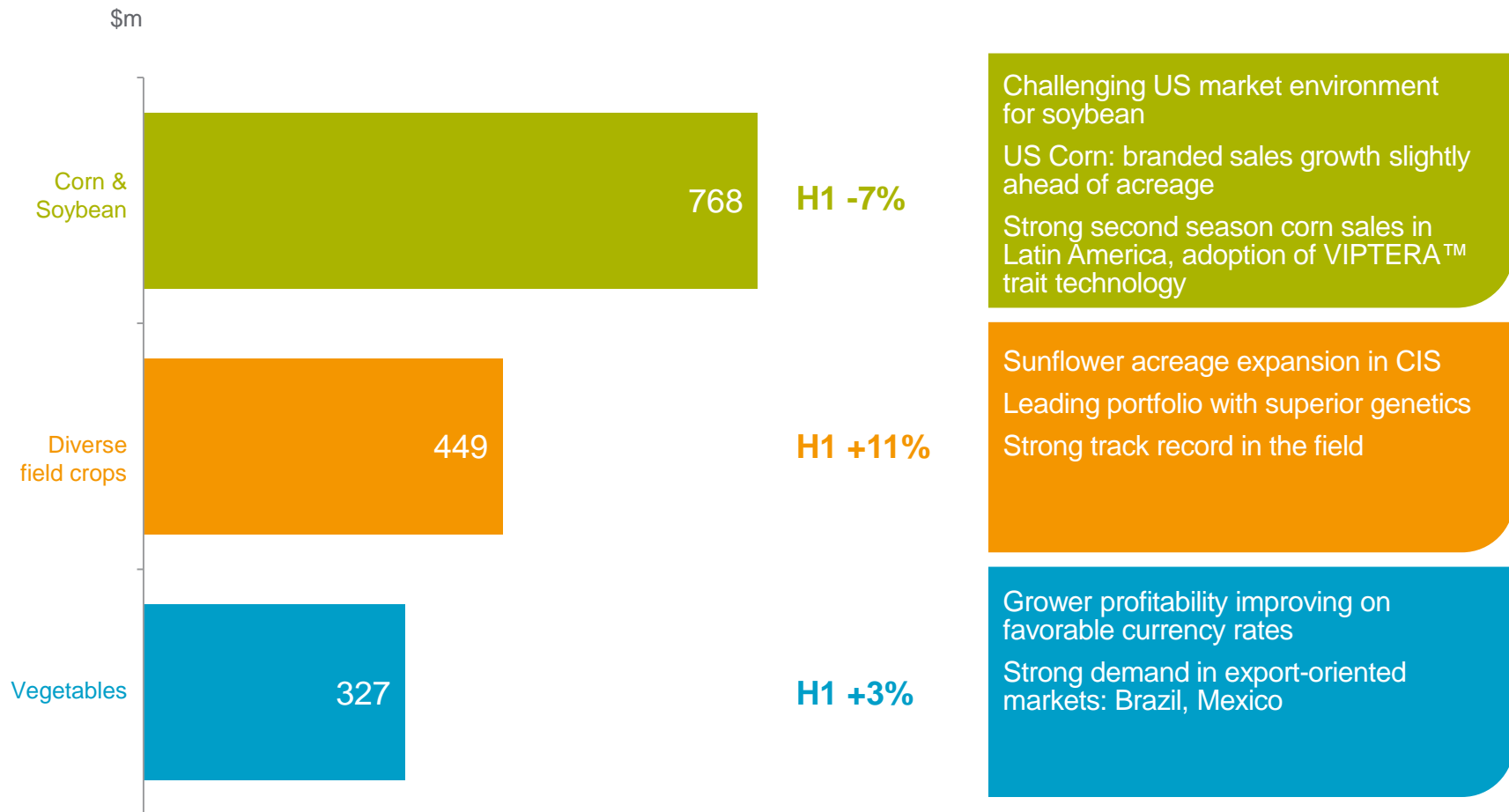
Focus on mixtures to combat weed resistance

