

Value-Added Industry: **New Initiatives in Resource Development**

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Vice President South America
November 19, 2004

Agrium

Competing Globally for Industry Investment



- **Agrium**
- **World nitrogen markets**
- **Agrium in Alaska – a value added industry**
- **Opportunities and challenges**

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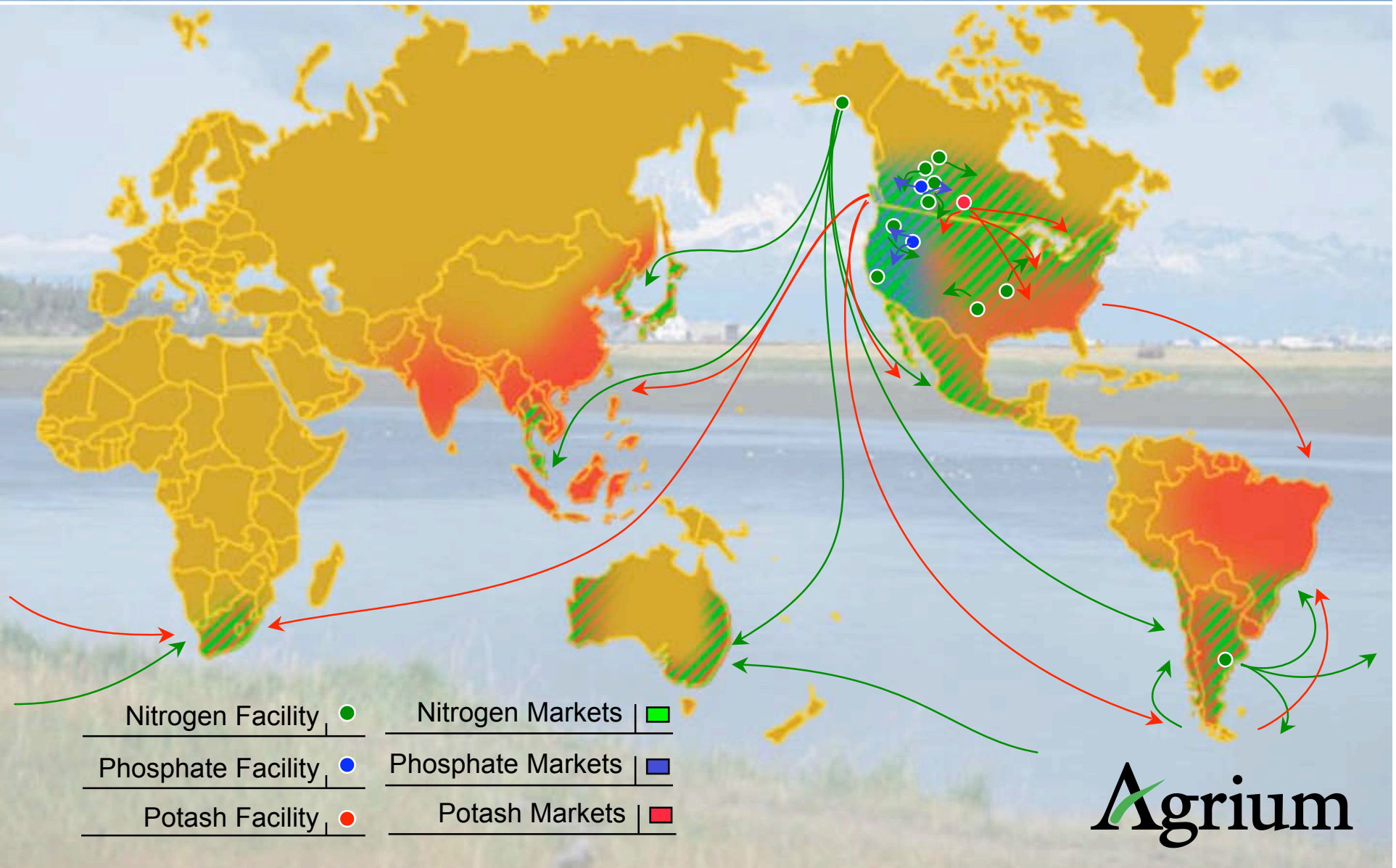
Who is Agrium? - Today



