THOMSON REUTERS STREETEVENTS

# EDITED TRANSCRIPT

NUF.AX - Preliminary 2015 Nufarm Ltd Earnings Call

EVENT DATE/TIME: SEPTEMBER 23, 2015 / 12:00AM GMT



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

## CORPORATE PARTICIPANTS

**Robert Reis** *Nufarm Limited - Group Executive Corporate Strategy & External Affairs*

**Greg Hunt** *Nufarm Limited - MD and CEO*

**Paul Binfield** *Nufarm Limited - CFO*

**Brent Zacharias** *Nufarm Limited - Group Executive Nuseed*

## CONFERENCE CALL PARTICIPANTS

**James Ferrier** *Wilson HTM - Analyst*

**Shane Bannan** *Bligh Capital - Analyst*

**Richard Johnson** *Citibank - Analyst*

**David Rosenbloom** *Perennial Investment Partners - Analyst*

**Mark Wilson** *Deutsche Bank - Analyst*

## PRESENTATION

**Operator**

Ladies and gentlemen, thank you for standing by and welcome to the Nufarm Limited annual results briefing. (Operator instructions). Please note that this conference is being recorded today, Wednesday, September 23, 2015. I would now like to hand the conference over to your host today, Mr Robert Reis. Thank you sir, please go ahead.

---

**Robert Reis** - *Nufarm Limited - Group Executive Corporate Strategy & External Affairs*

Thank you Clay and good morning everybody and again, welcome to the Nufarm full year results conference call. Earlier this morning, the Company released results via the ASX for the 12 months to July 31, 2015. A copy of the presentation that we will be using this morning was also released to the ASX and can be found on our corporate website. For those of you wishing to follow the presentation via the webcast facility, those details are also on the corporate website.

Participating in this morning's call are Greg Hunt, Nufarm's Managing Director and CEO, Paul Binfield, Nufarm's Chief Financial Officer, and Brent Zacharias, who heads up our global seeds business. We're also joined here in Sydney today by Mark Keating, who is stepping into the investor relations role here at Nufarm. After the presentation we will be happy to take questions and I'll at that point throw back to Clay to introduce the Q&A procedures. Now, I'll hand over to Greg.

---

**Greg Hunt** - *Nufarm Limited - MD and CEO*

Thanks Robert. Let me add my welcome to everyone on the call this morning. Before turning to the results, I just want to acknowledge the earlier announcement that we released this morning concerning the accidental death of a Nufarm employee at our manufacturing site in Linz in Austria. This is obviously of great concern to the Company and a tragedy for the family of the deceased employee and his fellow workers at Linz. We are doing everything possible to support the people directly involved and we are working with the local authorities to fully investigate the circumstances surrounding the accident.

Turning to the result, I am pleased to report that our financial results for the 12 months to the end of July reflect both strong underlying earnings recovery and continued growth in most markets.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

They also demonstrate our progress in delivering sustainable cost savings and efficiency improvements across many parts of the business. We have delivered an underlying EBIT growth of 18% and an underlying net profit after tax growth of 35%. This has been achieved against a backdrop of relatively challenging market conditions in a number of our crop protection markets around the world. Market conditions also meant a tough period for our seeds business, which saw its earnings contribution drop from the prior year.

Importantly, we have also delivered further improvements in our working capital management, with average net working capital to sales now down from 41.9% -- sorry, down to 41.9% from 47.7% 12 months earlier. The Board has approved a final dividend of AUD0.06, taking the full year to AUD0.10, a 25% increase on last year's dividend payment.

Before handing over to Paul to run through the financials in more detail, let me reflect on some of the key themes from these results. First, with respect to earnings and margins, our core crop protection business delivered earnings growth in almost all regional businesses this year. The exception was Asia where we continue to invest in a stronger platform to support the future growth and we remain optimistic about the opportunities there. A focus on higher value sales and successful new products launched in many key markets helped drive a meaningful lift in average margins.

Second, a strong internal commitment to performance improvement and a very disciplined approach to executing on the program that we have in place has delivered early benefits in the form of cost savings and efficiencies. We remain very confident in our ability to deliver on both short term and longer term targets and in our ability to drive higher returns on investment.

Third, with respect to our Australian domestic business, after some disappointing earnings performances in recent times, it recovered strongly on the back of a comprehensive restructuring program and better selling disciplines. Given the further benefits that will flow from ongoing improvements in Australia, I am confident we'll continue to see earnings growth in that business. We are on track to deliver our previously stated AUD60 million to AUD70 million EBIT target from our ANZ operations.

Fourth, while we saw a lower contribution from seeds and seed treatment, this was primarily driven by external market conditions. In particular, reduced canola plantings in Australia were a key factor in the lower profit contribution when compared to last year. We remain confident in the value that is being built in our seed technologies business and continue to see strong growth potential over the medium to longer term.

Finally, our commitment to improve working capital management has led to a material reduction in average net working capital sales. This puts us well within sight of the 2016 target of 40%. Let me now hand over to Paul to run through the key financials.

---

**Paul Binfield** - *Nufarm Limited - CFO*

Thank you, Greg. This strong result reflects a period of steady growth complemented by excellent margin expansion and important cost savings initiatives, delivering a very encouraging profit outcome, underlying EBIT up 18% on the prior year. This earnings growth has been achieved against a background of very tough competitive conditions. Group revenues were up 4.4% on the prior year, underlying EBIT has increased by 18%, almost AUD237 million and underlying EBITDA of AUD317 million is 13% higher this year compared with last.