 Flexstar®  HalexGT®

Significant profitability improvement achieved

EU business immaterial

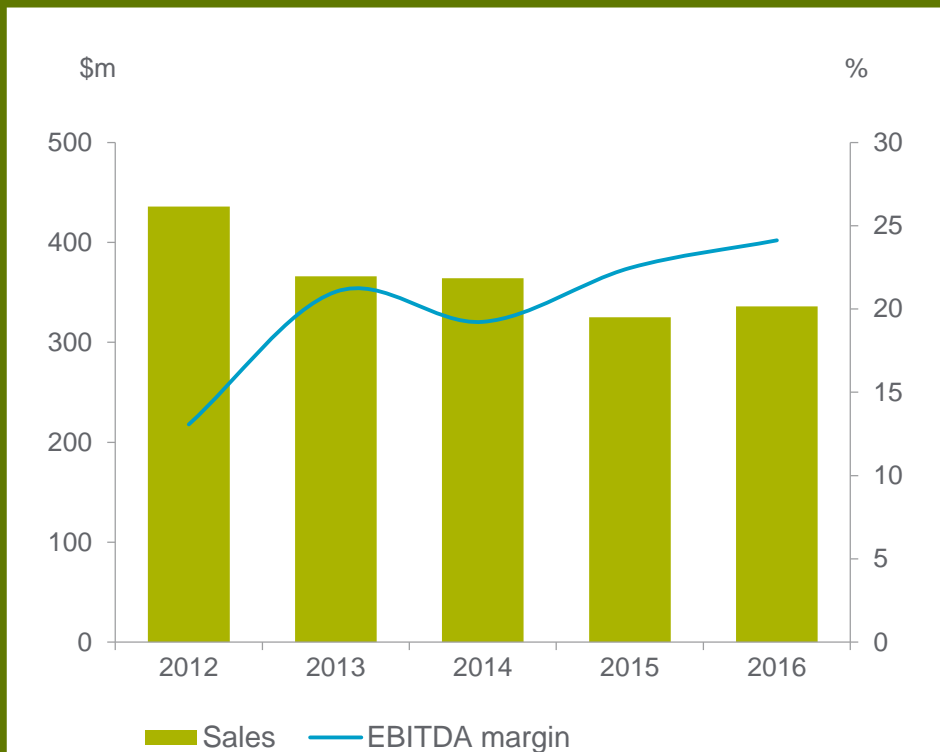
# SEEDS SALES SUPERIOR GENETICS



Growth at constant exchange rates

# LAWN AND GARDEN STEADY PROFITABILITY GROWTH

## 1st half sales and EBITDA progression



### Success of Vector control solutions

- SecureChoice™: protection against Zika virus outbreak in southern US states
- Africa Middle East: product offer to fight malaria in Ethiopia, Mozambique, Western Africa
- Micro-capsulation formulation of ACTELLIC CS® provides longevity: lower spraying costs

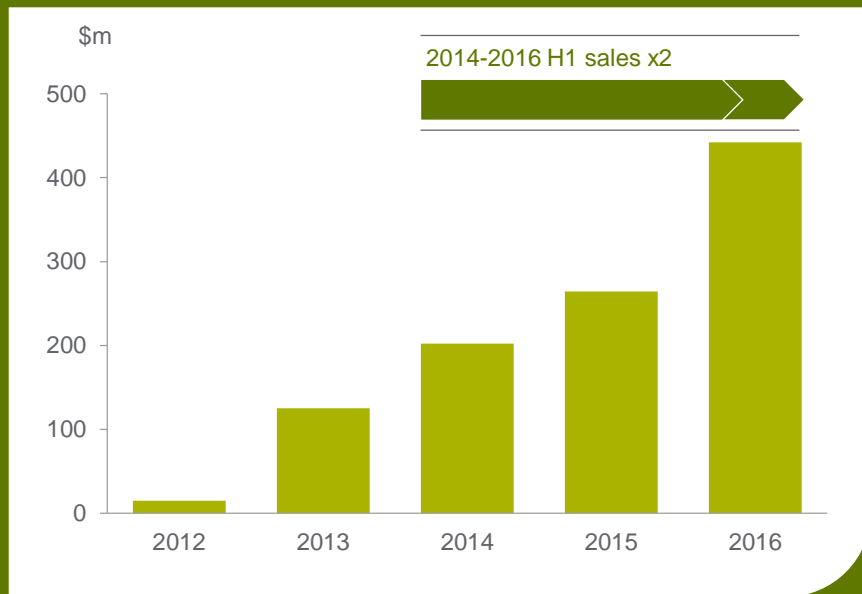
### Increased golf course demand in USA and Japan



