



**Managing Director's Address
Annual General Meeting of Shareholders - Melbourne
Thursday, December 6, 2012 at 10.00 am**

D J Rathbone

Thank you Mr Chairman.

I would also like to welcome Nufarm shareholders – and others with an interest in our company – here to today's annual meeting.

Over the past 12 months we have seen additional progress in the implementation of the company's strategic plan; further positive changes in the business; and a solid set of results for the 2012 financial year, which we reported back in late September.

Today, I will briefly recap on the 2012 reporting period; outline some of the changes and improvements that we have put in place, and update you on how we are seeing trading conditions in the first few months of this, the 2013 financial year.

The 2012 reporting period represented continued earnings growth and the strengthening of a number of important balance sheet parameters.

The statutory net profit of \$72.6 million was a significant improvement on the loss after tax of \$49.9 million in the previous financial year. Underlying EBIT was up 20% to \$206 million and underlying net profit after tax was up 17% to \$115.4 million.

Revenues grew by almost 5%, but – on a constant currency basis – increased by almost 10%. Importantly, our selling, general and administrative expenses increased by only 2.4%, reflecting good discipline in expense management.

Excluding the impact of material items, earnings per share were 38.7 cents, up on the 32.9 cents recorded in the 2011 period.

We experienced earnings growth in all of our major geographic regions except Asia – the smallest of those regions – and we recorded strong growth in our seeds technologies business.

This was achieved against a backdrop of average seasonal conditions in markets such as Australia and Brazil and some challenging seasonal conditions in Indonesia, the USA and a number of European markets.

The inevitable variability in climatic conditions in different parts of the world underscores the importance and value of Nufarm's broad geographic footprint. In the business of agriculture, we think it is vital that we have opportunities to capitalize on favourable climatic conditions to help balance the challenges faced in those parts of the world where conditions are less favourable.

Stepping through our major markets in a little more detail....the performance in Australia, which remains our single largest country market, was very solid.

For the most part, seasonal conditions in Australia were average, although we did experience a late and dry season in Western Australia. Both our Nufarm and Crop Care businesses introduced important new products and we consolidated our market positions in most of the key cropping segments in Australia.

We report Australia in a geographic segment that includes the New Zealand business and that segment recorded both revenue and EBIT growth over the previous year.

The New Zealand performance was well up on the prior financial period and this – together with a much improved contribution from our Croplands machinery business – were key drivers of the higher segment results.

The Asian business represented 6% of our crop protection revenues in 2012. A poor monsoon season in Indonesia – our largest Asian market – and increased local competition in the glyphosate segment resulted in underlying EBIT being down on the previous year.

Nufarm's North American crop protection revenues increased by some 12% in 2012, despite very severe drought conditions that impacted major crops in the USA. Our key selling opportunities in those crops are at the beginning of the planting cycle, meaning we were not exposed to significant downside as conditions deteriorated.

Our US turf and ornamental business performed strongly and we were able to take advantage of improved agricultural conditions in Canada, where we also benefitted from the addition of a number of Sumitomo products to our portfolio.

Underlying EBIT in North America increased from \$16.5 million in 2011 to \$33.3 million in 2012 – a very strong improvement.

A key highlight of the 2012 period was the continued improvement in operating performance in South America, and Brazil in particular.

Regional EBIT increased from \$4.1 million in the previous year to \$17.5 million in 2012, reflecting the ongoing benefit of restructuring initiatives and a much more diversified business in Brazil, which is now the world's largest country market in terms of crop protection sales.

In local currency, sales in Brazil were up by 14% and margins on those sales were also stronger.

The strengthening of our position in this important market has been a key objective for the company and it was very satisfying to see ongoing growth and improvement over the 2012 period.

While European sales – in Australian dollars – were slightly down on the previous year, this was largely attributable to currency impacts. And despite this, the region generated an underlying EBIT result that was up by some 13%.

Climatic conditions in Europe were varied and, at important times of the year, quite challenging. The company also had to carefully manage credit exposure in those European markets where general economic and credit conditions have been under considerable pressure.

A significant contributor to the improved results in Europe was the performance of our local manufacturing units, which produce phenoxy herbicide products for markets around the world. Those products have been in strong demand and we captured better overhead recoveries at those facilities.