- **Trades as AGU on NYSE and TSX**
- **>5000 Employees in North and South America**
- **Revenue of \$2.5 Billion (US) in 2003**
- **Wholesale Business**
 - **13 Production Facilities in Argentina, Canada, USA**
 - **Leading Global Fertilizer Producer**
 - **About 10 million tonnes of fertilizer capacity**
 - Nitrogen –over 7.0 million tonnes (3% of global market)
 - Potash –1.7 million tonnes
 - Phosphate –1.1 million tonnes
- **Retail Business**
 - **206 Farm Centers Stores in 23 States**
 - **18 Farm Centers in Argentina**

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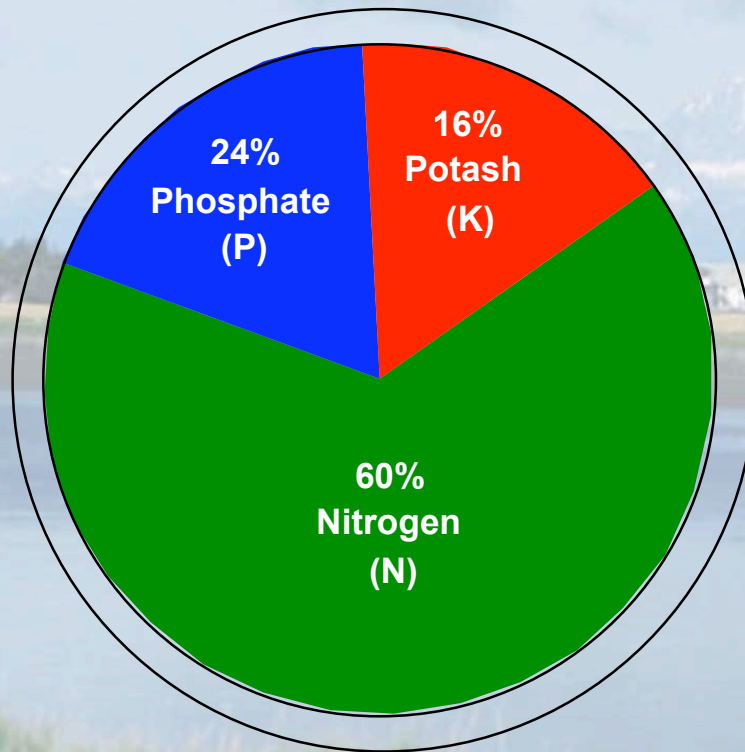
Agrium's Fertilizer Markets



