



# CHINA GREEN AGRICULTURE, INC.

November 14<sup>th</sup>, 2011

Customized Fertilizer Solutions  
*Diversified Products to Diversified Markets*

[www.cgagri.com](http://www.cgagri.com)

# Safe Harbor Statement



This presentation contains forward-looking statements concerning the Company's business, products and financial results. The Company's actual results may differ materially from those anticipated in the forward-looking statements depending on a number of risk factors including, but not limited to, the following: general economic and business conditions, development, shipment, market acceptance, additional competition from existing and new competitors, changes in technology, and various other factors beyond the Company's control. All forward-looking statements are expressly qualified in their entirety by this Cautionary Statement and the risk factors detailed in the Company's reports filed with the Securities and Exchange Commission. China Green Agricultural undertakes no duty to revise or update any forward-looking statements to reflect events or circumstances after the date of this material except to the extent required by applicable law.

# Company Overview



- Headquartered in Xi'an, Shaanxi with production facilities in Xi'an and Beijing
- Engaged in research, development, production and sale of specialty fertilizers, compound fertilizers and agricultural products
  - Fertilizers: organic and non-organic
  - Agricultural products: green vegetables and fruits, flowers
- Over 460 diversified products (as of Q1FY2012)

	Newly launched products <i>during three months ended 09/30/2011</i>	Product Type <i>as of Q1FY2012</i>
Jinong	4 new products - 2 liquid fertilizers - 2 solid fertilizers	147
Gufeng	2 new products - compound fertilizers	313

# Company Overview



- Advanced R&D and automated production facilities
- Production capacity of 555,000 metric tons
  - Jinong: 55,000 metric tons
  - Gufeng: 500,000 metric tons
- Two production facilities and two R&D centers

# Equity Snapshot



Q1FY2012 as of September 30<sup>th</sup>, 2011

NYSE : CGA	FYE: June 30
Price: as of November 11, 2011	\$4.2
Fully Diluted Shares Outstanding:	\$26.8M
Market Cap as of November 14 <sup>th</sup> , 2011:	\$112.8M
Cash (Q1FY2012 as of 09/30/11):	\$71.3M
Debt (Q1FY2012 as of 09/30/11):	\$12.2M
Revenue (TTM) <sup>(1)</sup> :	\$193.3M
Net Income (TTM) <sup>(1)</sup> :	\$35.9M
Basic / Fully Diluted EPS (TTM):	\$1.37

(1) TTM as of September 30, 2011

# Investment Highlights



- Substantial addressable market
- Increasing need for compound fertilizers, especially organic fertilizers
- Nationwide distribution network
- Well-branded product portfolio
- Strong research and development capacity
- Regular new product introductions
- Production facilities strategically located in Xi'an and Beijing
- Sector consolidation
- Access to public capital



# China's Fertilizer Market

# Fertilizer Critical to Domestic Food Supply



- Agricultural self-sufficiency calls for increasing use of eco-friendly fertilizer products
- Heavy government subsidies to grain production and purchase of raw materials, such as seeds, pesticides, soil conditioner, etc.
- Arable land is shrinking
  - 21% of the world's population with 9% of the world's arable land\*
  - Farmers spend 20% of annual income on fertilizer\*\*
- Recurring droughts
- Benefits to the farmers
  - Waived income tax in addition to governmental subsidies
  - Increased crop prices and raised grain reserves
  - Farmland Reform Plan

**China is currently the world's largest consumer and producer of fertilizers  
1/3 of total production and consumption**

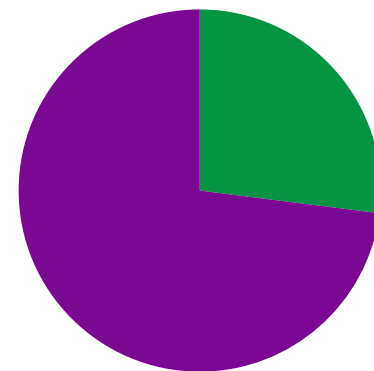
# Increasing Need for Organic Fertilizers



