



Agrium

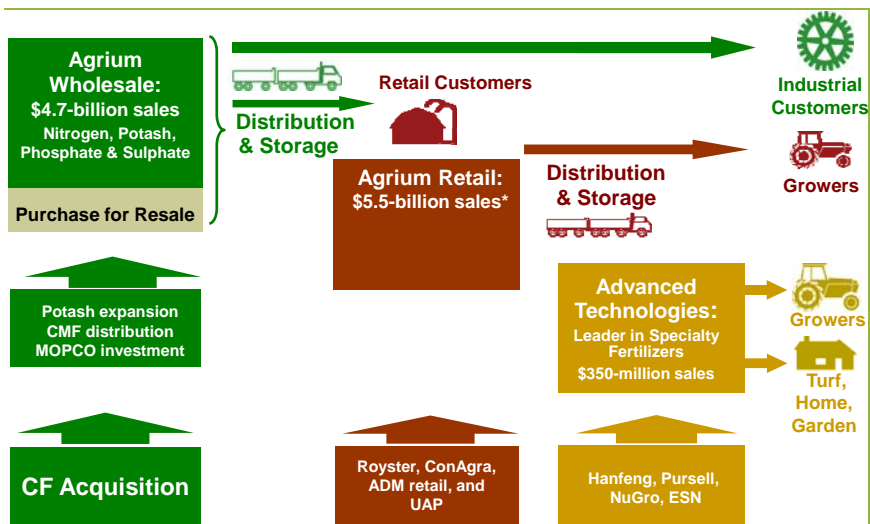


Fundamentals of Growth

Effective Agricultural Input Markets and Supply Systems: The Canadian Experience

Ron Wilkinson,
SVP Agrium & President, Wholesale
 October 8, 2009

Agrium's Growth Across the Value Chain



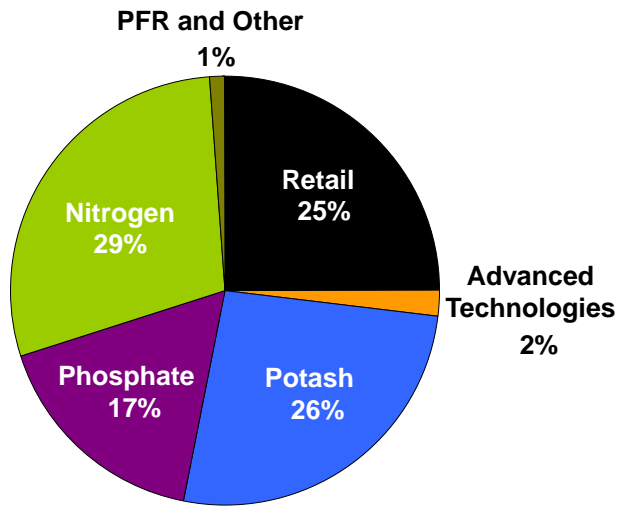
* 2008 actual results include UAP contributions from date of acquisition (May 5, 2008)



Fundamentals of Growth

Agrium

2008 EBITDA by Business Unit & Product

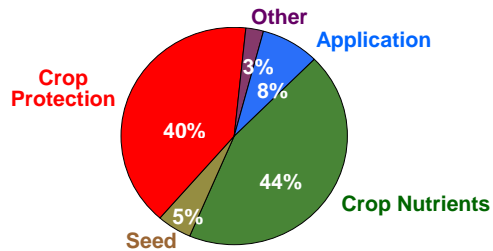


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North America's Largest Agricultural Retailer

- UAP acquisition boosts net sales to over \$5-billion
- Well balanced portfolio of seed, fertilizer, crop protection products, and application services
- \$560-million 2008 EBITDA
- Over 800 North American retail centers

