



## **Q4 2021 Year-End Earnings Call**

March 8, 2022

# Safe Harbor

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.

# Agenda

## Opening Remarks

Eric Wintemute  
*Chairman and CEO*

## Financials

David Johnson  
*CFO*

## Green Solutions Update

Jim Thompson  
*Director, Portfolio Strategy &  
Business Development*

## North America Update Including SIMPAS

Scott Hendrix  
*Sr. VP, US Crop Sales, Canada &  
Application Technology*

## Concluding Remarks

Eric Wintemute

# Opening Remarks



Eric Wintemute  
*Chairman & CEO*

# Cornerstones of American Vanguard Investment Thesis

- 1 Leading solutions provider to targeted niches in the agricultural and non-crop industries
- 2 Poised to benefit from favorable industry fundamentals and tailwinds
- 3 Broader geographic footprint providing greater market access and cross-selling opportunities
- 4 Significant embedded value offering clear upside to shareholders thru SIMPAS platform
- 5 Growing Green Solutions portfolio offering breakthrough technology
- 6 Proven innovation capabilities with a compelling new product pipeline to support long-term growth
- 7 Powerful M&A and licensing platform with 20+ acquisition executed over the last 10 years
- 8 Highly experienced management team with excellent track record
- 9 Strong earnings momentum with double-digit % growth anticipated in 2022



<b>Net Income . . . . .</b>	<b>Faster Rate than Revenue Growth</b>	<b>22% Increase</b>
<b>EBITDA . . . . .</b>	<b>Faster Rate than Revenue Growth</b>	<b>20% Increase</b>

# Supply Chain Challenges

- + COVID (Demand Shifts)
  - + Global Factory Disruptions (Force Majeures)
  - + Inflation
  - + Logistics
- = Major Challenges

# AMVAC Supply Chain Response

- Add New Sources for Critical Raw Materials
- Place Orders Well in Advance
- Forecast COG's on Rolling 12 Month Period
- Constant Communication with Global Marketing to Maintain Gross Margins
- Weekly (or more) Meetings with Our 6 North American Factories to Maximize Production and Meet Growing Demands



# Financials



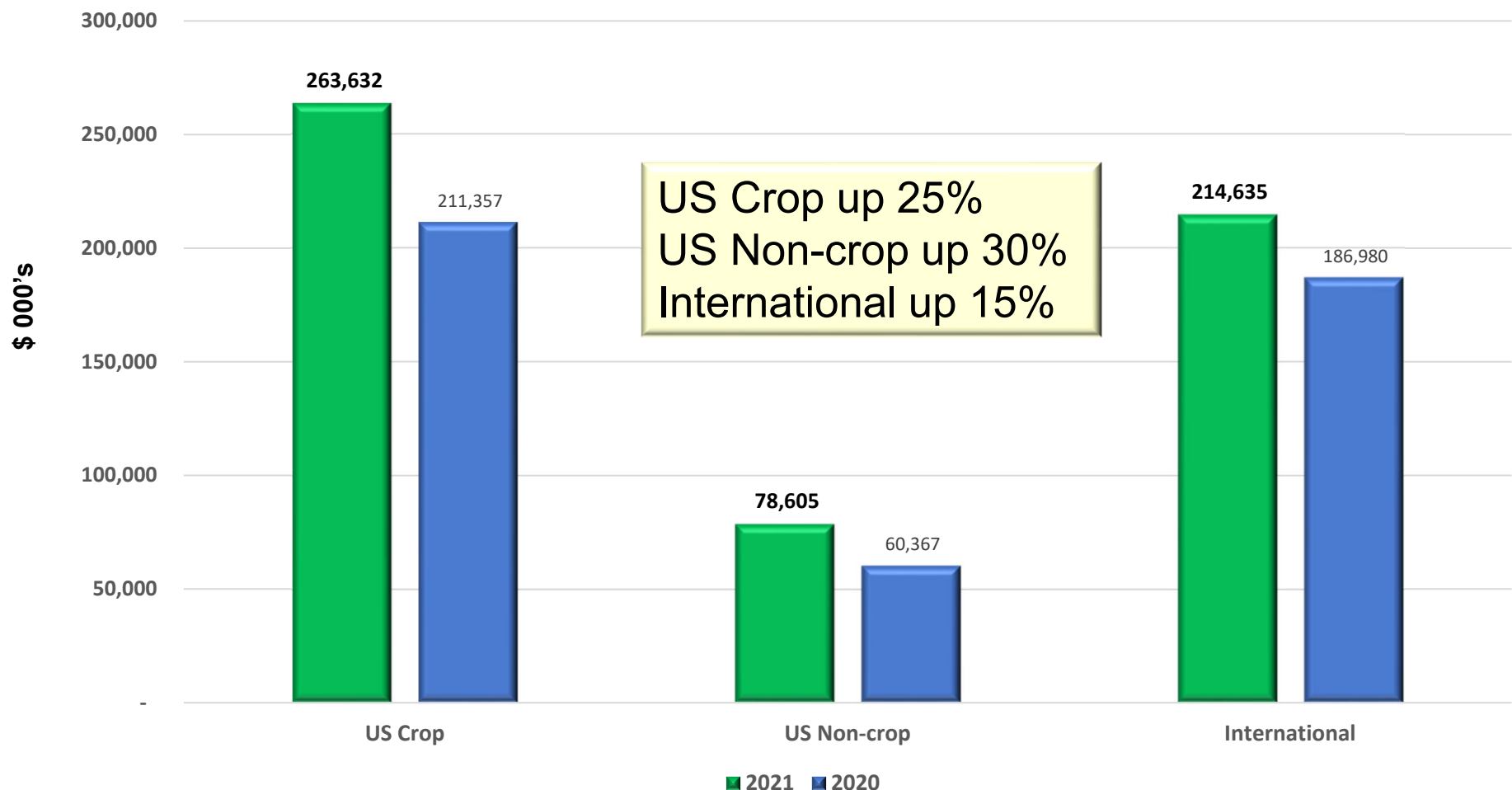
Mr. David Johnson

*Chief Financial Officer*

# FY 2021 Sales

Overall sales 2021 \$557m vs \$459m in 2020 (up 21%)  
International 39% of total in 2021 vs 41% of total in 2020