On a product basis, the 2012 financial period saw Nufarm's herbicides business improve, despite some increased pressure on glyphosate margins in some of our markets. It was a generally poor year for fungicide sales, with low levels of fungal disease in key regions including the Americas. Our insecticide sales were down year on year, but this included the impact of several products that were phased out of our Brazilian business. We have replaced those products and expect to see good growth and stronger margins from those replacement products over time.

Our seed technologies segment – which is now reported separately in our accounts – was a star performer in 2012. Sales increased by 39% on the previous year and underlying EBIT increased to \$30.6 million.

While still a relatively small part of our overall business – and generating just over 5% of total revenues – seed technologies contributed nearly 15% of the group's underlying EBIT, reflecting the relatively high margins we are able to secure in this part of the business.

Seed technologies includes both our seeds operations – where we are focused in canola, sunflower and sorghum – and our seed treatment chemistry. We achieved growth in both of these areas and added new resources which will help support additional future growth.

We also completed the acquisition of a US based sunflower business called Seeds 2000 and the breeding assets of Super Seeds in Serbia. These acquisitions have strengthened our market positions and have added considerably to our new product pipeline.

While the improvement in the underlying profitability of the business was very satisfying, 2012 also saw a strong focus on balance sheet management and I believe some of our achievements on that front were equally important.

Average net debt was down on the previous year, even taking into account the additional debt impact associated with the Seeds 2000 acquisition. Closer attention to working capital management also saw a reduction in both year end net working capital, and in average net working capital as a proportion of sales. We have now brought that ratio down from close to 54% in 2010 to just over 45% in 2012. And we see scope for some further improvement.

Finally, I would like to reflect on the substantial progress we have made in strengthening the capital structure of the company.

As I reported to you at last year's AGM, the company completed a major refinancing in late November of that year involving a new syndicated banking facility. This complemented the trade receivables securitization facility that had been executed several months earlier.

In October of this year – and immediately following the public release of our 2012 results – the company successfully completed a senior unsecured notes offering in the US market.

These financing initiatives combine to provide Nufarm with a stable, diversified and flexible funding structure that provides a platform for the future growth of the business.

We are receiving strong support from our lenders, who recognize and acknowledge the progress we have made in strengthening the business and executing on a sound strategic growth plan.

Reflective of that support, an additional lender has recently been added to the banking syndicate, increasing our head room and further mitigating refinancing risk.

We are utilizing our capital to support our growth strategy, which involves targeting higher value and more defensible product and market segments.

In the past 12 months we have either completed, progressed or approved projects including the construction of a new phenoxy herbicide formulation facility in India; a new insecticide, fungicide and seed treatment production facility in Chicago; and new facilities for our Australian seeds business in Horsham, here in Victoria.

Together with ongoing investment in product development; better business information systems and stronger management structures, these facilities will help deliver sustainable growth over the long term.

In summary, 2012 was a year in which the company achieved solid earnings growth; demonstrated strong discipline in areas of capital management; took considerable risk out of our financing position; and implemented further positive changes that strengthen the company.

I would now like to turn to some comments on how the business is performing in the current financial year.

It is important to remember that the first quarter of our financial year is a relatively quiet trading period in most of Nufarm's markets and we remain a business in which earnings are weighted to the second six months of the financial period, when the major cropping seasons take place in the Northern Hemisphere and here in Australia.

Australian wheat farmers are now harvesting their winter crop. For most cropping regions in Australia, the late winter and spring periods were dry, leading to relatively low demand for crop protection inputs.

Summer cropping activity – which is concentrated in Queensland and Northern NSW – is now underway and, while water storage levels are adequate to support irrigated crops in those regions, further rainfall is needed to generate stronger demand for industry products, due to the current low levels of insect pressure and fungal disease. Rains are also needed to boost demand for summer weed control.

Consequently, Australia is tracking behind the 2012 performance in the first quarter of the current financial year, but I again note that the major selling months are still ahead of us.

Sales in Asia are tracking slightly ahead of the same period last year, with a more favourable monsoon season in Indonesia generating stronger demand in plantation crops.

While we have seen some much needed rainfall in the Midwest and southern regions of the USA in recent months, drought impacts are still being felt with water storages being well down on average. The winter months are a comparatively quiet sales period and we will have a better indication of both seasonal and business conditions early in the new calendar year.