The current year has also seen solid progress in the quality of earnings, so gross margin -- gross profit margin is up 123 basis points and this improvement reflects a strong focus on operational efficiency, a more disciplined approach to selling and importantly, we're already starting to see the benefits of the cost savings program launched earlier this year. We estimate that the current year result includes cost savings from this program of approximately AUD15 million, the majority of which is reflected in lower cost of goods sold.

We've seen an improvement in the quality of business across the board. All major crop protection segments have delivered a stronger profit result, which more than offsets the headwinds that we've encountered in our seed technology business. A combination of the improved earnings results and more efficient use of capital has delivered a strong increase in the return on funds employed, up from 9.1% in the prior year to 11% in the current year. This is below what we see as an acceptable return, however it does reflect an important step towards meeting our medium term objective of delivering return on funds employed of 16% by July 2018.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Reflecting the confidence around future growth prospects, the Board has declared a AUD0.06 unfranked final dividend, making AUD0.10 for the full year, a 25% increase over the prior year. Due to the tax law situation in Australia, we do not expect to be franking dividends in the foreseeable future.

So moving next to working capital. The last couple of years have seen our teams globally focus on reducing the net working capital employed in the business and one of the highlights of this year's result has been the continued excellent performance in this regard. In spite of the growth in the business, average net working capital in the current year is AUD105 million lower than the prior year. This has meant that the key ratio we focus on -- average net working capital over sales -- has fallen to 41.9% from 47.7% this time last year. Our stated target is to reduce average net working capital to just 40% of sales by this time next year.

Whilst we've had excellent progress and we remain confident we will hit the target, we recognise there is still much to be done and the next 2% reduction will require continued focus. We believe that to drive average net working capital much below 40% of sales, we will need to invest in improved supply chain systems and processes and to that end, we recently embarked on a three year rollout of a supply chain capability project that will result in standardised supply chain systems and processes in all key regions.

Looking at the working capital metrics, we've seen significant improvement in creditors and receivables metrics. However, stock cover, 155 days, deteriorated compared with the prior year. A primary driver of this has been a need to build temporary buffer stock during the closure of the manufacturing plants in ANZ and Europe.

At July, we're also holding buffer stocks that we expect to be eliminated by this time next year. Furthermore, with the slow sales in the seeds business, we ended up with high levels of inventory in that business as well.

We've continued to focus on key working capital reduction initiatives such as implementation of the integrated business planning processes and we continue to successfully establish deeper, more strategic relationships with our key suppliers to develop mutually beneficial outcomes including the extension of terms and security of supply. Programs include consignment stock and supply financing. Whilst we have made good progress with rationalisation of slow moving and low margin SKUs, we believe that there are further benefits to be captured here and we plan to increase our focus in this area in the next six months.

Whilst the benefits from this program may not be immediately visible, simplifying the business in this way will deliver reduced working capital and lower operating expenses in the longer term. Just as a recap too, July to August represents a trough in our working capital cycle. The next six months represents the key selling season in South America and hence we would expect to significant billed and receivables in this region in that timeframe. The first of our financial year also represents the quieter period in our Northern Hemisphere business and Australian businesses and we would expect to build inventory in these regions in preparation for their main selling season in this first half.

Consequently, the peak in our working capital cycle is typically February to March and hence at the half year, investors should expect to see more elevated levels of net working capital than at July. We would also encourage investors to focus on average net working capital metrics rather than point in time metrics, since large cash flows around month end can distort a point in time measure and the real net working capital benefits to the business stem from improved management through the cycle.

So turning to our performance in Brazil, this is a key region for us and a key growth driver in our business, and hence the focus I'd like to put on this particular country. Our Brazilian business has executed well in the more challenging market. We've managed to grow the business and improve the quality of earnings by expanding margins at the same time. In the graph you can see EBITDA has grown from under BRL20 million in FY11 to close to BRL150 million in the current year. We focus on higher value segments of the market and we've driven up gross margin and EBITDA margin as well.

Building business in Brazil is working capital intensive and that's true for all market participants in that country, however our Brazilian management team has done an outstanding job of containing the growth in capital invested in the business and mitigating associated risk. Average net working capital to sales was 80% in FY11 and this has been reduced to around 45% this year. So the key receivables measure, DSO, has been reduced over that same period from almost 300 days to about 150 days at July. That represents an 18 day improvement from this time last year.





©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

This has been achieved by targeting growth in segments of the market where credit terms are shorter such as pasture and also increasing direct sales to larger growers, where credit terms are also shorter than the usual market. We've sought to mitigate credit risk wherever possible by rigorous credit checking in advance of a sale, taking security where available and the use of credit insurance as well. We're tightly enforcing credit limits and withholding supply where there are overdues. We've also recently entered into certain non-recourse debtor securitisation facilities, which are a source of economic funding and also help to mitigate credit risk as well.

Whilst the fall in commodity prices has been partially offset by a rapidly depreciating Real, credit conditions have been challenging in the current year. We've reflected this by taking a very conservative approach to our doubtful debt provisioning. This has resulted in our doubtful debt expense for the period in Brazil being approximately AUD9 million higher this year than last. However a combination of improved profitability and disciplined working capital management has resulted in significant gains over the last five years in return on assets, and at July 31, return on assets in Brazil stood at more than 16%.

Turning to material items. In February we announced that we were embarking on a program to deliver AUD100 million in net benefits to the business. This was on top of the AUD16 million of cost savings that we already announced in March-April of last year in relation to the review of the manufacturing footprint in Australia and New Zealand. We have made excellent progress executing all these programs in the last six months and later in the presentation, Greg will outline in more detail the quantum and the nature of the savings that we've delivered and that we see going forward.

