

NYSE: AVD

2023 FY Earnings Call

March 14, 2024

Call Participants



Eric Wintemute	Chairman & Chief Executive Officer
David Johnson	Chief Financial Officer
Bob Trogele	Chief Operating Officer
Tim Donnelly	Chief Information Officer
Don Gualdoni	Chief Transformation Officer
William Kuser	Director, Investor Communications

Safe Harbor Statement



The Company, from time to time, may discuss forward-looking information. Except for the historical information contained in this release, all forward-looking statements are estimates by the Company's management and are subject to various risks and uncertainties that may cause results to differ from management's current expectations.

Such factors include weather conditions, changes in regulatory policy and other risks as detailed from time-to-time in the Company's SEC reports and filings. All forward-looking statements, if any, in this release represent the Company's judgment as of the date of this release.



AVD Performance 4Q23 & FY 23

- Net Sales+8% 4Q23 VS 4Q22
- Inventory Reduction
- Net Debt Reduction
- Increased Credit Availability

Current Ag Market Conditions

- Corn Price Decline
- Biologicals Gaining Traction
- Procurement Normalizing

Business Fundamentals

- Outperformed AgChem Sector in 2023
- No Overhang of AVD Products
- · 2024 Targets
 - Net Sales up 8-12%
 - Adj EBITDA \$70M-\$80M

Profitability & Growth Initiatives

- Transformation
- Core Innovation, SIMPAS,
 - & Green Solutions



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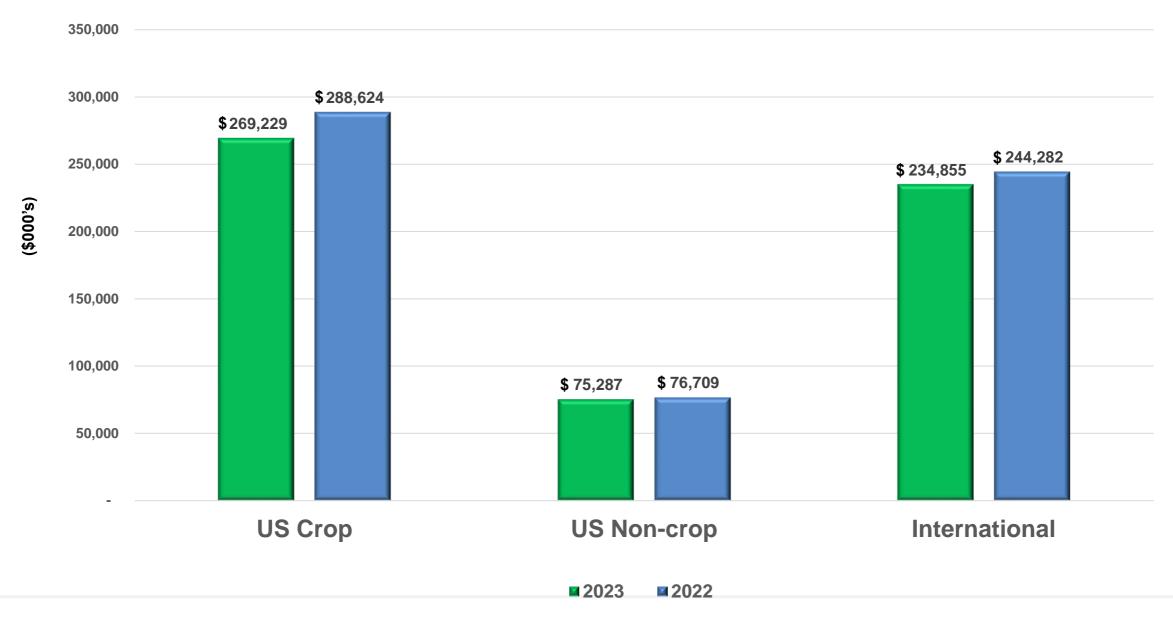
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Net Sales, 12 months Ended Dec 31, 2023 & 2022



