Nufarm Interim Results

6 months to January 31, 2017

March 22, 2017

Nufarm Grow a better tomorrow.

Disclaimer

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Non-IFRS information

Nufarm Limited results are reported under International Financial Reporting Standards (IFRS) including Underlying EBIT and Underlying EBITDA which are used to measure segment performance. This presentation also includes certain non-IFRS measures including Underlying net profit after tax and Gross profit margin. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review. Certain figures may be subject to rounding differences. Refer to “Supplementary information” for the definition and calculation of non-IFRS information. All market share information in this presentation is based on management estimates based on internally available information unless otherwise indicated. All amounts are in Australian Dollars unless otherwise stated.

2017 Interim Results

Overview

Greg Hunt
Managing Director / CEO

Strong first half results reflect focus on growth and business improvement

- These results continue to demonstrate that the changes we have made are helping build a platform for continued profitable growth
  - Revenue growth, market share gains and margin expansion – all achieved in a highly competitive market
  - Successful new product launches
  - Strong customer focus generating increased support from channel partners
  - Active capital management helps deliver a stronger balance sheet

Headline results

- Revenue up 15% on last year
- Underlying EBIT growth 19%
- Underlying NPAT growth 67%, with no significant material items
- Continued good progress on net working capital management
- Net debt and average net debt down on previous period

(A$ millions)

	1H17	1H16	Change
Revenue	1,360	1,188	▲ 15%
Underlying EBIT	85.0	71.2	▲ 19%
Underlying NPAT	19.8	11.9	▲ 67%
Reported NPAT	20.0	(91.0)	
Average net working capital/sales	37.1%	41.6%	▼ 11%
Net debt	856	927	▼ 8%
Half Year dividend	5 cents	4 cents	

A strong result that sets us up for a solid second half performance

2017 Interim Results

Financials

Paul Binfield
Chief Financial Officer

2017 Interim results

Revenue growth translates to profit growth in first half

- Strong revenue growth, together with further margin expansion driven by the performance improvement program
- Underlying EBIT growth of 19%
- Strong growth in NPAT, with no significant material items in the half
- Profitability improvement combined with active balance sheet management drives shareholder returns

(A$ millions)

	Half year ended 31 January			
	2017	2016	Change	
Revenue	1,360.1	1,187.6	15%	▲
Underlying gross profit[(1)]	395.3	335.2	18%	▲
Gross profit margin	29.1%	28.2%	84bps	▲
Underlying EBITDA[(1)]	128.7	112.3	15%	▲
EBITDA margin	9.5%	9.5%	-	-
Underlying EBIT[(1)]	85.0	71.2	19%	▲
EBIT margin	6.2%	6.0%	26bps	▲
Reported NPAT	20.0	(91.0)		▲
Underlying NPAT[(1)]	19.8	11.9	67%	▲
Return on funds employed (ROFE)[(2)]	13.2%	10.7%	250bps	▲
Underlying net operating cash flow [(3)]	(187.6)	(208.5)	10%	▲

1. Material items in 1H17 of $0.26m. In 1H16 material items were $(102.9)million (post tax)
2. ROFE is underlying EBIT for 12 months ended 31 January divided by the average of opening and closing funds employed (total equity plus net debt)
3. Underlying net operating cash flow is the operating cash flow before material items.

Operating expenses remain well controlled

Control of operating expenses remains an important management objective

(A$ millions)

	Half year ended 31 January	
	2017	2016
Underlying sales, marketing & distribution expenses(1)	201.7	166.0
Underlying general & administrative expenses (1)	90.3	85.5
Total underlying SG&A	292.0	251.5
SG&A/revenue	21.5%	21.2%
Corporate costs(2)	24.9	20.7
Underlying effective tax rate	38.4%	16.4%

(1) Excludes material items
(2) Included within underlying general and administrative expenses above. Represents corporate segment EBIT

- SG&A spend largely in line with revenue growth
- Further initiatives underway to improve the efficiency of back office operations
- Corporate costs up $4.2m, with increased costs associated with performance improvement and transformation program
- Expect effective tax rate in FY17 to be approximately 31%. 1H includes DTA adjustment for tax rate change in France

Net financing expense

Higher net interest expense at half, but full year tracking to guidance

(A$ millions)

	Half year ended 31 January	
	2017	2016
Interest income	(4.8)	(8.1)
Interest expense	48.3	43.8
Lease interest expense	1.0	1.1
Debt establishment costs	1.8	3.2
Net interest expense	**46.3**	**40.0**
Net FX (gains)/losses	6.2	17.1
Total financing costs	**52.5**	**57.1**
Net debt at period end	856	927
Average net debt for period[1]	886	897
Leverage at balance date	2.21x	2.84x
Average leverage for period[2]	2.28x	2.75x

