

11th PAC Partners Agribusiness Conference

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Chief Financial Officer



Grow a better tomorrow.

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Balancing the needs and opportunities of a growing business

- Capitalising on the growth opportunity in overseas markets and in our seeds business
- Lowering the cost base and improving efficiencies in Australia
- Executing on plans to permanently lower working capital
- Reducing debt



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Capitalising on the growth opportunity

- **South America**

- Continued market growth, fueled by additional cropping acres and more investment in technology inputs
- An expanded presence in Brazil and Argentina supported by a strong product pipeline
- Moving into other regional markets
- Carefully managing risks



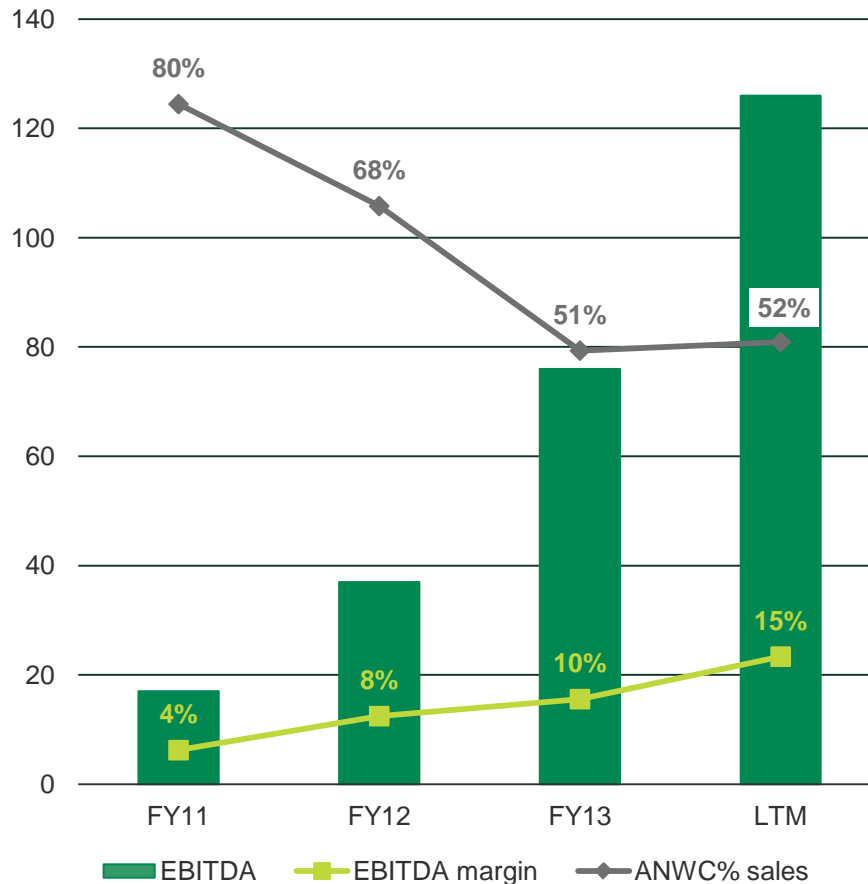
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Brazil turn-around – a story of people and innovation



Brazil key metrics in local FX

(BRL in millions)



- EBITDA margin expanding rapidly
 - Strategic focus on higher value segments of the market has lifted the gross profit margin (>100bps from FY11 to HY14)
 - Expense to sales ratio benefits from leveraging the fixed cost base especially due to the rapid growth
- Net working capital being actively managed during this period of rapid growth
 - ANWC/sales down from 80% in FY11 to 52% in HY14 and is expected to fall further at FY14
 - Strategic focus on sales into pasture and direct to grower help to reduce terms
 - DSO down from 279 days in FY11 to 205 days at HY14
 - Sales & Operations Planning (S&OP) process assisting in better management of inventory levels

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Capitalising on the growth opportunity

- **Europe**

- Key crop focus (cereals; corn; TNVV; grassland & potatoes)
- Leverage leadership position in 'espace vert' segment in France
- Differentiating our product portfolio

- **Asia**

- Adding rice and vegetable segments to existing strength in plantation crops
- Expanding our footprint into additional regional markets
- Leveraging our regional manufacturing base



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Capitalising on the growth opportunity

- **North America**

- Clear focus on specific growth segments in US Ag (burn-down; resistance; cotton; horticulture)
- Consolidating/growing top three position in high value US turf and specialty segment
- Leveraging strong position in Canada

- **Seed technologies**

- New varieties to support growth in existing crops (canola; sorghum; sunflower)
- Rich pipeline of valuable downstream technologies/products (Omega 3; Wholis)
- Major opportunity in growing, high value seed treatment segment



