

## ASX Announcement

14 November 2024

# Earnings at midpoint of guidance. Significant reduction in working capital and debt. Clear priorities for improved returns and growth.

## Highlights

- Underlying EBITDA \$313 million, at the midpoint of guidance.
- Statutory net loss after tax of \$6 million.
- Net debt 25% below prior year.
- Net leverage 2.0 times underlying EBITDA.
- Strong performance from new product introductions<sup>1</sup> (NPIs).
- \$50 million omega-3 revenue.
- Expansion of plantings and improved omega-3 profile from 2024 crop.
- Expansion of carinata plantings and favourable regulatory developments.

Nufarm Managing Director and CEO, Greg Hunt, said “Despite a challenging market, Nufarm delivered a solid result for FY24.”

“Underlying EBITDA was at the midpoint of our revised guidance range. We reduced net working capital by 30% and net debt by 25% and, despite cyclically low earnings, we delivered net leverage of 2.0 times underlying EBITDA. This is a good performance given industry conditions and demonstrates our ability to navigate a difficult environment. Our balance sheet position is strong. Our debt financing provides flexibility to meet changes in working capital, we have no near term refinancing requirements, and we have minimal financial covenants associated with our facilities.”

## Group Performance

Nufarm reported underlying EBITDA of \$313 million, 29% below prior year, and a statutory net loss after tax of \$6 million. Lower profitability than prior year was due mainly to competitive market conditions which negatively impacted selling prices and margin in many parts of our business.

We finished the period with net debt of \$635 million and net leverage of 2.0 times underlying EBITDA. Net debt was 25% below prior year. Net working capital was 30%

below prior year driven by lower inventory and an increase in payables as inventory replenishment patterns normalised.

The group's total net operating and investing cash flow for FY24 was an inflow of \$265 million. This was a significant improvement on the \$367 million outflow in FY23 and was achieved with a year on year reduction in net working capital of \$411 million. Investment in property, plant and equipment included significant expenditure at the Wyke, Chicago Heights and Laverton manufacturing facilities largely relating to health, safety and environment, and operational expansion and integrity. Payments for intangibles and major product development expenditure were \$126 million, representing a significant investment in the future of the group.

### **Crop Protection**

Crop protection delivered underlying EBITDA of \$294 million (FY23 \$415 million) and underlying EBIT of \$137 million (FY23 \$273 million).

In APAC, underlying EBITDA of \$88 million was flat year on year as strong demand for Nufarm products and growth in Asia mitigated competitive pressures on selling prices and margin. We invested in our 2,4-D manufacturing at Laverton to increase capacity and reduce cost of production, and we continued to pursue targeted growth in Asia.

We experienced significant pressure on margin in our North American segment, which delivered underlying EBITDA of \$82 million, 49% below the prior year. Despite competitive market conditions, there was strong demand for Nufarm products. Performance in turf and ornamentals (**T&O**) in the US and in crop protection in Canada was in line with the prior year.

Europe reported underlying EBITDA of \$124 million, 25% below the prior year, reflecting both lower selling prices and sales volumes. Strong performances in tree, nut, vine and vegetable (**TNVV**) crops mitigated pricing pressure on foundational products. Sales from Wyke were lower than the prior year due to channel destocking and softness in the China property market, which is an important end market for our industrial products.

We saw the benefits of investment in our product pipeline with NPIs contributing more than 15% of revenue. We successfully launched Oxbow™ herbicide in Canada, the first to market in a series of Duplosan™-powered herbicides in North America. In application technology, Nufarm partnered with New Zealand company Robotics Plus to design its Quantum sprayer technology for the Prospr™ robot and are now distributing this solution across Australia and New Zealand. We also made a small investment in Norwegian based Kilter, which is developing autonomous precision application robots that uses advanced technology to identify and precisely target weeds for herbicide application and are partnering with UK based research company MoA to develop herbicides with completely new modes of actions.

### **Seed Technologies**

Seed Technologies delivered underlying EBITDA of \$83 million (FY23 \$98 million) and underlying EBIT of \$37 million (FY23 \$53 million). The reduction in profitability was

largely due to licensing revenue being lower than the prior year. Competitive pricing and higher costs as we scale our omega-3 and biofuels platforms also contributed to the decline.

We had a solid year in canola hybrid seed sales, while revenue from sorghum and sunflower seed sales were both lower year on year. We strengthened our canola position in Australia with improved product mix and are leveraging these genetics to grow our position in South America.

We achieved our target of \$50m omega-3 revenue. Our 2024 crop showed an improvement in omega-3 oil profile and in grain yield. This crop will be available for crushing into oil in FY25.

We entered a license for Yield10's omega-3 camelina in July 2024. This initiative provides an opportunity to further expand our omega-3 portfolio with additional oil profiles, and the potential to produce omega-3 in winter camelina grown as a cover crop. While still in the development phase, the technology and pipeline are expected to be highly synergistic to our existing R&D and established value chain to end use markets and key customers.

Carinata expansion in Argentina was tempered by unseasonal wet conditions, late soybean harvest and an inability to plant all contracted hectares. We expanded in Uruguay, launched in Brazil and validated performance in the EU and Australia with pre-commercial trials. The inclusion of intermediate crops in Annex IX of the European Union's Renewable Energy Directive<sup>2</sup> sees carinata as one of a few scalable agricultural products to meet the criteria for SAF mandates.

### **Outlook<sup>3</sup>**

We are seeing solid end use demand and stable active ingredient prices for crop protection products. As a result, we do not expect to see the same deflationary impact from falling active ingredient prices that we saw in FY24.

We are targeting growth in canola, sorghum, and sunflower seed sales, driven by supportive crop prices and multiple long term demand drivers in food, feed and energy.

There has been recent downward pressure on fish oil pricing. The outlook for plant based omega-3 products is strong over the medium to long term, driven by constrained supply of fish oil and growing demand for omega-3 products. We continue to focus on building a platform for sustainable growth.

We believe that the growth of mandates creates strong long term fundamentals for biofuels. The industry is experiencing volatility in pricing and GHG premiums ahead of markets transitioning to mandated use.

Management is focused on reducing cost and net working capital, improving return on funds employed and supporting our growth platforms.

Although we are seeing strong performance from NPIs and volumes, achieving the FY26 revenue aspirations will be largely dependent on a return to long term average pricing in crop protection.<sup>4</sup>

With an expanded omega-3 canola harvest in 2024, we expect to double omega-3 revenue in FY25, subject to market pricing.

Net working capital at the end of 1H25 is expected to be in line with 1H24, with a higher investment required to support growth in omega-3.

We are targeting \$50m of annualised savings in overhead costs and a 25 day year on year reduction in inventory by the end of FY25.

### **Authorised by**

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### **About Nufarm**

Nufarm is a global agricultural innovator providing crop protection and seed technology solutions to help our customers grow a better tomorrow. Established over 100 years ago, it is listed on the Australian Securities Exchange (ASX:NUF) with its head office in Melbourne, Australia. Nufarm is the first company to develop and commercialise plant based omega-3 and has developed and commercialised advanced bioenergy feedstock technology.

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1. Products are deemed new for the first five years of sales transactions.
  2. EU Commission delegated directive of 14 March 2024 amending Annex IX to Directive (EU) 2018/2001 of the European Parliament and of the Council as regards adding feedstock for the production of biofuels and biogas.
  3. Forward looking statements reflect Nufarm's expectations at the date of this release and are based on information and assumptions known to date. They are subject to risks and uncertainties including as outlined in more detail in our 2024 Preliminary Financial Report. Actual results may be significantly different to those expressed.
  4. Refer to our Investor Presentation of today's date.