# NEW PRODUCTS

## H1 SALES UP 73% CER

1st half new products sales



Continued adoption by US growers: **120m sales increase in H1 2016**



Successful launch in USA and Canada



Expanding SOLATENOL™ based offer in Latin America and North America



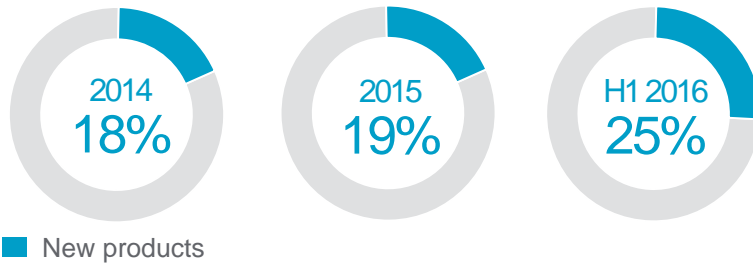
Broad-spectrum SDHI fungicide



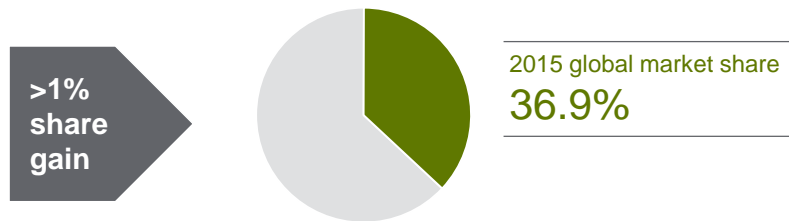
New products: Seguris® Bontima™ Vibrance® Clariva® Elatus™ Minecto™ Fortenza® Acuron™ Orondis™ Trivapro™

# SEEDCARE INNOVATION DRIVES MARKET SHARE GROWTH

## Growing importance in total Seedcare sales






## Significant market share gain in 2015



Source: Phillips McDougall







## Innovative, sustainable solutions tailored to grower needs

- 
**Fortenza™**  
 Broad spectrum seedcare insect control  
 Sales x2 in H1 2016
- 
**Vibrance®**  
 All tailored for seed treatment  
 Double-digit growth in Canada
- 
**Clariva®**  
 Breakthrough innovation for nematode control
- 
**Epivio™**  
 Biological abiotic stress management offer launched in 2016 for soybean in Brazil







# CROP PROTECTION PIPELINE

## PEAK SALES POTENTIAL >\$4BN

### New blockbusters in the larger markets

PRODUCT 	INDICATION 	CROP 	STATUS 	LAUNCH YEAR 	PEAK SALES 
ADEPIDYN™	Fungicide	Cereals, corn, soybean, specialty crops, vegetables	STAGE 3	2016	>\$750m
Lead 1	Insecticide	Multiple crops	STAGE 3	2021	>\$750m
Lead 2	Herbicide	Multiple crops	STAGE 2	2023	>\$600m
Lead 3	Fungicide	Cereals, soybean	STAGE 1 (late)	2022	>\$600m
Lead 8	Herbicide	Multiple crops	STAGE 1 (late)	2024	>\$500m

### Large products in smaller segments

PRODUCT 	INDICATION 	CROP 	STATUS 	LAUNCH YEAR 	PEAK SALES 
Lead 4	Insecticide	Vegetables, specialty crops	STAGE 3	2021	>\$250m
Lead 5	Seedcare	Cereals, corn, soybean	STAGE 1 (late)	2021	>\$400m
Lead 6	Seedcare	Multiple crops	STAGE 1 (late)	2022	>\$200m
Lead 7	Seedcare	Multiple crops	STAGE 1 (late)	2022	>\$100m