Net Sales, 12 months Ended December 31, 2021 & 2020



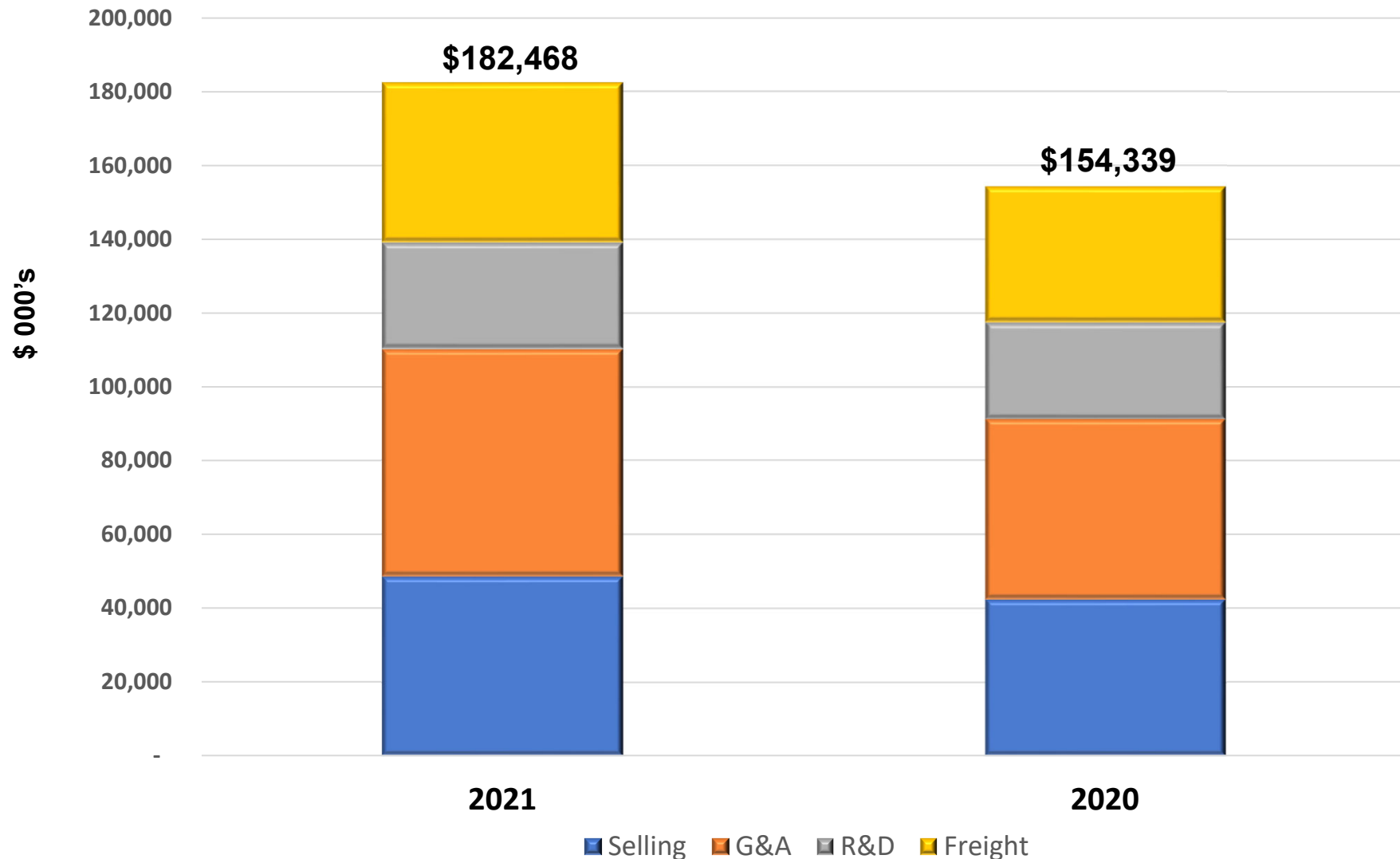
# FY 2021 Gross Profit Performance

(\$000's)

	12-months Ended Dec 31,		
Gross Profit	2021	2020	Change
US Crop	109,568	92,723	18%
US Non-crop	37,443	27,842	34%
<b>US</b>	<b>147,011</b>	<b>120,565</b>	<b>22%</b>
International	66,232	52,025	27%
<b>Total</b>	<b>213,243</b>	<b>172,590</b>	<b>24%</b>
Gross Margin %	2021	2020	
US Crop	42%	44%	
US Non-crop	48%	46%	
<b>US</b>	<b>43%</b>	<b>44%</b>	
International	31%	28%	
<b>Total</b>	<b>38%</b>	<b>38%</b>	

# FY 2021 Operating Expenses

Operating expenses are 33% of sales in 2021 vs 34% in 2020



# FY 2021 Statements of Operations

\$ 000's

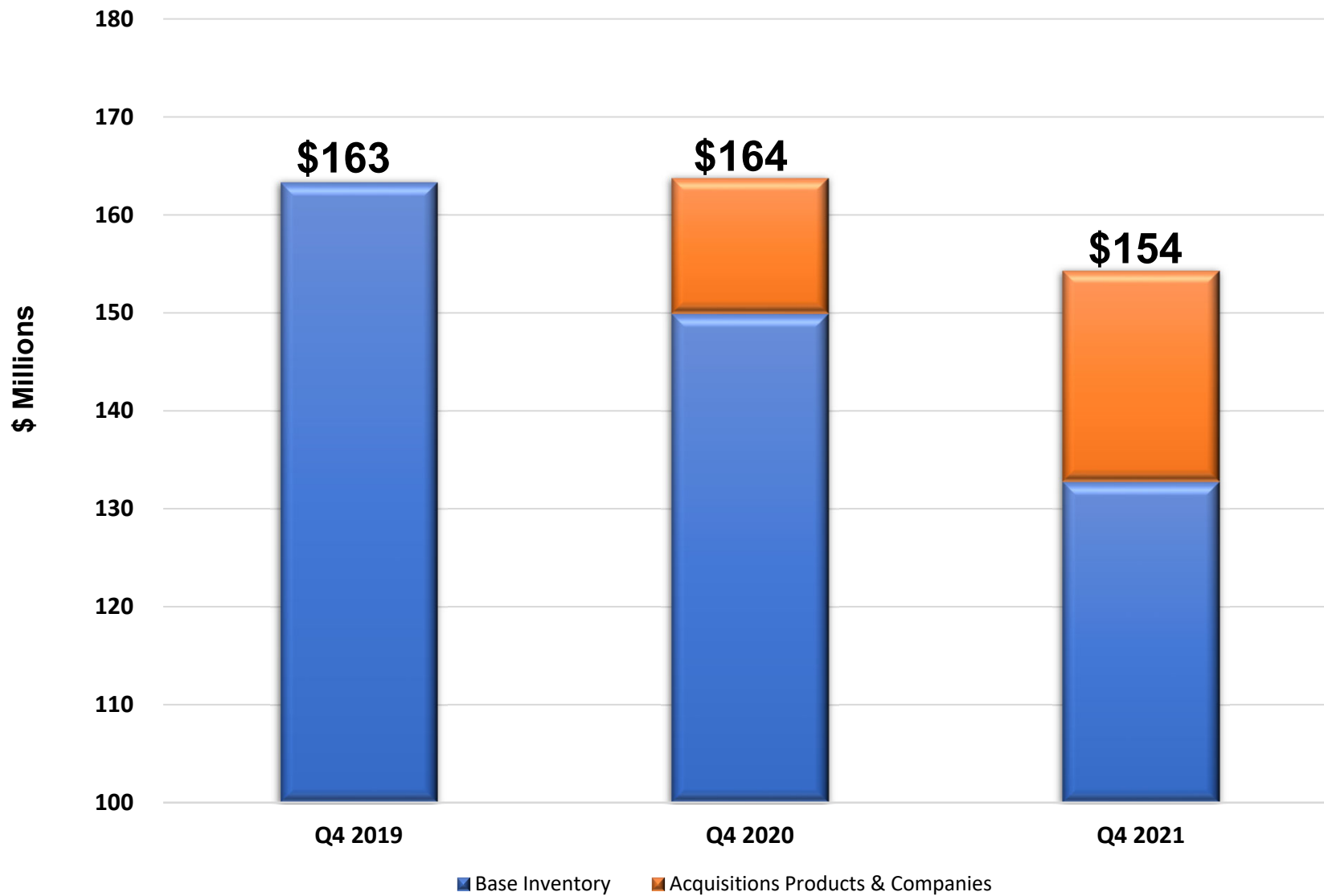
	12 months Ended Dec 31,		
Statements of Operations	2021	2020	Change
Net Sales	\$556,872	\$458,704	\$98,168
<b>Gross profit</b>	<b>213,243</b>	<b>172,590</b>	<b>40,653</b>
Operating costs	(182,468)	(154,339)	(28,129)
Bargain purchase gain	171	4,657	(4,486)
<b>Operating Income</b>	<b>30,946</b>	<b>22,908</b>	<b>8,038</b>
Equity investment MTM	(790)	717	(1,507)
Other income	672	0	672
Interest Expense	(3,687)	(5,178)	1,491
<b>Income before Tax</b>	<b>27,141</b>	<b>18,447</b>	<b>8,694</b>
Tax	(8,166)	(3,080)	(5,086)
<b>Income before equity method</b>	<b>18,975</b>	<b>15,367</b>	<b>3,608</b>
Equity method investment	(388)	(125)	(263)
<b>Net income for AVD</b>	<b>\$18,587</b>	<b>\$15,242</b>	<b>\$3,345</b>
Diluted shares	30,410	29,993	
EPS	\$0.61	\$0.51	