2023 Gross Profit Performance

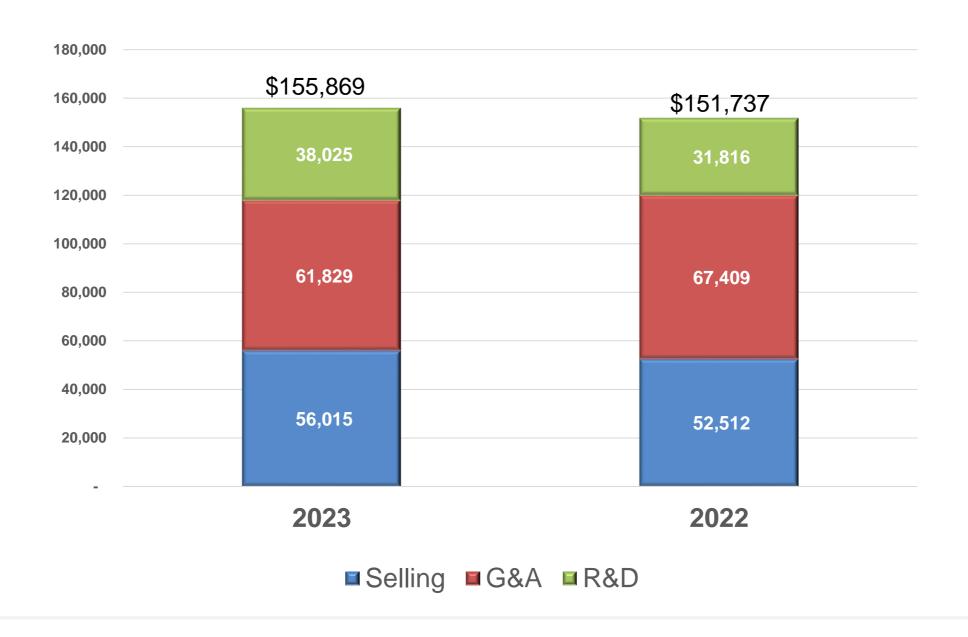


(\$000's)

12-months Ended Dec 31,

	<u>2023</u>	<u>2022</u>	<u>Change</u>
US Crop	\$269,229	\$288,624	-7%
US Non-crop	75,287	76,709	-2%
US	344,516	365,333	-6%
International	234,855	244,282	-4%
Total Net Sales	\$579,371	\$609,615	-5%
Total Cost of Sales	(\$400,207)	(\$417,227)	-4%
Total Gross Profit	179,164	192,388	-7%
Total Gross Margin	31%	32%	





2023 Cash Flow



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	12-months Ended Dec 31,			
		2023		2022
Cash from Operations	\$	29,713	\$	55,529
Change in Working Capital		(88,461)		1,576
Net Cash (used in) / from Operations		(58,748)		57,105
Cash used in Investing		(17,017)		(14,470)
Cash from Financing		66,737		(38,260)
Total Net Change		(9,028)		4,375
FX Effect		116		(332)
Beginning Cash		20,328		16,285
End Cash	\$	11,416	\$	20,328