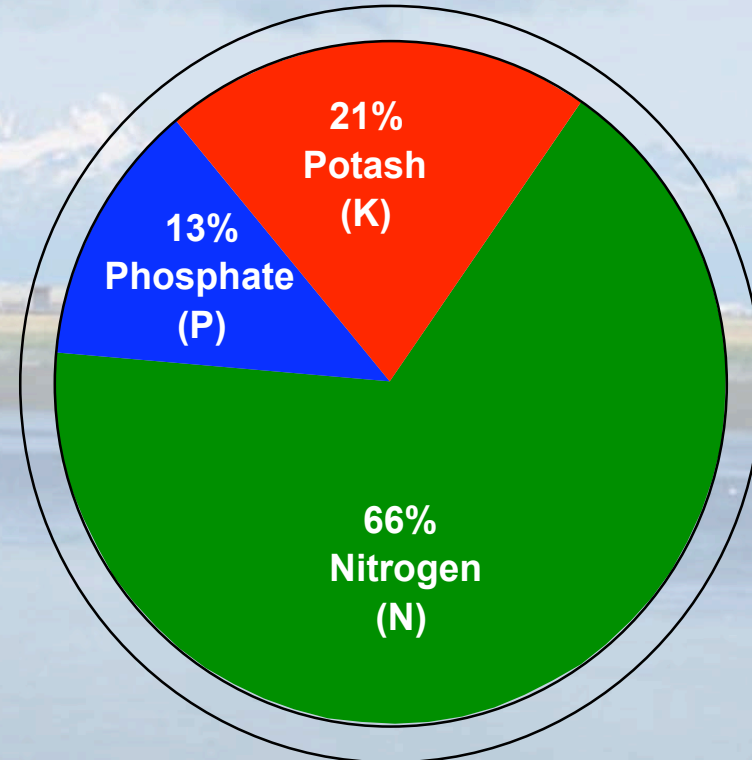
Strategic Product Mix



- **NUTRIENT BASIS**



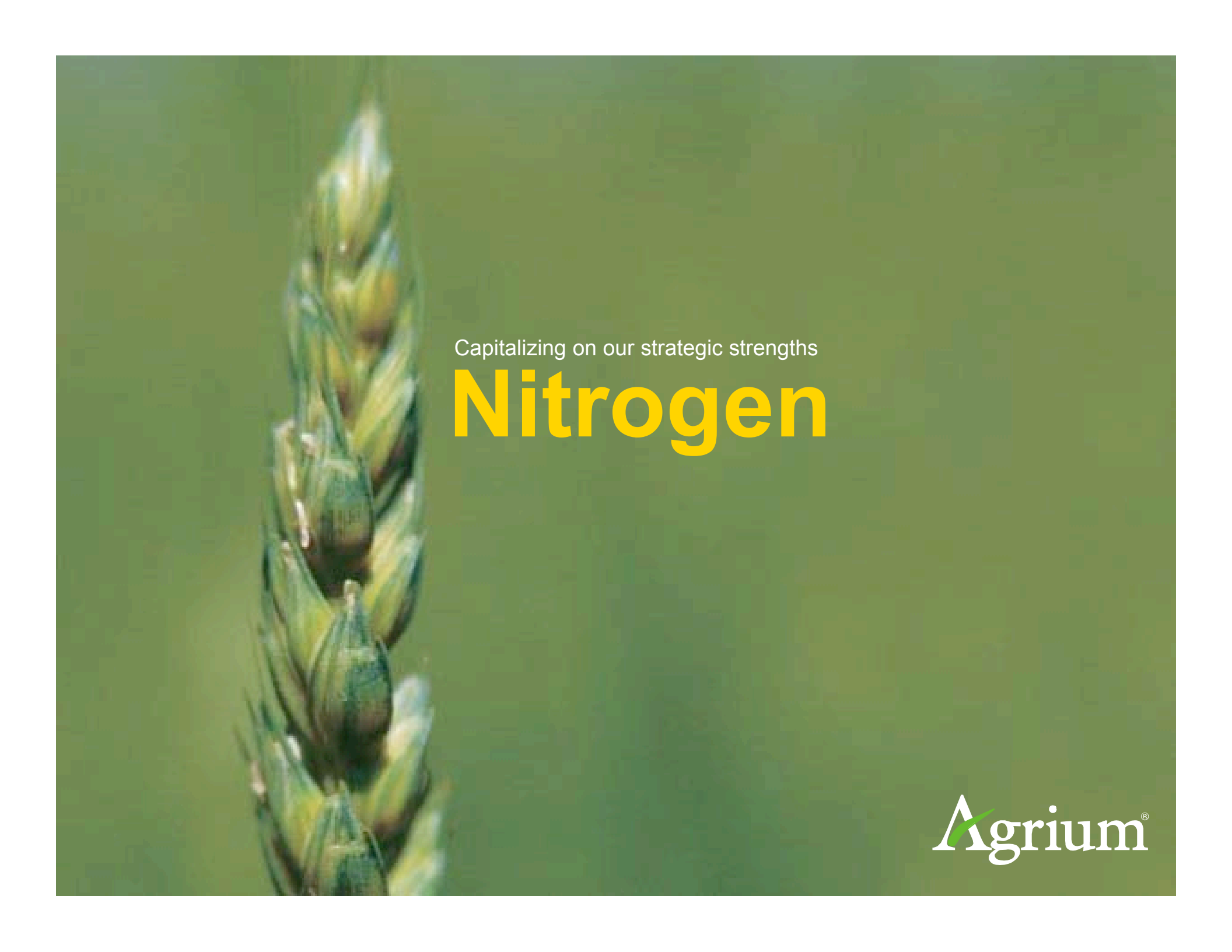
2003 World Consumption



2003 Agrium Production

Source: IFA (nutrient basis), Agrium Actual Production (product basis)





Capitalizing on our strategic strengths

Nitrogen

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Agrium's 2003 Nitrogen Markets