# FY 2021 Cash Generation and Uses

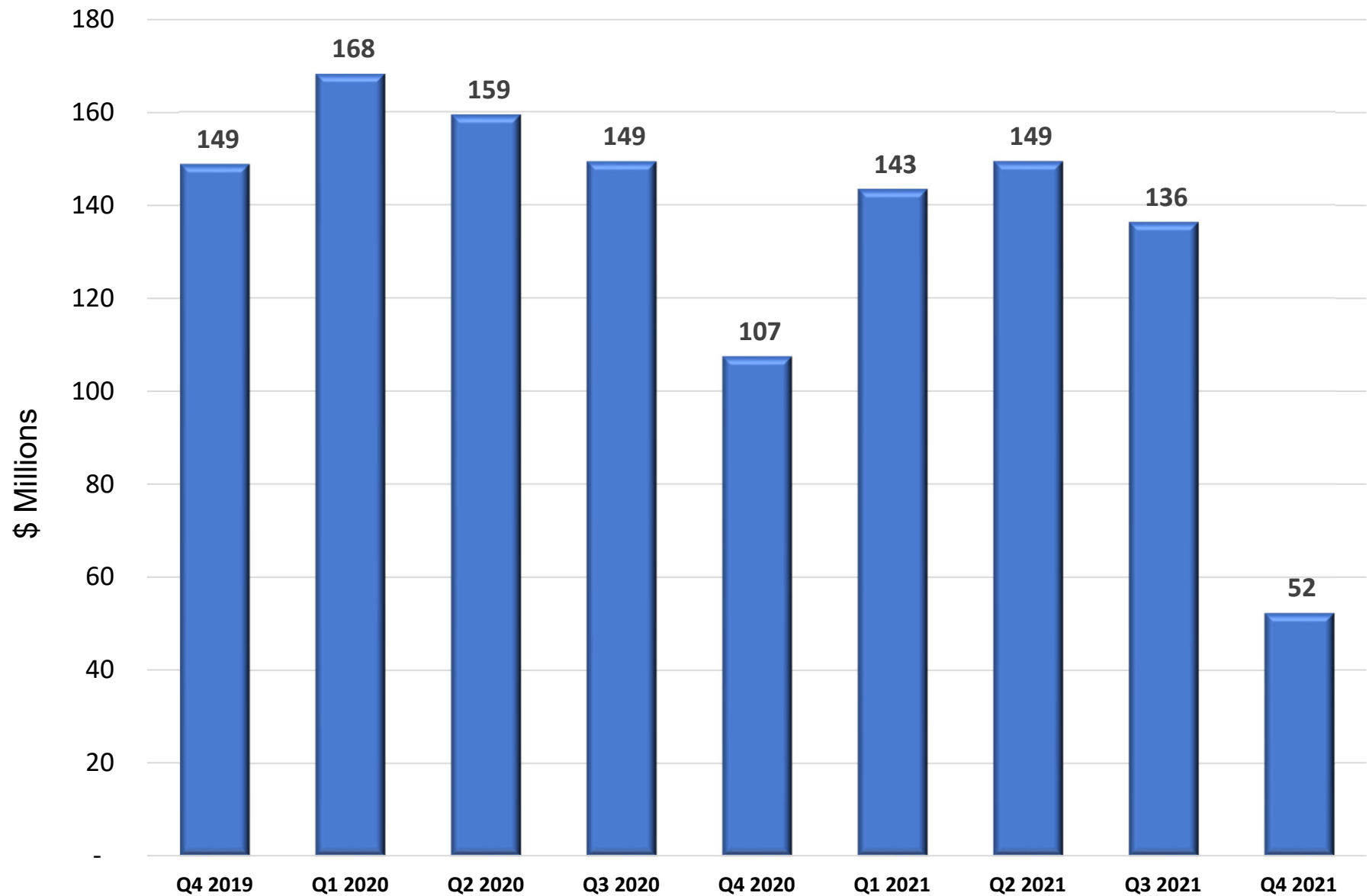
\$ 000's

	<b>12-months Ended Dec 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cash from Operations	\$ 49,669	\$ 39,931	\$ 43,961
Change in Working Capital	36,692	50,393	(34,348)
<b>Net Cash from Operations</b>	<b>86,361</b>	<b>90,324</b>	<b>9,613</b>
Cash used in Investing	(20,042)	(35,795)	(54,837)
Cash from (used in) Financing	(65,871)	(44,440)	46,406
<b>Total Net Change</b>	<b>448</b>	<b>10,089</b>	<b>1,182</b>
FX Effect	(86)	(747)	(769)
Beginning Cash	15,923	6,581	6,168
<b>End Cash</b>	<b>\$ 16,285</b>	<b>\$ 15,923</b>	<b>\$ 6,581</b>

# Inventory



# Debt





# Overall Financial Performance of Operations



*Overall, 2021 has been a strong year. Sales and gross margins are up. Operating Expenses reduced as compared to sales, Operating Income increased strongly, as did Net Income, despite a one-time tax charge. Finally, Debt, when netted against cash on hand, is at the lowest level since 2016.*

# **AVD's Financial Strength Facilitates**

- Share Repurchasing
- Consistent Dividend Payments
- Growth Initiatives Funding
- Strategic Acquisition Opportunities

# Green Solutions



Jim Thompson

*Director, Portfolio Strategy & Business Development*

# **Green Solutions (GS) 2021 Business Update**

## **2021 GS revenue finished \$40M increase from \$22M in 2020**

- Driven by organic growth + acquisitions of Agrinos and Agnova (in 2020)
- Total growth rate of 82% with acquisitions
  - Organic growth rate of 39% without acquisitions
- Latin America and Brazil strong growth geographies

## **2021 Agrinos revenues \$9.5M, a 19% increase from \$8.0M in 2020**

- China and India businesses growing strongly

## **2021 Gross Margins at ~ 46%**

- Higher volumes of AMVAC-produced products
- Growing menu of higher margin products

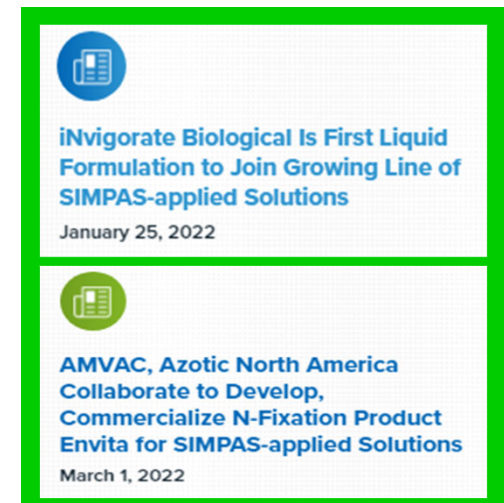
# Green Solutions Activities for 2021-2022

## Expansion of Agrinos Products

- Strong trialing efforts in the US in 2021 will lead to strong 2022
- Global geographic expansion
- Pipeline of tolling opportunities increasing

## SIMPAS Launch of Biological Menu in 2022

- Invigorate and Azotic Envita products launching
- Additional biological product pipeline defined for 2023 and beyond.