2023 Statements of Operations, 12 months

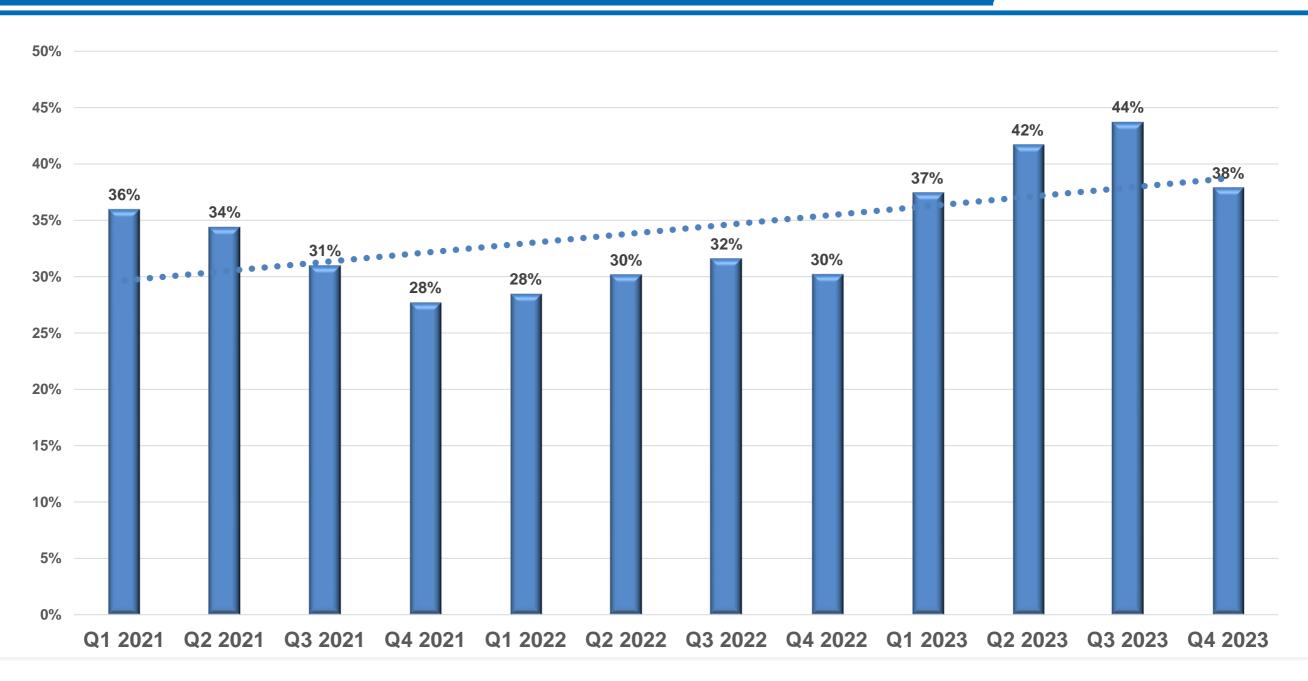


(\$000's)

Statements of Operations	2023	2022	Change
Net Sales	\$579,371	\$609,615	(\$30,244)
Gross profit	179,164	192,388	(13,224)
Operating costs	(155,869)	(151,737)	(4,132)
Operating Income	23,295	40,651	(17,356)
Equity investment MTM	(359)	(732)	373
Interest Expense	(12,639)	(3,954)	(8,685)
Income before Tax	10,297	35,965	(25,668)
Income Taxes	(2,778)	(8,561)	5,783
Net income for AVD	\$7,519	\$27,404	(\$19,885)
Diluted shares	28,533	29,872	
EPS	\$0.26	\$0.92	