Kenai	
Production	Sales
1.3	1.2

Canada	
Production	Sales
2.6	1.6

United States	
Production	Sales
0.8	1.9

Profertil	
Production	Sales
1.2	0.6

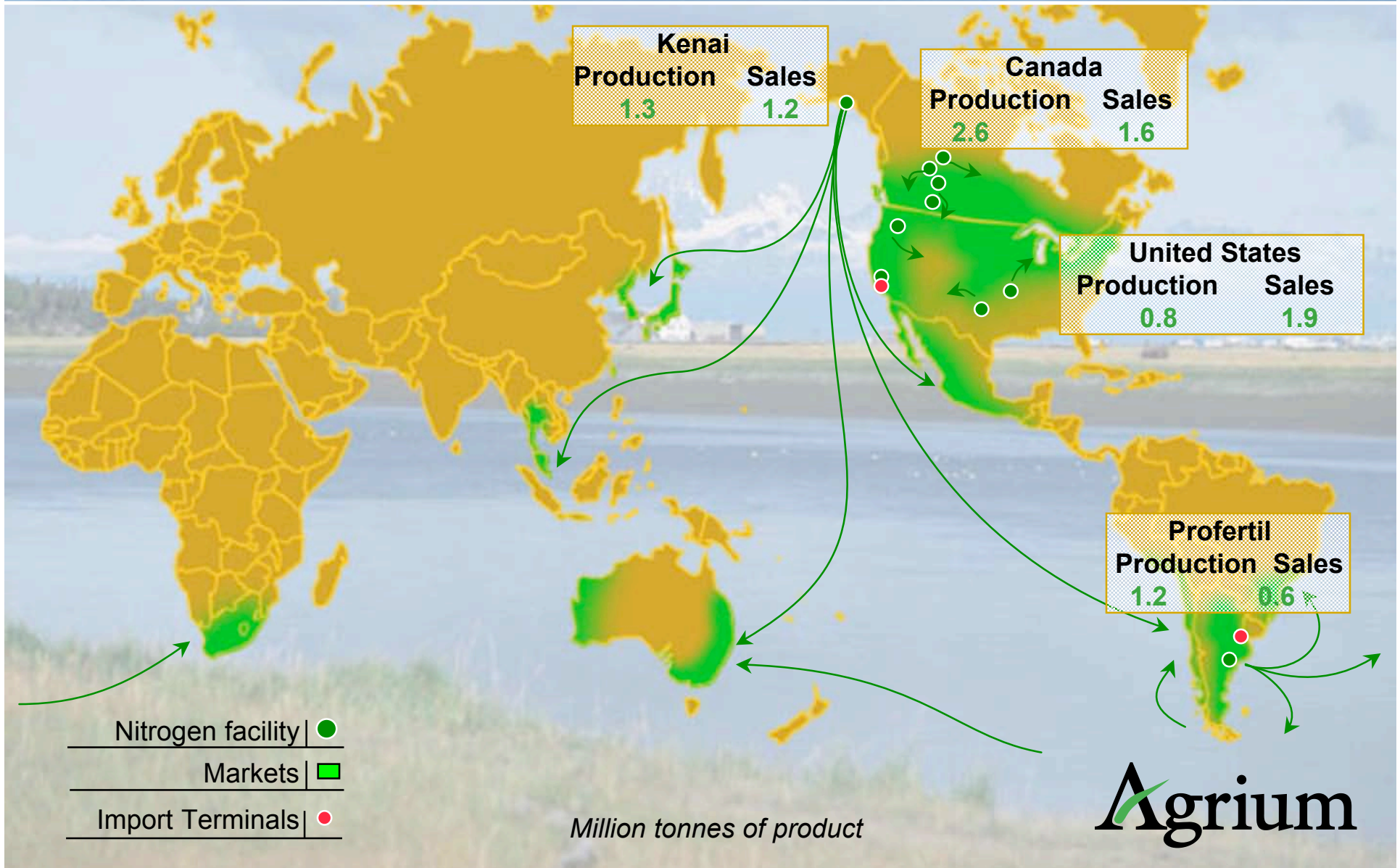
Nitrogen facility | ●