Stage 1 = invention, optimization

Stage 2 = evaluation

Stage 3 = development and launch

# NET INCOME AND EARNINGS PER SHARE

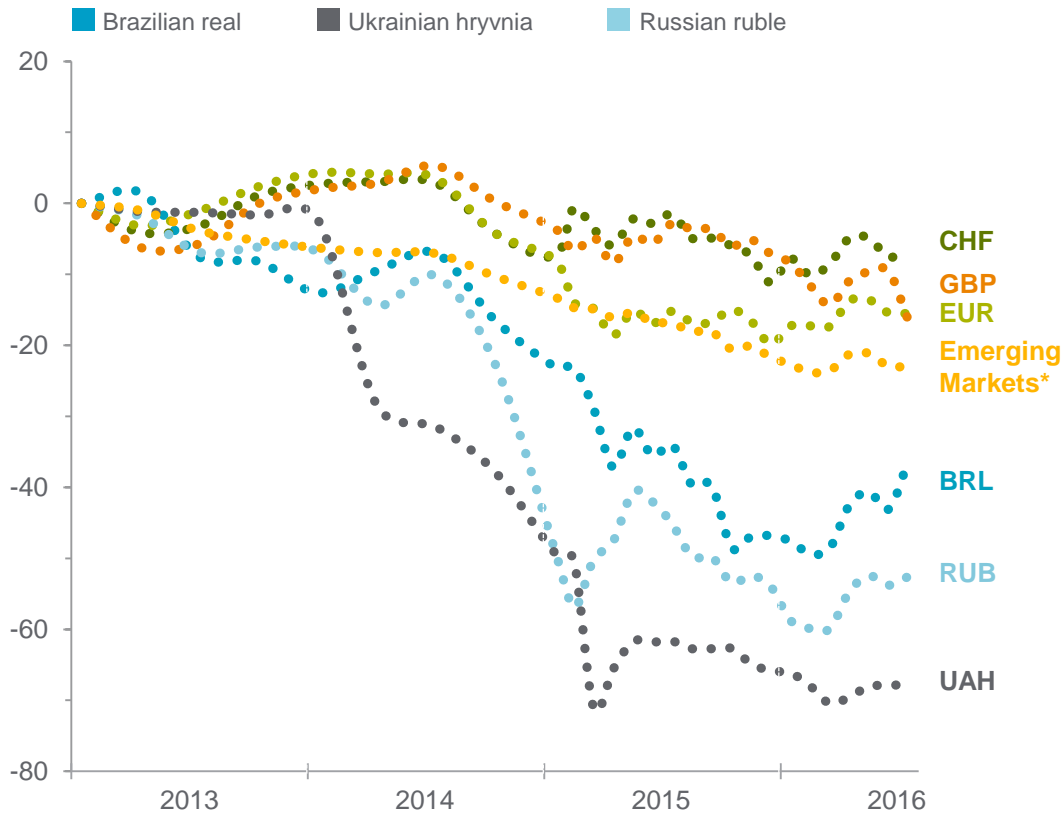
\$m	2016	2015
<b>Operating income</b>	<b>1,496</b>	<b>1,732</b>
Net financial expense	(130)	(101)
Taxation	(203)	(278)
<i>Tax rate</i>	15%	17%
Restructuring	(102)	(134)
Net income	1,064	1,221
<b>Earnings per share</b>	<b>\$12.69</b>	<b>\$14.70</b>

Operating income, Taxation and EPS excluding restructuring and impairment, EPS on a fully diluted basis  
Restructuring net of tax. Net income as attributable to Syngenta shareholders