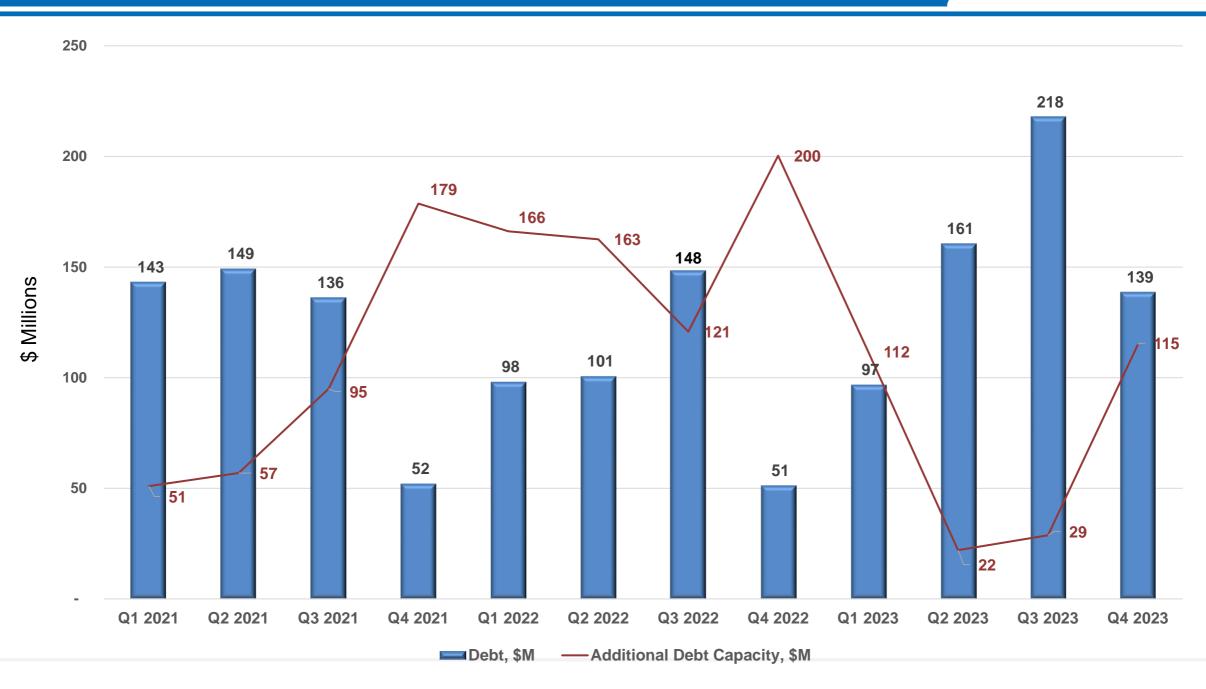
Inventory as a Percentage of Sales (TTM)





Debt & Borrowing Capacity







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Pathfinder aims to unleash AMVACs full potential



Pathfinder transformation Vision

- Unleash AMVACs full potential
- Return to a 15%+ EBITDA company and improve quality of earnings



Why Now



Now is the time to integrate all the acquisitions into a **single**, **well aligned global enterprise platform** to take advantage of scale

Minimal data transparency and inefficient processes is limiting full value capture potential

Growth requires business reinvestment; transformation can free up cash to fund that journey

What will be different



Unifying business transformation plan in place

Company-wide communications connecting employees to transformation

Redesigned organization optimized to deliver company objectives

Operating as **One Team** focused on the immediate and long-term needs of AMVAC

Empowered decision making and accountability with clearly defined and publicized KPIs

Value drivers across workstreams

Operational

Under evaluation in Pathfinder Project



Reaching the ambition requires AMVAC to reimagine how the business operates and design of a structure optimized to support that model

Manufacturing

Capacity & cost improvement through optimized forecasting (e.g., fewer turnarounds), improved reliability, labor productivity improvement, and assessment of insource / outsource opportunities

Planning and inventory

 SIOP process improvement (e.g., rolling 12 month forecast), inventory management process/practices (e.g., SLOB inventory) and performance (e.g., inventory turns)

Procurement

 External spend optimization; raw materials, logistics, and indirect purchasing spend through application of strategic sourcing best practices

Finance/G&A

 Effectiveness and efficiency improvement via exploration of rightshoring, organization right-sizing, and role/wage normalization (e.g., shared services centers across entities, performance management process and bands for wage normalization, etc.)

Commercial/Sales

- Customer and geographic profit improvement, cost-to-serve reduction through right channel mix and varied incentives (e.g., review and offer grower/seller incentives to increase top-line sales)

Product portfolio / R&D

 Portfolio rationalization, patent prioritization, product commercialization (including pricing and promotion design) for increased product profitability (e.g., stop selling crop protection products to focus on Green solutions in some geos., reduce R&D funding for non-commercial patents) Expected allocation of EBITDA benefits

~60%

~10%

~30%

Growth Platforms



• Core New Launches / Mixtures & Formulations

- Green Solutions Up 10% 2023
- SIMPAS Fully Validated



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Q & A