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Preliminary announcement

Results for the year ended 31 July, 2013

Strong performance from overseas businesses mitigates weak Australian conditions. Results reinforce importance of diversification

Highlights

- **Group revenues: $2.28 billion, up by 4%**
- **Statutory net profit after tax of $81.0 million, up by 12%**
- **Underlying EBIT(1)(2) of $186.8 million, down by 9%**
- **Underlying net profit after tax(3) of $83.2 million, down by 28%**
- **Earnings per share: 25.5 cents (2012: 22.3 cents)**
- **Strong growth in South America; North America and Europe**
- **Higher net working capital and average net debt, due to inventory build and foreign exchange impact**
- **Full year dividend: 8 cents per share (up 33%)**

Year ended 31 July	2013 $000	2012 $000	Change
Revenue	2,277,292	2,181,551	4.4%
Gross profit	623,301	610,894	2.0%
Underlying EBITDA (1)	260,789	267,754	-2.6%
Underlying EBIT (1)(2)	186,803	205,973	-9.3%
Operating profit	183,626	144,972	26.7%
Underlying net profit after tax(3)	83,223	115,440	-27.9%
Net profit after tax	80,999	72,594	11.6%
Net operating cash flow	62,787	166,505	-62.3%
Net operating cash flow excluding class action	109,464	166,505	-34.3%
Basic earnings per share - excluding material items (cents)	26.4	38.7	(12.3)
Basic earnings per share (cents)	25.5	22.3	3.2
Total dividend per share declared in respect of period (cents)	8.0	6.0	2.0

The financial information contained within our statutory accounts has been prepared in accordance with IFRS. Refer to page 11 for footnotes, including explanations of the non-IFRS measures used in this announcement. All references to the prior period are to the year ended 31 July 2012 unless otherwise stated. This report is based on financial statements which have been audited by KPMG. Non-IFRS measures have not been subject to audit or review. Refer to the 31 July 2013 Nufarm Limited Financial Report for the independent auditor's report to the members of Nufarm Limited.

Nufarm Limited today announced a statutory profit after tax of $81.0 million for the 12 months to 31 July, 2013. This compares to a statutory profit after tax of $72.6 million in the previous financial year.

Group revenues increased by just over 4% to $2.28 billion (2012: $2.18 billion).

Underlying earnings before interest and tax (EBIT) was $186.8 million, down 9% on the $206.0 million recorded in the 2012 financial year.

Higher interest costs and foreign exchange losses contributed to a larger relative fall in underlying net profit, which fell from $115.4 million in 2012 to $83.2 million in financial year 2013. Foreign exchange losses included within net financing expenses amounted to $10.7 million in financial year 2013, contrasting with a foreign exchange gain of $8.2 million in 2012. The foreign exchange impact on the proceeds of Nufarm's Step-Up Securities (NSS) has been included in net foreign exchange gains and losses rather than being treated as a material item as in the prior year (FY12: a net pre-tax gain of $11.1 million).

Material items amounted to a net loss of $2.2 million, representing the balance of the settlement of a class action brought against the company in 2011.

Earnings per share were 25.5 cents (2012: 22.3 cents per share). Excluding material items, earnings per share were 26.4 cents (2012: 38.7 cents).

The underlying result reflects very challenging seasonal conditions and a poor result in Nufarm's largest country market, Australia, partially offset by earnings growth in all other geographic regions, as well as the seed technologies business.

The group generated a gross profit margin of 27.4% in financial year 2013, slightly lower than the 28.0% recorded in 2012. Excluding the Australian business from both years, the aggregate gross profit margin of other regions improved year on year.

Net working capital at 31 July was $1.01 billion (constant currency basis: $915 million), up on the $771 million recorded at 31 July, 2012. Net debt increased to $633 million (31 July, 2012: $468 million) . On a constant currency basis, net debt at year end was $552 million. Average net debt was $753 million, compared to $650 million in 2012.

