

Annual Shareholders' Meeting - 2019



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David Knott

Chairman

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▪ Introduction of Board and management

Paul Smart	George Adams	Andrew Baum
Alex Brown	Sharon Ludher-Chandra	Greg Mann

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▪ Introduction of Board and management

Paul Smart	George Adams	Andrew Baum
Alex Brown	Sharon Ludher-Chandra	Greg Mann

Ranjan Tandon



Thomas Avery



Ozey Horton



Agenda

- ArborGen Review
- Chairman's Comments
- Shareholder Questions
- Resolutions
- Refreshments

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Andrew Baum

CEO

ArborGen Today

- 
- CEO of ArborGen since 2012
 - We have become the pre-eminent global supplier of seedlings to the forest industry
 - Leading market shares in the US, Australasia and Brazil
 - Focused on advanced genetic products that will transform forestry productivity
 - Rubicon acquired 100% of ArborGen in 2017
 - Now a single owner focused on maximising value
 - The 'One Company' structure is reducing operating costs

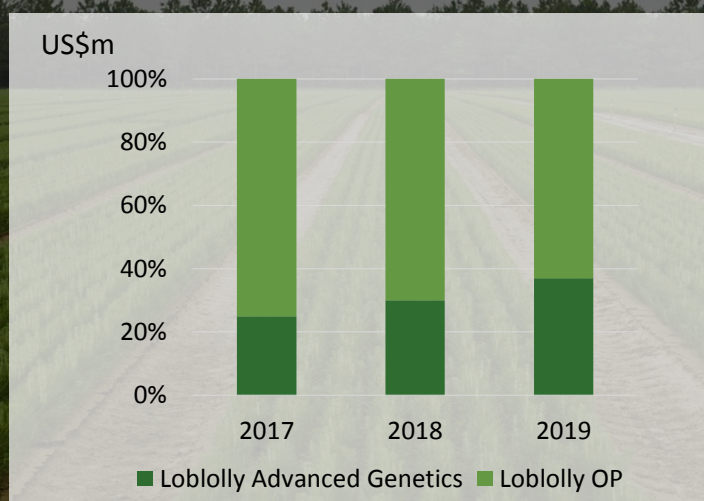
ArborGen 2019 Performance

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- US GAAP underlying earnings US\$6.1m in line with guidance in January
 - A write-off of substantial numbers of seedlings due to customers suffering effects of extreme weather
 - US gross margin percentage lowered from 37.1% to 34.8% (compared with 35.8% in 2018)
 - Record seedling production in 2019 benefitting from yield enhancing initiatives
 - The US\$6.1m includes US\$1m loss in Brazil, still a developing market

Seedling Sales

- Global seedling sales in 2019 fiscal year were 352 million
 - 279m in the US
 - 23m in Australasia
 - 50m in Brazil
- In the US, 247m of the 279m seedlings sold were loblolly of which a record 37% were advanced genetics (mostly MCP)
- This is an increase of nearly 25% from 73 million sold in the prior year
- The key reason for circa 40% growth in underlying earnings year-on-year

Seedling Sales continued



Market Position

- We will continue to leverage our position in the US loblolly market to improve profitability, extending market leadership by:
 - Operational execution
 - Validating our position as the leader
 - Differentiating ourselves from the competition; while
 - Driving sales and controlling costs
- We believe we will achieve record sales and revenue in the current fiscal year in the US loblolly market as a result of gaining market share, as well as higher replanting levels
- We are currently sold out in the US - our order book is up over 15% on last year's unit sales volumes

Nursery Capacity

- Growth is due to 2018 agreement with TexMark Timber Treasury (TTT) to lease and operate TTT's 30m seedling nursery in Texas
- We have a right to acquire the properties in 2023 and an exclusive multi-year agreement to supply TTT
- This follows the lease for the 30m unit Taylor nursery in South Carolina in 2017