- Decades of overuse of chemical fertilizers have impoverished arable land
- Organic compound fertilizers represent about 27% of total PRC fertilizer consumption versus 50% in developed countries\*
  - >30% CAGR projected
- Government support for organic produce, for both export and domestic consumption:
  - Lower food safety concerns
  - Environmental impact
  - Higher price premium
  - Helps reduce soil degeneration
- Growing awareness of population about food safety

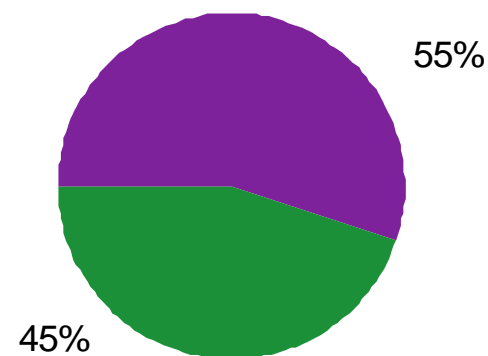
\* Source: 2006 Chinese Chemical and Industrial Technology Research Institute and Ministry of Agriculture

2011



■ Organic ■ Chemical

2015\*



■ Chemical ■ Organic

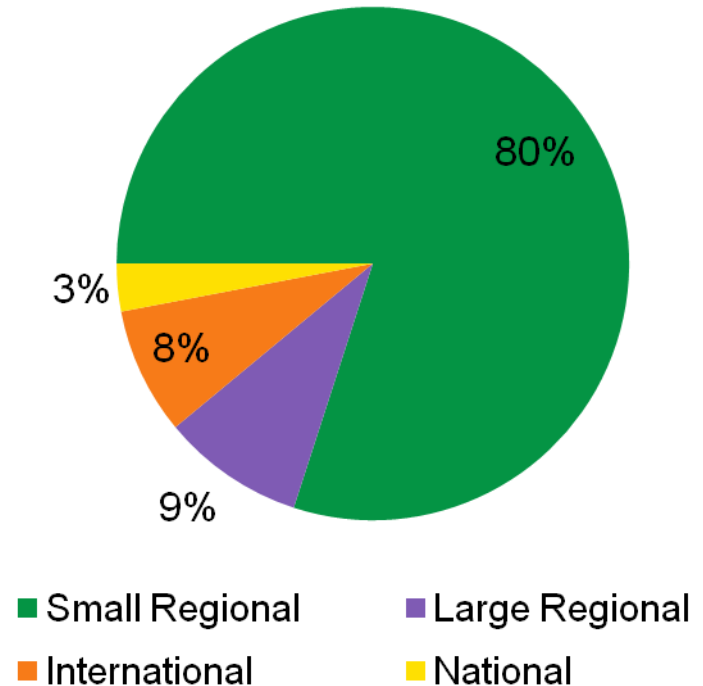
\* CGA forecast

# Competitive Landscape: Fragmented Market



- Approximate 3000 chemical fertilizers manufacturers
  - Focus on standard products; limited innovation
  - Vulnerable in an increasingly sophisticated marketplace
  - Limited access to market intelligence
  - Modest service platform
  - Capital constrained
- Over 1,000 organic fertilizers manufacturers
- CGA's advantages are: high-quality customized products, established brand and nationwide presence
- Significant opportunities for incremental share gains

