



20 May 2021

The Manager
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ELECTRONIC LODGEMENT

Dear Sir or Madam

Nufarm Limited - Financial results for the half-year ended 31 March 2021 – Market Release and Investor Presentation

In accordance with the Listing Rules, I attach

1. Market Release
2. Investor Presentation to be delivered by the CEO and CFO.

Nufarm will conduct an investor briefing on the half-year results at 10am AEST. The briefing will be audio webcast live, you can register at <https://edge.media-server.com/mmc/p/a8hi4a5o>.

This announcement has been released simultaneously to the New Zealand Stock Exchange.

Authorised for lodgement by:

A handwritten signature in black ink, appearing to read 'Fiona Smith', is written over a light blue horizontal line.

Fiona Smith
Company Secretary

20 May 2021

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ASX Release – Company Announcement

Nufarm reports strong lift in revenues and earnings for first half of FY21

Overview

- Revenue and EBITDA growth in all regions and Seed Technologies
- European earnings recovery on track
- Performance improvement program on target
- Improved net working capital and cash generation
- Strong balance sheet
- Earnings expected to be significantly weighted to first half

Nufarm Limited (ASX: NUF) today reported financial results for the 6 months ending 31 March 2021. Group revenues were \$1.65 billion, an increase of 20% on the same period in the prior year. Group underlying earnings before interest, tax, depreciation and amortisation was \$233.6 million, up 118% on the prior period. Net profit after tax was \$59 million.

The significantly improved result reflected revenue and EBITDA growth in all regions and Seed Technologies, with particularly strong growth in APAC and Europe. Successful execution of ongoing Performance Improvement Program initiatives also contributed to earnings growth.

Nufarm Managing Director and CEO, Greg Hunt, said “Strong early demand and channel restocking in key markets has delivered a very strong first half result. We are realising benefits from the leverage of our APAC business to improved seasonal conditions and the earnings recovery in our European business is on track. Our North American and Seed Technologies businesses are delivering good growth, with currency translation impacts somewhat masking the true underlying performance of our North American business.

“Earnings growth and improved working capital management is driving cash generation and our balance sheet is strong.”

Mr Hunt noted that full year earnings are now forecast to be significantly weighted to the first half period. “We have delivered a strong first half result and momentum has continued into the second half, however this has not altered our expectations for the full year. We remain very focused on our key objectives of growing volumes and revenue; improving margins; generating more cash; and delivering stronger returns for shareholders.”

Authorised for lodgement by:
Fiona Smith
Company Secretary

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FY21 Half Year Results

20 May 2021

Disclaimer

General

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This presentation includes certain forecasts, prospects or returns, and other forward looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19 and the global economic environment. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forecasts, prospects or returns, and other forward looking statements. Such forecasts, prospects or returns, and other forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Nufarm Limited, which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Accordingly, no representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns, or other forward looking statements contained in this presentation.

Before making an investment decision, you should consider, with or without the assistance of a financial advisor, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

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. The 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.

Basis of preparation of selected Proforma financial information for non-statutory reporting periods ('Proforma')

The Proforma financial information presented in this report has been measured using the accounting policies of the group in place at 1 October 2020 other than, where indicated, the AASB 16 Leases accounting standard. In this respect, the adoption of the revision to lease accounting as described in the 31 July 2020 annual report has been adopted, except where indicated (for instance "Pre leases" or "No lease adj"). The information is presented on a continuing basis and adopts certain non-IFRS measures of the group, defined herein. The Proforma information does not provide information regarding material items or tax due to the inherent complications arising to reliably measure statutory measures on a continuing basis, at a point in time in a financial year that had not been subject to review or audit. The Proforma information has not been subject to review or audit.

Overview

CEO Greg Hunt



Safety – a critical priority

Sustaining our safety focus

- Continued focus on occupational and process safety improvement
- Developed new approaches to sustain safety focus in face of prolonged COVID-19 & supply chain disruptions
- 5-year non-conditional Major Hazard Facility operational license issued by WorkSafe for Pipe Rd site
- Merak Indonesia recognised for 10 years Serious Injury-free

Other COVID-19 impacts during the period

- Increased supply chain freight & logistics costs offset by some discretionary expense reductions (travel, promotional costs)
- Improvement in US T&O segment demand as some restrictions ease
- Substantial decline in salmon demand impacting sales of Aquaterra Omega-3 Canola oil
- Overall, the business has been resilient in addressing COVID-19 challenges

Improved revenues, margins & cash generation

Revenue up 20%

- Share gains in focus crops and segments

Europe recovery & Group PIP on track

- Europe uEBITDA up 135%
- Group PIP target on track with \$10m benefit in 1H21 including ~\$7m in Europe

uEBITDA up 118%

- Higher volumes, improved product mix
- Lower costs
- Early demand & restocking has weighted earnings to 1H21