# CURRENCY

## End quarter % change vs. dollar

(2015, 2016 end month % change vs. dollar) Indexed to December 31, 2012



USD strength resumed post Brexit vote

CHF, EUR and GBP largely hedged

Net short position in GBP: small favorable impact in 2016

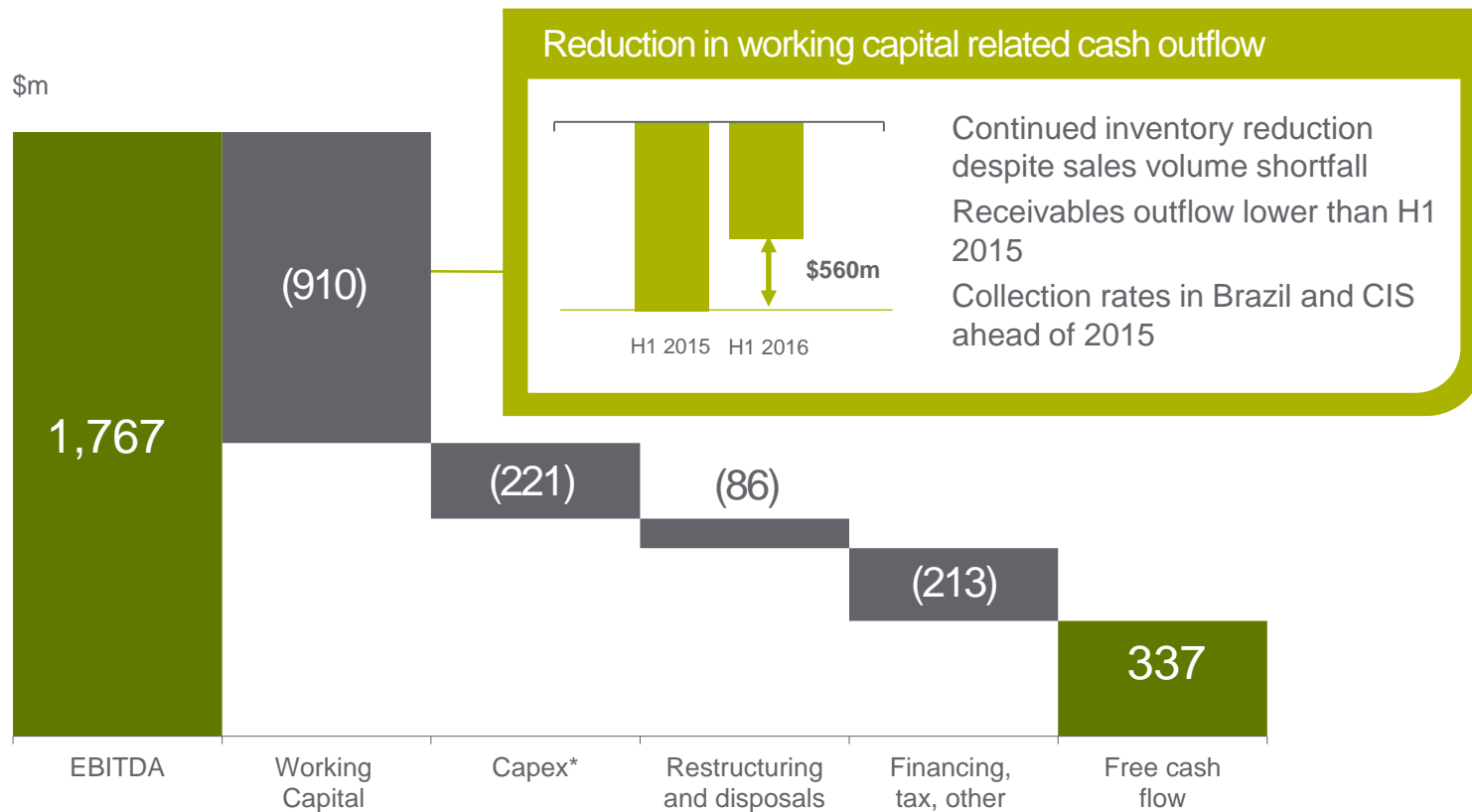
2016 full year outlook

Estimated EBITDA headwind after CIS prices:  
~\$(75)m-\$(100)m

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

# FREE CASH FLOW

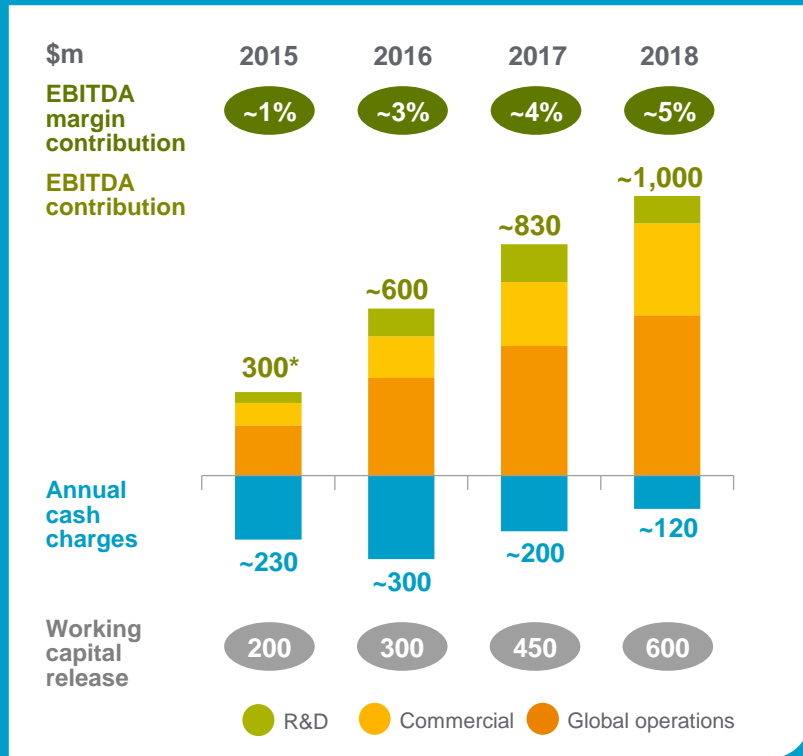
## >\$400m IMPROVEMENT VS. 2015



\* Investment in tangible and intangible assets

# ACCELERATING OPERATIONAL LEVERAGE

## Saving profile



H1 2016 savings: \$140m

2016 savings on track to achieve \$300m target

Significant progress across all functions

Working capital initiatives delivering cash release

Source: Syngenta estimates

\* Includes \$75m under the integrated crop strategy program, completed in 2015

# FULL YEAR FINANCIAL GUIDANCE

## Sales

Slightly lower at CER  
 Mid-single digit decline at reported rates  
 \$239m headwind from Brazil sales terms  
 Non-recurrence of Q4 2015 \$200m royalty  
 H2 growth: APAC, EAME