## Greenplants Business Expansion

- First sales in China in 2021, growth expected in multiple new geographies

# **Green Solutions Activities for 2021-2022**

## **AMGUARD Technologies product pipeline progress**

- **Strong development effort underway for new broad-spectrum herbicide and insecticide Ai's which will fund future growth**
- **AMGUARD IP portfolio contains 58 granted patents, 6 pending**
- **Envance Technologies leading basic research for crop and non-crop starting February 2021**
  - **1.2M compounds screened, yielding 30 new Ai's with strong efficacy**
- **Turf and Ornamental testing of Agrinos products completed with good results.**



# AVD Markets 120+ Green Solutions Globally

## Biofertilizers (11)

- Microbials to enhance nutrient uptake
- Nitrogen fixing bacteria
- Mobilizers of specific nutrients

## Biostimulants (28)

- Seaweed extracts
- Microbials that aid in nutrient assimilation
- Organic acids, e.g humic and fulvic acids

## Biopesticides (32)

- Biochemical or Microbial
- Plant Extracts
- PGR
- Pheromones
- Bacteria

## Specialty Nutrition (35)

- Essential minerals
- Trace elements

## Other (14)

- Solar Protection
- Adjuvants



# Green Solutions – From R&D to Market Access

## Research

ENVANCE  
TECHNOLOGIES  
An American Vanguard Company

Agrinos<sup>®</sup>

BIOTOR LABS

bi-pa  
Biological Products for Agriculture

Emerging Pathogens Institute  
University of Florida



## Manufacturing



## Brands

iNvigorate<sup>®</sup>

B Sure<sup>®</sup>

AMGREEN  
A BIO-RATIONAL CONCEPT

smartblock<sup>®</sup>  
POTATO SPROUT INHIBITOR

zevo<sup>™</sup>

Greenplants<sup>®</sup>  
LEADING FORWARD  
An American Vanguard Company

## Market Access

AMVAC<sup>™</sup>  
An American Vanguard Company

AGRI  
Center  
An American Vanguard Company

AMGUARD<sup>™</sup>  
ENVIRONMENTAL TECHNOLOGIES  
An American Vanguard Company

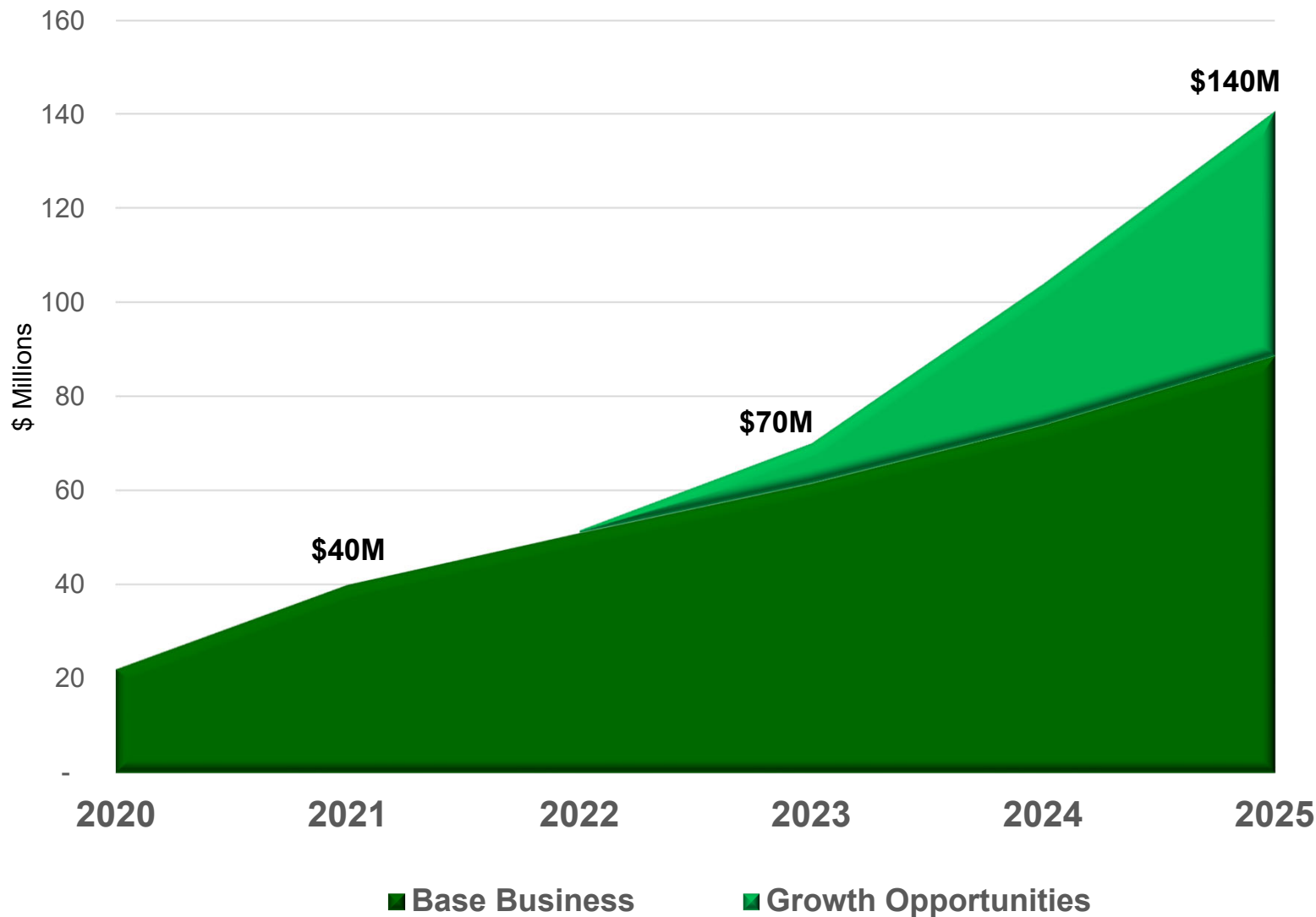
SIMPAS<sup>®</sup>



# Key Drivers to Success in Green Solutions

- Market acceptance for biological products has arrived
- AMVAC possesses the necessary elements for growth
- SIMPAS for soil health
- Strong product development pipeline
- AMVAC has developed automated capability to validate the application of crop inputs
  - MVRA (Measure, Validate, Record, Analyze)

# Green Solutions Growth Plan



## Growth Opportunities

- R&D pipeline
- Licensing & Distribution
- SIMPAS channel
- M&A
- Tolling pipeline