Positive momentum in all regions

- Revenue and uEBITDA growth in all regions and Seed Technologies

Improving cash generation

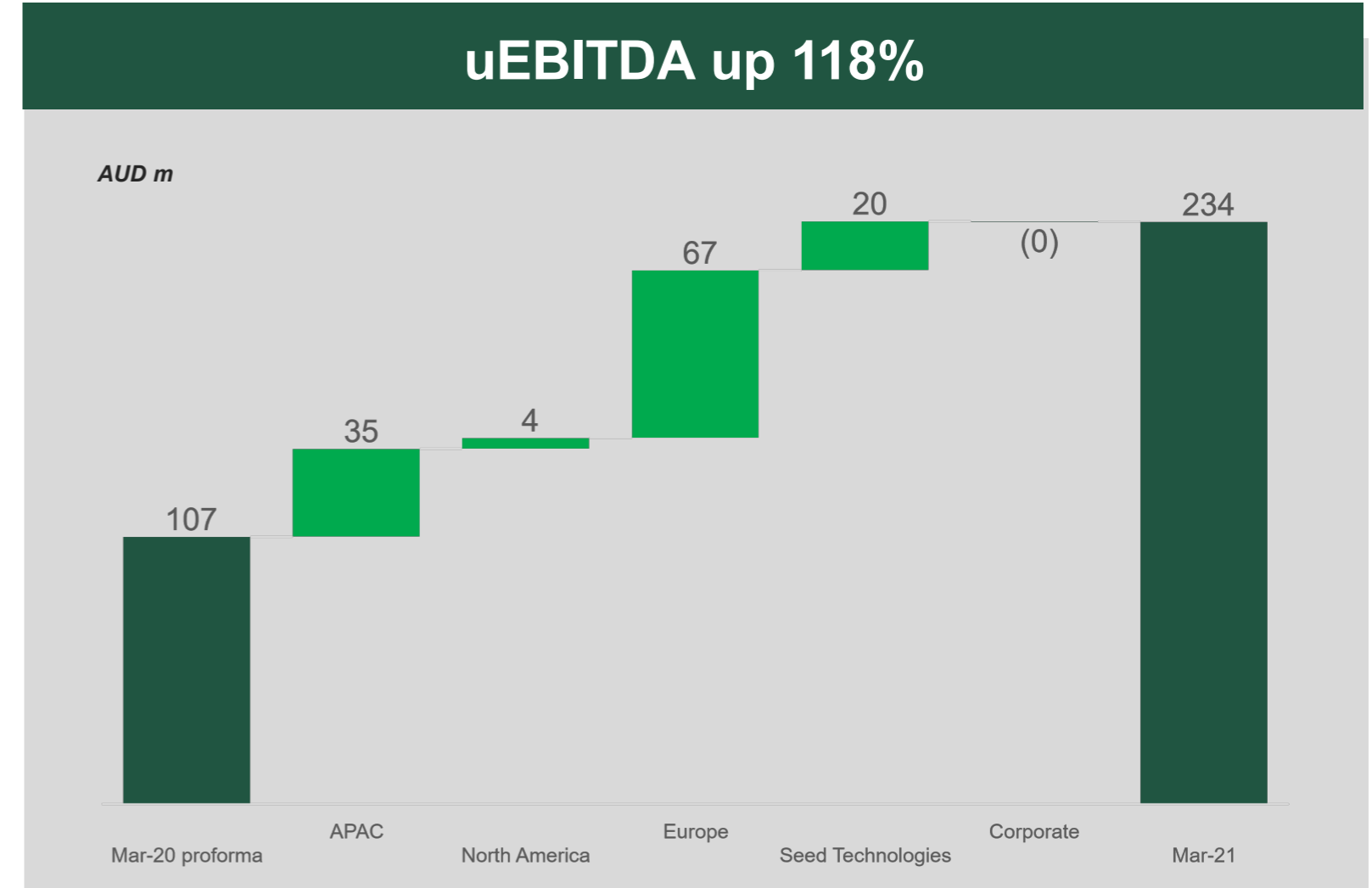
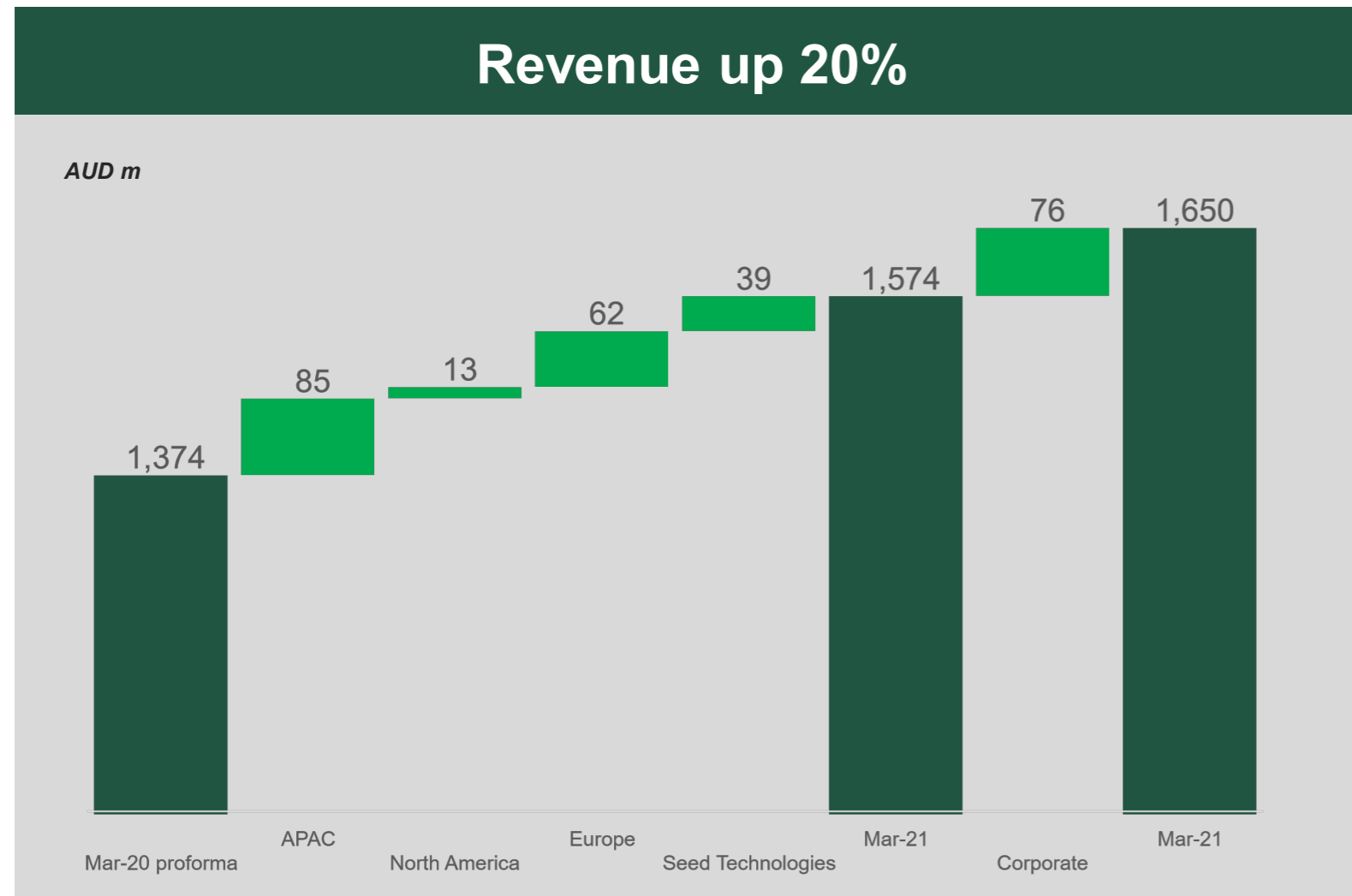
- Higher earnings and improved NWC
- ANWC/sales at 37%

Strong balance sheet

- Leverage below target range at 1.4x
- Strong liquidity

1H21 earnings overview

Earnings growth in all regions & seed technologies



- APAC volumes lifted by good seasonal conditions in Aust & Indonesia
- Improved market conditions and higher crop prices drive increased demand in North America
- Better seasonal conditions and product mix driving higher revenues in Europe
- Increased volumes across the core seed portfolio

- Higher volumes & improved margins drive APAC earnings growth
- Currency translation & higher input costs partially offset strong growth in North America
- Increased sales, lower COGS & reduced SG&A lift European earnings
- Higher volumes and improved product mix lifts Seed Technologies earnings

1H21 financial performance

CFO Paul Townsend



Improved earnings & cash flow, strong balance sheet

Summary financial results	6 months ended	Proforma	Change
	31 Mar 2021	6 months ended	
	\$000	31 Mar 2020	31 Mar 2021 vs
		\$000	31 Mar 2020
Revenue	1,649,647	1,374,280	20 %
Underlying EBITDA	233,623	107,267	118 %
Underlying EBIT	130,387	7,714	1590 %
Operating profit / (loss)	128,773	(28,342)	n/a
Net financing costs	(31,339)	(57,440)	45 %
Net profit / (loss) after tax	58,889	n/a	n/a
Statutory effective tax rate	39.6 %	n/a	n/a
Total dividend per share (cents)	-	n/a	n/a
ROFE - total group	6.3 %	1.7 %	455 bps

- Significant reduction in financing costs post sale of South American businesses
- Net financing costs includes fx losses of \$3m
- Effective tax rate high due to non-recognition of tax losses in Europe
- Full year NPAT expected to be lower than first half NPAT due to uEBITDA earnings skew to first half
- No interim dividend declared. Review of capital management principles to be finalised by end 2021

