

Strategy PURAC

From Volume to Value: 'Reshaping our business'

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Agenda

- Starting point
- Positioning for growth
- Business and operational model
- From Volume to Value: shift in company culture
- Driving profitability
- Conclusion

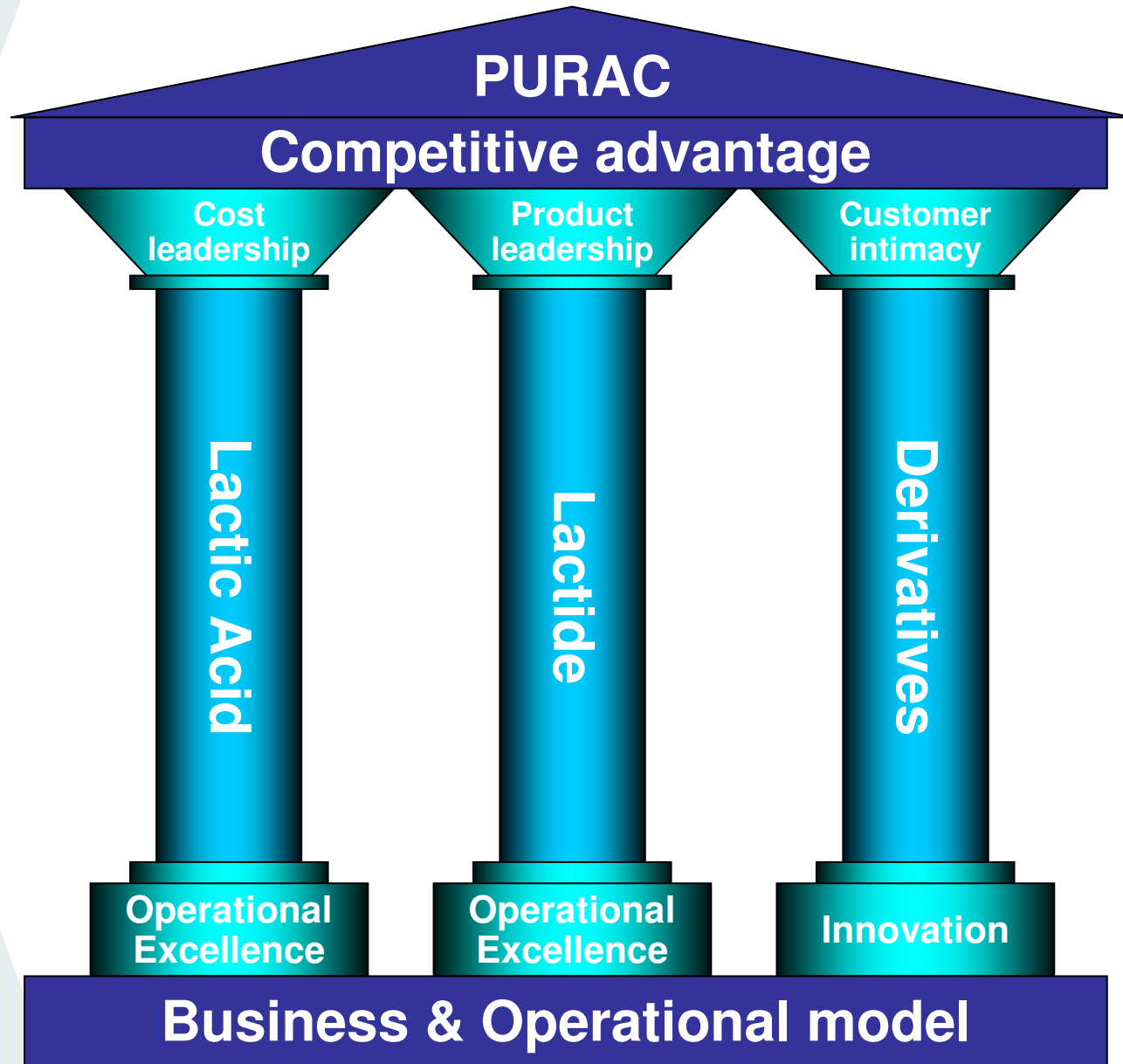
Starting Point

- The market is rapidly changing and challenging our business.
- Not enough focus in the strategic growth areas and invested in non core activities.
- Overcapacity in our system due to overly ambitious growth expectations.
- Increased raw material & energy prices have reduced profitability.
- Currency impact. Export in US\$ and Yen, weakening of the currencies have seriously impacted our results.
- New management team just started.
- Reorganized sales and customer approach by market units gets its feet on the ground
- Innovation is stronghold PURAC
- PLA/Bioplastics promising growth area