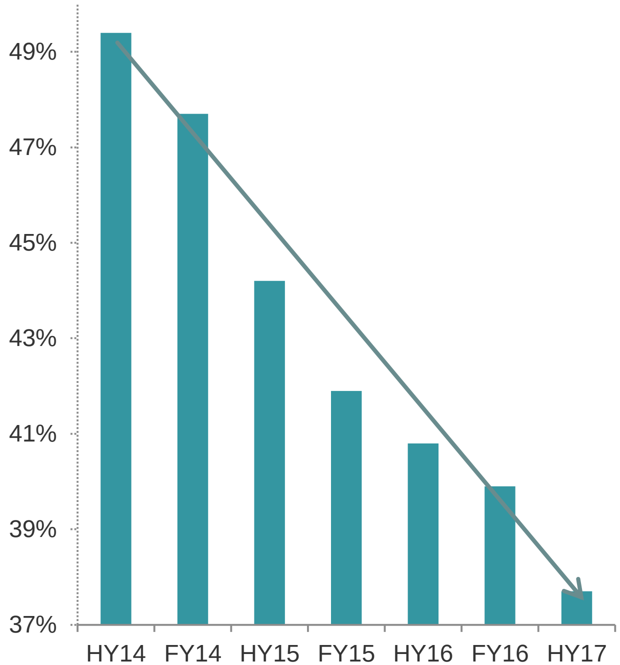
(1) Average net debt is the average of the month end net debt over the preceding twelve months.
(2) Average leverage for the period is average net debt over the preceding twelve months divided by underlying EBITDA.

- Net interest expense increase due to higher debt levels in Brazil
- Net interest expense expected to be in line with guidance provided for FY17 – moderately lower than FY16 amount of $96m
- Bank base rates in Brazil on rapid downward trend
- Net exchange loss of $6.2m mainly LATAM, but tracking to guidance of $1m to $1.5m per month
- Net debt decrease due to non core asset sales – net material items inflow of $39m received in 1H – and continued focus on net working capital

Active balance sheet management delivering results

ANWC/Sales down to 37.1%

ANWC / Sales[3]



(1) Net working capital (NWC) is current trade receivables plus inventories less current trade payables plus non-current trade receivables
(2) ANWC is the average net working capital balance calculated over each of the 12 months
(3) ANWC/sales is ANWC divided by the last 12 months sales revenue
(4) Underlying net operating cash flow is operating cash flow before material items

- Average NWC lower by $39m, with primary drivers being better management of inventories and payables
- Outstanding ANWC/sales result at the half, despite strong revenue growth
- Investment in improved processes and systems across supply chain well progressed, with benefits starting to be realised in FY18
- Program to divest non-core assets; gross proceeds of $49 million received in first half
- Seasonality drives net cash outflow in the first half. Outflow down $21m on last year, despite the strong revenue growth

Net working capital
(A$ millions)

	Half year ended 31 January			
	2017	2016	Change	
ANWC[2]	1,101	1,140	3%	▼
ANWC/sales[3]	37.1%	41.6%	450bps	▼
Underlying net operating cash flow [4]	(187.6)	(208.5)	10%	▼