SG&A expenses

Performance improvement program

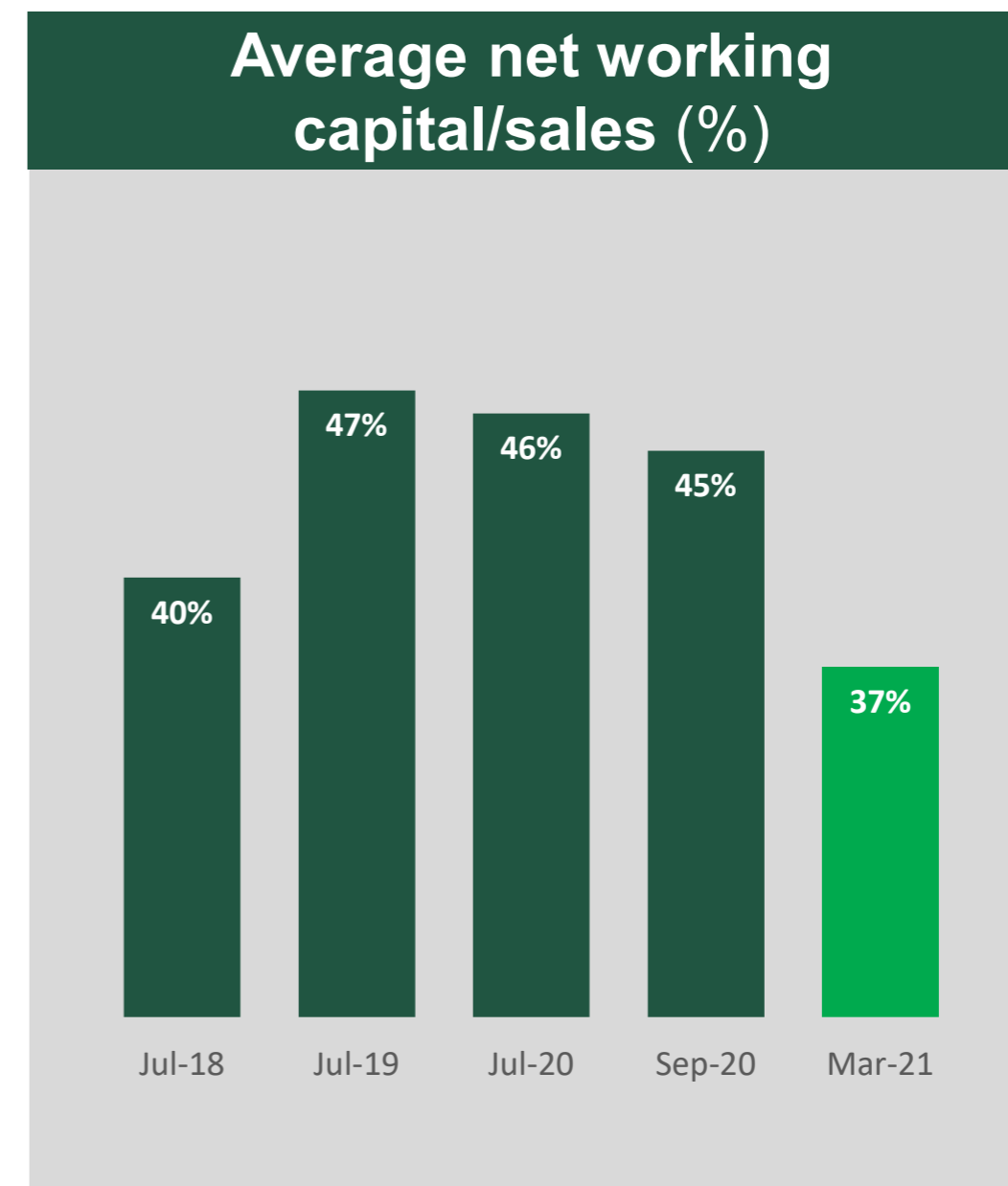
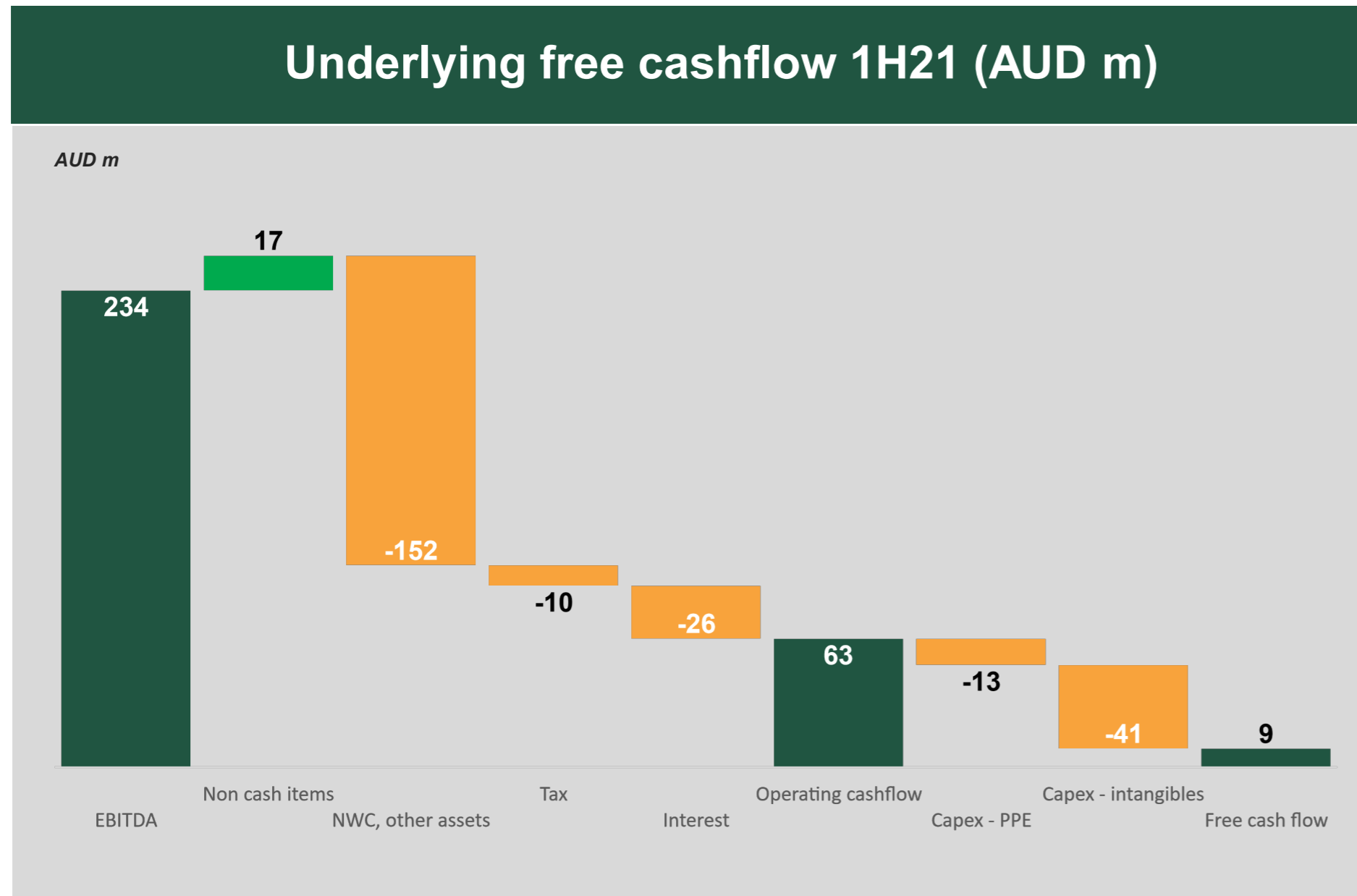
	31 Mar 2021 underlying \$'000	31 Mar 2020 underlying \$'000	Change \$'000
SG&A expenses			
Selling & Distrib'n	(237,825)	(248,186)	10,361
Gen & Admin	(78,035)	(96,566)	18,531
R&D	(19,661)	(15,326)	(4,335)
SG&A	(335,521)	(360,078)	24,557