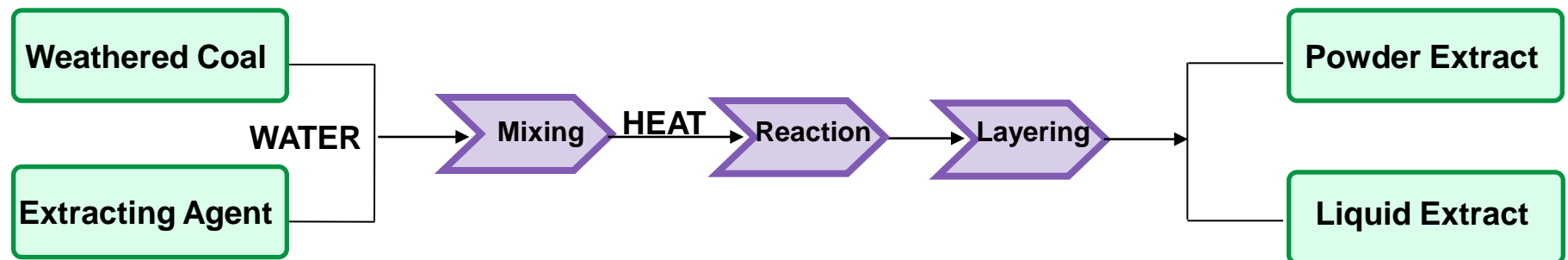
Competitor Segmentation  
Organic



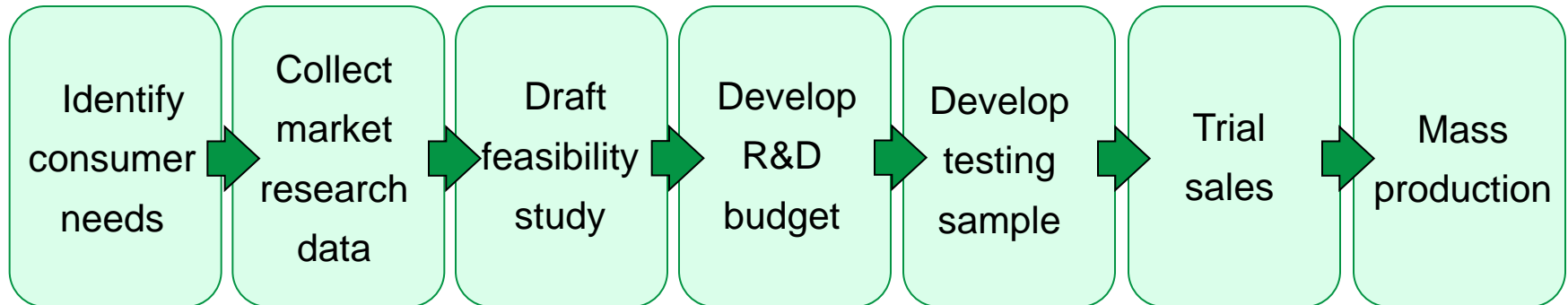
# Key Ingredient: Humic Acid

- The base ingredient for our organic fertilizer products
- An essential natural, organic ingredient for balanced, fertile soil
- A byproduct of decomposed animal or plant material; found in peat, lignite or weathered coal
- The pure humic acid used in organic fertilizer is distilled and extracted from weathered coal.
  - Abundant and cheap; mostly from Inner Mongolia
- Our humic acid based fertilizer products are certified as green food production materials, as stated by the China Green Food Development Center

## Humic Acid Extraction Process



# Commercially Focused Product Development



- Collect data through Company's mobile SMS platform, distributor survey and feedback
- Introduced 6 new fertilizer products in Q1FY2012 thru subsidiaries Jinong and Gufeng