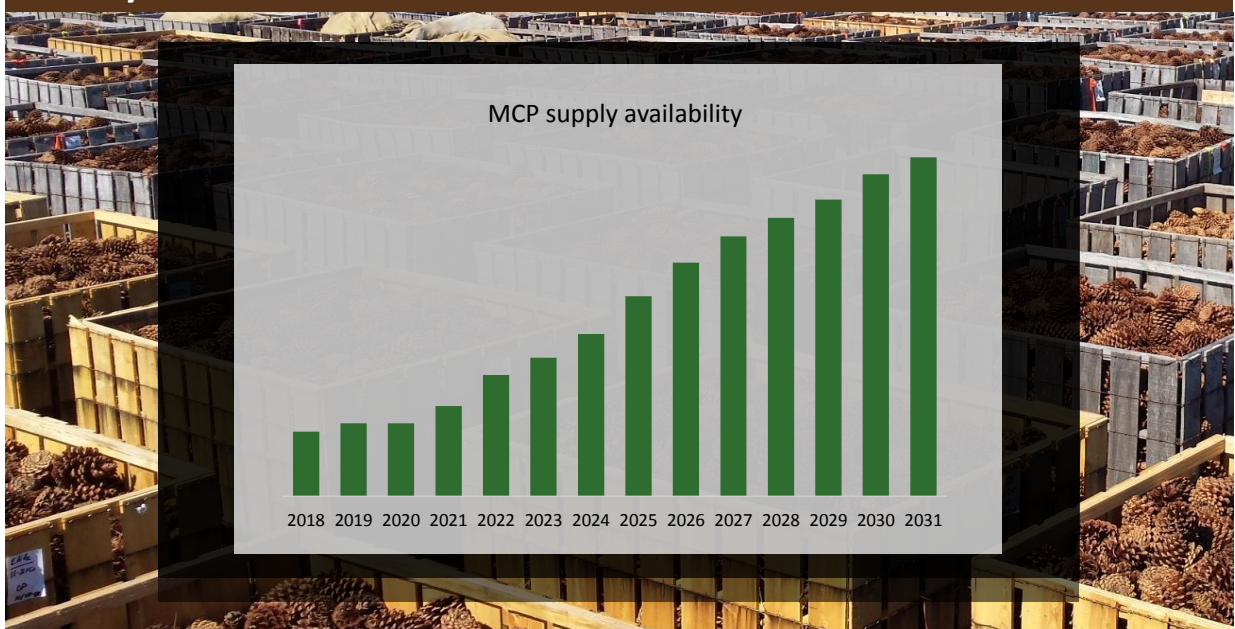
Current Year Constraints

- 2018 extreme weather events and MCP seedling losses will result in flat sales in fiscal 2019 and inability to meet growing MCP demand
- Prior weather events will adversely affect unit seed costs for the current fiscal year
- Although revenue will increase substantially, US gross margins will be affected by these one-off costs
- However stronger y-o-y earnings in Australasia will more than offset this

Key Driver of Growth – Advanced Genetics

- The driver of future earnings growth is increased sales of advanced genetics seedlings in the core US loblolly market
- Supply
 - Previous investments in MCP orchard expansion will allow us to overcome seed supply constraints as our younger orchards mature

Key Driver of Growth – Advanced Genetics continued



Key Driver of Growth – Advanced Genetics continued

- Industrial customers are very aware of the increased value advanced genetics offer and we will work to drive increased conversion
- New focus is on converting private non-industrial owners that make up more than 50% of the total US seedling market
- Our ABCD strategy 'Acquire, Build confidence, Convert, Defend' underpins this
- We must acquire new customers and gain market share
- Investing in extra resources is integral to this programme
- A key element of this programme is our "Treelines Blog"

Other Regions

- Australasia
 - We achieved our financial targets in the year ending 31 March 2019
 - ArborGen is well positioned for substantial growth in NZ and Australia
 - In NZ increased harvesting and the government 's "One Billion Trees Programme" have led to a major increase in plantings and record sales and profits
 - Australian stock has sold out and we have a waiting list
- Brazil
 - 2019 was a challenging year
 - Pine remains on track however eucalyptus markets were negatively affected by the economic environment and reduction in reforestation
 - We reported a loss of US\$1m in Brazil for 2019 but expect improved performance in 2020
 - Eucalyptus reforestation rates are again increasing and value of our proprietary products becomes clear as field trials reach rotation age
 - We continue to believe Brazil is a major opportunity

Summary

- We believe we have never been better positioned to increase the value of the company
- FYE 2020 we expect record unit sales and revenue
- The streamlined group structure will reduce costs and build a solid operational platform
- We will deliver ever-improving products to customers in the world's largest seedling markets
- This will allow us to continue to drive improved revenue, profits and cash flow in years to come

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Chairman

Investment Philosophy

- Invest where the value proposition is abundantly clear
 - Jasper nursery in Texas cemented strong foothold in the market and increased seedling capacity by 30m to approx. 400m seedlings in the US
 - Taylor nursery in South Carolina in 2017 also added 30m capacity
 - Committed US\$4m annual spend on developing and expanding of advanced genetics pipeline
 - Transitioning US customers from OP genetics to advanced genetics is where the real earnings uplift will come from
 - Acquisition of ArborGen's HQ facility and third-party lease will improve earnings and cash flows by US\$1m per annum

MCP Supply

- Extreme weather conditions have constrained near-term MCP seed supply
- Combined with seedling losses this year, MCP sales will be flat this year
- Looking ahead, our increase in this year's MCP seed harvest will increase MCP sales by 10-15% in FY 2021
- Beyond this, MCP seed supply will grow exponentially as our younger orchards approach their maximum seed yielding years
 - This is the direct result of the investments made in expanding MCP orchard capacity 5-10 years ago
 - Allows us to meet demand and build a buffer of inventory to mitigate weather events
- MCP seed supply is projected to more than double in three years

Projected Earnings

- Absent extreme weather events we would have forecast double digit US-GAAP underlying earnings for March 2020 fiscal year
- However lower MCP seed availability resulted in a reduced target
- We believe underlying earnings for FY2020 will be higher than FY 2019
- Beyond the current fiscal year we believe we will have double digit US-GAAP EBITDA with earnings increasing each year

Restructuring

- Following the sale of Tenon and 100% acquisition of ArborGen, Rubicon's sole operating business is now ArborGen
- Consistent with our 'One Company' approach Rubicon Limited will be renamed ArborGen Holdings Limited
 - Our NZX ticker will be 'ARB' effective at the end of the month



Summary

- The foundation is firmly in place for ArborGen to offer increasing value to shareholders in the future
- Improving value for shareholders will be via share price performance driven by earnings and cash generation
- We are confident the share price will grow with improved earnings and cash flows
- As Chairman and a major shareholder, I am incredibly focussed on share price appreciation

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Shareholder Questions

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Resolutions

Resolutions

Resolution 1

To elect George Adams as a Director

Resolution 2

That, subject to the election of Mr Adams as a Director of the Company, to authorise that NZ\$150,000 of the NZ\$800,000 maximum aggregate remuneration able to be paid to Directors in 2019, shall be payable to Mr Adams by way of an issue of shares in the Company (and not in cash), in compliance with New Listing Rule 4.7.1 and on the terms described in Explanatory Note 2

Resolution 3

To authorise the Directors to fix Deloitte’s fees and expenses as the Company’s Auditor for the year ended 31 March 2020

Resolution 4

The adoption of a new Constitution for the Company be approved

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Refreshments