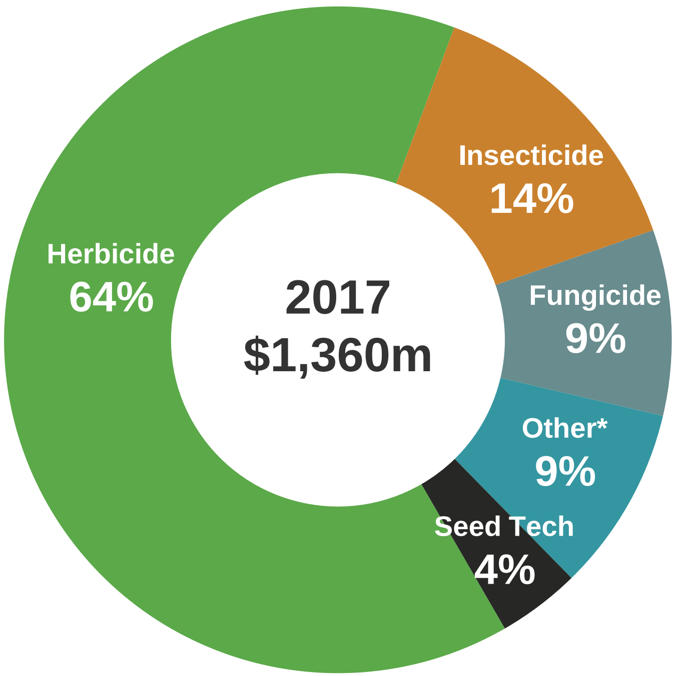
2017 Interim Results

Segment results

Greg Hunt
Managing Director / CEO

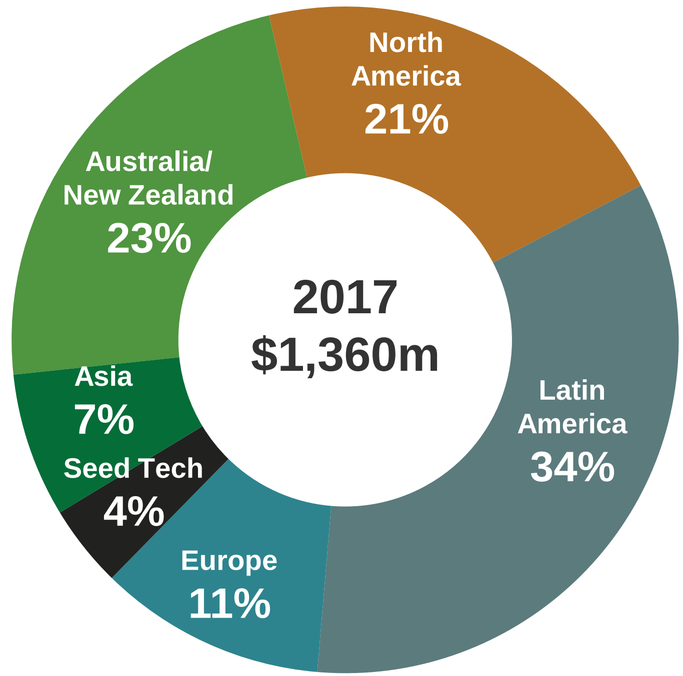
Major segments

Product



*Other includes equipment; adjuvants; PGR's; industrial

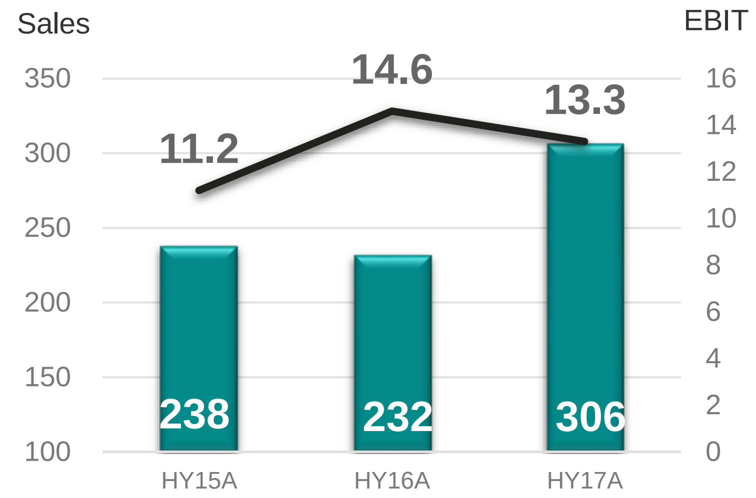
Geographic



Regional review

Australia/New Zealand

A$(m)	HY17	HY16	%
Sales	**306.3**	231.6	32%
Underlying EBIT	**13.3**	14.6	-9%
Underlying EBITDA	**19.6**	22.1	-11%
Underlying EBITDA Margin	**6.4%**	9.5%	



Nufarm drivers

- Sales up 32%, with major focus on volume and share recovery, mainly in commodity products
- Margin pressure across the portfolio
- Plant closures completed. Higher volumes improve plant efficiencies
- Portfolio renewal under way

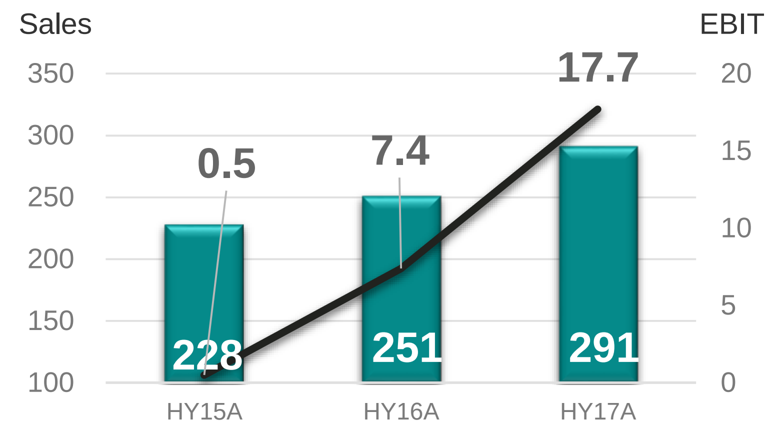
Market drivers

- Good winter/spring rains lead to record 2016 grain harvest
- Summer cropping started well, but turned dry in northern NSW and Queensland
- Good rains in the west
- Competitive pricing environment
- Outlook positive for winter cropping

Regional review

North America

A$(m)	HY17	HY16	%
Sales	**291.1**	251.0	16%
Underlying EBIT	**17.7**	7.4	138%
Underlying EBITDA	**27.1**	15.5	75%
Underlying EBITDA Margin	**9.3%**	6.2%	



Nufarm drivers

- Revenue growth reflects stronger volumes, new product launches and more focused product portfolio
- Better alignment of our marketing programs to the needs of our channel partners
- Currency movement had negative impact on AUD result
- Salesforce.com live in February
- Calgary plant closed, with production moved to Chicago Heights

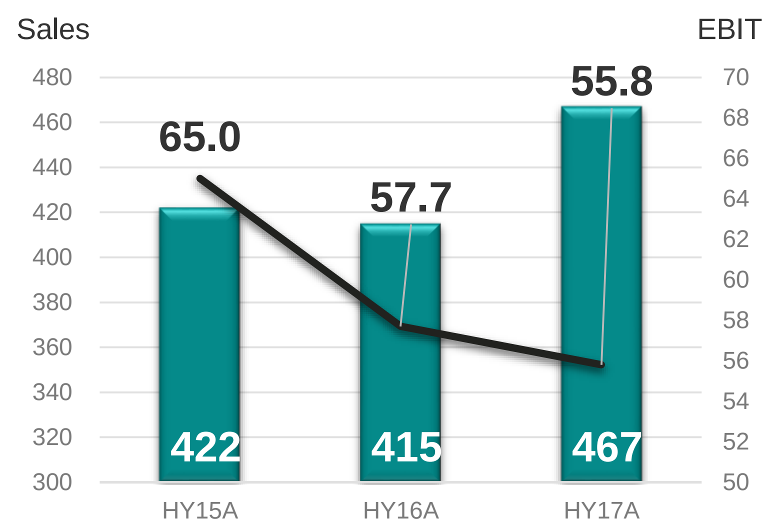
Market drivers

- Seasonal conditions above average over most of North America
- Outlook for second half positive, with good moisture levels
- Low commodity pricing has reduced farmer input spend

