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April 29, 2014, Basel, Switzerland

Annual General Meeting Syngenta AG

Chief Executive Officer’s speech

Mike Mack, CEO

Good morning. The last three years have been a time of intense activity at our company. We have implemented an integrated strategy which is transforming the way we do business and the face we present to our customers. I should like to start on this occasion by thanking all our employees worldwide for their energy and dedication over this period. This has been reflected in the continuous growth of our business and the uninterrupted pursuit of our purpose - Bringing plant potential to life.

Integrated strategy: first three years (slide 2)

During these first three years we have laid the foundations for enhancing both growth and profitability in our business. The integration of our commercial teams has already brought clear benefits. We have set up eight global crop teams, whose role is to maximize the global opportunity for each crop and to stimulate innovation.

We have already launched a number of integrated offers across crops, with the scale of those offers now increasing. Sustained sales growth and investments in marketing and R&D have underpinned our confidence in raising our long term sales target from over 22 billion dollars to 25 billion dollars in 2020.

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On track for 2020 target (slide 3)

We remain on track to meet this target, which is based on projections for our existing offers and detailed pipelines by crop. The implementation of our strategy has brought us closer to the customer, and the expansion of our seeds business is further deepening the relationship, with seeds the key purchasing decision for many growers.

And over the next six years our global offers will increasingly be amplified through new business models and collaborations.

2013 Syngenta highlights (slide 4)

Let me turn now to the financial highlights for 2013. Integrated sales were up 6 percent, which gives a compound average growth rate since the strategy launch of 9 percent. Emerging markets maintained their record of double digit growth and now account for over half our sales.

Profitability in 2013 however was affected by lower trait royalty income and by non-recurring Seeds costs. As a consequence earnings per share were 12 percent lower. This is a disappointing result for the management and employees of Syngenta and for you, our shareholders. However, the factors affecting profitability were in large part one-offs and should not diminish our confidence in the underlying business. Looking ahead, we will continue our focus on cost and capital efficiency and are now targeting an EBITDA margin between 24 and 26 percent by 2018.

Continuing track record of operating expense leverage (slide 5)

The chart shows our continuing track record of cost efficiency. Since the company’s creation, we have consistently reduced operating expenses as a percentage of sales, as you can see from the orange line, with a further 70 basis points reduction at constant exchange rates in 2013. At the same time, we've been making growth investments in order to drive top line expansion.

The reported EBITDA margin during this period has been adversely affected by cumulative currency headwinds of more than 300 basis points, but underlying profitability has increased steadily until 2013.

We are determined to resume the trend of increasing profitability and to that end have announced a program to accelerate operational leverage as we continue to grow the top line.

Accelerating operational leverage (slide 6)

The program targets annualized efficiency gains totaling 1 billion dollars by 2018. This will be equivalent to an EBITDA margin improvement of approximately 5 percent based on our long term sales plan. The first gains will be realized in 2015, and the program will also enable a significant release of working capital as shown in grey at the bottom of the chart.

The total cost of the program will be around 900 million dollars, representing a savings return rate of over 100 percent.

Increasing cash return to shareholders (slide 7)

Before moving on to a review of our strategy, let me conclude the financial summary by putting the dividend payment for 2013 into context. Since 2001, the dividend has increased at a compound annual rate of 30 percent compared with a 20 percent increase in earnings per share. We are committed to ongoing increases supported by the strength of our balance sheet, with a net debt to equity ratio of 24 percent. This allows us to maintain flexibility for acquisitions and tactical share buybacks.

Addressing grower challenges (slide 8)

Integrate, innovate and outperform are the cornerstones of our strategy.

Integration means not only leveraging a combined field force, but also marketing integrated offers that bring the customer more in terms of yield, quality and convenience. Innovation means maintaining a high level of investment in R&D to launch blockbuster new products as well as breakthrough solutions that transform the way crops are grown. Success in these two objectives will deliver the third one, through outperformance in the field and against our competitors.

I'd now like to show you two examples of commercial integration bringing results in the field, and I'll then move on to some recent innovations.

Iberia: consistent share gain (slide 9)

In Iberia, growers have been under pressure as a consequence of the economic downturn. As you can see from the bubbles in grey, neither the crop protection nor the seeds market has grown over the last three years. Syngenta on the other hand has consistently grown throughout, thanks in large part to the quality of our people and the go-to-market model. This is putting us in a strong position as the overall market begins to recover.

A key driver has been the development of our integrated portfolio notably in Vegetables, one of the largest segments in Iberia. We have a particularly strong portfolio in the key crops of peppers and tomatoes. Our Integrated Crop Management provides industry-leading genetics and a comprehensive crop protection protocol including biologicals.

Looking ahead, we will be expanding on our traditional Cereals business, focused on selective herbicides and fungicides, to launch Hyvido, a complete program based on hybrid barley.

ASEAN: demand creation focus (slide 10)

Turning now to an emerging market example. Since integration, sales in the ASEAN countries have grown at a compound annual growth rate of 12 percent. Our crop-driven strategy is aligned with government agendas particularly in the case of rice, where we are actively driving technology adoption through integrated offers such as GroMore.

