Nufarm Limited
ABN 090 323 312
103-105 Pipe Road
Laverton North Vic 3026
Australia

+61 3 9282 1000
nufarm.com

17 January 2020

Update on First Half Earnings

Please find attached an update on Nufarm’s first half earnings for immediate release to the market.

Fiona Smith
Group General Counsel and Company Secretary

Nufarm Limited
ABN 090 323 312

103-105 Pipe Road
Laverton North VIC 3026
Australia

+61 3 9282 1000

nufarm.com

17 January 2020

ASX Release – Company Announcement

Update on first half earnings

On 25 November 2019 Nufarm advised that earnings for the half year ending 31 January 2020 were expected to be significantly lower than the prior comparative period.

With an additional two months of trading performance now available, Nufarm is able to provide an estimate of earnings before interest, tax, depreciation and amortisation, which is expected to be in the range of $55 million to $65 million for the first half of FY20.

While Nufarm will report actual first half financial results for FY20 on 25 March 2020, the following observations of market conditions and trading performance for the year to date have informed the estimate of first half earnings.

South America

Sales growth has continued in South America, particularly in Brazil, however margins have continued to be impacted by strong competition. Some additional costs have been incurred in preparation for the launch of new products in the coming years and earnings before interest, tax, depreciation and amortisation are expected to be slightly lower than the prior comparative period.

North America

In the market update on 25 November 2019, we advised industry-wide weak demand for crop protection products in North America had impacted earnings in the first quarter by approximately $20 million and this has not been mitigated in the second quarter. While there are positive signs for the spring planting season markets remain competitive and we are observing a shift in customer purchasing intentions to in-season rather than in advance of the planting season. Our expectation is for earnings from the North American business to be more heavily weighted toward the second half of the year compared to the prior comparative period.

Europe

Sales in Europe have increased however higher raw material costs and strong market competition during the Autumn sales period impacted margins. Increased sales, marketing and logistics costs have also been incurred with increased resources put in place over the past year to service the needs of the larger portfolio. Europe's cost base will be more fully leveraged in the second half of the year when the majority of sales are generated, but the segment is expected to record a loss before interest, tax, depreciation and amortisation in the first half. This reporting period will include $9 million of additional rebates as advised in the market update on 25 November 2019.

Australia and New Zealand

In Australia we have experienced a significant reduction in sales due to a continuation of extreme climatic conditions. The impact of this has been partially offset by savings from the performance improvement program commenced last year. While there is some potential for increased sales in the remainder of the first half of the financial year due to recent and forecast rainfall, it is expected the Australia and New Zealand segment will record a loss before interest, tax, depreciation and amortisation for the first half.

Asia

Sales and earnings before interest, tax, depreciation and amortisation in Asia are expected to be lower than the prior comparative period due to difficult climatic conditions and high inventory levels at the customer level constraining demand.

Seed Technologies

Earnings in the Seed Technologies segment are expected to be slightly lower than the prior comparative period primarily due to a ramp up in omega-3 commercialisation activities and additional costs to support the new carinata business.

Sale of South American businesses

The necessary filings for Brazilian competition regulatory approval were made in late December 2019 and these are currently being considered by the regulator. Completion of the transaction is expected to occur in the second half of FY20, subject to regulatory approval.

-- End --

Investor and media contact:
Nerida Mossop
nerida.mossop@nufarm.com
+61 437 361 433