Final Dividend

Directors declared a fully franked final dividend of 5 cents per share, resulting in a full year dividend of 8 cents. A full year dividend of 6 cents per share was paid in the previous year.

The final dividend will be paid on 15 November, 2013 to the holders of all fully paid shares in the company as at the close of business on 18 October, 2013. There is no conduit foreign income attributed to the dividend.

The Dividend Reinvestment Plan (DRP) will be made available to shareholders for the final dividend.

Directors have determined that the Issue Price will be calculated on the volume weighted average of the company's ordinary shares on the ASX over a period of 10 consecutive trading days commencing after the record date and concluding prior to the date of allotment of ordinary shares under the plan. The last election date for shareholders who are not yet participants in the DRP is 18 October, 2013. The Board has determined that, for this dividend payment, no discount will apply to shares issued under the DRP.

Business review

The 2013 financial year was characterised by very challenging seasonal conditions and a poor result in Australia, and positive earnings growth in all other regions, as well as the company's seed technologies business.

The results underline the importance of a geographically diverse business, where adverse climatic and business conditions in certain markets can be offset with exposure to more positive conditions and growth opportunities in other geographies.

Good progress was achieved on the development and implementation of regional strategies, with a clearer focus on supporting growth in certain product and market segments.

Nufarm's crop protection business accounted for 94% of group revenues, and grew sales by just over 4% to $2.15 billion. These sales generated an average gross margin of 26%, slightly lower than the 27% gross margin recorded in 2012 and reflecting higher sales of lower value products in some markets and margin pressure associated with the weaker Australian conditions.

The seed technologies segment generated revenues of $132 million, up 9% on the previous year and contributing a higher average gross margin of 55% (2012: 53%).

Corporate (head office) costs were slightly lower in 2013 at $40.6 million, compared to $41.4 million in 2012. Total expenses were up by just under 10% on the previous year, reflecting higher depreciation and amortisation costs; increased head count – particularly in the South American and seeds businesses – and higher selling and distribution costs. Underlying selling, general and administrative (SG&A) expenses to sales were 18.2% compared to 17.3% in the previous year.

Material items

The after tax loss associated with material items was $2.2 million. Early in this financial year, the Federal Court gave final approval to the settlement of a class action brought against the company in early 2011. The settlement agreement was amended to cover an expanded number of claims, with Nufarm agreeing to pay a total of $46.7 million (previously $43.5 million). Consistent with previous treatment, the additional settlement amount and related costs have been reported as a material item.

Year ended 31 July 2013	Pre-tax $000	After-tax $000
Material items by category		
Class action settlement	(3,177)	(2,224)
Total material items impacting operating profit	**(3,177)**	**(2,224)**

Interest / tax / cash flow

Net external interest costs(3) were $50.5 million, up on the $40.9 million in the previous year and driven by higher average net debt due to higher levels of working capital; the funding of acquisitions (total consideration of $30.7 million); and the payment associated with settlement of the class action ($46.7 million). Higher interest costs also reflected increased funding costs associated with the 7 year senior unsecured notes issued by the company in October 2012.

The reported effective tax rate is 27.6%, which is lower than the 34% which applied in the previous financial year. Excluding material items, the underlying effective tax rate is 27.7% (2012: 31.7%). The effective tax rate has benefitted from the reversal of over-provisions booked in the prior year.

The business generated net operating cash inflows of $62.8 million, compared to $166.5 million in the prior period.

Operating segments summary

The following table provides a summary of the performance of the operating segments for the 2013 financial year and the prior corresponding period.