Performance improvement program	Targeted run rate benefit by end FY22	\$35m-\$40m
	ANZ manufacturing closure	\$5m
	Europe 2,4-D synthesis closure	\$10m
	Europe SG&A	\$10m-\$15m
	Corporate and North America SG&A	\$10m

- PIP delivered ~\$10m in 1H21
 - reduced salary, occupancy & warehousing with ~\$7m in Europe; balance in Corporate
 - expect full year run rate \$25m by end FY21
- Currency translation contributed to lower SG&A
- Discretionary expenditure reduced due to COVID-19 restrictions
- Increase in early stage R&D expenditure reflects research program investment
- Europe 2,4-D synthesis ceased in March 2021
- ANZ closure of insecticide and fungicide manufacturing expected at end 2021

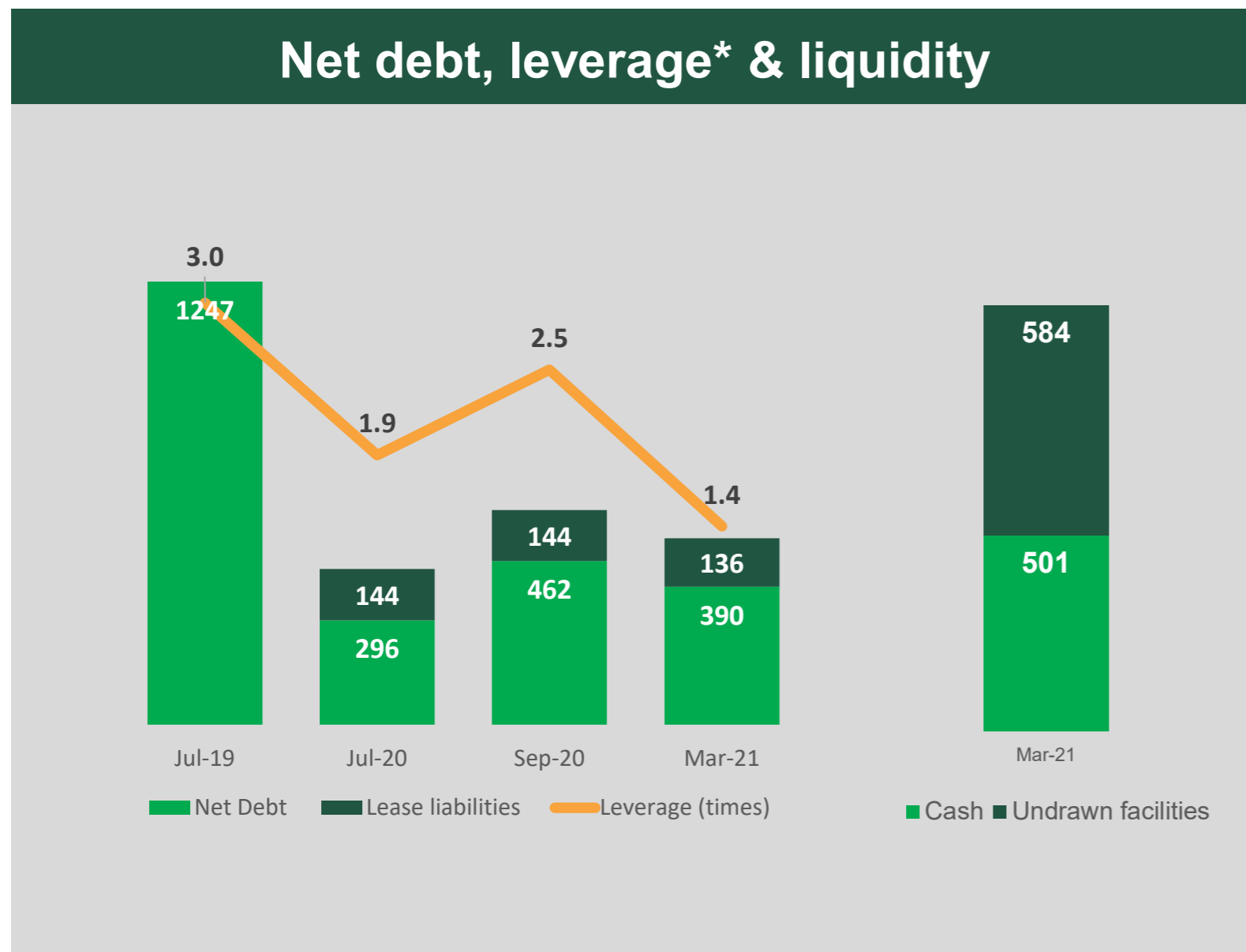
Free cash generation

Improving cashflow



- Stronger operating cash flow benefiting from improved earnings & better NWC management
- NWC movement consistent with seasonal build in inventory & receivables
- Average NWC / sales within target range of 35% - 40%
- Capex expenditure will be skewed to 2H21

A strong balance sheet & disciplined capital management



- Significant reduction in net debt following sale of South American businesses
- Continued focus on cash generation to sustain conservative leverage position
- Disciplined approach to capital allocation is important to improving ROFE over time
- Significant liquidity available to the Group
- Debt structure review underway
- Leverage below target range

