Business and strategy update

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Group Executive Corporate Strategy / External Affairs

February, 2015
Group FY14 results – quick review

Underlying EBIT growth highlights benefits of a diversified business across geographies and products

- South America generated strong growth
- European branded business ahead of prior year
- Asia flat with increased investment for future growth
- Seeds generated strong profit growth despite some headwinds
- Another challenging year in Australia
  - Dry conditions persist for first half of year
  - Conditions improve in final quarter
  - Restructuring initiatives announced
- USA experienced long winter and reduced demand
  - Significant impact in burn-down segment
  - Turf and Specialty business also down

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<thead>
<tr>
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<th>12 months ended 31 July</th>
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<tbody>
<tr>
<td>(A$ millions)</td>
<td>2014</td>
</tr>
<tr>
<td>Revenue</td>
<td>2,622</td>
</tr>
<tr>
<td>Underlying EBIT</td>
<td>201</td>
</tr>
<tr>
<td>Underlying NPAT</td>
<td>86</td>
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<tr>
<td>NWC at 31 July</td>
<td>842</td>
</tr>
<tr>
<td>Net debt at 31 July</td>
<td>513</td>
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<tr>
<td>Full Year dividend</td>
<td>8 cents</td>
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<td>Partially franked</td>
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Business diversification helps deliver growth
Key messages

• Encouraging progress on working capital efficiency program – but more to be done
  – Initial focus has been on inventory management
  – Multiple programs/initiatives now in place (S&OP; SKU rationalisation; supplier financing; etc)
  – Management incentives directly aligned to working capital targets
  – Committed to 40% ANWC/sales target within next two years (FY14 year end = 47.7%)

• Stronger balance sheet will allow us to capture future growth opportunities
  – Ability to fund portfolio and market expansion in crop protection
  – Increased spend on seeds pipeline

• Rebuild of Australian business is a key priority - $16m in annualised savings
  – Focus on more flexible cost base and portfolio development

• Opportunities for further operational improvements, with $100m target
  – European manufacturing footprint rationalisation announced - €16m annualised savings
  – Additional programs to be implemented in supply chain; sales & marketing; and product development

• Growth in Brazil is built on a strong platform
  – Diversified product positions and path to market strategy
  – Close attention to risk management
  – Long term growth drivers are sustainable

• Sumitomo strategic partnership continues to add value to our business
  – Valent turf and ornamental portfolio consolidates our position in US market
  – Additional opportunities now being assessed
Good progress on implementing our strategy

Past 12 months

Growing into higher value and more defendable product/market segments
- New product launches across all major markets
- Valent distribution deal consolidates leadership position in US T&O
- Additional access to third party products strengthens product portfolio
- Expansion into rice and vegetables segments in Indonesia

Building a strong seeds platform
- Strong market share gains in Australia canola segment
- New innovation centres opened to support pipeline development
- DHA Omega-3 canola into field trials
- Expansion into Australian grain sorghum market

Achieving greater operational efficiencies
- Enhanced capabilities in supply chain and procurement (people; processes and systems)
- Plan implemented to optimise ANZ & European manufacturing footprints
- Global inventory management plan drives working capital efficiencies
- New global lead for sustainability and quality; & for global procurement

Strengthening the balance sheet
- Significant reduction in year-end net working capital
- Strong second half cash flow facilitates reduction in net debt
- Renewal/upsizing of bank revolver strengthens capital structure
Sales revenue by region
Crop protection segment

2014: $2,478.3m
Average GM: 26%

- Europe: 22%
- Aust/NZ: 24%
- South America: 27%
- North America: 21%
- Asia: 6%

2013: $2,145.6m
Average GM: 26%

- Europe: 22%
- Aust/NZ: 28%
- South America: 20%
- North America: 24%
- Asia: 6%

A balanced and diversified geographic footprint
Crop protection - major product segments
% total segment revenues

