



Grassland AGRO

"Innovative inputs for maximum farm output"

ITLUS 2014 Conference

The Challenges and Opportunities Ahead for Irish Farming

Liam Woulfe

Overview

- My background
- Grassland AGRO
- International Fertiliser Markets & Trends
- Global Agri-Markets and Prospects
- Business of Farming – Success in planning
- My Investment Goals

LW Background

- Corporate Management for almost 30 years
- Stewardship of more than 10 different businesses
- Built a portfolio of personal investments
- Exposed to all types of business challenges
- In 2001 – the decision to concentrate on managing investment activities that will yield more personal capital growth

Who is Grassland Agro?

- Grassland Agro was born on the 1st of Feb 2013 by the merging of Grassland Fertiliser with Groupe Roullier's Irish business
- It's a 50/50 JV between Groupe Roullier and Freshgrass Group
- Grassland Agro has full access to all the products, Technology and R&D of Groupe Roullier
- We have a turnover of c€130m
- Groupe Roullier, which is a family owned business has an annual turnover of c€3.4Bn with operations in 49 countries
- Groupe Roullier has 7,000+ employees including 350 in R&D



The Mission of Grassland Agro

Our Mission is to supply Irish farmers through the Merchant/Co-op trade a comprehensive range of Farm Inputs to enable them to increase output and profit on a sustainable basis.

Our MOTTO is:

“Innovative inputs for maximum farm output”



Grassland AGRO

“Innovative inputs for maximum farm output”

Key Product Areas

Fertiliser

Commodity

LUSHGRASS

GRANUCAL

NUTRIGRAZE

Slurry
Enhancer

Acti glene

Speciality

N-PROCESS

PHYSALG⁰⁰

Hygiene

HYPRED

HYDiet[™]
NUTRITION-CYCLE

Bio stimulant

FERTIACTYL[®]

FERTILEADER[®]
Stimgrass

STARTER
Physiostart[®]

Seactiv[®]
EUROPEAN PATENT n° 03140256.3

Soil
Conditioner

PHYSIOLITH

Bedding
Agent

Acti san

Mineral
Blocks

MINERAL LICKING BLOCK
eurobloc
Calciumgrit Blöcke

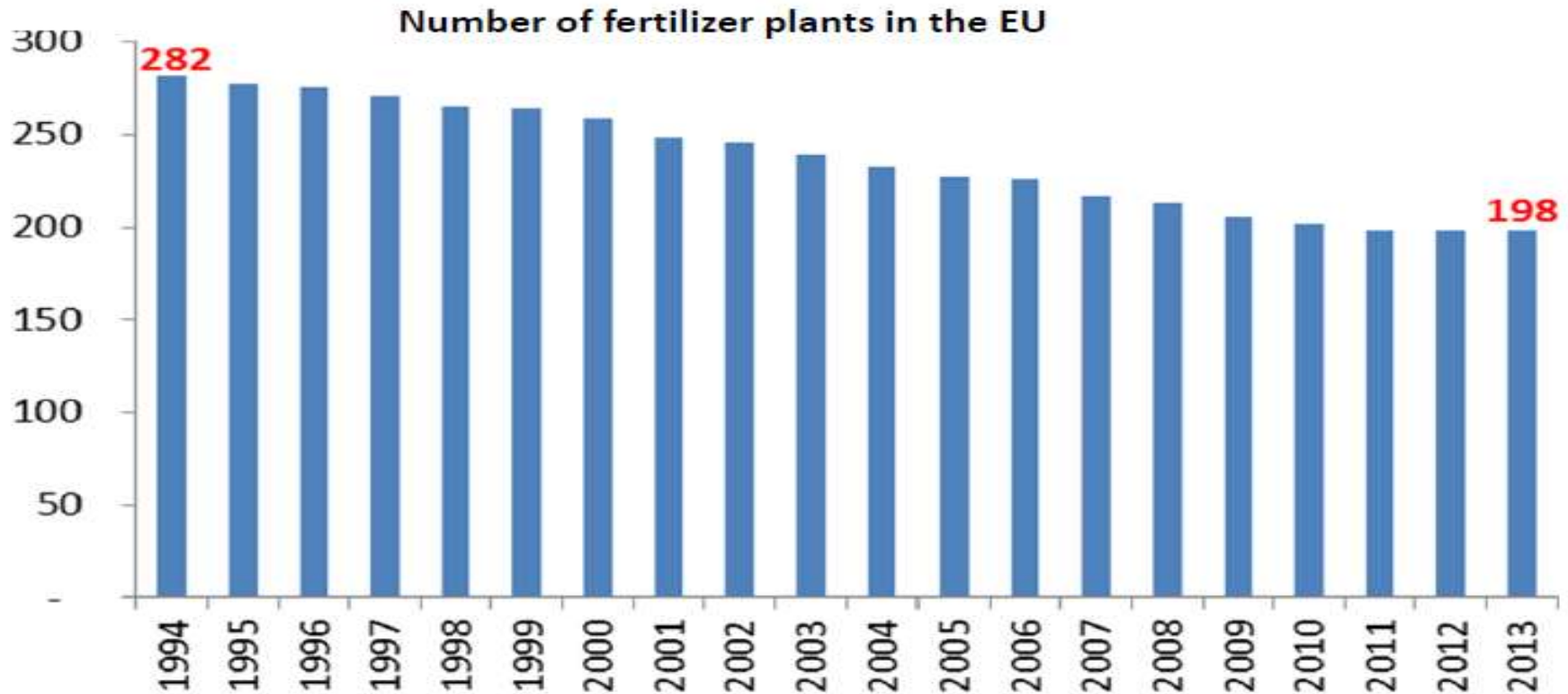
Current to Medium- Market Outlook for fertilisers