Regional review

Latin America

A$(m)	HY17	HY16	%
Sales	**466.9**	415.0	13%
Underlying EBIT	**55.8**	57.7	-3%
Underlying EBITDA	**58.9**	59.1	-
Underlying EBITDA Margin	**12.6%**	14.2%	



Nufarm drivers

- Brazil sales up 20% in AUD, and 9% in local currency. Increased margin offset by investment in new product launches and treasury resources
- Argentina sales down 18% in AUD and margins down 6%, with weaker Peso increasing costs and delayed season putting pressure on pricing
- ‘Product on ground’ use in line with sales – channel inventories under control
- Exchange losses and interest expense in line with guidance

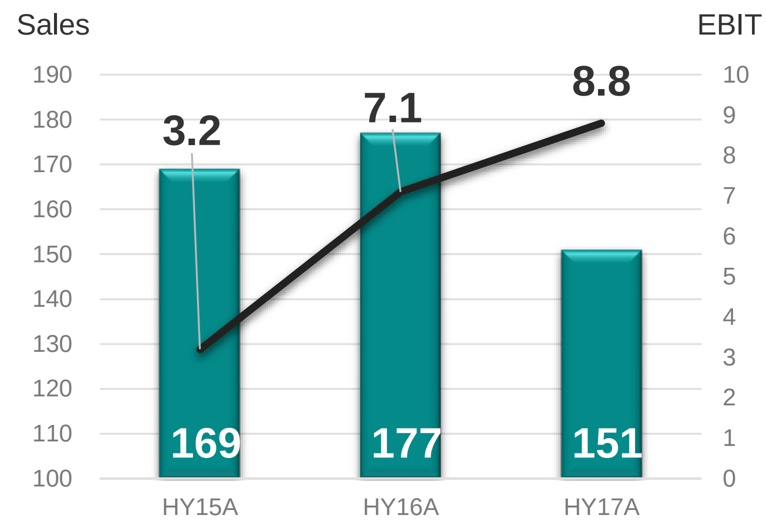
Market drivers

- Overall Brazil market value was flat in CY16 in USD
- Brazil weather conditions generally positive, driving yield improvement and strong increase in total grain production
- Credit conditions remain tight
- Poor season in Argentina delayed grower purchases, which led to severe price competition

Regional review

Europe

A$(m)	HY17	HY16	%
Sales	**150.9**	176.7	-15%
Underlying EBIT	**8.8**	7.1	24%
Underlying EBITDA	**26.8**	25.9	3%
Underlying EBITDA Margin	**17.8%**	14.7%	



Nufarm drivers

- Improved margins with better pricing discipline and focus on high value products
- Investment in sales/marketing in France, Germany and Poland to support growth
- Successful new product introductions
- Currency movement had negative impact on AUD result
- Botlek plant closed and efficiency programs delivering lower cost of goods

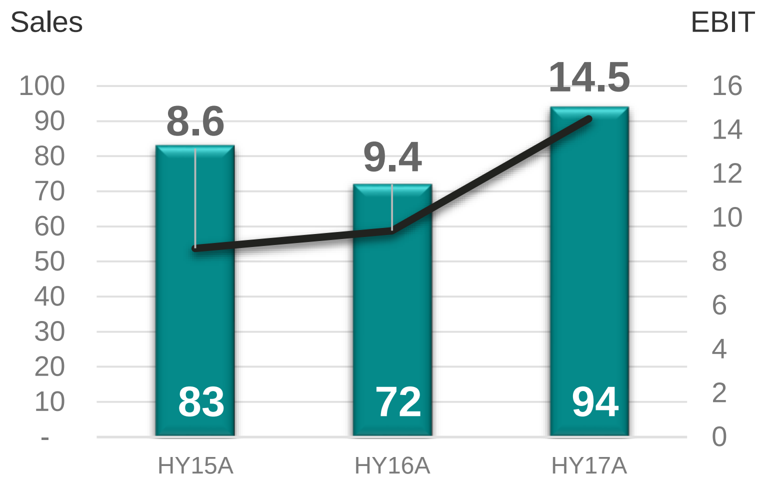
Market drivers

- Weather conditions unfavourable across north west Europe
- Crop protection market down with low soft commodity pricing impacting farmer profitability
- Regulatory environment still challenging

Regional review

Asia

A$(m)	HY17	HY16	%
Sales	**94.3**	71.6	32%
Underlying EBIT	**14.5**	9.4	55%
Underlying EBITDA	**16.5**	11.3	46%
Underlying EBITDA Margin	**17.5%**	15.8%	



Nufarm drivers

- Indonesia sales up 48%, due to good weather and early plantings – sales phasing into first half versus second half last year
- Continued good sales into Japan (+9%), China (+8%) and Korea (+11%)
- Prudent expense management continues

Market drivers

- Seasonal conditions very good. Indonesia experienced early rains, which prompted an early start to the season. Last year, Indonesia first half was severely impacted by El Nino
- Palm oil price up 9% since August 2016