Encouraging that the benefits in these programs are being delivered earlier than expected, we estimate that the current year results include savings of approximately AUD15 million, the majority of which is evidenced in reduced cost of goods sold through more efficient manufacturing processes. We estimate that the 2016 financial year result will benefit from at least a further AUD20 million in cost savings. However resulting from the execution of the business improvement program, we have incurred one-off costs of AUD87 million pre-tax, or AUD74 million post tax. Of the AUD87 million, AUD43 million are cash costs and AUD44 million are non-cash costs. Any additional one-off costs associated with further restructuring changes will be reported in the period those initiatives are approved and the benefits validated.

The ANZ manufacturing footprint review is progressing to plan. The plant in Welshpool in WA has already closed and the property is currently being marketed for sale. The plants in Lytton in Queensland and in Auckland are on track to close in the next couple of months. This project is on schedule and on budget and we're confident of delivering the announced cost savings.

The already announced European manufacturing footprint review involved expansion of the capacity of the facility in the UK through the use of improved production processes and the resulting transfer of production of capacity from the plant in the Netherlands. This project is also on schedule and on budget. The improvements to UK plant are complete with cost savings already being delivered and the Botlek facility has ceased production. We remain confident of delivering announced cost savings of EUR60 million but there are one-off costs associated with this project totalling EUR30 million or AUD46 million.

The organisation restructuring costs of AUD14 million include the cost of reorganising the corporate office. This will result in annualised savings of approximately AUD5 million. Also included in this caption are the consultancy costs associated with supporting the business improvement program during the critical initialisation phase. The other asset rationalisation costs of AUD26 million are primarily associated with the rationalisation of underperforming assets, such as product lines, with poor profitability. These costs are largely non-cash in nature.

So turning to FX and the impacts on our business. FY15 saw very significant currency volatility across the board. One of Nufarm's strengths is geographic diversity, which in turn results in our profit being earned in a number of currencies. the most significant being US Dollar, Brazilian Real, Euro and Sterling. During the last 12 months, we've seen the Australian dollar depreciate significantly compared with the US dollar and to a lesser degree, Sterling. However, the Australian dollar has been stronger compared with the Euro and Brazilian Real.

Overall, this resulted in the reported revenue and EBIT benefitting a little from FX fluctuations. On a constant currency basis, revenue growth was 1%, compared with 4% reported growth, constant currency EBIT growth of 14% compared with reported EBIT growth of 18%. Nufarm entities around the globe had exposure to latent funding and trading balance sheets denominated in currencies other than their respective reporting currencies, and we look to actively hedge the majority of such exposures.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

However in a small number of situations, we are limited, where it's either impossible or simply uneconomic to undertake hedging activity. Consequently, we will always have some small unhedged exposures. This year, our net FX loss is a modest AUD300,000.

So moving to expenses, the ratio of underlying SG&A expenses to revenue increased marginally to 18.6% in the current year. Of the increase in absolute terms of AUD28 million in sales and marketing expenses, more than one-third of the increase related to large debt expense, most of which, as explained previously, came from Brazil. We also incurred increased marketing costs associated with the launch of new products in North America and Latin America.

The primary driver behind the increase in costs at a corporate level can largely be explained by higher incentive accruals reflecting the overall business performance. The underlying effective tax rate at 27.7% has been marginally distorted by a couple of immaterial one-off tax credits, included in the tax expense. I'd expect the effective tax rate to be in the 29% to 30% range for next year.

Finally looking at net debt and financing costs. In constant currency terms, net debt is almost AUD100 million lower at July 2015 and last year, reflecting the good continuing work being done to reduce working capital across the Group. The reported net debt of AUD547 million reflects the impact of the weak Australian dollar on the US dollar denominated high yield bond.

The primary driver of the high net external interest expense, so AUD68 million, compared with AUD64 million in the prior year, is the additional cost that we've incurred by allowing customers to use credit cards to settle their accounts in Argentina. This has cost us approximately AUD3.5 million this year. However, with the weakening of the Argentinian peso and the risk of a potential currency devaluation, it's become the practice in the industry to use this mechanism to reduce credit risk.

During the year we've successfully negotiated reduced average credit margins on our two core financing programs, the syndicated banking facility and the debtor securitisation program. These benefits were offset by higher base rates in our Brazilian Real-denominated debt at a cost of approximately AUD2.7 million. It's also important to remember that our business in Brazil is self-funding and draws debt in both Brazilian Reais and also US Dollars.

Whilst the bank base rate in Brazil is currently more than 40%, because of the fact we draw debt in US Dollars, the blended cost of debt in Brazil for the year was approximately 10% to 11%. So just turning back to Greg and he'll take you through a review of the regions.

---

**Greg Hunt** - *Nufarm Limited - MD and CEO*

Thank you Paul. I now address the highlights of the crop protection business. Group crop protection sales are up 4% on the prior year, with most regions recording even higher revenue gains on a local currency basis. These sales generated an average gross margin of 28%, some 200 basis points higher than the prior year. Overall, herbicide sales increased by 5% and importantly, our core phenoxy portfolio delivered both sales and margin growth and we generated high sales of a number of other herbicide products, so Glufosinate and DICAMBA.

In South America, reduced insect pressure contributed to a fall in our insecticide sales. However, we were able to hold margins. We increased fungicide revenues by 11%, with a number of new registrations and product launches resulting in improved margins. Sales of relatively higher value plant growth regulators and biorational products were also up on the previous year.

New product introductions and distribution arrangements with BioSciences, as subsidiary of Sumitomo, also helped deliver growth across these portfolios. Looking at revenue by region, this pie chart for 2015 again illustrates a well-balanced global revenue stream, with a good spread of sales helping to mitigate the variability of seasons and market conditions that prevail from year to year. The diversity across our global platform is the key strength of Nufarm.