# Short-term Growth

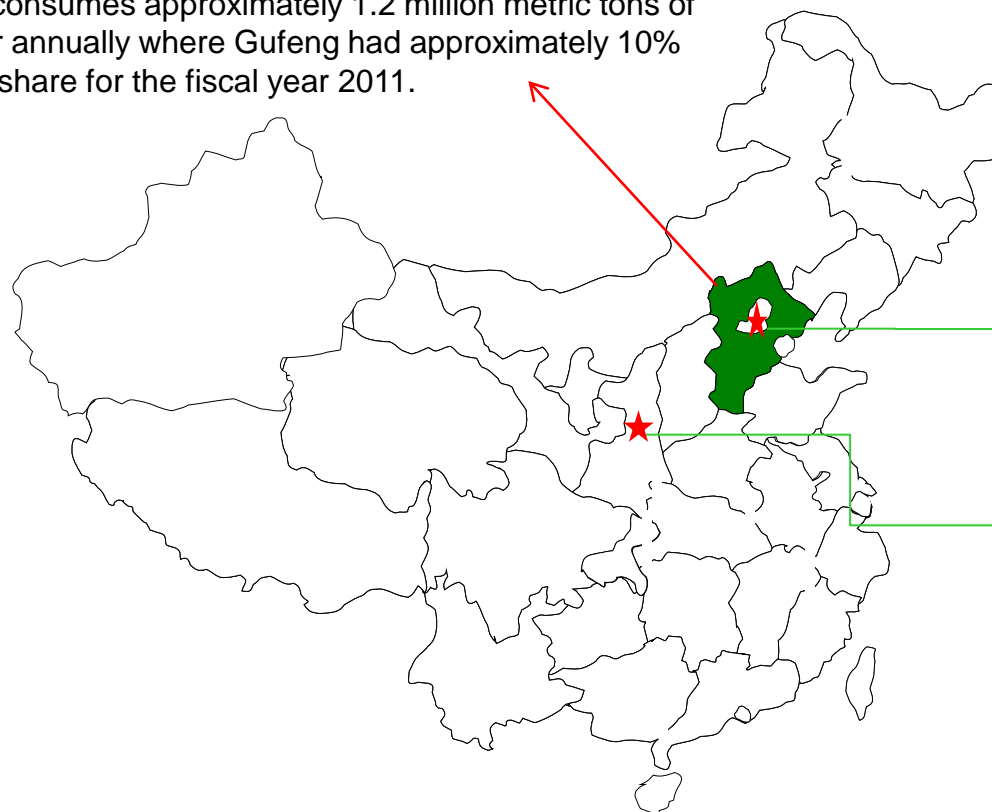


- Integrate, diversify and expand Gufeng
  - Improve product mix to 70%+ of organic fertilizers by end of CY 2011
  - Increase capacity utilization from 58% to 80% by FY12
- Optimize expanded sales network
- Cross-sell expanded product range
- New R&D center and higher sales of agricultural products
- Increase efficiency within high quality production facilities
  - Selective acquisitions in geographically strategic locations
  - Sector consolidation

# Current Landscape

## Strategically Located in Agricultural North East Region

Hebei consumes approximately 1.2 million metric tons of fertilizer annually where Gufeng had approximately 10% market share for the fiscal year 2011.



Beijing Gufeng factory  
64,874 metric tons for  
Q1FY2012

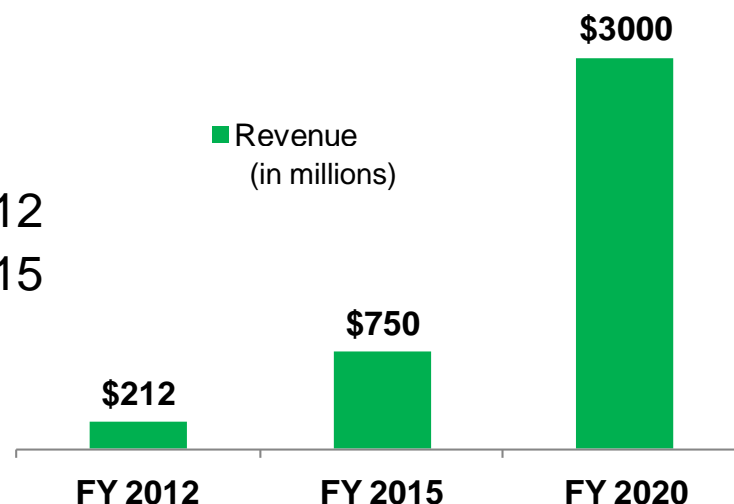
Xi'an factory  
16,846 metric tons for  
Q1FY2012

# Long-term Growth Plan and Vision



## ■ Growth Plan

- At least \$212 million in revenue by FY 2012
- At least \$750 million in revenue by FY 2015
- At least \$3 billion in revenue by FY 2020



### Our Vision

Become a leader in the overall fertilizer industry in China by 2020. Increase market share for all fertilizers sold in China to 3-5% from historical 2% of liquid fertilizers by leveraging strengths in R&D and distribution and expansion of compound granular fertilizer.