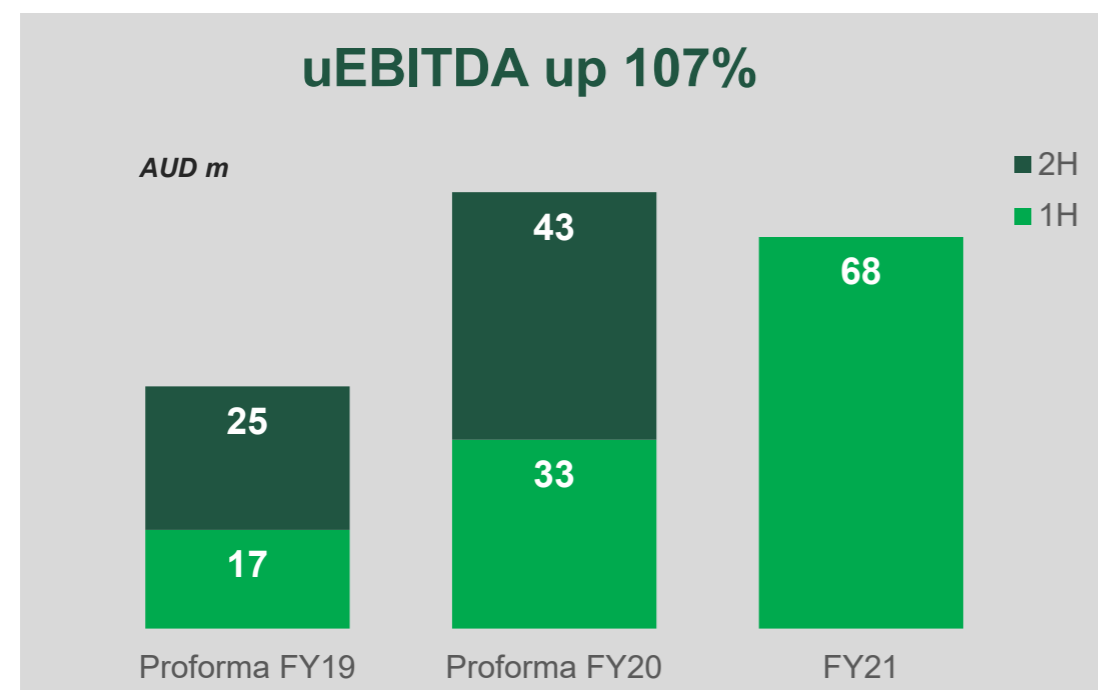
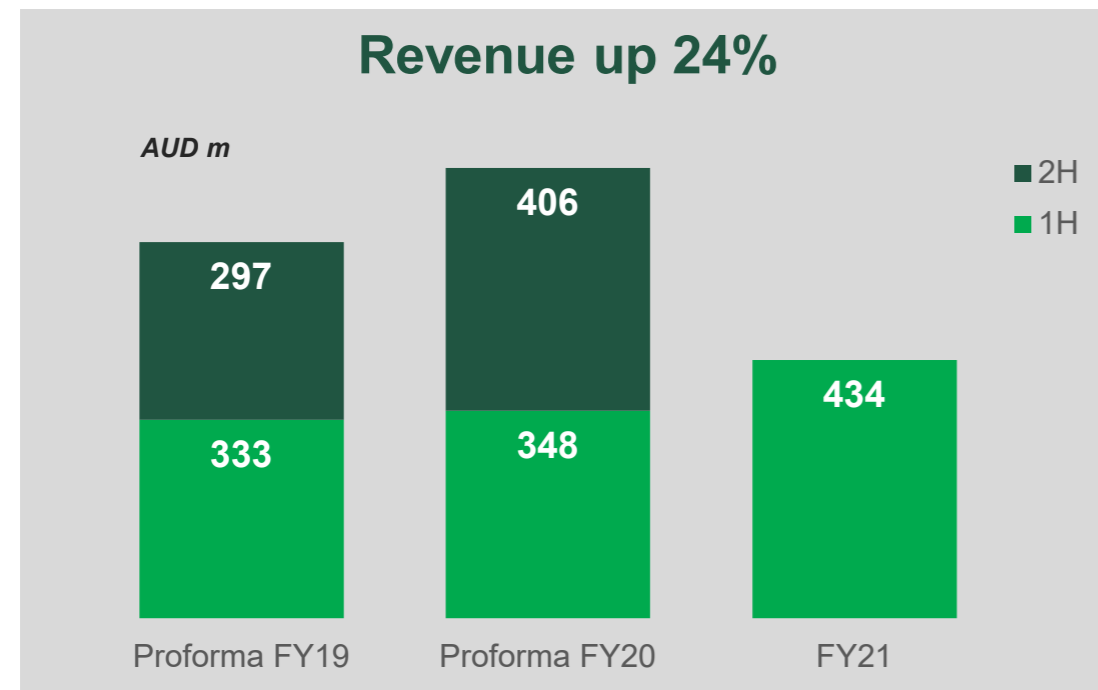
Operational performance

CEO Greg Hunt



APAC (AUD)

Higher volumes & improved product mix deliver strong first half

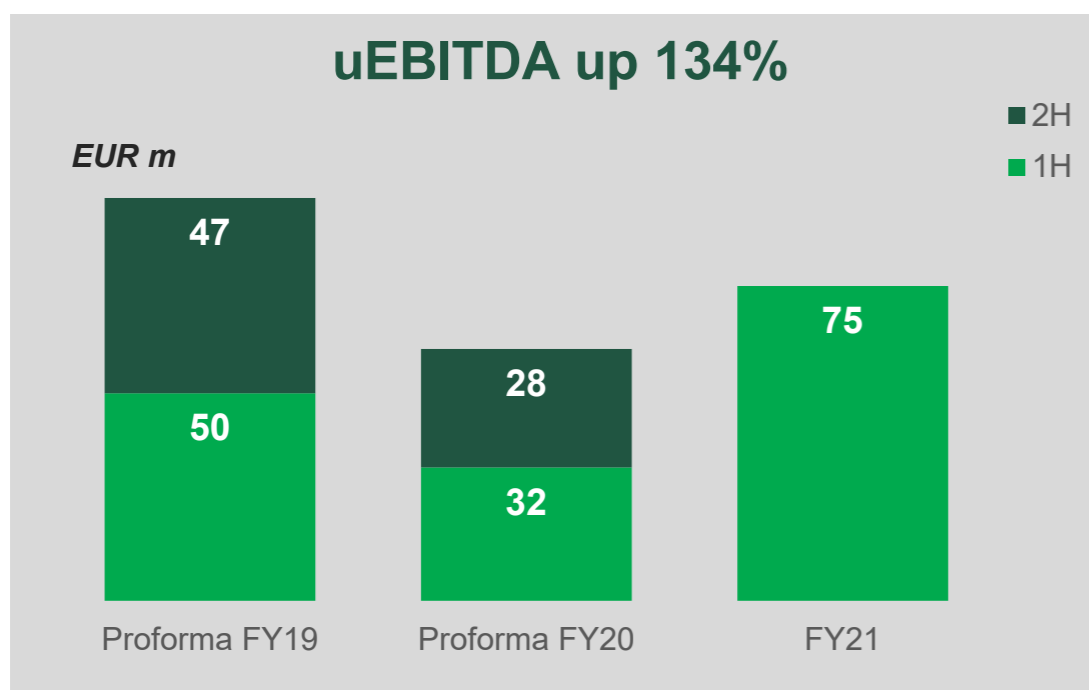
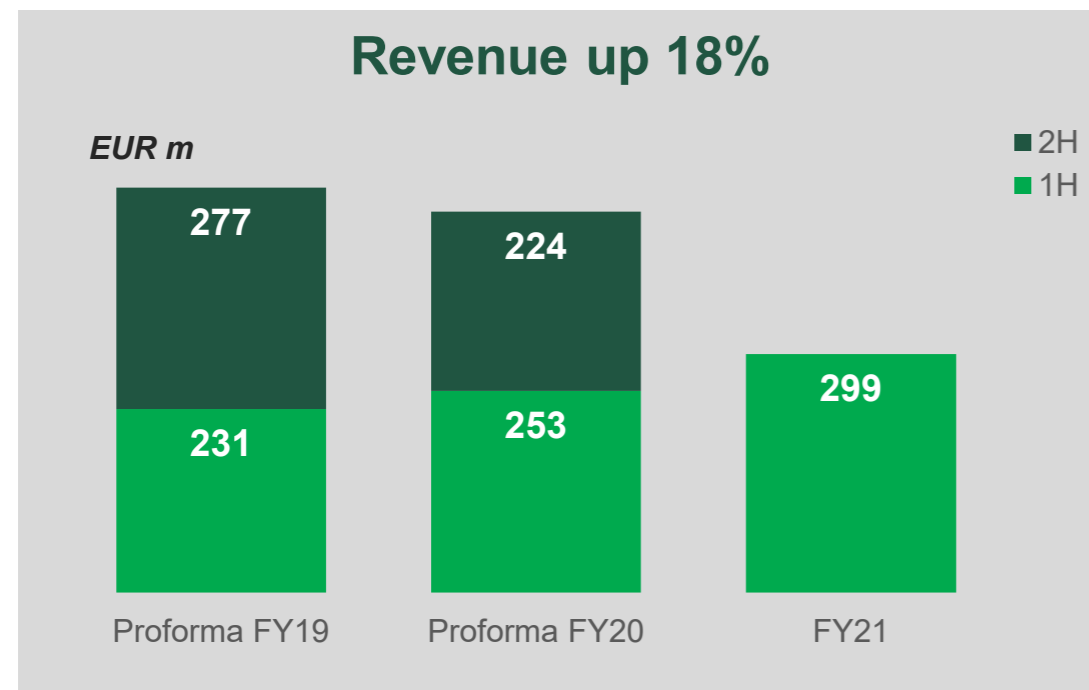