Moving onto the specific regional performances. Whilst sales in Australia and New Zealand were down by just under 4% year-on-year, operating EBIT improved significantly. We delivered a 55% improvement, moving from AUD33.9 million in 2014 to AUD52.7 million. In Australia we are already seeing important benefits flow from our restructuring program and from a much stronger focus on disciplined selling practices.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

Three regional production facilities are closing and we will consolidate capacity at the three remaining sites. That program is on schedule and we are confident of delivering annualised savings of AUD16 million when this program is completed by the end of the current financial year. An investment in salesforce.com and supply chain improvements results in us being more focussed in meeting the needs of our customers.

Despite a depressed dairy sector and lower revenues, the New Zealand business performed strongly and delivered a slightly higher operating profit. This is an important market for us and although we are closing our manufacturing plant, better warehousing and supply chain improvements will ensure that we continue to meet the needs of our customers.

Moving onto Asia. Revenues were up by about 10%, with underlying EBIT slightly down on the previous year. As pointed out in an earlier slide, Australia represents just 6% of our total crop protection revenue base. However, we see opportunities to strengthen and grow our position in a number of Asian markets. This requires an investment in product development. Our relationship with Sumitomo will also provide opportunities to broaden our portfolio and move into additional crop segments.

We would expect to see a stronger contribution from Asia region over the next two to three years. The North America business generated a much stronger profit contribution, with underlying EBIT up by 89% on what was a low base in 2014. This was despite more challenging farm economics, with lower crop prices encouraging farmers to make savings on import cost. US sales were up by 5% in local currency with improved seasonal conditions in the important spring window, driving stronger demand for herbicide products.

We also increased sales and contributions from our turf and speciality portfolio. We made some changes to our leadership team and the sales structure during the year, which we believe better positions us to service our US customers. Canada experienced very dry conditions in the west of the country, leading to reduced demand in a more competitive market. While sales were down 11%, we continued to expand our product offering and maintained our market share.

In South America, lower soft commodity prices resulted in market conditions being more challenging than in preceding years. Industry estimates are that the US dollar value of the Brazilian market will fall by at least 10% to 15% in calendar year 2015. Despite these headwinds, our business again performed very strongly, with Brazilian sales up by 8% in local currency. We also achieved sales growth in other regional markets such as Argentina, Colombia and Chile.

Underlying EBIT increased by 7% to AUD76.7 million, maintaining the growth momentum of recent years. Finally to Europe, where the underlying EBIT contribution increased by 17% to AUD64.4 million. While total Australian dollar revenues were slightly down on the prior 12 month period, we posted another year of growth in our branded product sales, up by 10% when measured in local currency.

The stronger performance was driven by expanded offerings in material herbicides and cereal fungicide segments, along with sales growth in expansion markets in the Middle East and Africa. It was announced during the year that the Company will rationalise synthesis of MCPA, one of our key phenoxy herbicides. This involves closing the plant at Botlek in the Netherlands and expanding capacity at Wyke in Northern England.

These changes will help deliver some EUR16 million in annualised savings, when the restructuring program is completed by July of next year. But importantly, they improve our ongoing competitive position in this chemistry. In addition, initiatives are underway to drive further efficiencies and lower our cost base in Europe, both in operations and general and administrative costs.

So in summary, in relation to the crop protection business, we achieved important improvement in Australia and North America. We continued to grow our branded business in Europe and we maintained our growth momentum in Brazil.

With that, I'll hand over to Brent Zacharias who heads up our Nuseed business, to cover the seed technology segment. Thanks Brent.

---

**Brent Zacharias** - *Nufarm Limited - Group Executive Nuseed*

Thank you Greg. Our seed technology segment faced challenging conditions in 2015. Sales grew by 10% with an EBIT decline of 14% year-over-year, marking our first decline after six years of continuous EBIT growth. Lower commodity prices have impacted demand and pricing in our seed platform,





©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

like most global seed companies. We were particularly impacted in Australia, where the narrowed wheat to canola price ratio and dry conditions leading up to planting reduced total canola acres and increased use of farm routine seed.

This resulted in an AUD6 million EBIT decline in our Australian unit. Margin decline for the overall segment is primarily attributed to product mix, with lower sales of canola, our highest margin crop. We have, however, maintained our typical market share of over 35%. Our European share and margin grew strongly in 2015, receiving eight new product registrations, leading to a significant expansion of our commercial team.

The Nuseed businesses in NAFTA and LAS both grew sales and maintained gross margin in highly competitive environments. As discussed at the half year, the China confection market has continued to deteriorate. Sorghum sales performance was solid, but we did experience margin pressure in this segment in the Americas. Seed treatment sales expansion in 2015 was also tempered by global commodity prices. We have, however, continued our expansion with commercial and technical capability investments in seed treatment markets in Brazil, the US, Canada and Europe.

Turning to the next slide, I'll share a few comments on our competence level and future outlook. Despite the challenges in 2015, we maintained a very positive outlook for our seed technology segment. Our pipeline continues to strengthen. Many of the investments made over the past three years will deliver in the coming five year period. Within our trait development program, we have seen strong advancement of eight key projects.

These are being enabled by the investments previously made in R&D specification and our innovation centres in Australia and California. We will launch five key projects in the 2016 to 2020 period. Our hybrid pipeline is also broadening, with 18 expected launches in 2016 and 20 expected launches in 2017. The Omega 3 project has continued on schedule. In 2015, we achieved significant intellectual property milestones, with several global patents published, allowed and granted, which continued to build strength in the highest range of long chain Omega 3s per plant-based sources, being 5% to 30%.

Field trials and regulatory studies continued toward anticipated clearances in the 2018 to 2020 period, dependent on regulatory process and timelines. Portfolio advancement in seed treatment continues in all regions. Late 2015 registration for Nuprid in France is a key achievement. We have also taken the opportunity in 2015 to further optimise our organisation and footprint. Consistent with the Nufarm cost and performance improvement program, we have further integrated our global operations in R&D supply chain and product portfolio.

