



Chairman's Address
Annual General Meeting of Shareholders - Melbourne
Thursday, December 4, 2014 at 10.00 am

Donald McGauchie

Shareholders.

Doug Rathbone, your Managing Director and Chief Executive, will speak shortly – briefing you on the results for the 2014 financial year and the outlook for 2015.

Before asking Doug to speak, I'd like to quickly place the results and outlook in a strategic context.

During last year's AGM, I outlined our goal to leverage Nufarm's strengths in product development, manufacturing and distribution.

At the time, I said our ambition was to turn your company into a leading global provider of innovative, off-patent crop protection products, seeds and seed traits.

The past year has demonstrated the advantages of our global ambitions.

Our business faced tough conditions in Australia – where it was too dry – and United States – where it was too cold.

However, those difficulties were offset by solid results in New Zealand and Canada, strong results in Asia and Europe, and outstanding results in South America – where sales were up 54 per cent and EBIT up 76 per cent.

As a consequence, your company's overall revenues increased 15 per cent to \$2.62 billion in 2014 – with underlying EBIT up 7 per cent to \$200.6 million and underlying net profit after tax up by 4 per cent to \$86.4 million.

The Board has also worked to improve the performance of the business.

Our operations in Australia and New Zealand were restructured and rationalised – incurring one-off costs of \$48.7 million.

The importance of the changes we have made to the operations in Australia and New Zealand has been highlighted by the tough conditions we are currently experiencing in Australia.

We also prioritised working capital management.

As a consequence, net working capital was reduced by \$169 million to \$842 million.

This result was largely achieved through better inventory management, with year-end inventories down from \$803 million in 2013 to \$633 million in 2014.

Your company's focus on working capital management will continue in 2015.

We will also keep looking for new ways to turn Nufarm's strengths into growth opportunities.

Those growth opportunities are not just in Asia or the Americas – they exist in Australia as well.

For example, the economic rise of Asia is projected to create a middle class of more than 3 billion people by 2030.

That mega-middle class will have a healthy appetite for quality produce.

That's why Australia should dramatically expand agriculture particularly in the Top End.

Irrigated land in northern Australia would be ideal for sunflower, sorghum and cotton production.

The north could produce out-of-season crops for southern Australian markets, as well as fresh produce markets across Asia.

And grain and forage sorghum could also be grown in northern Australia to support an expansion of beef, pork and chicken production.

The relative isolation of parts of northern Australia could also be valuable – giving agriculture the space it needs to develop new products.

The potential for Australian agriculture, particularly in northern Australia, is enormous and there is no reason why that potential should not be realised.

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