2014: $2,478.3m
Average GM: 26%

2013: $2,145.6m
Average GM: 26%

*Other includes equipment; adjuvants; PGR's; industrial

Group sales

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<tr>
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<th>2014</th>
<th>2013</th>
<th>Change</th>
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<tbody>
<tr>
<td>Herbicides</td>
<td>$1.67 billion</td>
<td>$1.48 billion</td>
<td>▲ 13%</td>
</tr>
<tr>
<td>Insecticides</td>
<td>$290 million</td>
<td>$215 million</td>
<td>▲ 35%</td>
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<tr>
<td>Fungicides</td>
<td>$247 million</td>
<td>$219 million</td>
<td>▲ 13%</td>
</tr>
<tr>
<td>Other</td>
<td>$266 million</td>
<td>$233 million</td>
<td>▲ 14%</td>
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Opportunities in emerging markets
Expanding our reach

• Africa & Middle East
  – Establishing legal entities in Africa to hold registrations
  – Appointing key distribution partners
  – Office established in Turkey
  – Independent registrations in Egypt & Israel

• Central & Eastern Europe
  – Current sales of approx. €100m & 450 product registrations
  – Entering markets in Russia and Kazakhstan
  – Working with third parties, including Sumitomo, to strengthen/expand portfolio

• South America
  – Nufarm offices opened in Uruguay and Peru in 2014
  – Paraguay office now being registered
  – Expansion planned in Mexico

• Asia
  – New offices established in Vietnam and South Korea
  – Strategies for India and China
Opportunities in emerging technologies

New GM crops

- New trait technologies will be launched by Dow (2,4-D tolerance 'Enlist') and by Monsanto (Dicamba tolerance 'Xtend') this year.

- Both are aimed at addressing the growing resistance market.

- The market for these chemistries will grow, driven by both new and increased use.

- Nufarm is a strong participant in these chemistries and is developing new formulations and registrations to participate in this growth.
Opportunities in emerging segments
Targeting higher value markets

• Biorationals

  – One of the fastest growing segments in crop protection
  – Developing new product positions both internally and via strategic relationships with specialist companies including Valent BioSciences (Sumitomo); Marrone Bio Innovations; and Verdesian Life Sciences
  – Leveraging seed treatment positions and Nuseed business
  – Higher margin growth category with specific resource support
SEED TECHNOLOGIES
Nuseed & seed treatment applications
2014 Results – Seed technologies

Revenue breakdown

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<thead>
<tr>
<th></th>
<th>2014 $m</th>
<th>2013 $m</th>
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<tr>
<td>Sales</td>
<td>144.4</td>
<td>131.7</td>
</tr>
<tr>
<td>Average GM</td>
<td>51%</td>
<td>55%</td>
</tr>
<tr>
<td>Underlying EBIT</td>
<td>37.2</td>
<td>32.4</td>
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<tr>
<td>EBIT margin</td>
<td>25.8%</td>
<td>24.6%</td>
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A global leader in confectionary sunflower seeds and elite hybrid sorghum; and Australia’s leading canola seed company
Important progress on building high value pipeline

- DHA Omega 3 canola now in field trials
  - Strengthening intellectual property position
  - Substantial and growing end-market

- New innovation centres opened in Horsham (Victoria) and Davis (California)

- Unique disease trait developed for China confectionary sunflower

- Strengthening of canola hybrid pipeline

- 'Wholis' sorghum launch
  - Expanded production acres in USA
  - New and broader partnerships

Increased R&D spend reflects faster progress and higher confidence in pipeline projects
Omega 3 DHA – demand & value expansion

• The benefits of long-chain (DHA) omega-3 in human health are well documented, playing an important role in heart and brain health, child and infant development, inflammation management and other health functions.