This has resulted in a divestiture of one seed plant, approximately 40 headcount reductions in various departments and an ability to reallocate and invest in the highest growth segments. While we continue to invest in the seed technology segment, we will also drive further operational synergy from our existing assets and pipeline. We expect to return to more typical commodity spreads in 2016 planting decisions and over the planting period.

Thus far, crop performance and market conditions in our core markets are consistent with our expectations. We have built strong positions in our core crops and continue to expect significant growth over the medium to longer term. I'll now hand back to Greg.

---

**Greg Hunt** - *Nufarm Limited - MD and CEO*

Thank you Brent. I now want to share some additional detail on our performance improvement program. This program, announced back in February, is aimed at permanently lifting the performance of the business. We have committed to achieve a return on funds employed of 16% in financial year 2018. In the year just completed, our growth was 11%, almost 200 basis points higher than in financial year 2014.

The continued improvement will be driven by underlying growth in the business, a strengthening of our margins, resulting from a higher value product portfolio and lower cost positions, further efficiencies in working capital management and the benefits of our cost saving initiatives. These initiatives will deliver a net EBIT benefit of AUD116 million by the end of financial year 2018.

This next slide provides you with additional detail on where we are focussing our efforts and the estimated range of growth savings that we believe can be achieved to 2018. This, of course, is a work in progress and we are continuing to both validate these estimates, as well as identify additional opportunities. We are making changes that reduce our fixed cost base in manufacturing and improve efficiencies through our company-wide manufacturing excellence program.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

We are making changes to the way in which we purchase key inputs to the business. Currently we do this in five regions. But by taking a more centre-led approach, we will remove duplication and efficiencies and be able to properly leverage our global purchasing power. We are moving to a truly globally integrated supply chain, which not only results in cost savings, but helps support our working capital objectives and enables better customer service. We are making changes to our management structure and operating model, in ways that reduce SG&A expense and importantly, better serve the needs of an integrated global business.

We are reviewing our product portfolio. The objective here is to improve the strength and value of value of our product positions, removing those products that do not generate acceptable returns. Of the approximate 8000 SKUs across our global portfolio, we have more than 1000, which contribute less than 1% of our total gross profit. We can generate savings in both costs and working capital by rationalising these products. Our current estimate is that these changes will deliver gross savings and efficiencies in the range of AUD122 million to AUD181 million.

I cannot emphasise enough the management commitment to this change effort. Focus and discipline have been trademarks of the approach so far. I am confident that that will continue. There is a lot of energy and momentum around this program and it's been rewarding to see Nufarm people embrace the change opportunity. We continue to validate the estimated savings associated with each of these projects. As we do, we are building those savings into budgets and forecasts, ensuring that the business remains accountable for delivering on them.

We are also identifying areas in which further investment needs to be made to ensure that the benefits are secured on a sustainable basis. This will involve investments in new systems, capabilities and resources across a number of key areas of the business, with some of these investments already underway. Some examples are strengthening our marketing capabilities via a commitment to a company-wide development program that will embed greater marketing discipline in the business and make Nufarm a more customer-centric company.

We have already implemented salesforce.com in major markets such as Australia and Brazil. The benefit of this investment is already evident in stronger margins and selling disciplines. We have strength and management expertise in procurement and we are reinforcing our capability in key purchasing locations, such as China. Finally, we will invest in new IT systems to support the major changes and improvements in supply chain management.

These and other investments will help us bank more of the benefits associated with the changes that we are making to build a better Nufarm.

I'd now like to comment on the outlook for the 2016 financial year. We feel confident that 2016 will be another year of solid earnings growth.

New product introduction and a more focussed approach to key crop segments will help drive underlying growth. Lower crop prices and a desire for farmers to reduce their costs will impact the total value of crop protection sales in most markets, particularly in the US and Brazil. Despite this, our business is well-positioned to perform well.

We expect earnings growth in the US and both local currency earnings and market share growth in Brazil. We expect to generate continued earnings recovery in Australia, primarily driven by initiatives already well underway to lower the cost base and strengthen our margins.

We will continue to monitor forecasts relating to El Nino weather impacts. Whilst El Nino weather patterns can result in drier or more dry than normal spring conditions in eastern Australia, they also typically result in wetter -- more wetter conditions in other parts of the world including Western Australia and southern Brazil, where we may see increased demand for insecticides and fungicides.

It's important to remember that we have experienced relatively dry summer cropping periods here in Australia for each of the last three years. We do not see El Nino related impacts as a material risk to achieving earnings growth in Australia this year.

The seeds business will benefit this year from the launch of new, better-performing varieties, and further reach into the sunflower segment in Europe. We are well-leveraged to any rebound in canola plantings here in Australia, and a swing back to hybrid seed.

As we continue to address our cost base and drive further efficiencies in the business, we expect those initiatives to deliver an additional EBIT benefit of at least AUD20 million over this 12 month period. We remain committed to delivering on our target of net working capital to sales ratio



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

of 40% by the end of this year. While seasonal risks are a constant feature of all agricultural businesses and can impact the extent of our earnings growth in any one year, we are confident that the things that we can control will contribute to a very positive outcome in 2016.

So as we said about achieving our 2016 targets, our objectives over the next 12 months will be to strengthen the balance sheet and our overall management of capital. The key short-term deliverable here is an achievement of our average net working capital target.

Maintain momentum on our cost savings and performance improvement program, again the key deliverable being continued positive progress towards our 2018 target of adding AUD116 million to our EBIT result.