Year ended 31 July	Revenue			Underlying EBIT		
($000s)	2013	2012	Change %	2013	2012	Change %
Crop protection						
Australia and New Zealand	604,432	701,022	-13.8%	35,352	105,982	-66.6%
Asia	125,201	125,586	-0.3%	19,580	16,735	17.0%
Europe	468,253	431,095	8.6%	57,245	43,223	32.4%
North America	516,278	470,243	9.8%	42,153	33,327	26.5%
South America	431,440	332,636	29.7%	40,595	17,526	131.6%
Total Crop protection	*2,145,604*	*2,060,582*	*4.1%*	*194,925*	*216,793*	*-10.1%*
Seed Technologies - global	131,688	120,969	8.9%	32,449	30,589	6.1%
Corporate	-	-	n/a	(40,571)	(41,409)	-2.0%
Nufarm Group	**2,277,292**	**2,181,551**	**4.4%**	**186,803**	**205,973**	**-9.3%**

Australia / New Zealand

The Australian and New Zealand businesses generated sales of $604.4 million, 14% down on segment sales in the previous year ($701.0 million). This represented 28% of total crop protection revenues (2012: 34%). Underlying EBIT was well down on the previous year at $35.4 million (2012: $106.0 million), reflecting very difficult conditions in the Australian market.

Unusually dry weather conditions persisted in most Australian cropping regions from early in the financial year until the last quarter of the financial period. These conditions resulted in the need for very little summer weed control and exceptionally low levels of insect and fungal disease pressure. Sales of relatively higher value products into summer crops were significantly down on normal levels. It remained dry through the pre-plant period ahead of the major winter crop, resulting in low levels of demand for fallow and pre-emergent herbicide applications. While rains in May and June helped drive demand for post-emergent herbicides, lost opportunities over the balance of the year had a very negative impact on the business.

Crop protection sales in Australia were down some 17% on the previous year and with additional competition for fewer sales opportunities, margins were also negatively impacted. Lower production volumes also impacted the efficiency of the Australian manufacturing plants.

Australia is Nufarm's largest country market and represents a substantial fixed cost investment which supports our clear market leadership position. While a return to more normal seasonal conditions is expected to see a strong earnings recovery in Australia, an extensive review of the business has been undertaken to identify areas for improvement.

Substantial work was also completed to prepare the Australian business for changes to distribution arrangements involving the BASF portfolio (which cease in March of 2014), and a transition to new branding for the company's glyphosate portfolio (effective August 2013).

The New Zealand business generated slightly higher sales, despite dry summer and autumn conditions which reduced demand for herbicides. Insect pressure was above average. The manufacturing division, which produces insecticide and fungicide products for Nufarm businesses in other parts of the world, performed strongly.

Asia

Asian crop protection sales were $125.2 million, in line with the previous year ($125.6 million) and again representing 6% of total crop protection revenues. Underlying EBIT was $19.6 million, up from $16.7 million in 2012.

The business performed solidly despite lower demand for crop protection products in the plantation segment due to a lower palm oil commodity price. This is a major segment for Nufarm in Indonesia and Malaysia.

Nufarm opened a new office in South Korea to support increased sales into that market and launched several products that will help secure growth in target crop segments including rice and vegetables.

North America

North American crop protection sales increased by 10% to $516.3 million. Measured in local currency, the increase in US sales was approximately 2%, with Canadian sales up 26% on the previous year. The region generated 24% of total crop protection revenues (2012: 23%).

Underlying EBIT was up by more than 26%, increasing to $42.2 million (2012: $33.3 million).

A late winter in the US reduced opportunities in the burndown (pre-plant) segment, with the large soy and corn crops being planted later than usual and over a more concentrated period. Cotton plantings were down resulting in lower demand for Nufarm's portolio of plant growth regulators in that segment. Sales of phenoxy herbicides were strong and the US ag business was able to increase total sales despite some challenging market conditions.
The business also performed strongly in the industrial vegetative management segment with both increased sales and stronger margins. The company completed the acquisition of Cleary Chemical Corporation midway through the period, which has strengthened Nufarm's fungicide and insecticide portfolio in the high value turf and ornamental market, reinforcing Nufarm's top three position in that segment.