- There will be continuous raw material volatility as a result of a world pricing for cereal and energy crop output
- Fertiliser prices will be subject to higher 'swings' due to increased influence of the 'political' support for domestic food
- Fertiliser prices will also be strongly influenced by the enthusiasm of key countries
- There will be a much increased focus in the management of farms and specifically the application of fertilizer in the context of the 'Soil, Plant and Environmental needs'

Current to Medium- Market Outlook for fertilisers Contd.

- World Urea fertilizer manufacturing capacity will increase but is unlikely to have a significant price impact in the short term ie 1/ 2 years
- The Global Economic crisis will continue to cause distortions in the behaviours of traditional financial models.
- The supply interruption effect of political turmoil could significantly influence nitrogen prices and Urea availability

EU Fertiliser Plants



Source: Fertilizers Europe



Grassland AGRO

"Innovative inputs for maximum farm output"

The Global Market Environment

- Population Growth -3bn 1960, 7bn '10, 10bn '50)
- Middle class to grow by 3bn by 2032
- Developing Countries- rapid growth
- Competition for resources- Energy, Minerals and Water

The Environmental Backdrop

- Sustainable production (economic + Environmental)
- Protect Soil and Water
- Consumer Expectations
- Regulations (Nitrate, Water framework, Birds & Habitats)
- Bridging measures

Dairy Growth -EU

- Opportunity after Quotas
- Global demand greater than supply
- Ireland- can achieve 50% growth by 2020, plus 2% p.a. after that
- Other EU (D, FR, POL +8%, NL +15%, UK- ??)
- But, weather, food safety, energy and global economy can impact
- Greater price volatility



Grassland AGRO

"Innovative inputs for maximum farm output"

Ireland Food Harvest 2020

- Approach- SMART
- Opportunity- GREEN
 - **Overriding Goal**- Sustainable Growth
- **Output Targets for key Sectors 2020**
 - Exports food & Drink €12bn by 2020
 - Dairy + 50% volume (2.7bn litres)
 - Beef + 20% value (revised to 40%)
 - Sheep + 20% value
 - Pig +50% value
 - Cereals and Crops + ?
- Inputs Targets for Key Sectors to 2020

Cereals/ Arable Sector

- Irish Cereal production only 80% self sufficient
- Cereals growing –low return on capital
- Cereal sector prices and profitability directly reflect World Price volatility
- Need massive scale and efficiency to sustain a vibrant income

Opportunities

- 1. Is there an opportunity with greater demand due to the higher Irish Consumption post quota?
- 2. Why has the EU to import 70% of its feed protein? Is this sustainable?
- 3. Can the EU sustain having only 2% of its Soya consumption produced in the EU?

Key Points

- Tillage Crops need to go up the Added Value Chain
- Urgent need to do further research to increase the output of Protein Crops in Ireland
- Deeper Partnerships needed to ensure Profitable Production, Security and Consumption of Crops

5 Year Focus

Land Use Potential Lee and Diamond '72	Move all land to Optimum Fertility Ireland L.U Potential as per 1972 Study c10m Mean L.U in Ireland 2010/2102 4.2m
Dairy	Increase output and profitability per cow but especially per hectare
Grass	Increase Grass output to 12/15/t per Hectare
Cereals	Increase profitable output by 20% + per hectare

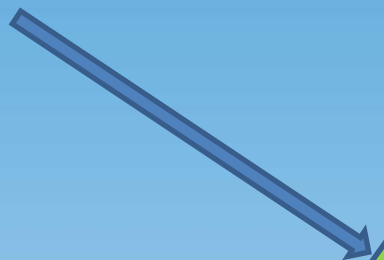
To Deliver these outcomes:

-A paradigm shift is required

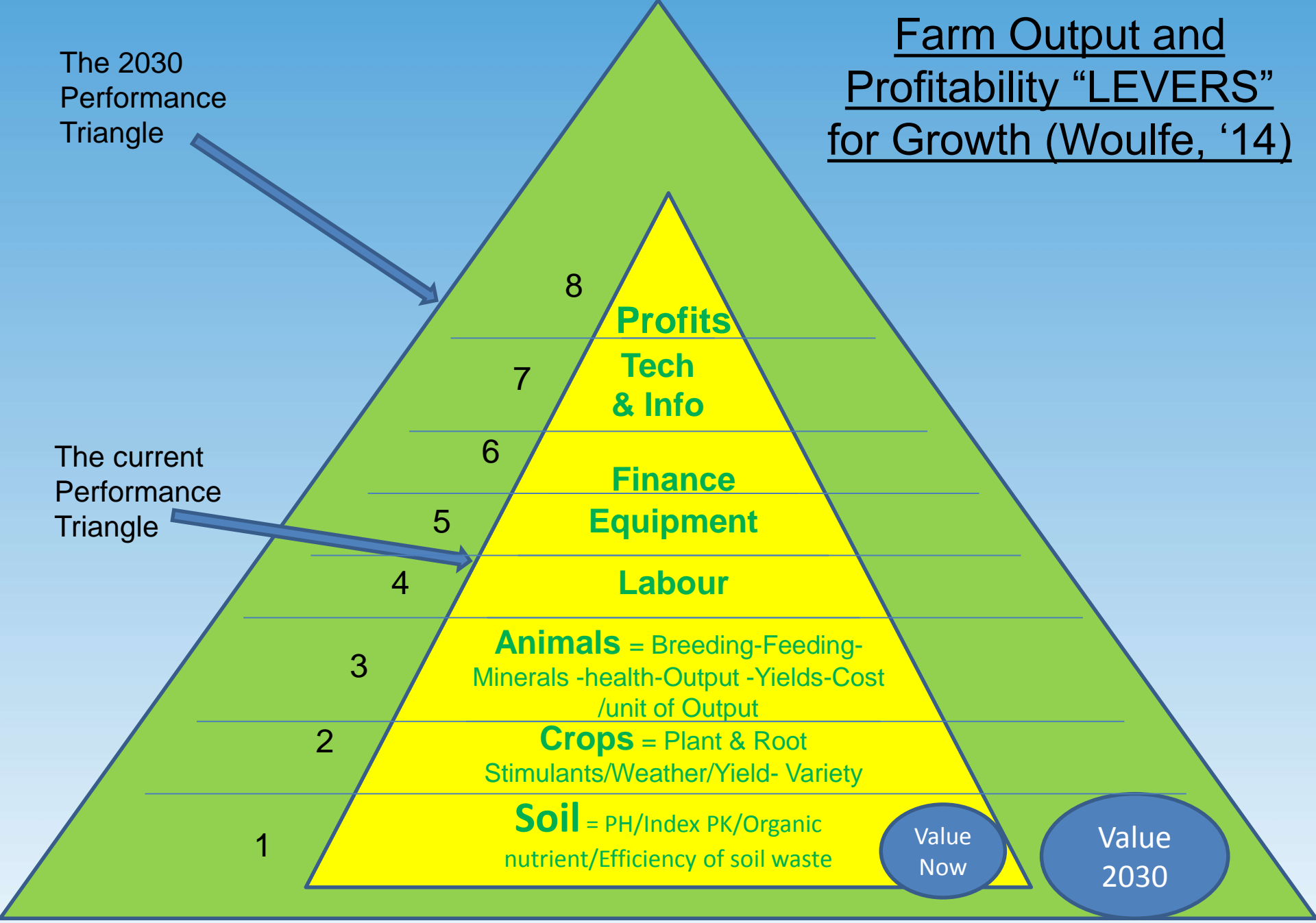
“We can no longer continue to do the same things each year and expect a different result”

Farm Output and Profitability "LEVERS" for Growth (Woulfe, '14)

The 2030 Performance Triangle



The current Performance Triangle



8

Profits

7

Tech & Info

6

Finance Equipment

5

Labour

4

Animals = Breeding-Feeding-
Minerals -health-Output -Yields-Cost
/unit of Output

3

Crops = Plant & Root
Stimulants/Weather/Yield- Variety

2

Soil = PH/Index PK/Organic
nutrient/Efficiency of soil waste

1

Value Now

Value 2030

Objectives:

There are three broad objectives

- Personal and family
- Potential key Shareholders/Promoters
- Business

Aligned objectives = No internal obstacles to business development



Then agree key Investment Criteria

Key Investment Criteria

- Ideally based in Ireland
- High Entry Barriers
- Branded with a significant Market Share
- Servicing real needs
- Under-Performing
- A level “playing pitch” with customers
- Secure business to build on
- No conflicting agendas
- The shareholdings must have 75% from promoters
- The promoters must have expertise to add

4

Conclusions

- Opportunity for Ireland
- Preparations on track (Processing, Marketing, Farmers, Govt, Bord Bia, Teagasc)
- Importance of financial KPI'S for farmers and at each level
- GHG target will need attention!!!
- Prepare for price volatility
- “More from less” for sustainability (and profit)