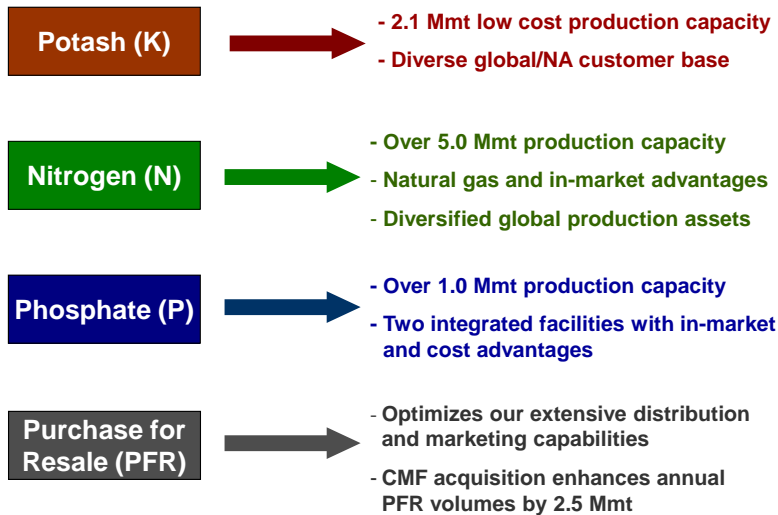
2008 Agrium Retail Gross Profit*



*Includes UAP contributions from May 2008

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Agrium's Wholesale Business Unit



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Agrium Advanced Technologies



- **Leader in environmentally friendly specialty products, broad mix of products marketed to: Turf, Ornamental, Greenhouse, High Value Specialty Crops, Lawn and Garden**
- **ESN® is Agrium's patented controlled-release product for major crops**
- **Recently announced ESN expansions will bring total production capacity to 360,000 tons from 3 plant locations**
- **Equity position (19.5%) in Hanfeng (HF.TO)**

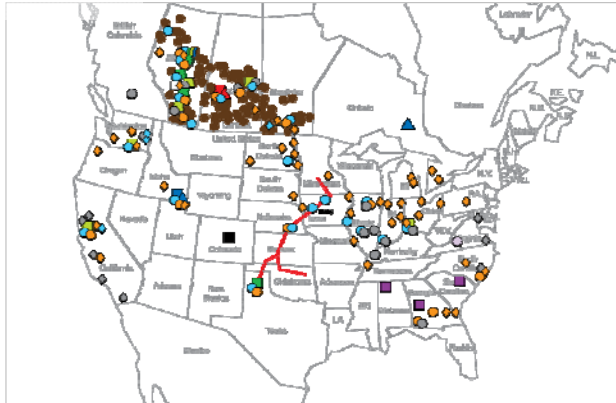


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Wholesale Distribution Assets

2.9 Mmt of Storage Capacity

North America



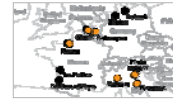
South America



Africa/Middle East



Europe

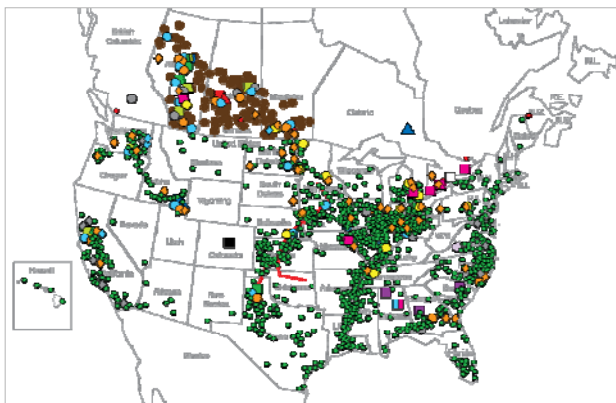


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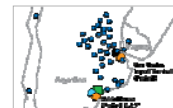
Agrium Distribution Assets