A new manufacturing facility was commissioned at Alsip (Chicago), specialising in the formulation of insecticides, fungicides and custom seed treatment applications.

The strong Canadian result was supported by growth in the western cereals and pulse markets, and increased sales into the horticulture segment. Several new products launched during the year had outstanding success.

South America

South American crop protection sales increased by almost 30% to $431.4 million (2012: $332.6 million). Underlying EBIT was $40.6 million, a substantial improvement on the previous year ($17.5 million). Regional sales comprised 20% of total crop protection revenues, up from 16% in the prior period.

Seasonal conditions in Brazil and Argentina were generally average, albeit some dry weather impacted sales in the important pasture segment in Brazil. Dry weather in Colombia and Chile also impacted demand in the last quarter of the year.

Market conditions in Brazil were favourable, with increased plantings and an expansion in the use of crop protection inputs. In local currency, sales in Brazil were R$686 million, up almost 41% on the previous year. Brazilian EBIT more than doubled, in local currency, to R$67.8 million, from R$29.8 million in 2012.

Nufarm strengthened its position in each of its target segments and continued to diversify its product offering with several new product introductions during the year. A new high load glyphosate formulation, 'Crucial', was very successful, resulting in both increased volumes and margins in the glyphosate segment. An expansion of the sales force provided reach into additional regions.

The business in Argentina also performed very strongly, with sales up by some 34% in local currency and a significant improvement in profitability, driven by higher sales of differentiated products at improved margins.

Europe

European sales were up by more than 8% to $468.3 million (2012: $431.1 million). This represented 22% of total crop protection revenues (2012: 21%). Underlying EBIT improved strongly to $57.2 million from $43.2 million in the previous year.

Seasonal conditions in Europe were mixed, with a relatively cold and wet autumn and a long winter negatively impacting selling opportunities in a number of markets. The UK experienced difficult climatic conditions, with total industry sales estimated to be down by up to 20% in that market.

Fungicide demand was strong in some markets and Nufarm's more diversified portfolio enabled the company to take advantage of those conditions. Growth in Europe was also driven by the successful introduction of new products and strong sales of phenoxy herbicides.

Nufarm's business in Central/Eastern Europe grew strongly. Sales in Germany, Spain and Portugal were also higher than in the previous year.

The company strengthened its position in the non-crop home and garden market in France, despite unhelpful climatic conditions during the high demand season. Nufarm is now the market leader in this segment and has expanded both its product range and distribution network.

The European manufacturing units performed very strongly, with increased volumes of phenoxy herbicides produced to meet strong demand in global markets. Overhead recoveries in these manufacturing facilities made an important contribution to the regional result.

The European management structure was changed during the year, with the appointment of a single head of Europe in place of the previous multi-regional structure. This is resulting in additional focus and efficiencies across the business.

Major product segments

Crop Protection

Nufarm's crop protection business accounted for 94% of group revenues and grew sales by 4% to $2.15 billion. These sales generated an average gross margin of 26% (2012: 27%).

Herbicide sales were $1.48 billion, slightly up on the previous year, with the average gross margin down slightly at 25%. Very dry conditions and lower demand in both Australia and in the pasture segment in Brazil, where Nufarm has a significant position, impacted both volumes and pricing in those markets.

While glyphosate volumes were in line with the previous year, sales were higher and represented 26% of total crop protection revenues. This reflected higher input costs and higher selling prices for glyphosate products. Margins improved slightly, driven by the successful launch of a differentiated formulation in Brazil. Phenoxy herbicide sales were down with demand in key markets adversely impacted by seasonal factors. Sales of several other herbicides increased, including dicamba and bromoxynil.

Nufarm's insecticide portfolio generated a 17% increase in sales to $215 million, but a lower value product mix saw margins decline in comparison to the 2012 financial period (32% versus 35%). Insect pressure in Brazil's major crops generated strong demand for chlorpyrifos and Nufarm's sales of this chemistry were nearly double that of the previous year. Increased competition in the imidacloprid segment resulted in pricing pressure in some markets and new regulatory restrictions in some crop segments in Europe also impacted sales, which were down compared to the prior year. Some higher value insecticide products were not required in Australia due to unusually low insect pressure in summer crops.