## Base Business

- Growth Rate – 20% CAGR from 2023-2025

# North America Update including SIMPAS



**Scott Hendrix**

*Sr. VP, US Crop Sales, Canada & Application Technology*

# Agriculture's roots run deep.

Learning from our *past* and planting  
the seeds for a better *tomorrow*



# Soybean Futures

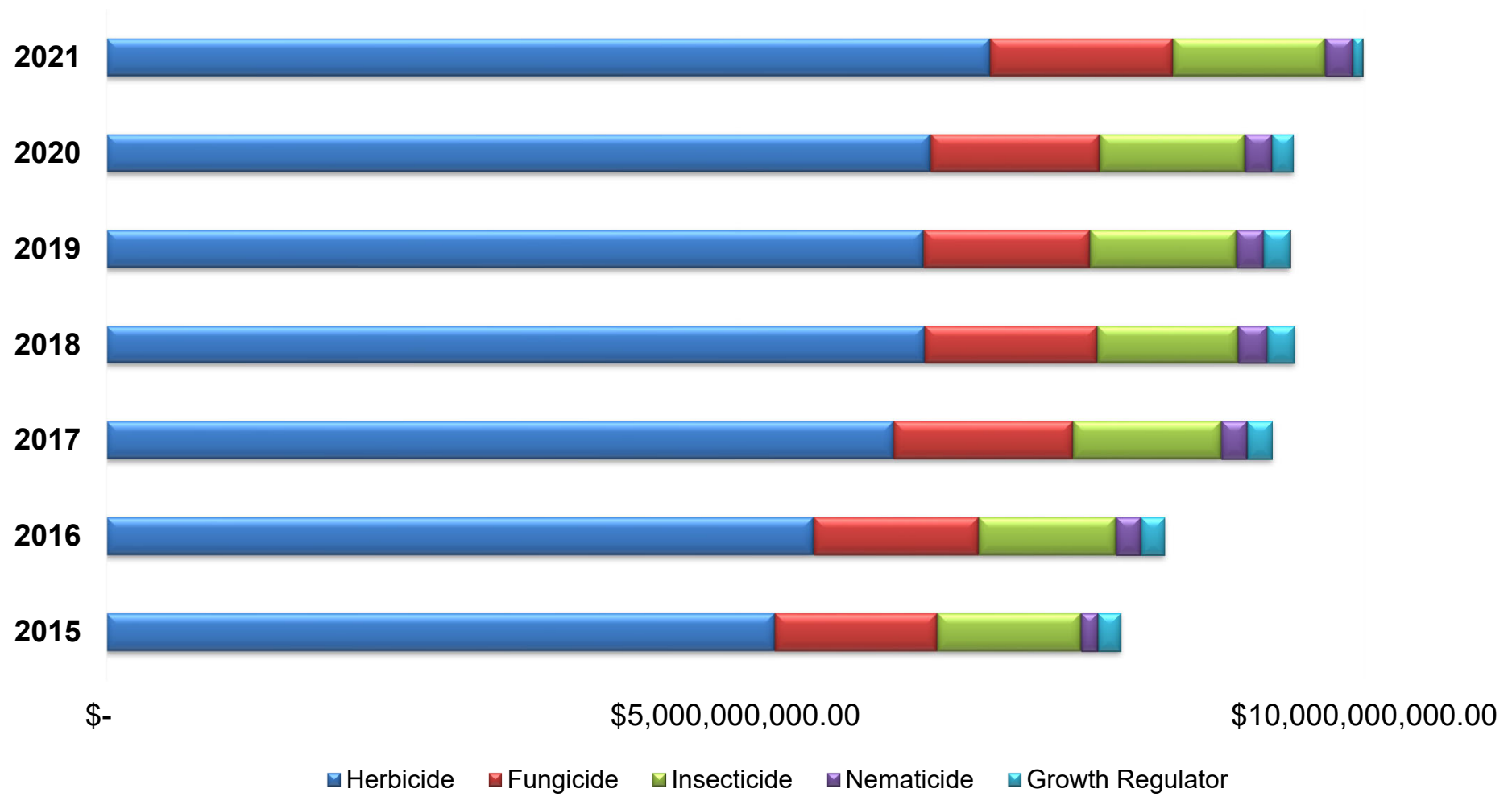


# Corn Futures



# US Market 3.6% CAGR

*Herbicides are the largest segment and largest contributor to overall market growth*



Source: Kynetec USA Inc FarmTrak CP

# US AVD Crop – Strategic Growth Initiatives

## Core Business

- Managerial, forecasting and innovation process implementation
- Accelerate Herbicide growth in current core markets
- New Product Pipeline Expansion

## Green Solutions: Protectants & Nutritional's

- Biorational Offerings AgriCenter /GreenPlants & OHP Biosolutions
- Agrinos Biostimulants (Soil Health/Nutritional Facilitators)
- Driving historical BioSolutions: SmartBlock, Ecozin Plus, etc.

## Precision AG Technologies

- Prescription Application System(s) SIMPAS™ – Targeted deposition for maximum yield, minimum cost, environmental benefits