1H21 Overview

- Improved conditions, strong commodity prices & tight supply driving high early demand and restocking of supply channels
- Improved product mix and margins in ANZ
 - New products include Crucial, Saracen and Terrador
 - Increased sales of Croplands spraying equipment
- Benefits of previous transformational program now contributing to earnings growth
- Good volume growth, cost discipline & COVID-19 related cost savings in Asia offset currency translation headwinds on earnings
- New regional structure presents opportunities for supply chain synergies
- Insecticide and fungicide manufacturing facility closure end 2021
- Early demand & channel restocking expected to skew FY21 earnings significantly to first half

Europe (Euro)

Increased differentiated product volumes, lower COGS & reduced cost base lift earnings

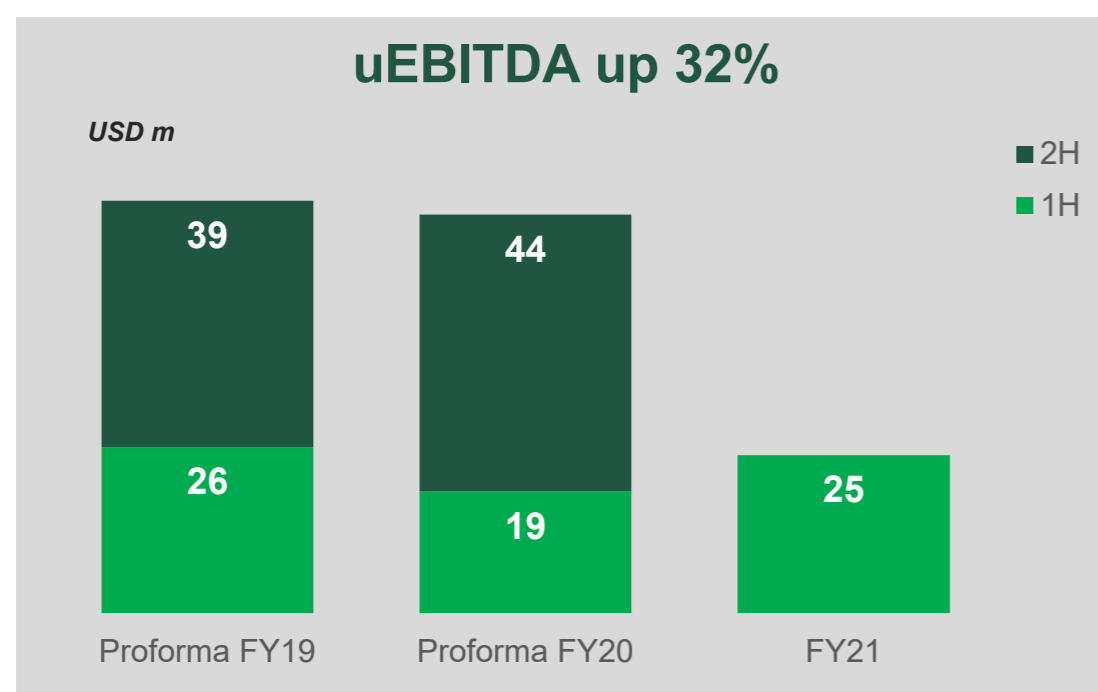
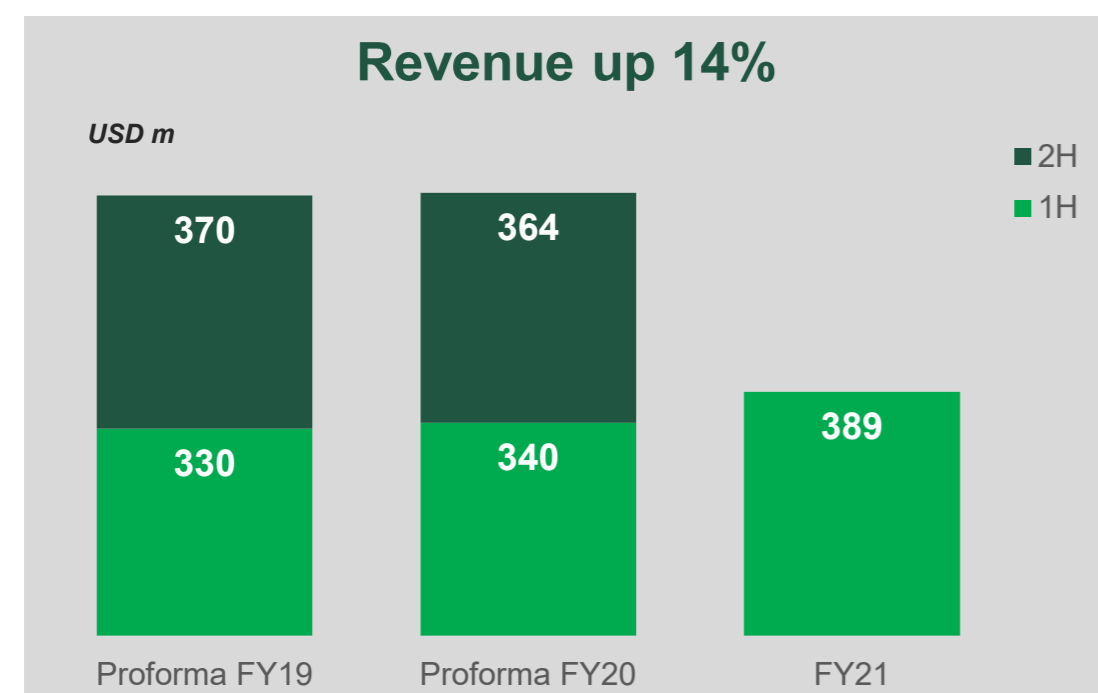