Markets | ■

Import Terminals | ●

Million tonnes of product

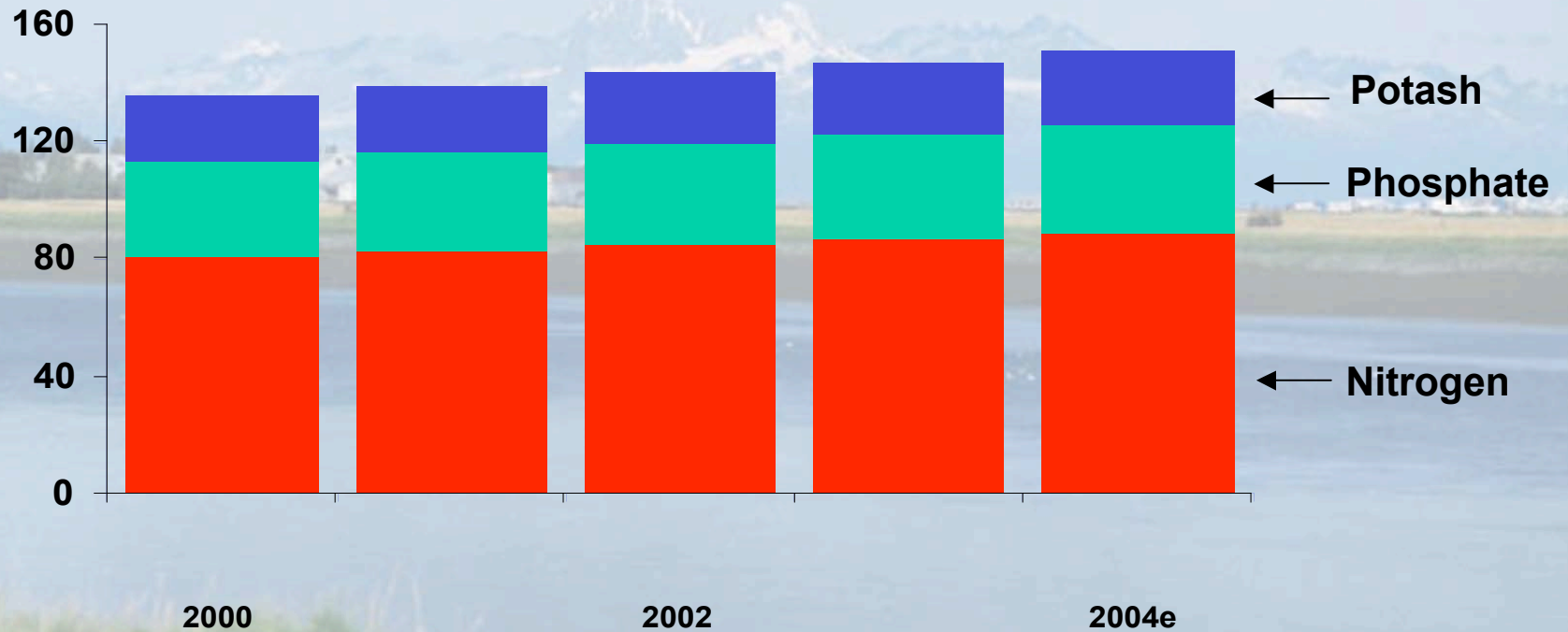
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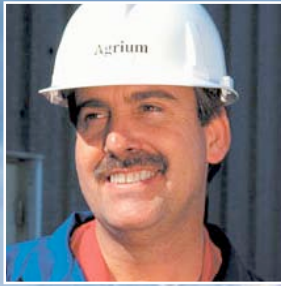
World Fertilizer Use