- **Help establish a National Engineering Research Center of Humic Acid-based Fertilizers**
  - Work with China Humic Acid Industry Association (CHAIA) to seek government approval to establish the Engineering Center
- **Participate in design of the Humic Acid-based Fertilizer Protocols**
  - Work with CHAIA to regulate and standardize production and distribution of humic acid granular fertilizers
- **Broaden market penetration and brand recognition**
  - Specially designed marketing campaign to increase brand awareness and further penetrate existing market
- **Cut manufacturing costs by controlling cost of raw materials**
  - Secure long-term raw material supply by acquiring potassium or phosphorus mines
- **Further utilize extensive research and development platform**
  - Accelerate rollout of new products to acquire additional market share

# Beijing Gufeng Strategic Benefits



- Product diversification: compound fertilizers, blended fertilizers, organic compound fertilizers, slow-release fertilizers, highly-concentrated water-soluble fertilizers and mixed organic-inorganic compound fertilizers
- Strong management team with a deep understanding of China's fertilizer markets
- Stronger presence in Beijing and Northern China
- Contributed over 300 new products and 173 distributors
- Proprietary fertilizer production capabilities
- Annual production capacity of 500,000 MTs. Rebalance product mix in favor of organic fertilizer

# Landscape with Acquisition



# Greenhouse Expansion



- Approximately \$4.8M investment in Q1FY 2012 for construction of facilities for agriculture products and research and development
- Support both production facilities in Xi'an and Beijing
- Completed Phase I: 100 sunlight greenhouse facilities
  - Added 1.6MM square feet of growing area
- Phase II: 6 of 12 intelligent greenhouses completed and producing since April, 2011
- Financial projections at full production: approx. \$19 million sales per annum

# Marketing: 2012 Objectives



- Build on current position as a market leader for humic acid fertilizer
- Provide tailored made products for specific crops and regions
- Aggressively promote brands to private wholesalers and retailers via a targeted nationwide advertising campaign
- Optimize nationwide distribution network and conduct joint marketing activities
- Provide distributor and customer support
  - On-site technical/sales representatives
  - Product training
  - Online support and nationwide hotlines
- Integrate feedback from customers into R&D, production, sales and marketing
- Direct sales channels; Retail stores program