Continue to strengthen and optimise the product portfolio. This will require some rationalisation and a clear focus on products that generate the majority of our margin. And finally, take a more disciplined approach to pursuing growth opportunities with a focus on those markets -- those crop segments and product positions -- where Nufarm can be most successful.

Looking a little further ahead, we have a clear path to building a better Nufarm. The first step is delivering on our performance improvement targets, including those relating to working capital. We continue to demonstrate good progress in achieving those objectives.

The second is the investment in new systems and capabilities, particularly in relation to procurement supply chain which represents a significant part of our cost base and therefore targeted savings. Thirdly, a tighter focus on those geographies, segments, and products where we can generate higher returns.

With that, I'll hand back to Robert.

---

**Robert Reis** - *Nufarm Limited - Group Executive Corporate Strategy & External Affairs*

Thank you Greg. We'll now move into the Q&A and I'll hand back to Clay, our operator, to introduce that session and step you through the process for asking questions. Clay?

---

## QUESTIONS AND ANSWERS

**Operator**

Gentlemen, we will now begin the question and answer session. (Operator instructions).

Your first question comes from the line of James Ferrier from Wilson HTM. Please go ahead.

---

**James Ferrier** - *Wilson HTM - Analyst*

Good morning gents. Congratulations on the result.

Greg, first question is in relation to the Australia-New Zealand business. Seasonal conditions looked reasonable here, so we perhaps would have expected some positive sales growth in the second half. Can you just talk about the drivers of earnings growth and why there wasn't any positive sales growth?

---

**Greg Hunt** - *Nufarm Limited - MD and CEO*

Are you talking about the second half or the first half of this year, the new year?





©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

**James Ferrier** - *Wilson HTM - Analyst*

Sorry, the second half of FY15.

**Greg Hunt** - *Nufarm Limited - MD and CEO*

Look, I thought generally the result that we had in Australia was a very, very positive result.

**Paul Binfield** - *Nufarm Limited - CFO*

I think the focus, James, is as we said we're very focussed in terms of making sure that we improve the quality of earnings here. So there are situations where perhaps in the past that Nufarm was very top line focused.

The sales team are very clear about the importance of a disciplined approach to selling. I'd say you'll see a situation where you could have well turned down lower margin sales so we might have a lower top line.

Our gross margin has gone up in the Australian business, and consequently again we see very strong EBIT growth. So as Greg said, we are very happy with the progress being made in the ANZ business and to be frank if we end up having a flatter sales line going forward but increased profitability, that all adds to improved returns, so we'll be very happy.

**Greg Hunt** - *Nufarm Limited - MD and CEO*

I think just further on that James, I think our approach really is to try and maintain our market share of 30% to 35% and really cut the cost base to support that. Whereas probably the focus in the past really has been to try and grow share and to capture every leader.

That is really a fundamental change in the culture of the Australian business. It's really about profitable growth rather than growth for growth's sake.

**James Ferrier** - *Wilson HTM - Analyst*

Yep, okay, makes sense. Paul, in terms of the restructuring and the cost savings targets, obviously we've seen what sort of one-off costs Nufarm incurred in FY15 in relation to that target. Can you give us an idea of what total cost you're expecting Nufarm would incur to achieve the AUD116 million target?

**Paul Binfield** - *Nufarm Limited - CFO*

To be honest James, no I can't in the sense that this is a work in progress in a sense, we are working through those projects and assessing the appropriateness and whether the benefits are there for each individual element of that. So I think it's fair to say that you can certainly expect to see future one-off costs, but we're doing this in a very considered and careful manner and we will only be incurring those costs if we believe that there are strong returns and an excellent financial reason to continue to do so. So again James, just to reiterate, there are actually more one-off costs but it's a very considered approach.

**James Ferrier** - *Wilson HTM - Analyst*

Sure. Perhaps then in the short-term could you give us an idea of what you're expecting in FY16?





©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

**Paul Binfield** - *Nufarm Limited - CFO*

Again, we're in the process of assessing a number of projects going forward. Depending on whether we actually make the decision whether those projects meet the hurdle rates will determine whether or not we actually pull the trigger on them. So until we actually have that decision clearly made, I can't tell you what the one-off costs might or might not be.

**James Ferrier** - *Wilson HTM - Analyst*

Okay, sure. Final question from me relates to the seed business. There were some comments made by Zach about the pipeline of new products both on the seeds front and also the seed treatment front. Can you perhaps quantify some of the sales targets that you're aiming for with those releases in the next couple of years?

**Brent Zacharias** - *Nufarm Limited - Group Executive Nuseed*

Yeah, probably difficult to give you a specific number relating to those, but to give you a bit of perspective, first of all on the hybrid pipeline, hybrid pipeline enables sales growth in new regions like we've talked about in Europe but also relates to growing share and maintaining higher margins in all our existing core markets. So that's one of the key ones.

In terms of key projects, those relate to new traits that we anticipate to launch in the 2016 to 2020 period and within those there are some very significant ones. Obviously Omega 3 is included in that as well as some other new technologies specifically related to our beyond-yield promise of improving the output of the crop values.

So I'm hesitant to be able to quote a specific number to you on this as well, however it all supports that growth of sales and earnings that we've previously talked about that we feel very confident delivering. I know that's a fairly ambiguous answer but there's a lot of value in those hybrid pipeline releases as well as the key traits.

**James Ferrier** - *Wilson HTM - Analyst*

Okay Brent, thank you.

**Brent Zacharias** - *Nufarm Limited - Group Executive Nuseed*

Thank you.

**Operator**

Your next question comes from the line of Shane Bannan from Bligh Capital. Please go ahead.