million tonnes
of nutrient



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Agrium in Alaska:
**A Value-Added
Industry**

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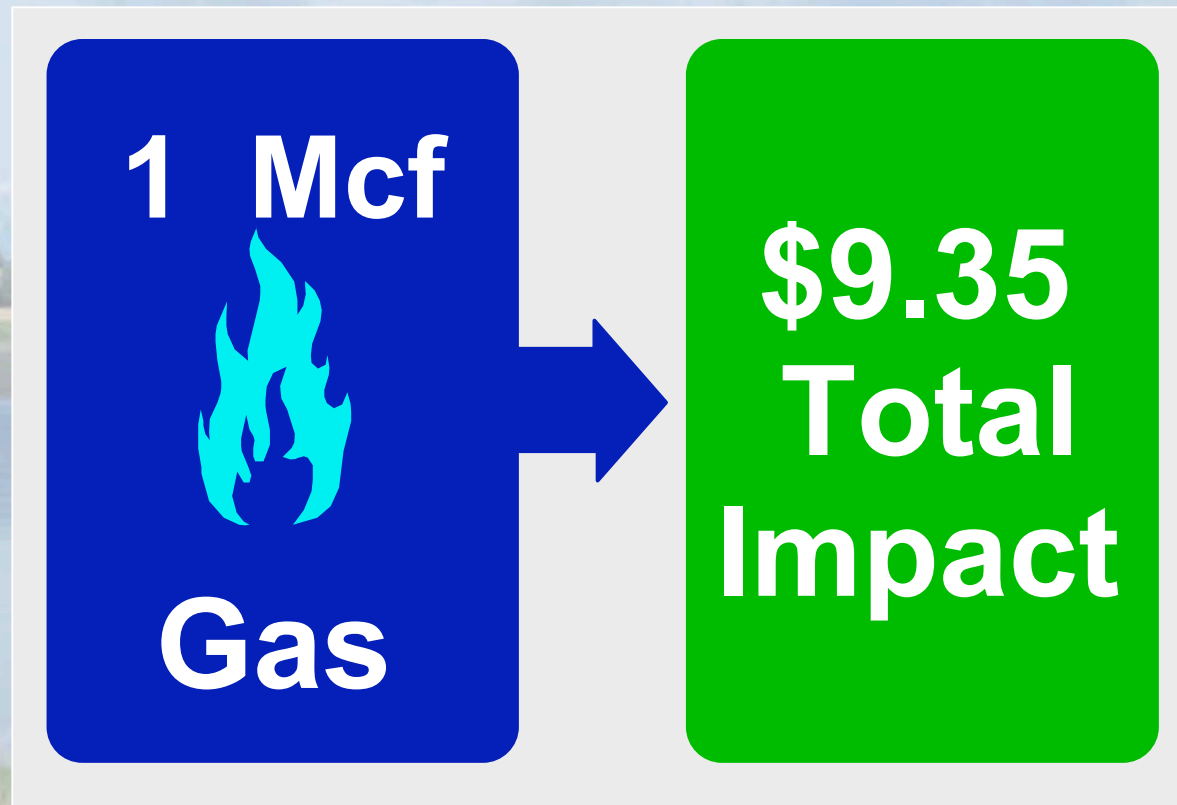
Agrium in Alaska - KNO