Over 5 Mmt of Storage Capacity

North America



South America



Africa/Middle East



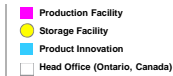
Europe



Asia



Agrium Advanced Technologies

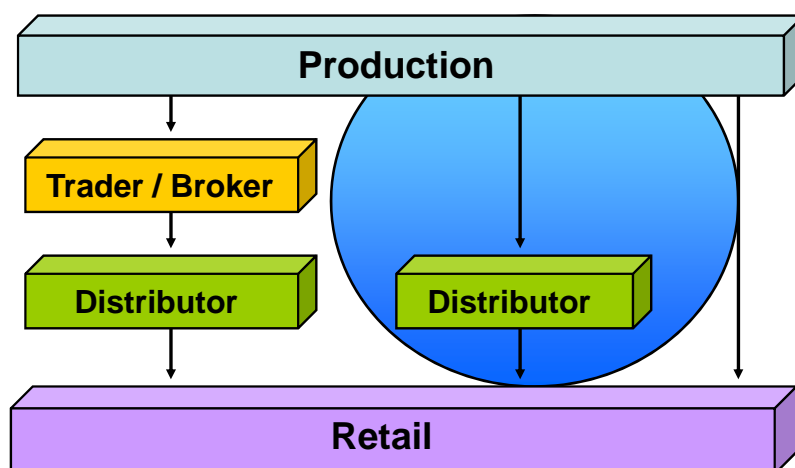


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What is Distribution?

- Own and/or lease strategic warehouses and terminals
- Coordinate supply to match sales
- Arrange ship/barge/rail/truck logistics
- Manage supplier and credit risk
- Handle interaction with customers

Fertilizer Value Chain



Why Invest in Distribution?

- **Ensure market access**
- **Ensure balance of low cost to supply position and proximity to customer**
- **Capture profit throughout the value chain**
- **Create value for off-shore production**

Agrium's Distribution Strategy

- **Leverage existing assets for future expansion**
- **Acquire entities with key distribution assets**
- **Build/buy new if absolutely necessary**
- **Pursue stable & profitable off-take agreements**
- **Focus on synergies & value creation**

Building a Distribution Network

- Determine which source of supply the network is being established to support
- Balance proximity to customers with lowest cost to serve supply
- Optimize asset utilization
- Access to low cost and competitive freight routes
- Establish sales force and implement top customer service
- Overall implementation of risk management practices
- Top tier EH&S performance

Relationships with Logistics Suppliers

- Agrium seeks relationships with strong suppliers
- Seek to increase modal competition to ensure competitive rates
- Contracting multi-year rail, truck, and barge capacity to stabilize rates
- Establish supply plans with carriers for reliable service and delivery to the customer
- Carrier evaluation process including feedback and performance management

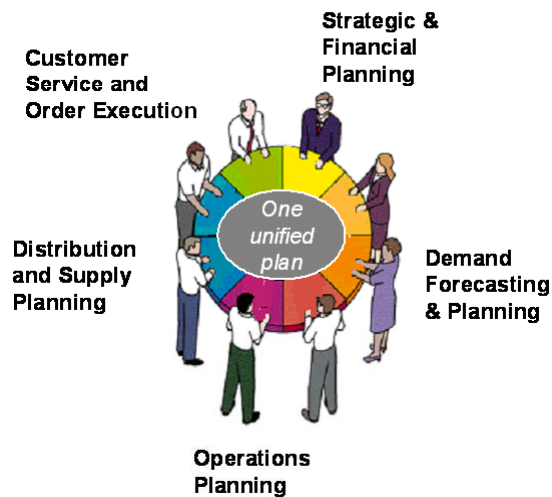
Relationships with Customers

- **Focus on customers' needs and execute the terms and conditions of the sales agreement**
- **Utilization of sales contracts**
- **Manage Credit Risk and efficiency**

Relationships with Product Suppliers

- **Access to storage capacity through Agrium owned and/or leased warehouses and modes of transport**
- **Extensive sales and customer service organization**
- **Handle all aspects of customer interface**
- **Establish and maintain credit with large number of customers for more efficient sales process**

Sales & Operations Planning (S&OP)



Conclusion

- **Distribution is an integral component of Agrium's strategy**
- **Distribution is more than strategically placed assets**
- **Agrium's extensive distribution clearly provides value to customers, suppliers, and logistics providers**
- **Flexibility is important**
- **Effective distribution requires commitment to regular evaluation and continual process improvement**



Fundamentals of Growth

**The Future is
Promising**