**Shane Bannan** - *Bligh Capital - Analyst*

Hi, good morning, guys. Just two questions if I could. I appreciate it's probably implicit in a lot of what you've been saying, Paul and Greg, but just so I can understand the dynamic that's going through these lower CoGS, because that seems to have fed the underlying result, if you could just give a little bit more colour around that.

The second aspect to the question is just looking at the statutory profit and loss, just the fall off in the R&D expenditure, if you can just give us a feel for what you're trying to do there.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

**Paul Binfield** - *Nufarm Limited - CFO*

Yeah, sure. In terms of the lower CoGS or the improved margin, part of that does obviously come from the improved selling discipline that Greg was talking about in the context of the Australian business. That's true across all of our region, probably most evident in Australia.

In terms of the manufacturing efficiencies, we have started to see and we'll certainly expect to see further benefits coming through in relation to a number of areas. So if we look at the Australian situation as an example, we're clearly in the process of closing three of those plants.

We'll be removing the manufacturing overhead associated with those three plants and there is no need to put any additional manufacturing overhead in place, so it's a pure cost saving. So the actual standard cost for the Australian produced product will actually fall because of that.

As Greg mentioned too, a significant focus on procurement. The key focus then is typically is around our raw materials, so again expecting to see lower input costs and hence lower cost of goods.

The key here -- and again it goes back to earlier comments that Greg has made -- the importance of maintaining that margin. So making sure that in lowering the cost that the sales teams essentially stay focused on getting best value for the product out in the market and therefore not reducing the price, even though the cost may well have reduced. So those lower CoGS, Shane, are coming from a number of sources, and will become more evident in next year and the year after as the full benefits of the manufacturing rationalisation program start to come through.

Just in terms of your R&D question, the actual cash spend for R&D for the year was largely unchanged. So if you look at the cash flow, you'll see that the cash associated with payments for exchange actually went up a little bit. The P&L expense went down a little bit, so the total cash there was roughly the same.

The primary driver there is the Omega 3 project in seeds. We would have mentioned that that has moved from being in the research phase -- a pure research phase in the last couple of years.

That passed the necessary accounting thresholds to allow us to start capitalising some of those costs. Certainly FY15 was -- we incurred more significant expenditure in terms of moving that project through the regulatory phase.

**Shane Bannan** - *Bligh Capital - Analyst*

Thanks Paul.

**Operator**

Your next question comes from the line of Richard Johnson from Citi. Please go ahead.

**Richard Johnson** - *Citibank - Analyst*

Thanks very much. Paul, can I just return quickly to the first question. I just wanted to clarify on the extraordinary charges, were there -- the additional ones going forward, would they deliver benefits over and above what you've detailed today, given that the number you've booked on the cost side is pretty significant already?

**Paul Binfield** - *Nufarm Limited - CFO*

Richard, as we've said in relation to those projects that we've outlined there, it is still very much a work in progress. Additional charges that we book in future periods will be attributable to the AUD116 million target that we are looking to achieve in the next three years.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

**Richard Johnson** - *Citibank - Analyst*

Okay, that's great, thanks. Could you perhaps give me a little help on the AUD20 million you're targeting this year and give me some idea of which geographies or how that breaks down by geography?

**Paul Binfield** - *Nufarm Limited - CFO*

In terms of big picture, a large chunk of that is going to be coming through in Europe. We've already obviously announced the closure of the Botlek facility. We'll probably get a good probably three quarters of benefit from the closure of that facility coming through in the current financial year.

We've also mentioned too that there's been a significant reorganisation of the corporate head office. We would expect to see much of those benefits also coming through in FY16 as well.

In relation to Australia, again we'll start to see some benefits coming through from the manufacturing efficiencies coming through in Australia. So in terms of the broad breakup, the largest share would be Europe, also expect to see some come through in Australia, and expect to also see a lower corporate cost charge as well.

**Richard Johnson** - *Citibank - Analyst*

That's helpful, thanks. Then just finally Greg, I just wanted to clarify whether your outlook comments on the non-Australian businesses on where you're looking for growth is in local currency terms or in Australian Dollar terms?

**Greg Hunt** - *Nufarm Limited - MD and CEO*

In Brazil in local currency terms. We believe that that will be really be driven off increased soy bean plantings. We think corn will be flat, cotton probably down a little. So volumes up, prices and margins relatively flat.

A little bit of growth in Asia, we think there's certainly more in North America despite the commentary around higher inventories. We believe that that's probably more in insecticides and fungicides so leaves us well-positioned for our herbicides portfolio. Again good growth in Europe and certainly a rebound in the seeds business.

So I think the headwinds in Brazil which have been pretty clearly called out is certainly going to make it tougher for us there. We still think we can make some headway but it certainly won't be of the proportion that we've seen in the last three or four years.

**Richard Johnson** - *Citibank - Analyst*

That's great, thanks so much and well done.

**Operator**

Your next question comes from the line of David Rosenbloom from Perennial. Please go ahead.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

**David Rosenbloom** - *Perennial Investment Partners - Analyst*

Yeah, hi. Thanks for taking my call. This kind of relates back to some of those questions about the charges. You talked a lot about making investments and you pointed out that you're already pretty close to your working capital targets, but I just wonder, with all the stuff that's going on, you're clearly going in the right direction.

What's the path back to an investment grade rating for this company? What's the balance sheet going to step through as we go from today through to 2018? How should we think about that?

---

**Paul Binfield** - *Nufarm Limited - CFO*

I think in terms of working capital, you can expect to see us continue to focus on that. As we've said, that 40% target for this time next year we think is eminently achievable with a lot of hard work. Getting it much below 40% I think is going to be quite challenging, so I think we should expect to see net debt probably reducing a little, subject to FX volatility.