# Nationwide Distribution Network

- Geographic diversification

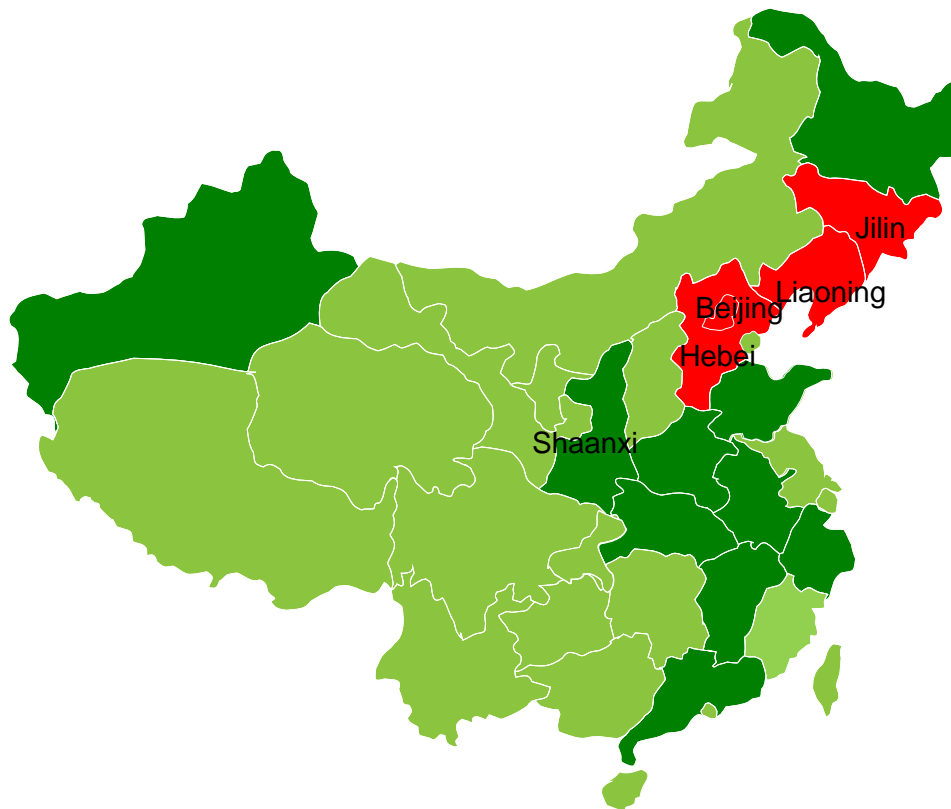
- 850 distributors

	Distributors	Top 5 distributors on revenue (%)
Jinong	677 (80%)	3%
Gufeng	173 (20%)	17.1%

- Strict distributor selection criteria

- Exclusive for organic liquid compound fertilizers
- Minimum retail store coverage requirement
- Warehouse ability
- Minimum fleet size requirement

- Top 5 Provinces (sales): Hebei, Shaanxi, Beijing, Shandong and Anhui



- New Provinces (Post-Gufeng Acquisition)
- Top 10 Provinces (Pre-Gufeng Acquisition)