2017 Interim Results

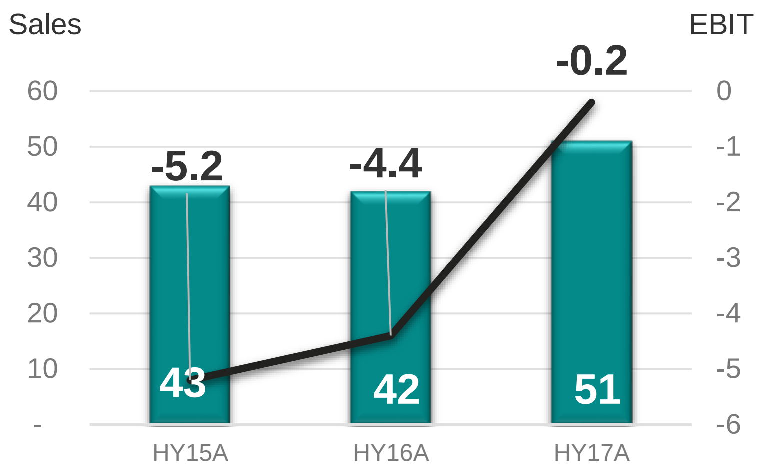
Seed Technologies

Brent Zacharias
Group executive - Nuseed

Regional review

Seed technologies

A$(m)	HY17	HY16	%
Sales	**50.6**	41.7	21%
Underlying EBIT	**-0.2**	-4.4	
Underlying EBITDA	**4.5**	-1.3	
Underlying EBITDA Margin	**8.9%**	-3.1%	



Nufarm drivers

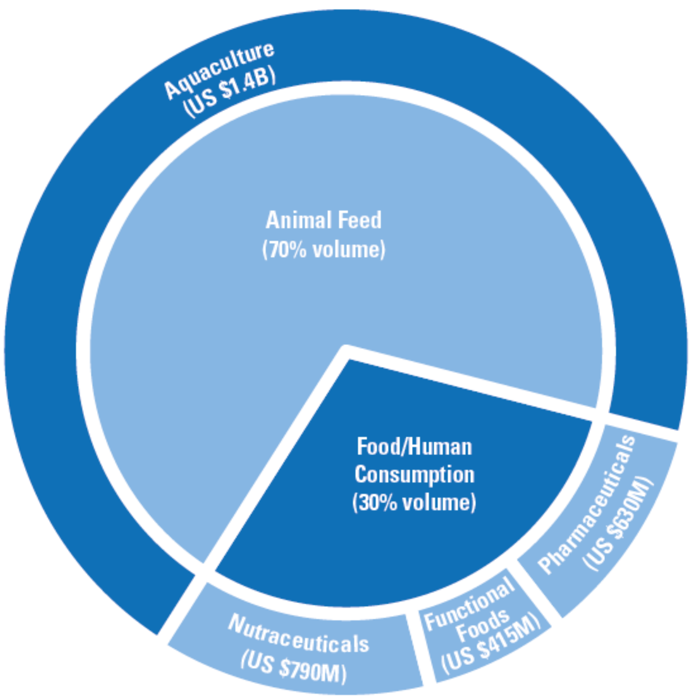
- Stronger end point royalties on canola from 2016 farmer saved seed harvest in Australia
- Growth in European sunflower business
- Strong seed treatment sales of Nuprid 600 in Europe
- Omega-3 canola at pre-commercial phase

Market drivers

- Low commodity pricing impacts grower decisions to used 'saved' seed versus higher margin new varieties
- Challenging market conditions for US sunflowers and sorghum
- Positive outlook for Australian canola, pending good planting rains in March/April

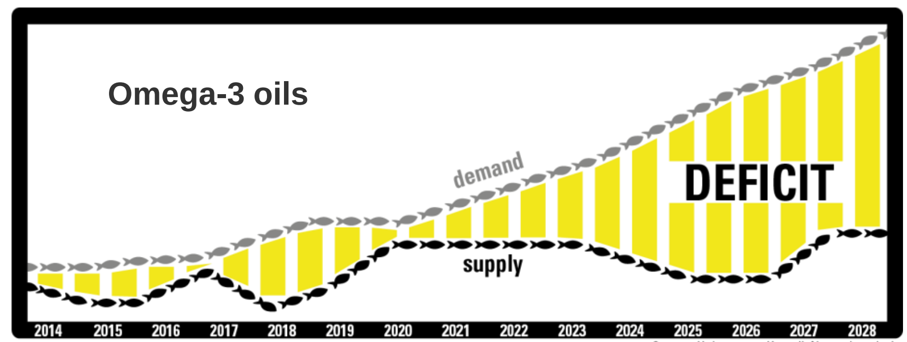
Omega-3 canola opportunity

Global omega-3 market
Projected value: 2023



Source: GOED, Kontali, Holtermann, Nuseed analysis company estimates

Omega-3 oils, particularly the long-chain EPA and DHA types typically found in oily fish, are important for human and fish health. Demand for these oils is increasing year-on-year, while existing supply from fish oil is limited. Developing new, sustainable sources of these healthy long-chain omega-3 oils is essential.