- **Kenai's largest private sector employer**
 - 230 employees living in the community
 - 500 indirect jobs in Alaska
 - 5% of Central Kenai Peninsula student enrolment
 - \$42 M in combined payroll
- **Contributes to the community**
 - \$101 M in direct spending
 - Purchased from 384 Alaskan businesses
 - \$2.5 M in taxes
 - \$148 K in donations to 87 organizations

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Adding Value to Gas



Source: Agrium U.S. Inc., McDowell Group compilations

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Local Market



- **State of Alaska**
- **Alaska Garden & Pet Supply**
- **Agriliance**
- **City of Kenai**



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2003 KNO International Markets



2001 Exporter of the Year



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Our Competition- World Natural Gas Prices



Source: IFA, BJ&A, Fertecon, CERA, Agrium (NGS February 11, 2004)

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Success factors for value added industries



- **Our Success Depends On**
 - **Skilled people**
 - **Safe, efficient & environmentally responsible operations**
 - **Supportive business environment**
 - **Sufficient supply of economic raw materials**
 - **Gas is 80-90% of production costs**
 - **Global market access**

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Alaska's Opportunities



- **Stable fiscal regime**
- **Skilled workforce**
- **Regulatory stability**
- **Access to Pacific Rim markets**
- **Large supply of natural gas on Alaska's North Slope**
- **Ability to provide economic stability for communities and the state**

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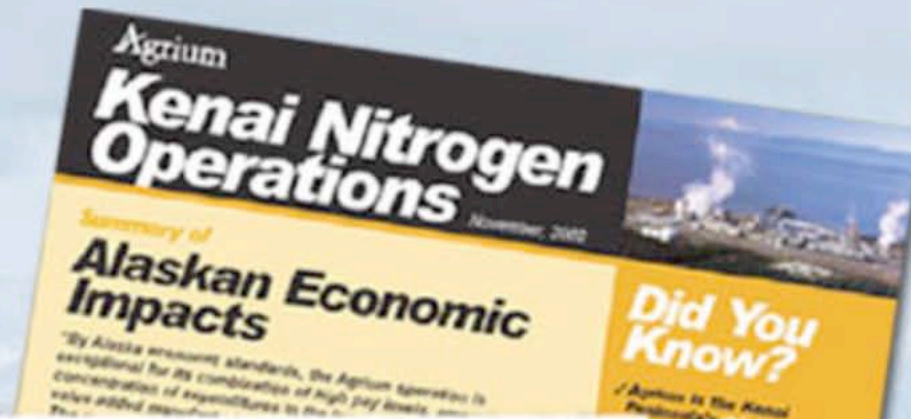
Alaska's Challenges



- **Product competitiveness in a global market**
 - Delivered product price is the key
- **Natural gas**
 - No transport from North Slope
 - Lack of common carrier pipelines
- **Alternative energy strategy**
 - Petrochemicals need natural gas for feedstock
 - Utilities can use alternate energy
- **Competing with low cost international natural gas for capital investment**
- **Time – is Alaska running out?**
 - Agrium is definitely running out of time

The Agrium logo features a stylized green leaf-like shape to the left of the word "Agrium" in a serif font.

Adding Value to Our Economy



“By Alaska economic standards, the Agrium operation is exceptional for its combination of high pay levels, amount and concentration of expenditures in the local area, and the degree of value added manufacturing that occurs in Alaska prior to export. The result is a high multiplier impact.”

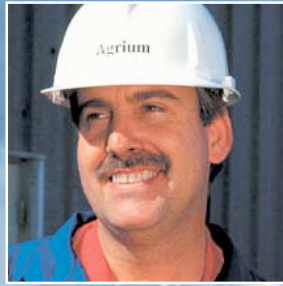
- McDowell Group, October 2002

Agrium's Commitment



- **Support local communities**
- **Safe and environmentally responsible operations**
- **Continue to work with government and industry to sustain operations**
- **Continue to add value in Alaska**

 **Agrium**



Alaska Resources 2005

Competing Globally for Industry Investment

Resource Development Council
25th Anniversary Conference

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