Fungicide sales were up slightly to $219 million, with average margins in line with the previous year. New product launches and relatively high disease incidence at times of the year in Brazil and Europe helped offset the very dry conditions, and subsequent low demand for fungicide products, in Australia.

While sales of plant growth regulators (PGRs) were in line with the previous year, margins improved. Demand in the cotton segment was down, but Nufarm's expanded portfolio in the cereals market in Europe and additional sales of PGRs in distribution arrangements with Sumitomo Chemical helped drive an improved performance.

Seed Technologies

The company's seed technologies business, which includes the global Nuseed business and Nufarm's seed treatment applications, grew sales by 9% to $131.7 million and generated an average gross margin of 55%, which was an improvement on the previous year (53%). Underlying EBIT was up 6% to $32.4 million.

Seed technologies markets faced below average conditions, with extreme drought in the lead-up to canola, sunflower and seed treatment selling periods in Australia, and a very wet and cold spring impacting planting conditions in the USA sunflower segment and the soybean seed treatment market. These challenges were offset by another record sorghum year within most markets and contributions from recent acquisitions.

A hot, dry summer in Australia resulted in limited subsoil moisture and reduced canola plantings. Growers in marginal areas elected to plant retained open pollinated seed rather than purchase Nuseed hybrid and elite varieties.

Nuseed successfully launched its 'Wholis' gluten free premium food grade sorghum product and announced an important downstream partnership with ADM, one of the world's largest food processing companies. Important technical milestones were also achieved on Nuseed's omega-3 DHA project in partnership with CSIRO and the Australian Grains Research and Development Corporation (GRDC). This project – which aims to express DHA rich canola oil – now enters significant development and regulatory phases, with a commensurate increase in funding support from Nufarm.

The 2013 financial year saw increased investment in Nuseed's global platform to help position the business for future strong growth. This included the establishment of stronger European breeding and product development capabilities; and the recruitment of additional management, R&D and finance resources.

Nuseed completed the acquisition of 51% of the Atlantica seeds business in Brazil at a cost of R$25 million in January 2013. This acquisition allows Nuseed to supply its sorghum and sunflower seeds through the Atlantica distribution network, and leverage other development programs in Australia, Argentina and the USA.

Seed treatment sales were slightly down on the previous year. This reflected adverse climatic conditions in some markets, particularly Australia and the USA. Some applications, involving neonicotinoid chemistry, were withdrawn in Europe due to regulatory authority concerns about impacts on bees. These restrictions also impacted the company's seed treatment sales.

Several new products were launched, positioning the business for growth with a return to more normal seasonal demand. The company's new Alsip (Chicago) seed treatment facility was commissioned and has helped secure new business from US customers.

Balance Sheet Management

Net debt at year end was $633 million, considerably higher than the $468 million recorded on 31 July of the previous year. On a constant currency basis, however, net debt at balance date was $552 million. Average net debt was $753 million, compared to $650 million in 2012.

Higher debt levels were the result of higher working capital, acquisition-related activity, and the payment of the class action settlement.

Net working capital at 31 July increased to $1.01 billion from $771 million at the end of the previous year. The higher year end working capital was impacted by excess inventory due to a poor season in Australia and a last quarter inventory build in Brazil to support anticipated strong sales activity in the early part of the new financial year. There was also an adverse translation impact on overseas inventory balances.

Average net working capital as a proportion of sales was 46.8%, representing an increase on the corresponding measurement of 45.3% in 2012.

Gearing (net debt to net debt plus equity) was 27.6% (2012: 24.1%).