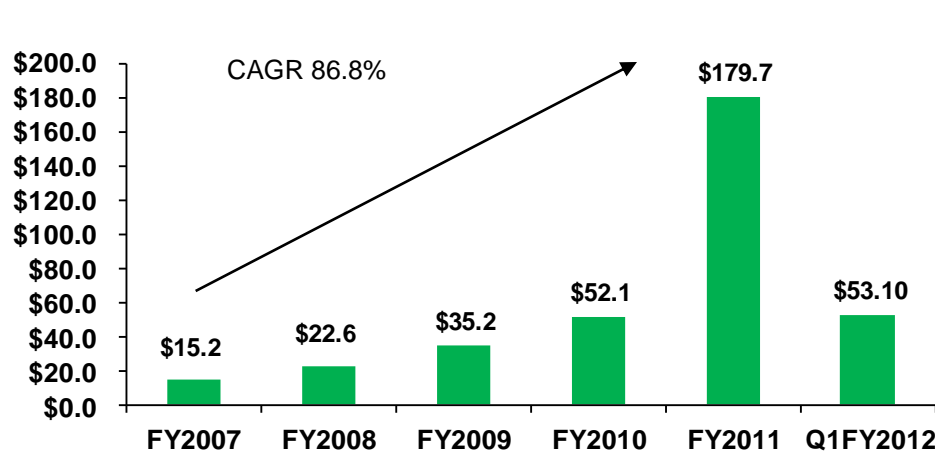
# Financials

# Income Statement Summary



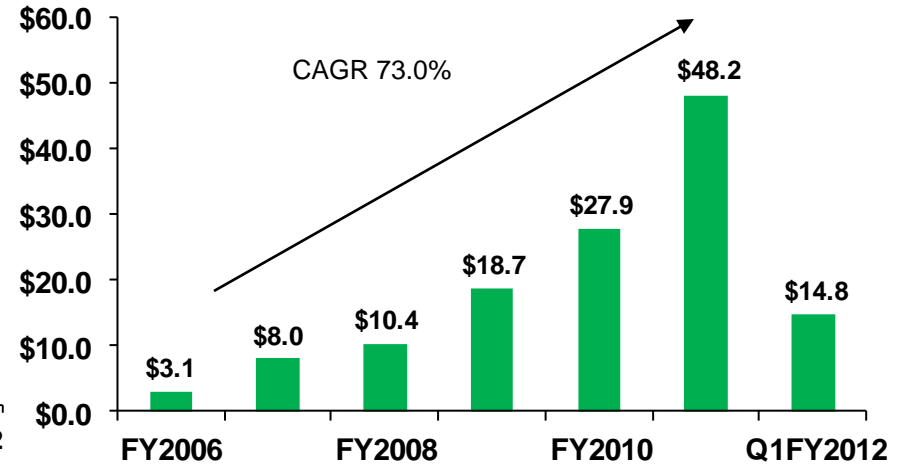
In Millions

## Revenues



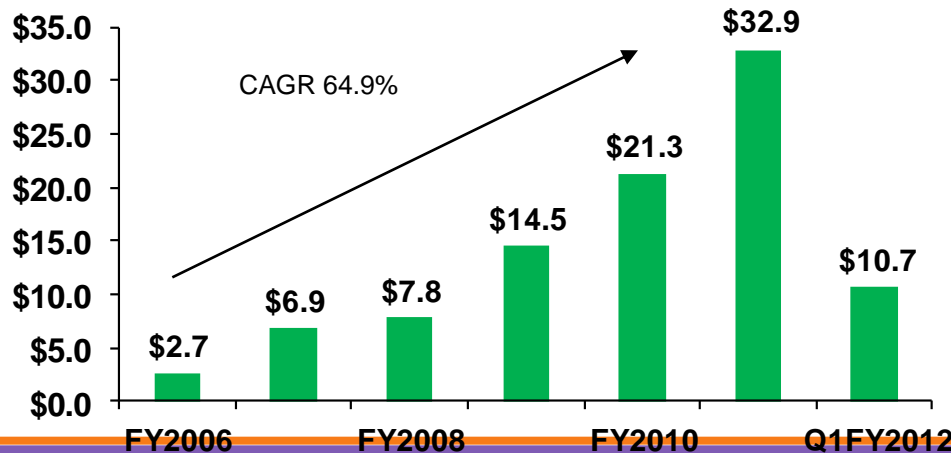
In Millions

## EBITDA



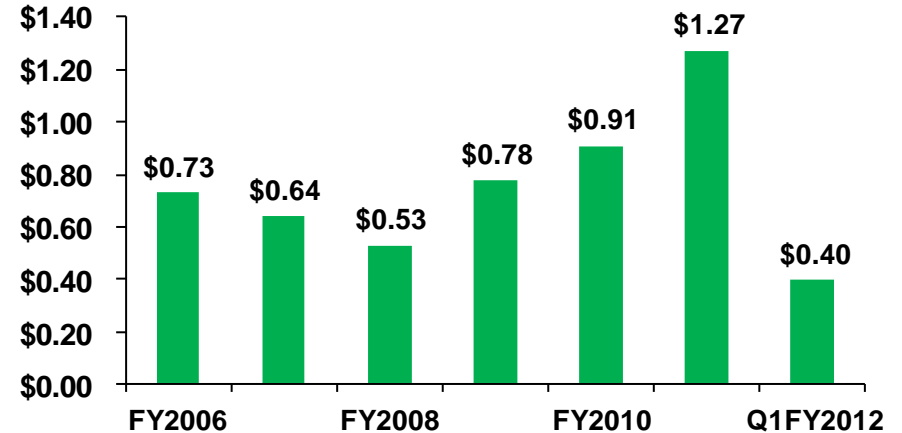
In Millions

## Net Income



In Millions

## Diluted EPS



# Balance Sheet



Q1FY2012 as of September 30 <sup>th</sup> , 2011 (\$ in millions)	09/30/11
Cash and Cash Equivalents <sup>(1)</sup>	71.3
Accounts Receivable, net	24.1
Inventory	36.2
Total Current Assets	145.2
Total Assets	250.3
Debt	12.2
Total Current Liabilities	45.2
Total Shareholders' Equity	205.1

(1) Includes net proceeds of \$24.5 million from the public offering which closed in December 2009

# 2012 Capex and Guidance



## Capex:

- FY2012Q1 as of 09/30/11: \$0.9 million at current exchange rates

## Guidance:

	<b>FY2012 Q2 ended 12/31/2012</b>	<b>FY2012 ended 06/30/2012</b>
Revenue	\$40.9 million to \$44.8 million	\$211.8 million to \$226.7 million
Net Income	\$6.9 million to \$7.5 million	\$37.9 million to \$40.5 million
Net Income Margin	16.7% - 16.9%	17.9%
EPS	\$0.26 to \$0.28*	\$1.38 to \$1.48*

\* Based on 26.8 million weighted average shares.