Source: Holtermann, Kontaii; Nuseed analysis

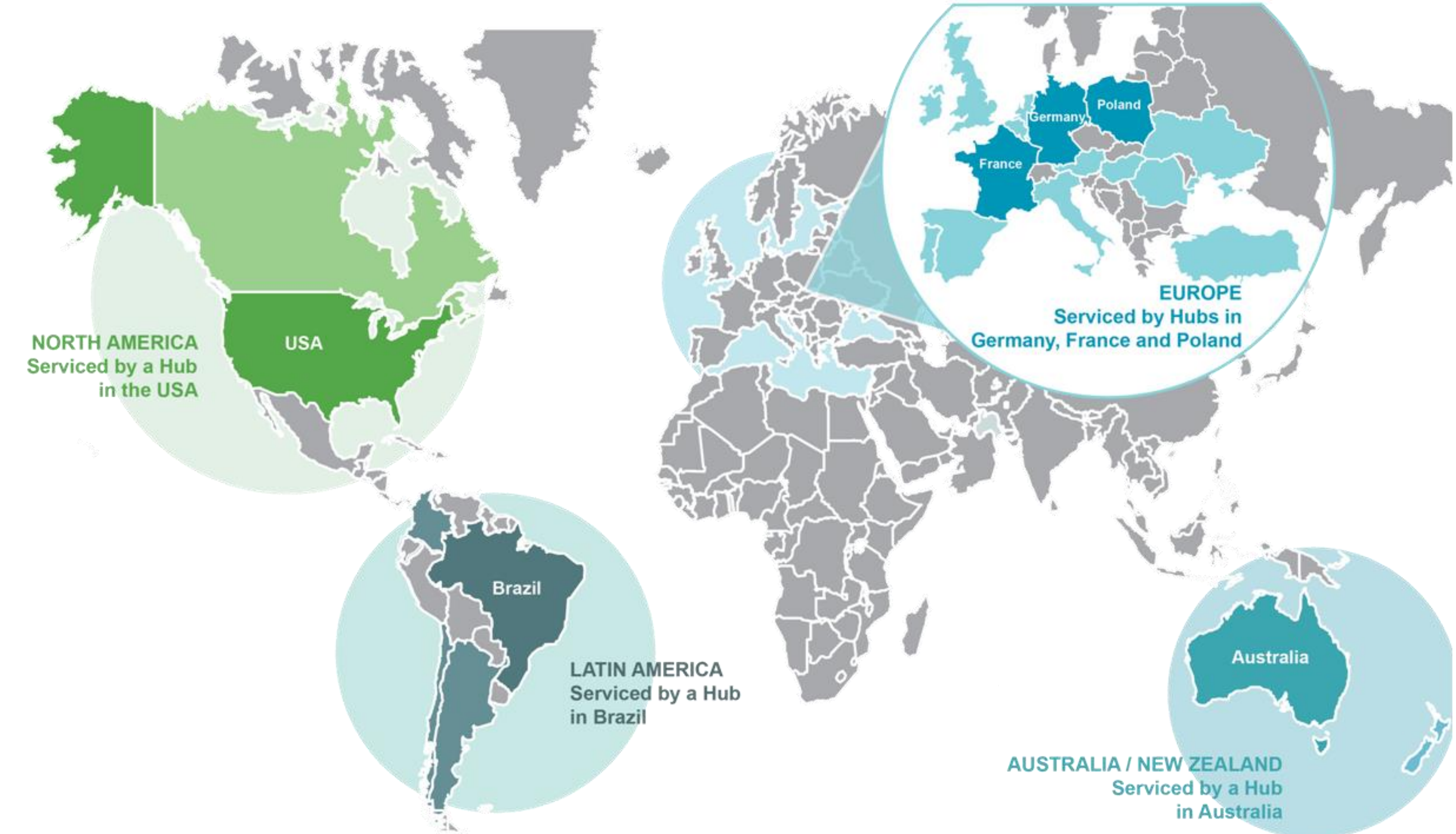
Source: Oil World

2017 Interim Results

Strategy update

Greg Hunt
Managing Director / CEO

Focus on core geographies & crops



PASTURE, TURF & ORNAMENTALS	SOYBEAN	TREES, NUTS, VINES & VEGETABLES	CORN	CEREAL

Building a Better Nufarm

Expect net benefits from performance improvement program of approximately $20m in FY17. Will deliver at least $116m by FY18

Target of 16% return on funds employed by end of FY18

	Customer Excellence	Portfolio Excellence	Supply Chain Excellence	One Nufarm Enablers
Key Initiatives	• Salesforce.com CRM – ANZ, USA and Brazil • Net Promoter Score - quality customer feedback • ‘Order to Cash’ processes	• Portfolio rationalisation • One Nufarm portfolio team to leverage investment globally	• Manufacturing footprint • Manufacturing efficiency program • Global procurement • Supply chain processes and systems – in progress	• Back office expenses in Australia and global • Harmonisation of back office processes and systems across and within regions
Business transformation investments	• Continued investment in Salesforce.com	• Optimise annual R&D investment	• Supply chain processes and systems • Procurement systems	• Standardisation of back office practices globally • People and performance systems • Collaboration systems

Generating solid growth and driving greater efficiencies

- Our focus on markets and segments where we can be most successful is delivering impressive growth in a competitive global market
- Better execution on product development and well resourced new product launches are helping drive margin expansion
- Identifying further efficiency gains that will ensure we deliver on our performance improvement and cost savings targets
- Securing additional value from our strategic partnerships, including that with Sumitomo Chemical Company
- Remaining alert to opportunities resulting from broader industry consolidation