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Changes that secure our leadership position in Australia

- A lower, more flexible cost base
- Higher utilisation of manufacturing assets
- A flatter, more focused management structure
- Increased responsiveness to customer needs
- More investment and a higher priority afforded to new product development



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An unrelenting focus on working capital management

- All management have incentives tied to NWC performance
- Extensive S&OP projects in US, EU and Australia
- Reduction in stocking points across Australia
- Output through plants reduced to manage NWC at the expense of recoveries
- Review of supplier lead times, lot sizes and safety stock levels
- SKU rationalisation and strengthened product approval process
- Brazil cash collections progressing well given the strength of the season
- Extension of trading terms via supplier financing for purchases out of China



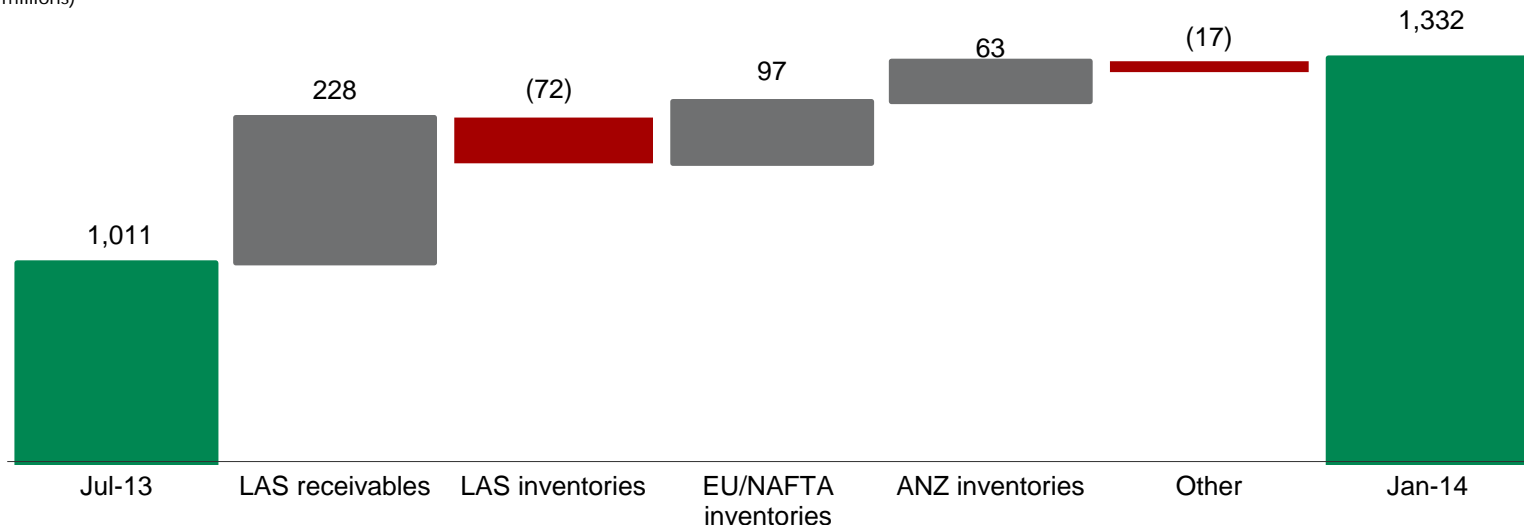
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NWC build at 31 January related to strength of Brazil season and elevated inventory levels elsewhere

- Growth in NWC since July has been driven by:
 - Strength of Brazilian season – receivables up and inventory down in line with cropping season
 - Traditional build of inventory for northern hemisphere season
 - Impact of dry Australia / New Zealand summer and inventory build for winter season
- Significant working capital build in half had adverse impact on operating cash flow. Will be reversed in 2H

NWC bridge – FY13 to 1H:14

(A\$ millions)



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Progress towards meeting July NWC target

- Cash collections strong in South America
- Expectations high for another good season in Brazil, will drive inventory build
- Accelerated plant shut downs in EU will benefit NWC but at expense of recoveries – timing
- Early season in EU and east coast of Aus will help with both inventory and receivables
- Extended winter conditions in the US will adversely impact both inventory and receivables
- Roll-out of supplier financing for purchases out of China well received but with minimal impact at July 14



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Clear balance sheet objectives

- Robust capital structure designed to cope with inherent seasonality of agribusiness:
 - Longer term capital – hybrids and high yield bond
 - Working capital needs – debtors securitisation and revolver
- On track to deliver against:
 - Short term target to reduce NWC at 31 July 2014 to < \$1bn
 - Medium target of reducing ANWC/sales to < 40%
 - Debt reduction

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