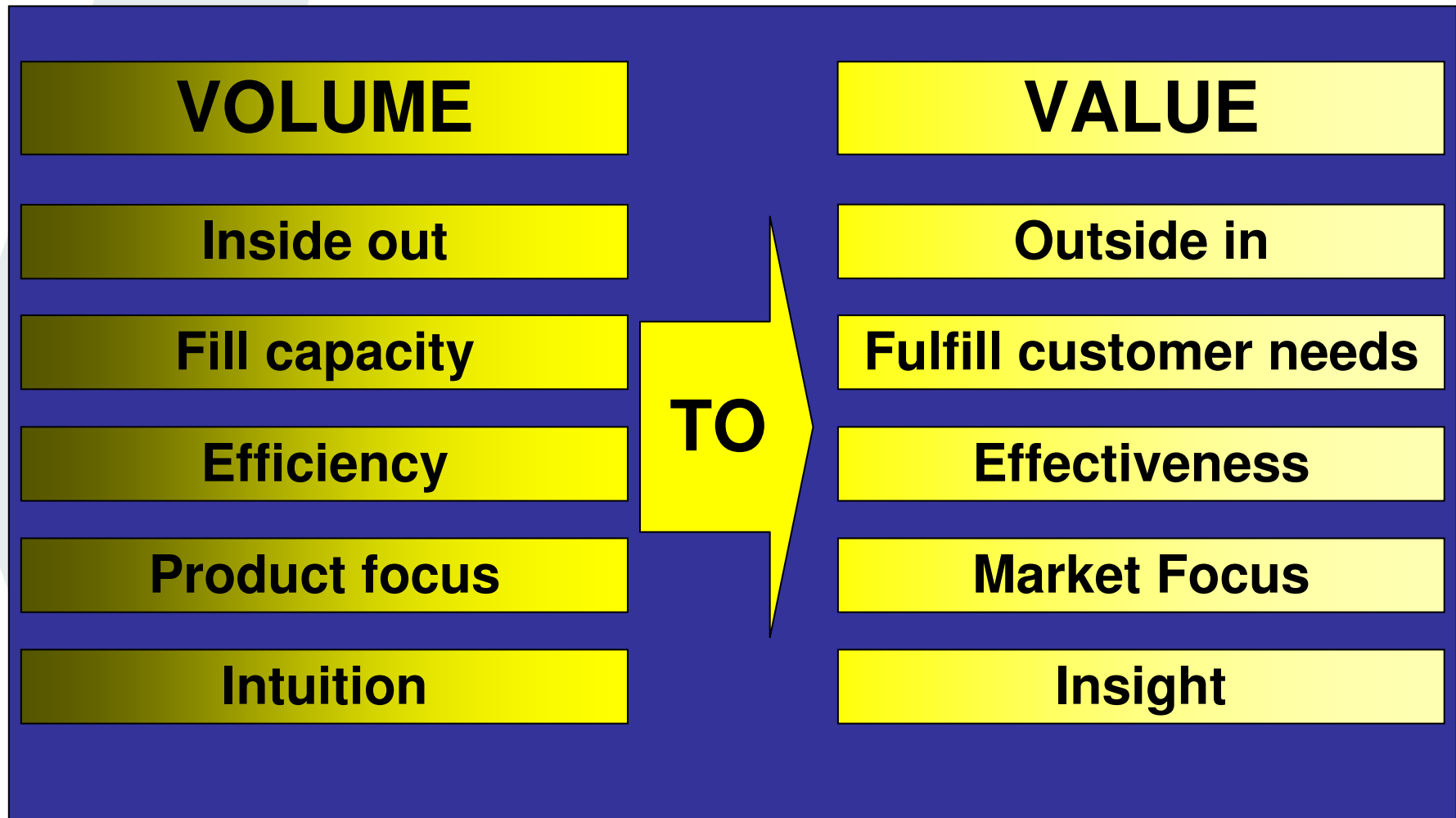
Positioning for Growth

- Lactic Acid position should be maintained and strengthened
 - Aggressively focus on maintaining cost leadership (Thailand)
 - Adapt capacity appropriately
- Derivatives business should innovate to expand its markets
 - Significant market potential from substituting for other ingredients / chemicals with new applications and blends
 - Play customer intimacy & product leadership position in fast growing segments
- Lactide will be aggressively developed to gain leading position in PLA supply
 - Supply of lactide will enable growth of PLA markets
 - PURAC enjoys technological advantage and will play a leading position

Building future success from current strengths



The transformation process: a cultural change



Driving profitability

- We need to carefully manage our operations to ensure adequate profitability
 - High capacity utilisation key for driving profitability
 - Adjust Lactic Acid capacities
 - Build a solid Derivatives business around Innovation and Customer Intimacy
 - Exit non core activities of Lactitol and Ter Apelkanaal
 - Build a solid base for our future PLA position
- Pricing initiatives to further improve profitability
 - Fine-tune current pricing structure

Conclusion

- Positive market outlook, aligned with global trends of renewable sustainable material. Sales growth CAGR of 8-10%.
- Market focus will drive growth opportunities, through innovation and customer intimacy initiatives
- Alignment of manufacturing footprint to strategic growth directions will generate cost savings.
- PURAC competitive position still strong, although in certain areas remains under pressure. Cost leadership in Lactic Acid (Thailand) where competitive pressure is high.
- PLA represents an important future opportunity that PURAC is best equipped to play. Patents D- and Lactides.
- Elimination of cost burden of overcapacity and non core activities together with sales growth will boost our performances in line with financial targets set for 2009. ROS and ROCE of 15-20%.

Development 2007/2009: PURAC path to target of 15/20% ROS