# Advantages of North America Manufacturing

6 Plants in the North America

Agility to respond to changing US market demands

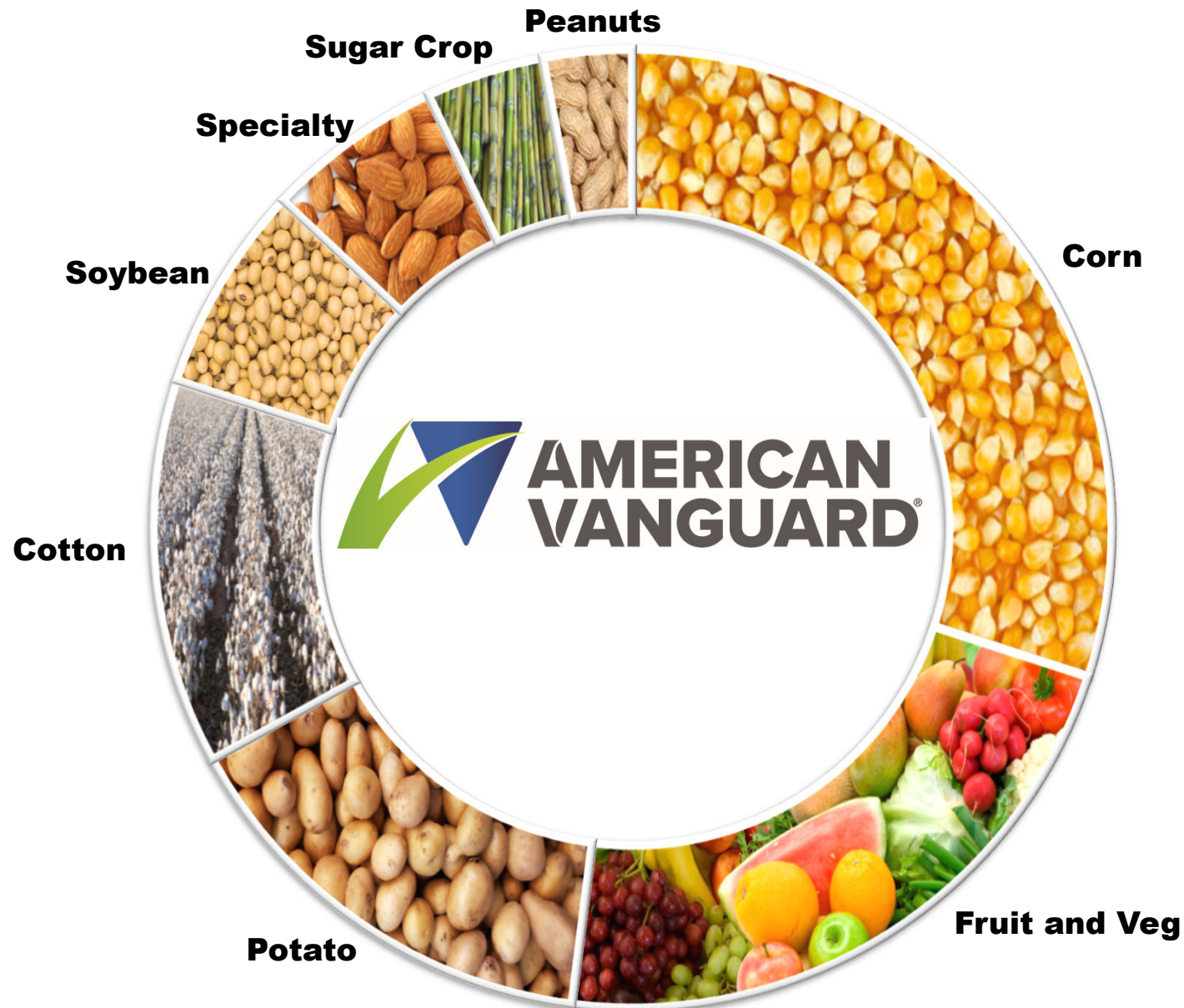
- Timing and product mix are critical

Maximizing plant capacities  
despite logistical and labor  
Challenges

Driving GM through our  
monthly COG's review process



# US Crop - Well Diversified







**Prescriptive Application:  
A Game-Changer For  
Farmers And Retailers**

# SIMPAS Ecosystem Overview

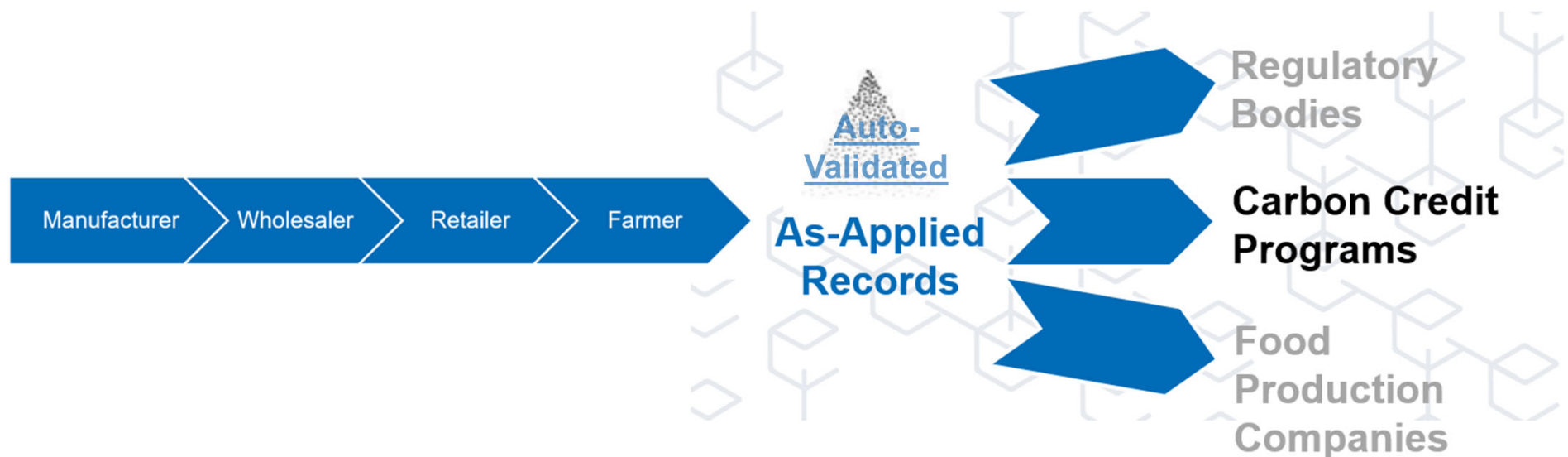








# SIMPAS Ecosystem

## Addressing Industry Carbon Challenges

- 1) MVRA: Measure, Validate, Record, Audit
- 2) Reduce administrative resource requirements



# SIMPAS Portfolio Pipeline

Crop	2021	2022	2023	2024
	Aztec HC Counter Force 10G HL Zinc	iNvigate liquid SmartChoice HC Humic Acid granular N-fixing (Azotic Envita)	Additional micronutrients Liquid humic acid Biostimulant	Broad spectrum fungicide Corn insecticide Liquid CRW
	Zinc	iNvigate liquid N-fixing (Azotic Envita) Soybean inoculant IDC ironClad Humic acid granular Thimet Pythium fungicide	2 MOA G Fungicide Additional micronutrients Liquid humic acid Biostimulant	Broad spectrum fungicide Soybean cyst nematocide
	Zinc	iNvigate liquid N-fixing (Azotic Envita) Thimet Humic Acid granular	Additional micronutrients Liquid humic acid Biostimulant	Broad spectrum fungicide
		iNvigate liquid N-fixing (Azotic Envita) Thimet Humic Acid granular	Liquid Humic acid Biostimulant	Broad spectrum fungicide

# **SIMPAS – Highlights**

## **2022 Commercial SIMPAS Technology Sales**

- On target to achieve 70 system sales to growers
- Sales out paced supply for 2022