1H21 Overview

- Continued growth in differentiated product sales & stronger sales performance in Germany, UK & Eastern Europe
- Higher gross margins
 - improved product mix
 - raw material price normalisation - insecticides & fungicides
 - improved conversion costs
- Result includes one-off benefit from higher sales of 'phase-out' products & pcp impact of German rebates
- ~ AUD7m contribution from Performance Improvement Program
- Full year earnings will be weighted significantly to first half

North America (USD)

Revenue & earnings growth across all regional segments



1H21 Overview

- Improved market conditions and strong corn and soy prices driving volume growth
- Improved product mix offsetting impact of increased competition in broadacre segment
- Improved demand in turf and ornamental business with easing of COVID-19 restrictions
- Increased freight and logistics costs related to higher volumes and COVID-19 disruption in external supply chains, partially offset by discretionary expense control
- External supply chain disruptions and related costs expected to continue

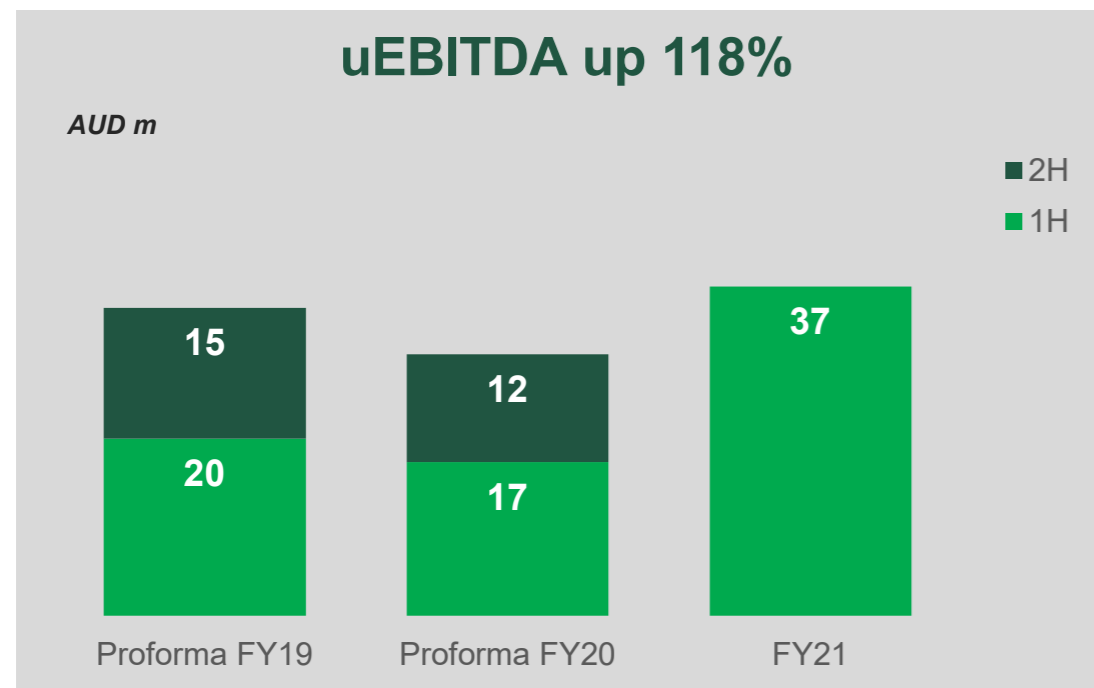
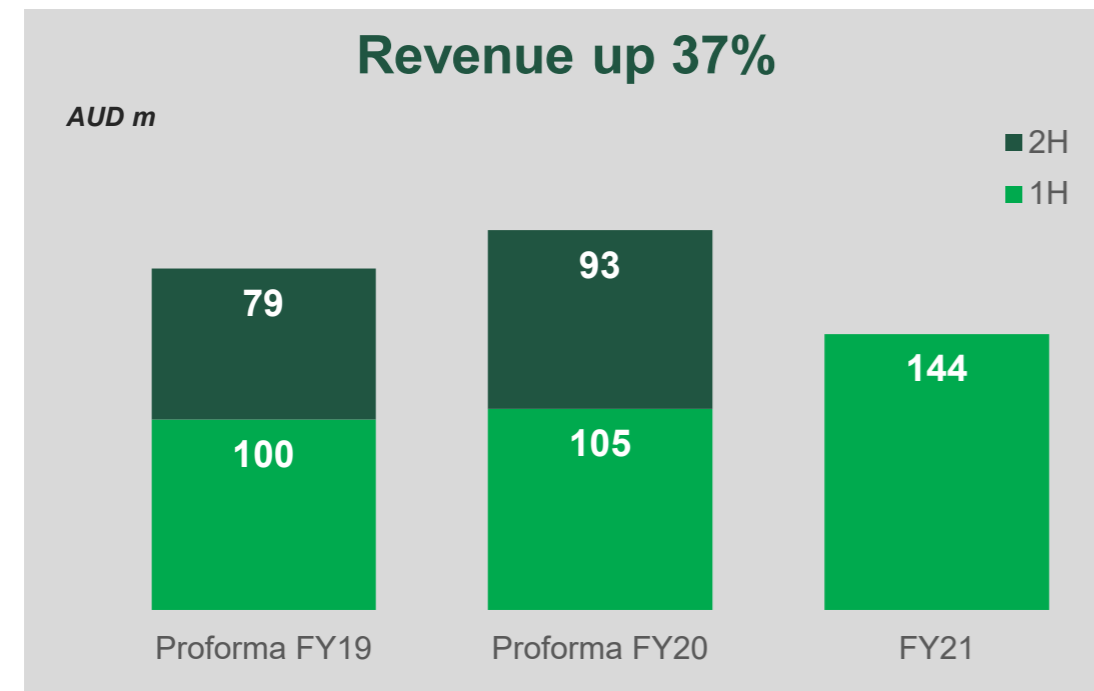
Seed Technologies

Group Executive, Nuseed, Brent Zacharias



Seed Technologies (AUD)

Revenue & margin growth with strong performance from core seeds portfolio



Core seeds portfolio

- Growth in canola sales & increased endpoint royalties in Australia
- Increased sales of higher margin sorghum & sunflower hybrids in USA & South America
- Adverse COVID impact on European sunflower sales/margin
- Re-weighting of core seeds portfolio earnings to first half

Carinata

- Successful scale-up of production in Argentina despite adverse growing season
- Verified to achieve best-in-class GHG reduction
- Development of advanced, higher yielding hybrid technology
- Downstream demand/offtake secured via Saipol contract

Seed treatment

- Improved seasonal conditions driving increased sales in Europe & North America

Omega-3 canola oil

COVID-19 related short-term market impacts

COVID-19 impacts short term market dynamics

- COVID-19 has had significant impact on salmon demand and producer margins
- Chilean salmon market expected to recover 2022 – 2023
- Sufficient inventory of Aquaterra[®] oil on hand - 2021 commercial planting paused
- Omega-3 Canola no longer expected to reach EBITDA positive in FY21

Longer term demand fundamentals intact

- Medium and longer term global salmon demand outlook remains positive
- Need for new omega-3 oil technology with sustainability and fish health benefits is recognised and growing
- Positive customer experience with Aquaterra[®] is supportive of technology adoption
- Sustainability credentials continue to be recognised – Friends of Sea certification
- Positive human clinical trial results for Nutriterra

A photograph of a cornfield with tassels in the foreground and a clear blue sky in the background. The corn plants are green and healthy, with their tassels reaching upwards. The sky is a solid, clear blue.

