



Chairman's Address  
Annual General Meeting of Shareholders - Melbourne  
Thursday, December 5, 2013 at 10.00 am

**Donald McGauchie**

Shareholders.

Doug Rathbone, your Managing Director and Chief Executive, will speak shortly.

Doug will detail the results for the 2013 financial year—and provide an update on trading conditions in the early part of the 2014 year.

With the time available to me, I would like to take this opportunity to:

Place the 2013 results in a national and global context; and outline the strategies we have in place to ensure your company is a leading global provider of innovative, off-patent crop protection products, and seed technologies.

Before I do so, I would like to take this opportunity to thank you, our shareholders, for sticking with us through tough times.

In recent years, we have had to contend with poor weather conditions – particularly here in Australia, our home base and largest country market - as well as a worldwide collapse in the price of glyphosate.

The glyphosate issue was a tsunami that impacted many companies in the industry – ven our larger peers such as Monsanto – but we have emerged from that challenge with a new strategic growth plan and we have made significant changes within the business that will support our execution of that plan.

In 2013, we delivered a lower profit outcome than in the previous year due to an unusually tough Australian season. Our net profit was impacted by higher interest costs and foreign exchange losses and our net debt was up – but partly due to a deliberate inventory build to support anticipated sales increases in Brazil, which have now taken place.

Group revenue increased 4.4 [*four point four*] per cent to \$2.28 billion,

Earnings per share increased from 22.3 [*twenty-two point three*] to 25.5 [*twenty-five point five*] cents per share,

And dividends increased from 6 to 8 cents per share.

In 2013, your company performed well in trying circumstances, and expects to deliver improved earnings before interest and tax in 2014.

Now, let me explain why we believe that to be the case.

**'More than an Australian company'**

Shareholders, Nufarm is more than an Australian company.

We are proud of our Australian roots and committed to maintaining our leadership position here, but to succeed in a global market we have to be a global competitor.

Also, given the inherent variability of agriculture, it is important to differentiate and diversify.

One of the ways in which we are differentiating is by expanding into higher margin segments such as seeds and seed treatments.

Sales in the seed technologies segments grew by 9 per cent in 2013 to \$131.9 million, and generated an average gross margin of 55 per cent.

While this segment is currently a small component of group earnings, there is potential for significant further growth.

One of the ways in which we diversify is by selling a wide range of herbicides, fungicides and insecticides, as well as seeds and seed treatments.

Of course, there's more to diversity than product lines.

In 2013, less than a third – 28 per cent – of Nufarm's total sales revenue was generated in Australia and New Zealand.

Of the remaining sales revenue, North America accounted for 25 per cent, South America 20 per cent, Europe 21 per cent and Asia 6 per cent.

Like our revenue base, our operations are global.

For instance, we have crop manufacturing and seed technology facilities in 16 countries, marketing operations in more than 30 countries and distribution into more than 100 countries.

We see this differentiation and diversity of products, revenue and geography as a competitive strength.

As you know, hot and dry conditions had a significant impact on demand for crop protection products in Australia in 2013.

Crop protection product revenue fell 13.9 per cent, or \$96.7 million, in Australia.

However, that disappointing result was more than offset by strong results in other markets.

For instance, in 2013 crop protection product revenue increased by almost 30 per cent, or \$98.8 million, in South America.

Crop protection product revenue also increased significantly in Europe and North America.

That is the nature of agriculture and again underlines the importance of geographic diversity in our business.

In any given year, one geographic region or crop species will perform better than another due to more favourable conditions.

We are hopeful that Australia experiences more favourable seasonal conditions in the current financial year..

Speaking as an Australian farmer, I sincerely hope that to be the case.

As the Chairman of a global company, I can assure you that we will continue to diversify and differentiate in order to grow shareholder value.

Another competitive strength that we greatly value is our strategic alliance with Sumitomo Chemical, which includes distribution agreements in a number of geographic markets.

Your Board clearly recognises the value of this strategic relationship and we are confident that it will continue to generate additional opportunities for Nufarm and Sumitomo to work co-operatively in a way that enhances the business of both companies.

The appointment of Takasaki-san as a Director has brought very relevant international industry experience to the Board table and we have valued his input over these past 12 months.

I was in Tokyo in October and took the opportunity to meet with senior management at Sumitomo.

It was quite clear to me that there is a strong commitment to continue working with Nufarm management to identify and pursue mutually beneficial business opportunities and I know that a number of new areas of co-operation are currently being considered.

### **‘Our goal is to Leverage Nufarm’s Strengths’**

Our ambition for your company is clear.

Nufarm has great strengths in product development, manufacturing and distribution.

We also have established market positions around the world.

Our goal is to leverage Nufarm’s strengths—turning your company into a leading global provider of innovative, off-patent crop protection products, seeds and seed traits.

We have four strategies to achieve that goal.

First, we are using our product development and regulatory skills to generate accelerated growth in higher value products and market segments – such as our Nuseed business.

Second, we constantly evaluate route-to-market to ensure we get the right product to the right market at the right time.

Third, we use strategic alliances – such as our alliance with Sumitomo Chemical—as well as other commercial arrangements to maximise the value of our platform.

These arrangements – ranging from supply and licensing agreements, to toll manufacturing and distribution arrangements – maximise the value of our products, increase our customer base and create supply chain efficiencies.

Fourth, we are focused on maximising free cash flow and strengthening our balance sheet through disciplined financial management – particularly around working capital, where we see scope for further improvement.

### **‘Building a Strong Global Business’**

In conclusion, the 2013 results highlight the need for your company to differentiate and diversity – building a strong global business that covers a range of product and market segments.

After all, tough conditions significantly affected revenue in our largest single market – Australia – but group revenue increased by \$95.7 million due to the strength of our overseas businesses.

Nufarm is committed to maintaining our leadership position in Australia.

We are a proud to be an Australian company – and proud to be taking Australian agricultural enterprise to the world.

Thank you.

I would now like to ask Doug Rathbone to address the Meeting.