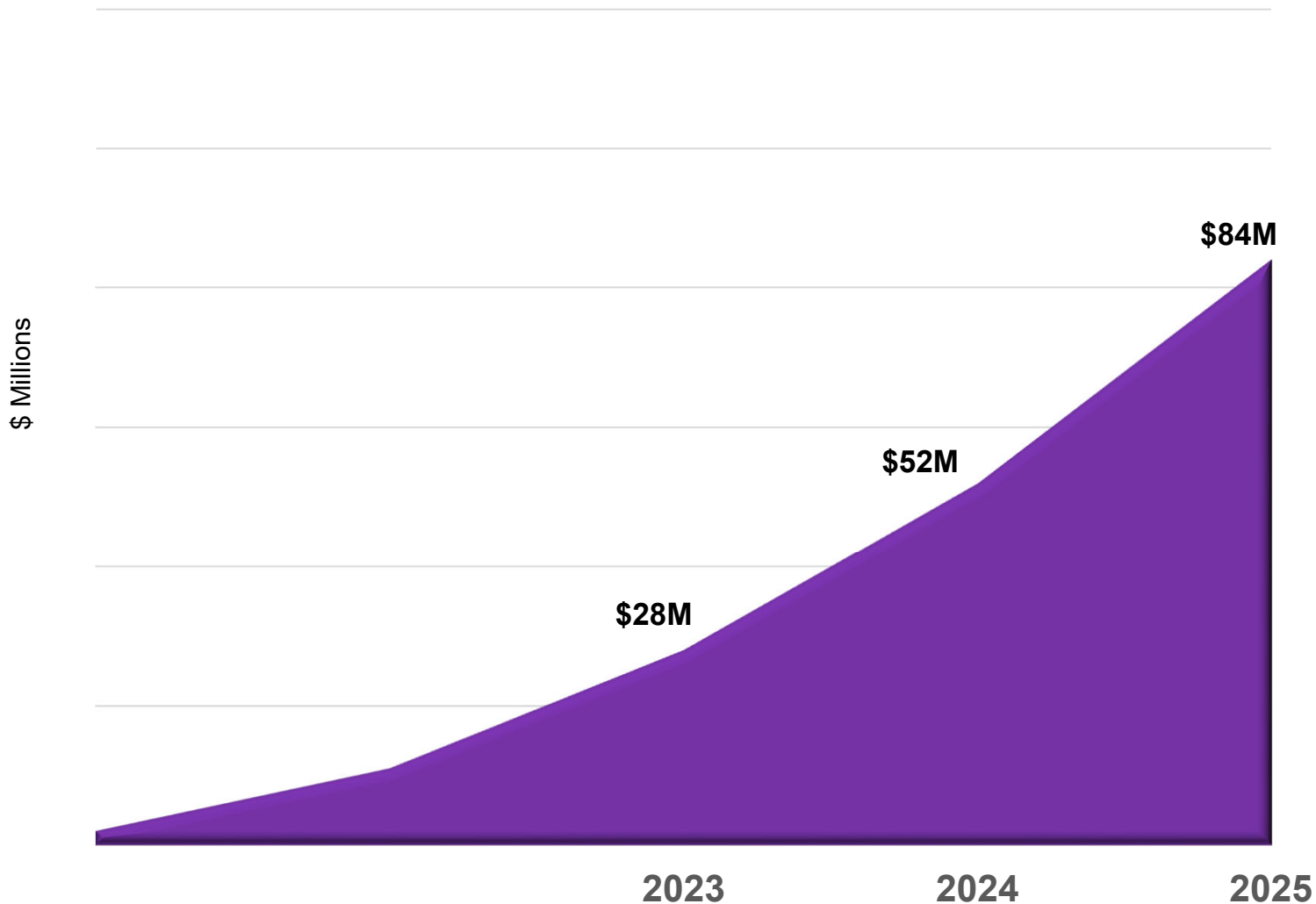
## **2023 SIMPAS Technology Outlook**

- Our target of 125 systems are on track

## **Commercial Agreements for 2022**

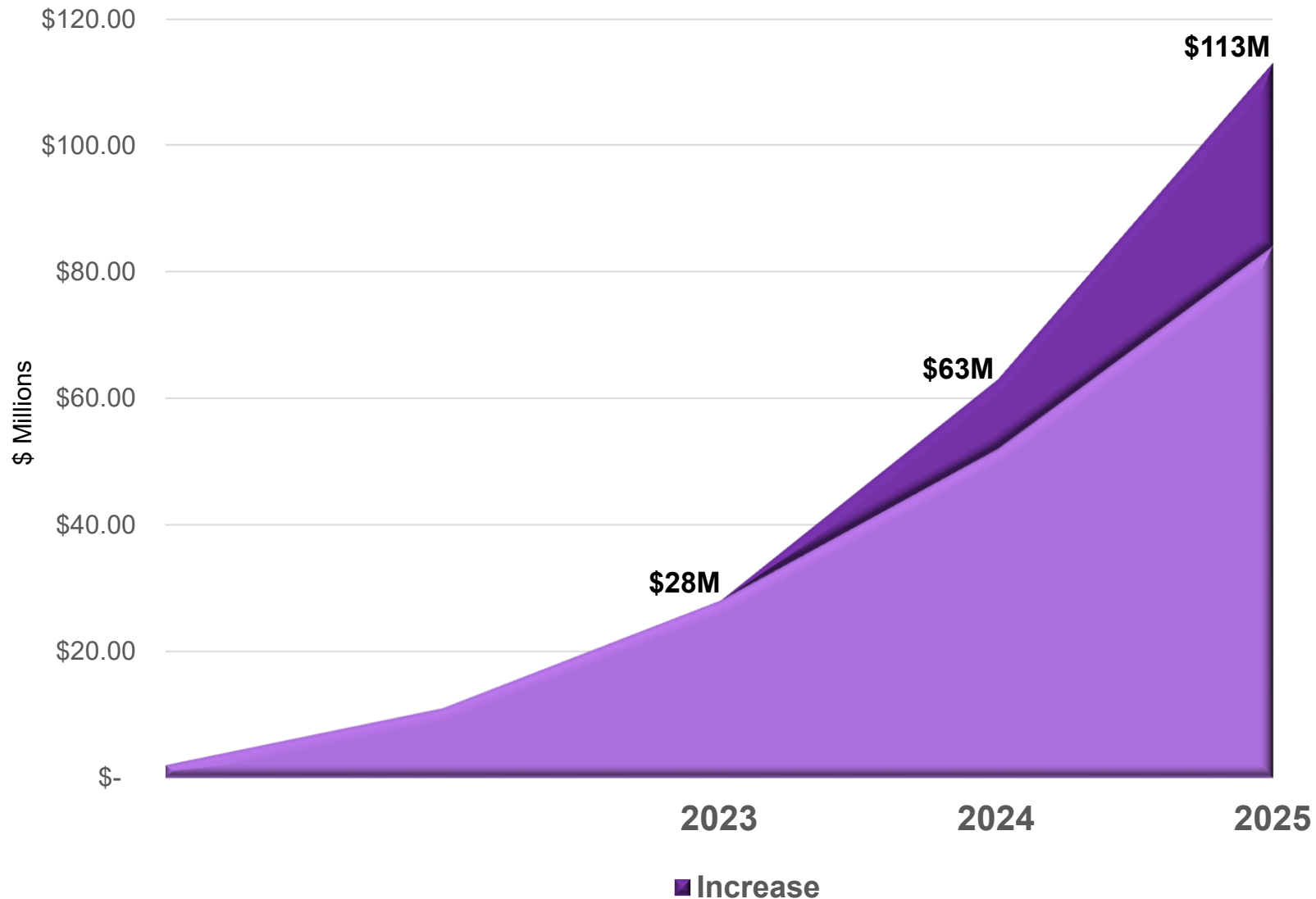
- Verdisian – MycroSync IronClad, Azotic – Envita (Plant N fixing solution), AMVAC – iNvigorate