Our strong partnerships with local distributors enable us to reach millions of smallholder farmers. Our capability building programs have been highly effective in training not just our own sales people but also the distributor representatives.

The scaling up of our seeds business in Rice, Vegetables and Corn is generating new opportunities in crop protection and contributing to a high level of profitability.

Crop protection: new products (slide 11)

Globally we have maintained our leadership position in crop protection sustained by a high rate of innovation. In 2013 sales of new products almost doubled for the year.

The insecticide DURIVO continues its rapid expansion with sales up by more than 60 percent in Brazil and strong growth in the US.

SEGURIS is a fungicide from the new SDHI chemical class, which controls a number of major diseases in cereals.

Our new seed care product VIBRANCE saw sales surpass 120 million dollars, with launches in North America, Australasia and Central Europe.

The peak sales potential for the products shown on this slide is over 850 million dollars. And there's more to come, as you can see from our chemistry pipeline**.**

Crop protection potential and pipeline: key launches (slide 12)

The total peak sales potential of our pipeline is over 2 billion dollars. The introduction of these new active ingredients, increasingly as part of integrated offers, underpins the 25bn dollar sales target for 2020.

This year alone we have three new launches, of which the most significant will be ELATUS, another SDHI fungicide.

ELATUS: securing reliably higher yields for soybean growers (slide 13)

At the end of February this year, ELATUS received regulatory approval in Brazil, which will be its largest market. ELATUS gives Latin American growers a new tool to control soybean rust, a devastating disease which has caused 20 billion dollars in crop losses since it first emerged in 2001. It offers substantially higher yield compared with both the current standard and with new chemistry from our competitors. In addition, the interval required between applications is 7-10 days longer which gives growers greater flexibility in the timing of sprays and improves resource efficiency.

ELATUS also has significant potential on other crops and we have filed for approval in the EU and North America.

Sunflower: driving growth through innovation (slide 14)

Innovation in Seeds takes place on a continuous basis with numerous new varieties and hybrids introduced every year. Sunflower is a good example, with compound annual growth of 20 percent founded on our leading germplasm. This includes IMI hybrids – seeds that are resistant to a certain type of herbicide. We have developed integrated weed management offers combining the seeds with new herbicide products as part of a full crop protection offer.

Acquisition of MRI in Zambia (slide 15)

In addition, we have consistently enhanced our Seeds capability through strategic acquisitions. One such example is MRI in Zambia, a leading producer of white corn seed with a diverse germplasm portfolio and extensive production areas.

The acquisition will allow us to create a corn seed hub to serve East African markets with additional opportunities in wheat and soybean. MRI is a leading distributor of both chemicals and seeds, enabling us to introduce integrated offers.

This marks a step towards our goal of creating a one billion dollar business in Africa by 2022, thereby increasing access to technology among growers and enabling the development of rural communities.

Our engagement in Africa has been catalyzed by the encouraging steps taken by a number of African governments to stimulate investment, and we intend to play a leading role in public-private collaborations.

Who is responsible for ensuring adequate food supply? (slide 16)

Globally, the role of governments in ensuring an adequate food supply is of course critical. However, the scale and scope of the challenges before us are too great to be met without the broad engagement of all those who are concerned with the future of agriculture.

We believe that business must play a greater role – responsible companies won't have any customers if they are not part of the solution.

Our contribution in action (slide 17)

Since our company's creation, we have developed numerous projects to broaden the scope of our contribution. In Europe for example, as I showed you last year, we have established thousands of hectares of biodiversity margins through our Operation Pollinator. These margins provide more natural habitat for birds and insects and also result in increased crop yields through better pollination.

In both the USA and Brazil, we have been improving soil and water quality and creating new habitats for birds and animals.

Product safety is integral to our R&D investment but we carry our responsibility beyond the laboratory and into the field. Last year we trained 2.8 million smallholders in the safe use of our products, with Asia a particular focus.

The Good Growth Plan (slide 18)

Now we are taking our contribution to a new level with the launch of our Good Growth Plan, which we've introduced to you today. This plan is the most comprehensive and ambitious in the industry. It comprises six major commitments which we aim to achieve by 2020.

First, we want to make crops more efficient. We will increase the average productivity of the world's major crops by 20 percent. Importantly, this means that we will grow more food without increasing either the land area under cultivation or the volume of water and pesticides used.

Secondly, we want to rescue more farmland and to help biodiversity flourish. We will improve the fertility of 10 million hectares of farmland currently on the brink of degradation through practices such as minimum tillage and crop rotation. And we will build on Operation Pollinator to enhance biodiversity on five million hectares of farmland.

And finally, we want to improve health and reduce poverty among smallholder farmers, and improve worker safety. Over the next seven years we aim to reach 20 million smallholders and to enable them to increase productivity by 50 percent. We will train 20 million farm workers, especially in developing countries, on labor safety. And we aim to look after every worker by striving for fair labor conditions throughout our entire supply chain.

Ladies and gentlemen, these are ambitious objectives. We will put all the passion and skills of our company behind them, and will seek partners to help us achieve them. They represent our contribution to the challenge of food security for a growing population on a planet with limited resources.

Thank you for your attention.

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