Capital expenditure (property, plant and equipment) in 2013 was $44.3 million, slightly lower than the $47.6 million expended in 2012. Capital expenditure on intellectual property and product development was $45.2 million versus $29.6 million in the previous year, reflecting a higher investment in US data compensation payments in support of new product introductions.

Outlook

With average seasonal conditions in Nufarm's major markets, the company expects to generate an improved underlying EBIT result in the 2014 financial year.

Despite increased competition, the company is forecasting a strong improvement in its Australian results, given a return to more normal seasonal conditions and demand patterns. It is anticipated, however, that excess inventory in the channel resulting from last year's poor season may place pressure on margins in some segments.

Several regulatory-based product withdrawals in Europe will result in the loss of sales that contributed some $4 million in EBIT in financial year 2013. Nufarm's European business is, however, well positioned to capitalize on growth opportunities, driven by a number of new products scheduled to be launched, and increased market penetration in existing segments.

The company's North American business is also expecting to generate sales and earnings growth in the current year.

Given the strong recent growth in Nufarm's Brazil business, further investments will be made to both consolidate this growth and build a stronger platform to secure additional revenue and earnings expansion in this fast growing market. Sales activity in Brazil has been very strong in the initial months of the financial year.

The Asian business is forecast to be slightly down, with additional pricing pressure anticipated in the glyphosate segment. Expansion into new crop segments such as rice and vegetables is expected to drive growth in Asia over the longer term.

The company's seed technologies business is expected to achieve an improved result in financial year 2014, with expanded penetration in a number of geographies and the benefit of a number of new varieties and downstream products being brought to market. There will be an increased spend in relation to the long chain omega-3 canola project as it continues to meet key development milestones.

A strong focus will be maintained on balance sheet management, with working capital, net debt and cash flow metrics expected to improve over the course of the year. Interest costs are forecast to be in line with the 2013 financial year with the full year impact of interest rates associated with the company's US high yield notes and a higher net debt level at the start of the year being offset by lower base rates in Australia.

The longer term outlook shows strong revenue and earnings growth as the company continues to execute on its strategic growth plans. Those plans involve further diversification and expansion into overseas markets and accelerated growth into higher value and more defendable product and market segments.

D.J. Rathbone.

D J Rathbone
Managing Director

IFRS and Non-IFRS financial information

Nufarm results are reported under International Financial Reporting Standards (IFRS) including Underlying EBIT and Underlying EBITDA which are used to measure segment performance. This release 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.

The following notes explain the terms used throughout this profit release:

(1) Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is Underlying EBIT before depreciation and amortisation of $73.986 million for the year ended 31 July 2013 and $61.781 million for the year ended 31 July 2012. We believe that Underlying EBIT and Underlying EBITDA provide useful information, but should not be considered as an indication of, or an alternative to, Profit / (loss) for the period as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.

(2) Underlying EBIT is used to reflect the underlying performance of Nufarm's operations. Underlying EBIT is reconciled to Operating profit on page 3.

(3) Non-IFRS measures are defined as follows:
- Underlying net profit after tax – comprises Profit / (loss) for the period attributable to the equity holders of Nufarm Limited less material items as described on pages 3 and 4.
- Average gross margin – defined as average gross profit as a percentage of revenue.
- Average gross profit – defined as revenue less a standardized estimate of production costs excluding material items and non-product specific rebates and other pricing adjustments.
- Net external interest expense – comprises Interest income – external, Interest expense – external and Lease expense – finance charges as described in note 10 to the 31 July 2013 Nufarm Limited financial report.
- Constant currency– reconciled as per the below – whereby "(a)" represents the impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the Australian dollar. Constant currency results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the Australian dollar which would not have occurred if there had been a constant exchange rate.

Year ended 31 July	Net working capital $000	Net debt $000
FY 2012 as reported	770,759	467,804
Foreign currency translation impact (a)	144,686	84,575
Constant currency adjusted	915,445	552,379
FY 2013 as reported	1,011,004	633,113