2017 Interim Results
Outlook

Greg Hunt
Managing Director / CEO

Group outlook

- Market conditions to remain competitive with relatively low soft commodity prices prevailing due to high inventories and strong global crop harvests
- Positive second half performances expected in Australia, North America and Europe
- Latin America impacted by negative market conditions in Argentina, and the expected later timing of sales in Brazil. Second half 2017 performance will be below the comparative period of 2016
- Improvement in Australian canola segment will drive better performance from seeds business
- Interest costs are expected to be moderately lower than last year. Net foreign exchange impacts will continue to include hedging costs of $1 million to $1.5 million per month in Latin America
- Balance sheet management will remain a key focus

Assuming average seasonal conditions in major markets, we expect to achieve another year of improved underlying EBIT growth in FY17

Supplementary information

Constant currency

(A$ millions)

	Half year ended 31 January			
	2017 Reported currency	2017 Constant currency(1)	2016 Reported currency	Constant currency %
Revenue	1,360.1	1,387.8	1,187.6	16.9%
Underlying EBITDA(2)	128.7	133.7	112.3	19.1%
Underlying EBIT(2)	85.0	86.1	71.2	20.9%

	Average exchange rates 1H17 v 1H16		
A$1 =	1H17	1H16	%
BRL	2.447	2.708	-9.6%
USD	0.751	0.718	4.6%
EUR	0.686	0.654	4.9%
GBP	0.590	0.472	25.0%

(1) 2017 reported results converted at 2016 foreign currency exchange rates
(2) Excludes material items

- Impact of FX on revenue and underlying EBIT
  - Appreciating BRL offset by stronger AUD against the USD, Euro and GBP
  - FX loss of $6.2 million in 1H17, derived almost exclusively in Latin America, but tracking in line with full year 2016 guidance of $1.0 to $1.5 million per month in hedging costs

No significant material items in first half result

- Material items in 1H17 relate to additional proceeds from the sale of the Excel equity investment, and costs associated with the disposal of closed manufacturing properties

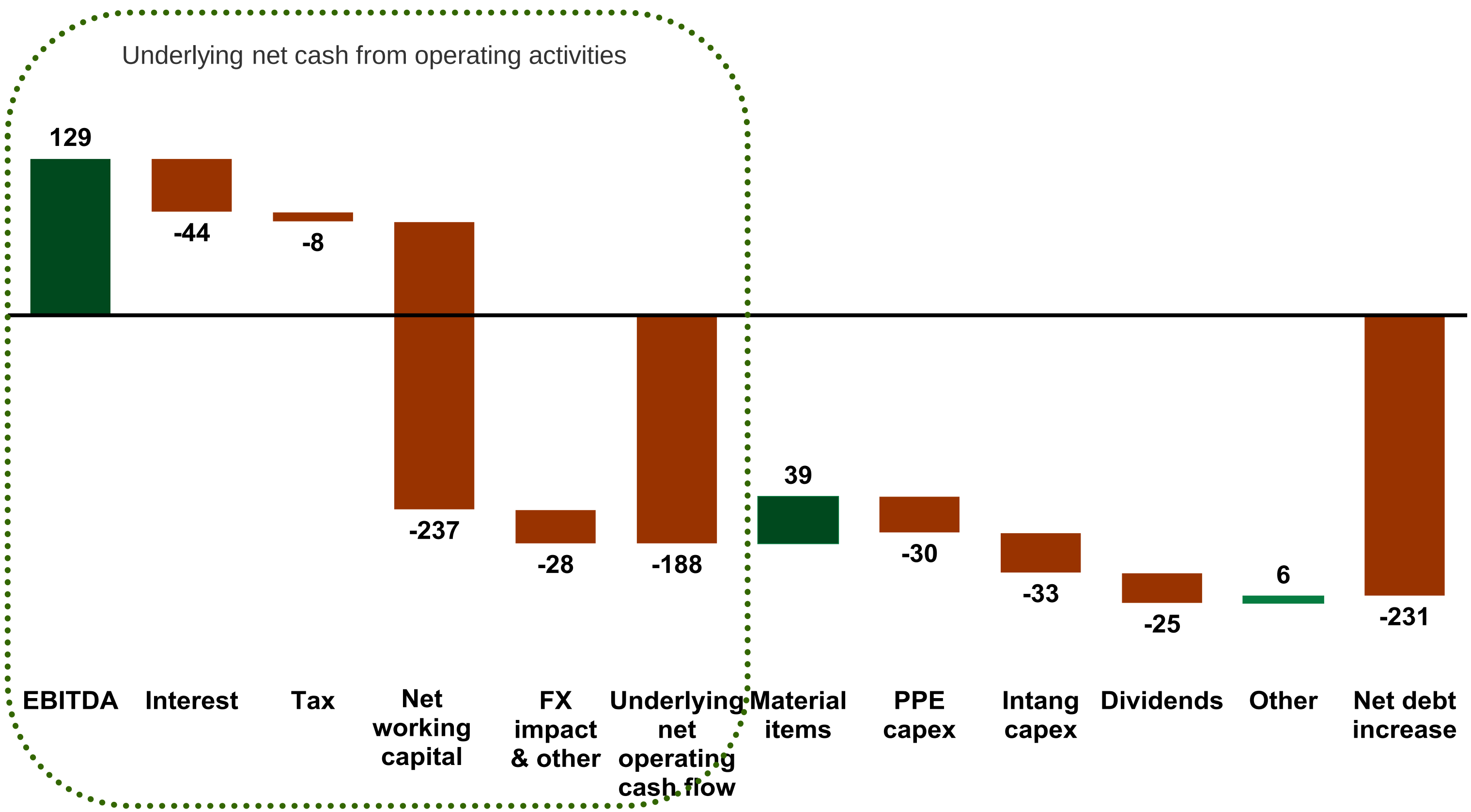
NPAT reconciliation

(A$ millions)