## Costs

Raw material savings: ~\$100m  
 Cost inflation slightly below 2015 level

## Savings

AOL Savings: ~\$300m

## Currency

EBITDA impact after CIS price increases: ~\$(75)m-\$(100)m

## Other

Restructuring charge ~\$330m\*

EBITDA margin around 2015 level

Free cash flow: >\$1bn\*

\* Before acquisitions, excluding ChemChina transaction-related costs





# ERIK FYRWALD

## CHIEF EXECUTIVE OFFICER

# PRIORITIES FOR THE SECOND HALF

- Capitalize on LATAM opportunities while managing risk
- Achieve double-digit growth in Asia Pacific and Europe, Africa and Middle East
- Maximize momentum of new products
- Continue focus on productivity
- Deliver free cash flow of >\$1 billion\*
- Close the ChemChina transaction

\* Before acquisitions, excluding ChemChina transaction-related costs

# CHEMCHINA OFFER STATUS UPDATE

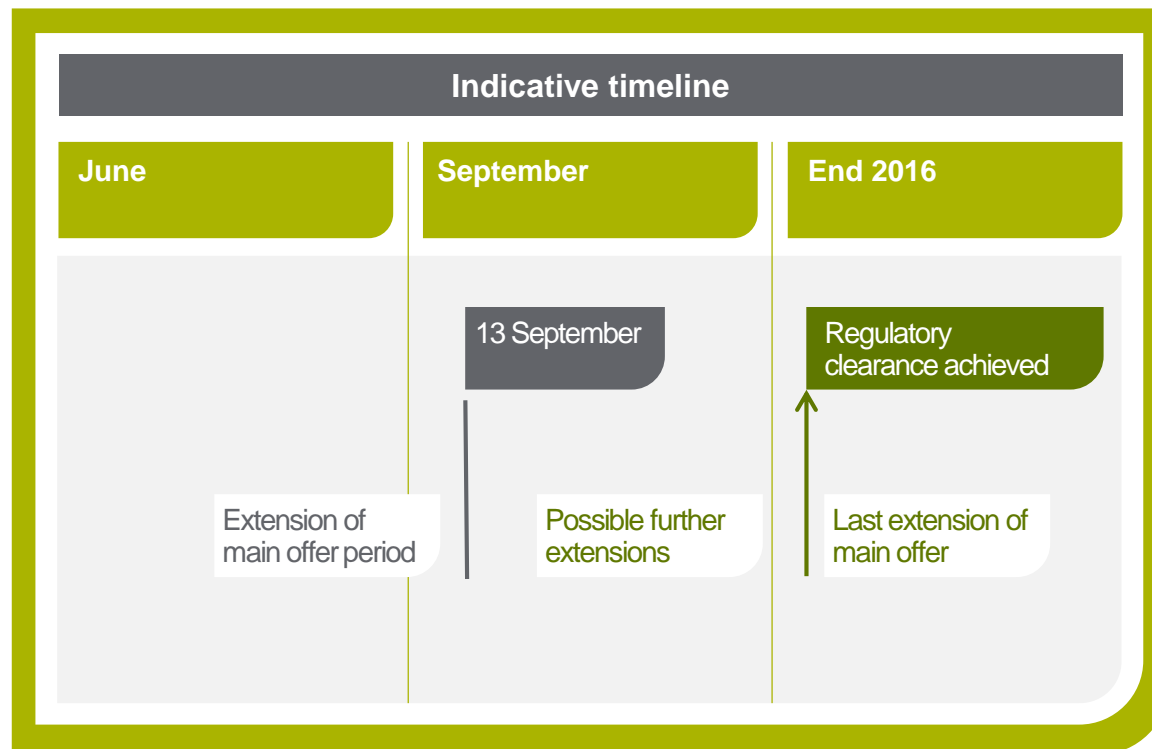
**Constructive discussions  
with all regulatory  
authorities**

**ChemChina refinancing  
underway**

– Bridge financing committed  
and irrevocable

**Swiss and US Public  
Tender Offers extended to  
13 September**

**Transaction expected to  
close by year end**



# SAFE HARBOR

## **ADDITIONAL INFORMATION AND WHERE TO FIND IT**

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