# Management and Governance

# Corporate Governance



- We are committed to the highest level of corporate governance
- We have hired Ernst & Young to advise on SOX compliance and internal audits
- We will:
  - Upgrade our auditors to a “Big 4” firm
  - Further strengthen our Board of Directors
  - Provide investors with transparent reporting on major financial issues

# Experienced Management Team



## **Tao Li** – Chairman, CEO and President

- Established Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd in 2000
- Holds masters degree from Northwest Polytechnic University
- Vice Chairman of China Green Food Association and other trade organizations

## **Ken Ren** – CFO

- Joined CGA in May 2010
- 5 years experience in capital market and asset liability management.
- Holds Ph.D. in engineering, M.S. in finance, both from Purdue Univ., West Lafayette.

# Independent Board Directors



## **Yizhao Zhang, Director, Chairman of Audit Committee**

- 13 years experience in corporate finance, accounting and portfolio investment
- Former CFO of Universal Travel Group (NYSE: UTA)
- MBA degree from State University of New York at Buffalo

## **Robert B. Fields, Director, Chairman of Compensation Committee**

- Extensive experience in global public equity markets, SEC compliance and corporate governance
- Currently Chairman of ActForex, Inc., a service provider of currency trading software
- Member of Audit Committee of SkyPeople Fruit Juice, Inc. (Amex: SPU); Chairman of Audit Committee of Statmon Technologies, Inc. (OTCBB: STCA)

## **Lianfu Liu, Director, Chairman of Nominating Committee**

- Former Chairman of China Green Food Association
- Previously a director and senior engineer for China Green Food Development Center; previously Vice Director of the PRC Ministry of Agriculture
- Graduated from Beijing Forestry University

# CGA Annual Shareholders Meeting



CGA cordially invites its shareholders to participate in the annual shareholders Meeting per time and place as set out below, i.e.:

**Time:** 10 a.m., December 9<sup>th</sup>, 2011

**Location:** Gufeng

**Pick up time:** 8:45 a. m., Friday, December 9<sup>th</sup> 2011

**Pick up Location:** China World Hotel, Guo Mao

A bus will take shareholders directly to Gufeng and will return to the China World Hotel at around 1:00 p.m. Airport pick up and drop off can be arranged

If you would like to participate in the annual shareholders meeting, please contact Ms. Jane Zuo or Ms. Amy Deng for registration.

Ms. Jane Zuo

Tel: +86-13520622512

Email: jane.zuo@cgagri.com

Ms. Amy Deng

Tel: +86 29 88266503

Email: dengyuqin@cgagri.com

# Contact Information



## **Company – China Green Agriculture, Inc.**

Ms. Jane Zuo – Secretary of the Board

Tel: +86 13520622512

Email: jane.zuo@cgagri.com

3/F, Borough A, Block A

No. 181 South Taibai Road

Xi'an, 710065, PRC

## **Company – China Green Agriculture, Inc.**

Ms. Amy Deng – IR Manager

Tel: +86 29 88266503

Email: dengyuqin@cgagri.com

3/F, Borough A, Block A

No. 181 South Taibai Road

Xi'an, 710065, PRC

## **Legal Counsel – Pryor Cashman LLP**

Ms. Elizabeth Chen, Esq.

7 Times Square

New York, NY 10036-6569

Tel: (212) 326-0199

Email: echen@pryorcashman.com

## **Auditor – Kabani & Company, Inc.**

Mr. Hamid Kabani

6033 West Century Blvd. Suite 810

Los Angeles, CA 90045

Tel: (310) 694-3590

Email: hamid@kabanico.com