# SIMPAS: US Value Capture Target (4 Crops)





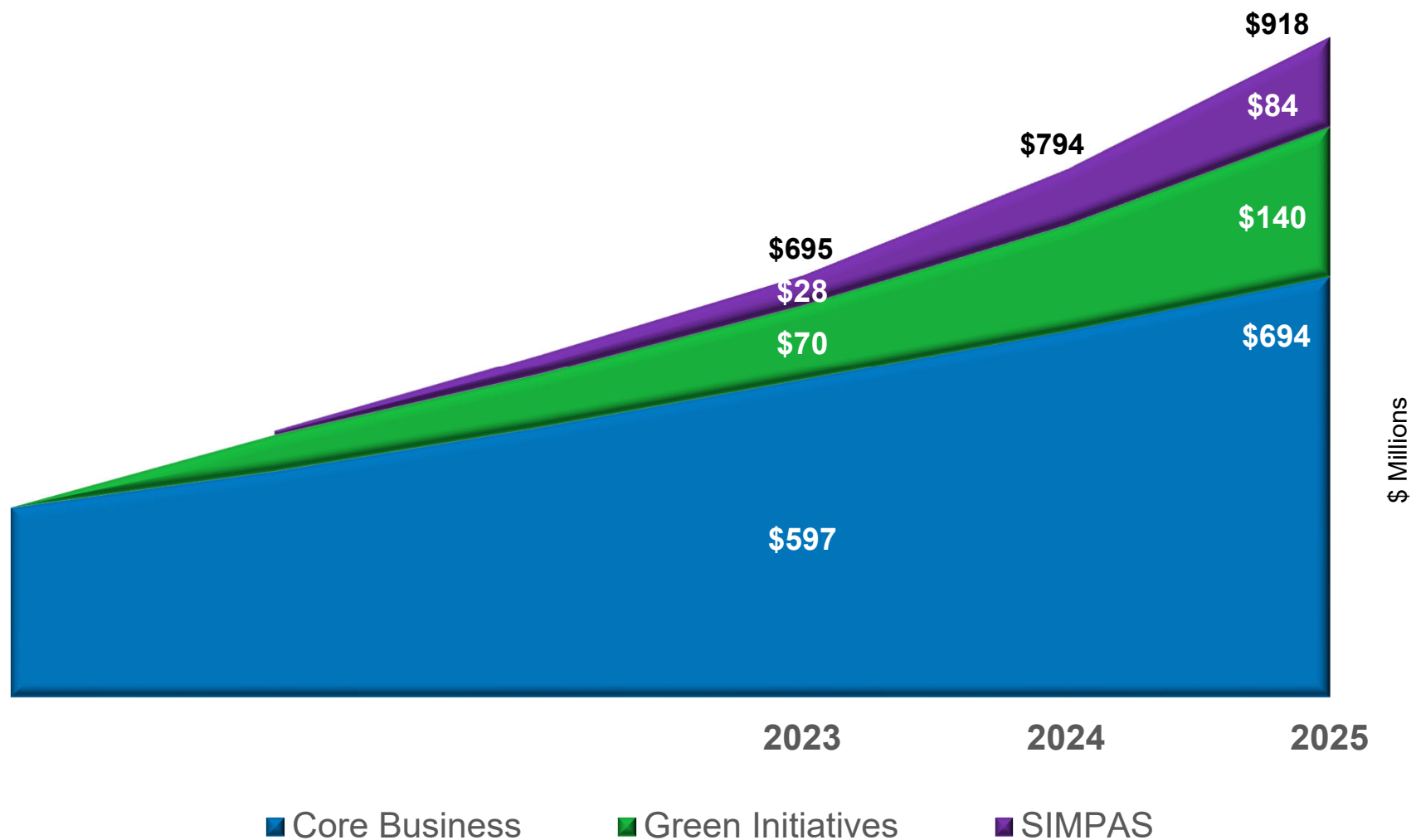
# SIMPAS: US Value Capture Target (4 Crops)



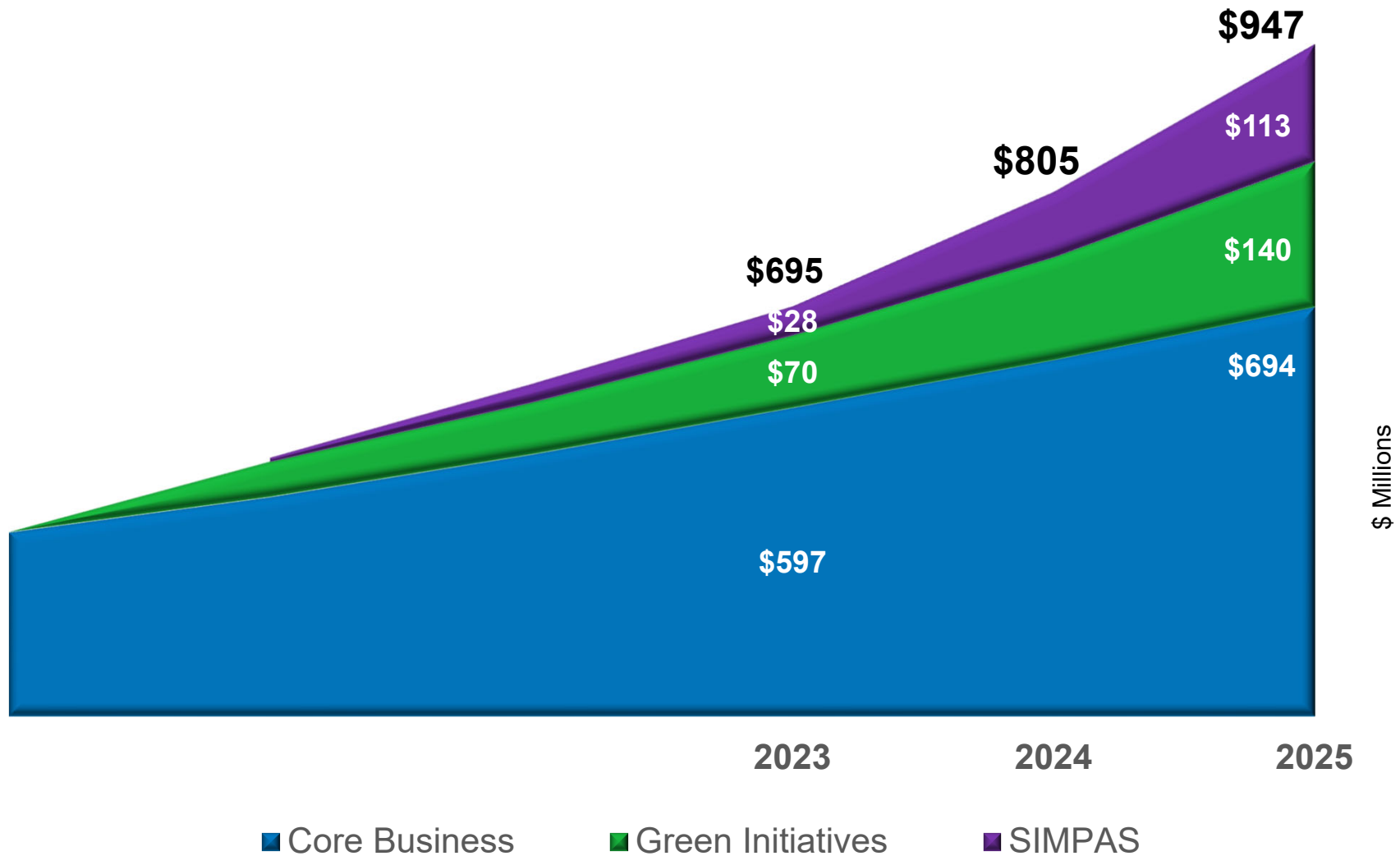
# Concluding Remarks (2022 Outlook)

Eric Wintemute  
*Chairman & CEO*

# Strategic Growth Targets *(November 2021)*



# Strategic Growth Targets *(March 2022)*



# 2022 Guidance

Revenue Growth . . . . . 8% - 11%

Gross Profit Margin . . . . . 38-40%

Operating Expenses . . . . . OPEX as % of Sales (31-33%)

Interest Expense . . . . . Similar to 2021

Tax Rate . . . . . Expected Mid 20% Range

Debt-to-EBITDA Target . . . <1.0X with out Acquisitions  
<2.5X with Acquisitions

***Net Income . . . . . 60 - 70% Increase***