	Half year ended 31 January	
	2017	2016
Underlying NPAT	$19.8	$11.9
Material items		
Manufacturing excellence	-	$26.4
Portfolio rationalisation program	-	$80.9
Asset rationalisation and restructure	$0.7	$8.8
Performance improvement program	$0.7	$116.1
Excel equity investment	($0.9)	
Argentina Peso devaluation event	-	$5.4
Total material items, pre-tax	**($0.2)**	**$121.5**
(-) Tax	-	($18.6)
Total material items after tax	**($0.2)**	**$102.9**
Reported NPAT	**$20.0**	**($91.0)**

Cash flow

- Net working capital increase +$237m in line with prior year (1H16: +$230m)
- Current year material item cash inflow $39m, including asset sale proceeds $49m
- Expect PPE capex of approximately $40m
- Intangible asset capex to broadly in line with FY16, despite increased IT and Omega 3 investment
- Expected depreciation and amortization in FY17 of approximately $95m



Non IFRS disclosures and definitions

Term	Definition
Underlying NPAT	Profit / (loss) for the period attributable to the equity holders of Nufarm Limited less material items.
Underlying EBIT	Earnings before net finance costs, taxation and material items.
Underlying EBITDA	Earnings before net finance costs, taxation, depreciation and amortisation and material items.
Gross profit margin	Gross profit as a percentage of revenue.
Average gross profit	Revenue less a standardised estimate of production costs excluding material items and non-product specific rebates and other pricing adjustments.
Average gross margin	Average gross profit as a percentage of revenue.
Net debt	Total debt less cash and cash equivalents.
Average net debt	Net debt measured at each month end as an average.
Net working capital	Current trade and other receivables and inventories less current trade and other payables.
Average net working capital	Net working capital measured at each month end as an average.
ANWC/sales (%)	Average net working capital as a percentage of last twelve months revenue.
Net external interest expense	Comprises Interest income – external, Interest expense – external and Lease expense – finance charges as described in the Nufarm Limited financial report.
Gearing	Net debt / (net debt plus equity)
Constant currency	Comparison removing the impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the Australian dollar.
Return on funds employed	Underlying EBIT divided by the average of opening and closing funds employed (total equity + net debt)

Non IFRS information reconciliation

	6 months ended 31 Jan 2017			6 months ended 31 Jan 2016		
	Underlying $000	Material items $000	Total $000	Underlying $000	Material items $000	Total $000
Revenue	**1,360,070**	**-**	**1,360,070**	**1,187,605**	**-**	**1,187,605**
Cost of sales	(964,773)	-	(964,773)	(852,405)	25,653	(878,058)
Gross Profit	**395,297**	-	**395,297**	**335,200**	25,653	**309,547**
Other income	3,918	(894)	4,812	7,659	-	7,659
Sales, marketing and distribution expenses	(201,726)	-	(201,726)	(166,037)	68,383	(234,420)
General and administrative expenses	(90,307)	630	(90,937)	(85,510)	12,014	(97,524)
Research and development expenses	(22,098)	-	(22,098)	(20,091)	7	(20,098)
Share of net profits/(losses) of associates	(84)	-	(84)	8	-	8
Operating profit	**85,000**	**(264)**	**85,264**	**71,229**	**106,057**	**(34,828)**
Financial income excluding fx	4,835	-	4,835	8,140	-	8,140
Net foreign exchange gains/(losses)	(6,210)	-	(6,210)	(17,088)	15,450	(32,538)
Net financial income	(1,375)	-	(1,375)	(8,948)	15,450	(24,398)
Financial expenses	(51,153)	-	(51,153)	(48,092)	-	(48,092)
Net financing costs	**(52,528)**	**-**	**(52,528)**	**(57,040)**	**15,450**	**(72,490)**
Profit before tax	**32,472**	**(264)**	**32,736**	**14,189**	**121,507**	**(107,318)**
Income tax benefit/(expense)	(12,481)	-	(12,481)	(2,332)	(18,635)	16,303
Profit for the period	**19,991**	**(264)**	**20,255**	**11,857**	**102,872**	**(91,015)**
Attributable to:						
Equity holders of the parent	19,771	(264)	20,035	11,868	102,872	(91,004)
Non-controlling interest	220	-	220	(11)	-	(11)
Profit for the period	**19,991**	**(264)**	**20,255**	**11,857**	**102,872**	**(91,015)**

Non IFRS information reconciliation

Six months ended 31 January	2017 $000	2016 $000
Underlying EBIT	85,000	71,229
Material items impacting operating profit	264	(106,057)
Operating profit	85,264	(34,828)
Underlying EBIT	85,000	71,229
add Depreciation and amortisation excluding material items	43,696	41,063
Underlying EBITDA	128,696	112,292

Nufarm

Grow a better tomorrow.