US farmers – particularly those involved in the corn and soy segments – have a strong economic incentive to plant big crops next season.

Also in the US, we are progressing the fit-out of our new fungicide, insecticide and seed treatment formulation facility in Chicago, with initial production activity scheduled to start in the next few weeks. This facility represents a good example of how we are supporting our strategic growth plans with targeted capital investment.

In Canada, market conditions are generally good and we are seeing increased demand for a range of products. Our business there is benefitting from the addition of Sumitomo's range of products to our portfolio as well as the launch of several new Nufarm products.

The first quarter coincides with the key selling season for a number of major crops in Brazil, particularly soybean.

Our Brazilian business has performed very strongly in this period and both sales and profit are significantly up on 2012. Brazilian soy farmers have been able to capitalize on a higher crop price resulting from the US drought and plantings are therefore expected to be up on the previous year. This is despite some dry weather in the South of Brazil which has delayed activity in that region.

We have seen the opposite impact in parts of Argentina, where excessive rains have hindered planting activity. Never-the-less, product demand has also been strong in that market and we are tracking well ahead of our performance for the same period last year.

Our European businesses are also tracking to expectations in the first quarter, with more favourable autumn seasonal conditions in most markets and a high level of activity in our locally based manufacturing plants. Sales activity in France, Germany and some of our Eastern European markets is up on the same period last year.

We have made positive progress in the restructuring of our European management, with the appointment of a new head of Europe – in July – and a much closer co-ordination of product development, marketing and other key activities within the region.

First quarter sales in our Seed Technologies Segment are in line with the previous year, but demand is building and the outlook for our seed and seed treatment business remains positive.

Within the past few months, we have seen a very positive market response to our unique 'Monola' healthy canola oil (which is now used by KFC and other food companies here in Australia); increased interest from large potential industry partners in our proprietary food grade sorghum program; further progress on our collaboration with CSIRO and the Australian Grains Research and Development Corporation on the canola omega 3 project; and opportunities for expanded market access for our leading confectionary sunflower varieties.

To help support innovation and growth in our seeds business, we are completing work on a new science and innovation centre near Sacramento in California, and – as I have mentioned - a new facility for our Australian seeds business at Horsham in Victoria.

Our rapid growth in this segment has been aided by a number of seed business acquisitions over recent periods and we continue to assess some attractive opportunities in that space.

Looking ahead...our first half results will benefit from the strong performance of our South American operations and an improved outcome in Europe, which will more than offset what is likely to be a weaker first half result in Australia.

While we have several months of trading to complete the period, underlying EBIT is expected to be up strongly and at least 15% ahead of the 2012 interim result.

This is despite some currency headwinds in markets like Brazil, where the Real has depreciated against the Australian dollar over the past year. The 2012 interim result included a significant benefit from net foreign exchange gains, while – in the year to date – currency movements have resulted in a foreign exchange loss. Exchange rate fluctuations across our key currency exposures will determine how that position unfolds over the balance of the year.

While our major selling periods are still some months away – and we need to see how both seasonal and business conditions unfold in the second half of our financial year – we remain very confident of generating an improved underlying EBIT outcome for the current full year.

Before handing back to the Chairman, I would like to acknowledge the hard work and dedication of Nufarm's employees around the world. As shareholders are aware, this company has emerged from a difficult period.

We are fortunate, within Nufarm, to have a loyal and talented group of people who have enthusiastically applied themselves to the task of lifting the company's performance and who have embraced the changes and improvements we have made to the business.

Supplemented by some important new additions, it is largely the executive and management teams that were in place that have successfully seen us through our challenges and have placed the company back on the path of sustainable and profitable growth.

A recently completed global survey of Nufarm employees indicated strong engagement and a higher level of job satisfaction than in a similar survey 2 years earlier. That improvement is reflected across our global businesses and various job functions and is particularly strong among employees who were directly involved in business improvement and efficiency initiatives undertaken during the past year.

Consistent with our strategy, Nufarm employees are demonstrating a strong commitment to innovation and discipline across all areas of the business and – on behalf the Board, executive, and all shareholders – I would like to thank them for their ongoing efforts.

I'll now pass the meeting back to the Chairman.....

Thank you.