I would expect to see us being able to pay those extra investments for things like IT systems out of future cash flow, so again don't expect to see that adding to net debt. I think there is a significant challenge to see us returning to investment grade rating, simply because of the nature of the business that we're in.

To be frank, I don't really think there is necessarily a great need for us to focus -- that being a particularly significant imperative for us to return to investment grade rating. So in terms of balance sheet going forward I would expect to see lower working capital, lower net debt, improved profitability and therefore lower leverage, and generally de-risking that balance sheet.

---

**David Rosenbloom** - *Perennial Investment Partners - Analyst*

Okay, so I agree with you, I understand that line, you're not prioritising investment grade ratings, but I was just wondering the trajectory of the net debt. So it's probably a slow reduction in net debt over the next year or two and then it starts really happening? Is that how I should think about it?

---

**Paul Binfield** - *Nufarm Limited - CFO*

I think you should, because I think the real focus in the short-term is going to be getting working capital down but also recognising, too, the need to invest in other really key strategic activities such as investment in IT to improve the quality of some of the systems and processes that we've got out there.

---

**David Rosenbloom** - *Perennial Investment Partners - Analyst*

Fair enough. Just one last one if I could. You mentioned your cost of debt in Brazil is like 10% or 11%, I guess that's it for everybody --

---

**Paul Binfield** - *Nufarm Limited - CFO*

Hello?

---

**David Rosenbloom** - *Perennial Investment Partners - Analyst*

Hello, can you hear me?





©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

**Paul Binfield** - *Nufarm Limited - CFO*

Sorry, David. We lost you for a little while there, David.

**David Rosenbloom** - *Perennial Investment Partners - Analyst*

Oh, okay. Just a quick question, just in terms of Brazil, you mentioned the high cost of debt there and I guess all farmers use all the crop protection companies as their bankers in some shape or form. How do you guys think about that, because I know there's been problems in the past with the bad debts and you mentioned that you're a bit more conservative now, but if you had really badly falling commodity prices you'd get hit big time.

Is there any way to protect yourselves? Have you come up with anything from that point of view, or it is what it is?

**Paul Binfield** - *Nufarm Limited - CFO*

No, I think we're very active. We don't just lay back and accept it. I think firstly it's also important to recognise that you've got a situation where you've got lower US Dollar commodity prices, but with the rapidly appreciating Real, in Real terms you've actually got a situation whereby you probably will have seen appreciation in Real commodity prices over that timeframe, which obviously softens the blow for the local grower.

In terms of things that we've done to try and mitigate that risk, again we've got a credit committee in place. We take a very strict approach, so as soon as we have a customer with significant overdues or with any overdues, we basically stop future sales. We have credit insurance, which is of some value and provides us with some protection. We actively seek to take security, whether that be the security of the crop or over physical assets that the grower might have.

We take a very cautious approach -- so we're quite clear and our sales team are quite clear too -- that a sale is not a sale until the cash is in the door. So we aren't out there trying to grow top line or grow share without recognising the importance of actually generating a good return.

**David Rosenbloom** - *Perennial Investment Partners - Analyst*

Okay that's great, thanks very much. Sorry?

**Paul Binfield** - *Nufarm Limited - CFO*

No problem.

**David Rosenbloom** - *Perennial Investment Partners - Analyst*

Thank you.

**Operator**

Your next question comes from the line of Mark Wilson from Deutsche Bank. Please go ahead.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

**Mark Wilson** - *Deutsche Bank - Analyst*

Thanks very much, Paul. Just coming back to some of the investments that you spoke about in IT systems capabilities, just wondering if you could quantify that and when that spend will take place?

---

**Paul Binfield** - *Nufarm Limited - CFO*

Some of that spend has taken place, Mark. For example, Greg referenced salesforce.com in Brazil, in Canada and Australia. That investment was probably in the region of AUD3 million to AUD4 million and had largely been completed.

We recently were in the process of kicking off a supply chain capability project. We'll be looking at -- potentially looking at revised DRPs in Europe and Latin America. In terms of how you should think about that going forward, probably incremental CapEx on IT in the region of AUD10 million to AUD15 million for the next two to three years.

---

**Mark Wilson** - *Deutsche Bank - Analyst*

That's great, thanks. Just looking at current conditions, what are you seeing in the US at the moment given some of the uncertainty, the decline in soft commodity prices? Is this just short-term in nature?

---

**Greg Hunt** - *Nufarm Limited - MD and CEO*

Well, I think as I tried to cover in the comments around North America, our business there is split between the agriculture business and turf and ornamental, but certainly in the agriculture business we're seeing prospects at the moment better than at the same time last year. As I said, there has been commentary both in North America and Latin America about the high level of inventories.

We're certainly not seeing that in our core phenoxies portfolio. We think that the prospects for us in North America are certainly stronger than what they were last year. We would be disappointed if we don't continue to see good growth coming through in our business in North America.

---

**Mark Wilson** - *Deutsche Bank - Analyst*

Okay, thanks very much.

---

**Operator**

(Operator instructions).

There are no further questions coming through at this time, so I'll turn the conference back to Mr Reis. Please continue, sir.

---

**Robert Reis** - *Nufarm Limited - Group Executive Corporate Strategy & External Affairs*

Thank you Clay, and thank you everybody for joining us this morning. Obviously over the next few days and week or so we'll be meeting up with a number of investors to remain available to take further questions and continue the discussion on both the results that we've just posted and the outlook for the next 12 months and beyond. Thank you for joining us and we look forward to seeing you soon.

---

**Operator**

Ladies and gentlemen, that does conclude our conference for today. We thank you for participating. You may now all disconnect.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

**DISCLAIMER**

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2015, Thomson Reuters. All Rights Reserved.



©2015 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.