• Expanding markets in aquaculture; health supplements; pharmaceuticals and food

• Ocean supply remains critically challenged to meet growing industry demands across different segments

• Regulation of ocean-caught DHA ‘feedstock’ fish continuing to rise

• Reliable supply most critical issue for industry

• Pharma industry demanding top products at top value
Omega 3 DHA canola

Nuseed is collaborating on a program to develop a modified canola that will produce long-chain DHA omega-3 oil at levels equal to that of wild fish. Nuseed has exclusive global commercialisation rights.

Next steps:
- Field validation
- Regulatory science and approvals
- Introgression to elite genetics
- Downstream business development
- Launch around 2018

1 Ha of canola @ 12% is the DHA yield from 10,000 fish
Seed treatment

Objectives

Double the sales and contribution from Seed Treatment by 2018 (from 2013); >45% GM

• Position Nufarm as the premium second tier supplier in key geographies of NA/WE and LA, while developing capabilities to deliver sales volumes via formulation quality and market access

• Bring innovation and differentiation to the market via formulations, mixtures, partnerships and select new technologies

• Non-aligned position allows for flexibility and diversity

• Capitalise on emerging opportunities in markets such as Asia - products now in registration pipeline in China and SE Asia

• Increase value capture from current and future Nuseed operations via seed treatment
Strategic alliance with Sumitomo

The Sumitomo relationship is realising important synergies for Nufarm. Nufarm’s alliance with Sumitomo spans distribution, manufacturing and R&D.

**Nufarm products being distributed by Sumitomo**
- Over 40 products across Mexico, Italy, Spain, South Africa and Australia
- 22 herbicides
- 11 fungicides
- 6 insecticides
- 2 Plant growth regulators

**Development projects**
- 2 evaluation agreements
- 10 development agreements
- Brazil, Argentina, USA, S.E. Asia, Australia, Europe

**Sumitomo products being distributed by Nufarm**
- 30 insecticides, 5 fungicide, 8 herbicide and 8 Plant Growth Regulator products across Australia, Austria, Belgium, Brazil, Canada, Germany, Spain, Hungary, Indonesia, NZ, UK, Netherlands, Romania, Ukraine

**Development projects**
- 3 evaluation agreements
- 14 development agreements
- Australia, Austria, Argentina, Brazil, France, Germany, Netherlands, USA

**Manufacturing and logistics**
- Toll manufacturing for Sumitomo in Australia, Malaysia, USA & Europe

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**Sumitomo**

**Nufarm**

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**Sumitomo distribution of Nufarm chemistry**
- Austria, Belgium, Brazil, Canada, Germany, Hungary, Indonesia, Netherlands, New Zealand, Romania, Spain, UK, Australia, Ukraine

**Sumitomo development agreements and R&D trial work**
- Argentina, Australia, Brazil, Japan, Thailand, USA

**Nufarm development agreements and R&D trial work**
- Argentina, Australia, Austria, Brazil, France, Germany, Netherlands, USA

**Manufacturing & logistics agreement**
- Australia, Malaysia, USA, Europe

**Nufarm distribution of VBC Biorational products**
- NZ, Australia, Indonesia, Canada, Europe

**Nufarm distribution of Valent Turf & Ornamental range**
- USA

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Nufarm Chemical Company is a 23% shareholder in Nufarm.
Strategic priorities

• Continued focus on working capital and balance sheet

• Continuous improvement program
  – Manufacturing; supply chain; procurement
  – Go to market strategies
  – Product development
  – Corporate costs

• Margin expansion via targeted growth programs
Strategic priorities

Working capital efficiencies + Operational improvements and cost savings + Organic growth across most of our business → Improved profitability & Increased shareholder value
Investment highlights

1. We are a leading supplier of crop protection products, with a highly profitable and growing seeds platform.

2. We have a strong and balanced global footprint, with sales in more than 100 countries around the world.

3. We have a pipeline of new and differentiated products that will help drive growth across our regional businesses.

4. We have established strategic alliances and commercial relationships with major industry participants.

5. We have significant scope to strengthen margins and free-up additional capital to help support the growth of the business.
Grow a better tomorrow.