Outlook

CEO Greg Hunt

Strategy remains unchanged

Continued focus on cash generation & returns

Growing volumes to leverage scale

- Securing market share gains in crops & markets where we have strong relevance
- Ensuring supply chain responsiveness to seasonally driven demand swings

Cash generation

- Focusing on products and markets where we can generate stronger cash returns
- Consolidating working capital improvements

Improving margins

- Generating sales with a more profitable product mix
- Optimising our product portfolio
- Reducing our cost base with sustainable benefits from Performance Improvement Program

Improving returns

- Disciplined approach to capital allocation
- Locking in Europe earnings recovery
- Driving continued growth in North America
- Transformational benefits and regional supply chain synergies in APAC
- Delivering value from our investment in Nuseed

Outlook – full year expectations unchanged

FY21 earnings significantly weighted to first half

Growing volumes to leverage scale

- Rising grain prices, increased plantings
- Robust spending on crop inputs despite rising input costs and tight global supply
- Expect to consolidate market share gains
- Strong early demand in Europe, APAC and Seeds weights results to 1H

Cash generation

- Average NWC/Sales expected to remain within targeted range
- Full year CAPEX likely to be below previously guided \$180m - closer to pcp
- Lower interest costs: \$55m - \$60m

Improving margins

- European earnings recovery on track
- APAC leveraged to positive seasonal outlook
- NA earnings – product supply is watchout for 2H
- Strong year for Seed Technologies – 1H earnings skew

Improving returns

- Higher earnings following headwinds of prior years
- On track to deliver sustainable benefits from Performance Improvement Program
- Omega-3 canola demand slows due to COVID-19

Questions

 Nufarm

 **Nufarm**

Grow a better tomorrow

Supplementary information

Non IFRS disclosures and definitions

Term	Definition
Underlying EBIT	Earnings before net financing costs, taxation and material items
Underlying EBITDA	Underlying EBIT before depreciation and amortisation
Underlying net profit after tax	Profit / (loss) for the period attributable to the equity holders of Nufarm Limited excluding material items
Underlying SG&A	Sales, marketing and distribution expenses plus general and administrative expenses plus research and development
Net external interest	Comprises other financial income, interest expense – external / amortisation of debt establishment transaction costs and lease expense – finance charges as presented in note 9 to the 31 March 2021 Nufarm Limited interim financial report
ROFE	12 months rolling underlying EBIT divided by the average of opening and closing funds employed (total equity plus net debt)
Net debt	Total debt less cash and cash equivalents
Net working capital	Current trade and other receivables, non-current trade receivables/trade finance receivables and inventories less current trade and other payables
Underlying net operating cash flow	Net cash from operating activities excluding material items
Underlying net investing cash flow	Net cash from investing activities excluding material items
Underlying free cash flow	Net cash from operating activities excluding material items plus net cash from investing activities excluding material items
Average net working capital	Net working capital measured at each month end as an average over the last 12 months
Average net working capital / sales (excl corporate sales)	Average net working capital as a percentage of 12 months rolling revenue (excluding corporate segment revenue)
Disclosed leverage	Net debt / rolling 12 months underlying EBITDA
Disclosed interest coverage ratio	Rolling 12 months underlying EBITDA / rolling 12 months net external interest
Disclosed gearing %	Net debt / (net debt plus equity)

Cash flow

Material items impacting cash flows are as follows:

6 months ended 31 March 2021

	Underlying \$000	Material items \$000	Total group \$000
Cash flows from operating activities			
Net operating cash flows	62,511	(8,640)	53,871
Cash flows from investing activities			
Net investing cash flows	(53,969)	-	(53,969)
Net operating and investing cash flows	8,542	(8,640)	(98)

6 months ended 31 January 2020

	Underlying continuing \$000	Material items continuing \$000	Discontinued operations \$000	Total group \$000
Cash flows from operating activities				
Net operating cash flows	(7,155)	(30,654)	(180,453)	(218,262)
Cash flows from investing activities				
Net investing cash flows	(95,562)	-	(4,913)	(100,475)
Net operating and investing cash flows	(102,717)	(30,654)	(185,366)	(318,737)

Financial summary (continuing operations)

Continuing Operations	6 months ending 31 Mar 2021			6 months ending 31 Mar 2020	6 months ending 31 Jan 2020		
	Underlying \$000	Material items \$000	Total \$000	Underlying \$000	Underlying \$000	Material items \$000	Total \$000
Revenue	1,649,647	-	1,649,647	1,374,280	901,155	-	901,155
Cost of sales	(1,187,116)	-	(1,187,116)	(1,009,107)	(658,735)	-	(658,735)
Gross profit	462,531	-	462,531	365,173	242,420	-	242,420
Sales, marketing and distribution expenses	(237,825)	-	(237,825)	(248,186)	(232,894)	-	(232,894)
General and administrative expenses	(78,035)	(1,614)	(79,649)	(96,566)	(100,275)	(27,017)	(127,292)
Research and development expenses	(19,661)	-	(19,661)	(15,326)	(15,585)	-	(15,585)
Operating expenses	(335,521)	(1,614)	(337,135)	(360,078)	(348,754)	(27,017)	(375,771)
Other income	3,255	-	3,255	2,562	2,082	-	2,082
Share of net profits/(losses) of associates	122	-	122	57	(200)	-	(200)
Operating profit	130,387	(1,614)	128,773	7,714	(104,452)	(27,017)	(131,469)
D&A	(103,236)	-	(103,236)	(99,553)	(98,813)	-	(98,813)
EBITDA	233,623	(1,614)	232,009	107,267	(5,639)	(27,017)	(32,656)
Net interest expenses	(28,563)	-	(28,563)	(36,998)	(36,153)	-	(36,153)
Net foreign exchange gains/(losses)	(2,776)	-	(2,776)	(20,442)	(7,385)	-	(7,385)
Net financing costs	(31,339)	-	(31,339)	(57,440)	(43,538)	-	(43,538)
Profit before tax	99,048	(1,614)	97,434		(147,990)	(27,017)	(175,007)
Income tax benefit/(expense)	(38,686)	141	(38,545)		33,537	(18,054)	15,483
Profit for the period	60,362	(1,473)	58,889		(114,453)	(45,071)	(159,524)

Constant currency results

A\$ million	6 months ended			Constant currency %
	Mar 2021 Reported	Mar 2021 Constant currency ¹	Mar 2020 Proforma	
Revenue	1,649.6	1,780.3	1,374.3	30%
Underlying EBITDA	233.6	253.6	107.3	136%
Underlying EBIT	130.4	145.6	7.7	1788%

A\$1 =	Average exchange rates FY21 v FY20		
	FY21	FY20	% change
USD	0.744	0.676	10%
EUR	0.621	0.611	1%
GBP	0.555	0.525	6%

Notes:

1. 2021 reported results converted at 2020 foreign currency exchange rates