



Nufarm Investor Day – Strategy Update

10 May, 2018

Greg Hunt **Managing Director & CEO**

Good morning. Thanks for taking the time to attend our Investor Day. Our objective today is to help you understand how Nufarm plans to grow over the medium to long term.

In my introduction I want to go over three things today.

First I'll introduce our speakers.

I then want to spend some time reflecting on what we said we'd do to build a better business 3 years ago and how we've performed against those goals.

I'll then introduce the growth opportunities we see for the company in the next three to five years. This is an exciting time for Nufarm. We've outperformed the market significantly over the past few years and we have a clear plan for how we'll continue to grow in the years ahead.

I'll then hand over to Niels Poerksen, our Group Executive Portfolio Solutions, who will take you through the growth opportunities in our portfolio, our pipeline and through our partnerships.

Niels is responsible for maintaining, and developing our portfolio and a good portion of his time is spent building relationships and alliances with industry partners around the world.

He has an extensive career in the agrochem industry, having joined Nufarm in 2014 after spending over 17 years at BASF in various senior management roles. Niels has a doctorate of Agricultural Science from the University of Kiel in Germany.

Hugo Schweers, General Manager of our EMEA business, will then give you an update on the progress and potential of our recent European acquisitions. Hugo has been with Nufarm five years. He has more than 30 years in the crop protection sector including time with both Aventis and Bayer CropScience in Europe. He has also spent time on the board of Agravis AG, one of our largest customers in Europe.

And finally Brent Zacharias, Nuseed Group Executive, and Andy Thomas, Nuseed Global GM Innovation and Strategy will take you through the opportunity in our Beyond Yield technologies business, which includes our groundbreaking omega-3 canola program. Brent is responsible for our global seeds and traits business. Brent joined Nufarm in 2006, and previously worked at Dow Agrosciences for 14 years. Brent has a degree in Agricultural Economics and has significant experience in trait technologies and developing downstream markets in the agri-food chain.

Andy Thomas brings over 25 years of experience in agri-business from a career working with Advanta, Wesfarmers and AWB Landmark. He joined Nufarm 12 years ago, relocating to North America in 2010. Andy holds a degree in Economics, a degree in Agricultural Science and leads our Omega 3 Platform.

Several other members of the leadership team are here in the room today, including the Regional General Managers of North America, ANZ and Latin America. Please introduce yourselves over morning tea or lunch.

Before we talk about our plans for growth I thought it was worth reflecting on where we've come from.

Three years ago we started our program to build a better business and build a better Nufarm.

We set specific objectives based on the financial results achieved in 2014.

We knew that to achieve our ambitions we were going to need to engage our entire organization. We wanted to make sure every employee understood why we needed to change, and what we wanted to do. Our Performance Improvement Program was internally known as "REACH".

I would now like to play you a video that was produced three years ago for our employees.

It might seem unusual to show you an employee video – but looking at that story I can't help but reflect on what Nufarm has achieved. While we haven't reached all our targets yet, we've largely done what we said we'd do.

We're a different and stronger company today than we were three years ago. We are One Nufarm.

We now take advantage of our global scale in our supply chain, in the way we procure and in the way we invest in the portfolio. We are optimizing for the group and not each individual region, country or function (One Nufarm).

Our focus on the customer and improving our productivity has delivered performance well above the market, growing revenue by nearly 20%. We've increased EBITDA by nearly 40% and delivered an increase of more than \$100 million in underlying EBIT. We've reduced our average net working capital from 47% to 38%, releasing significant capital from our business. Importantly we've expanded our gross profit margin by nearly 300 basis points.

We achieved this despite a decline in the global crop protection market of approximately 10 percent over this period. We have controlled the things that we could, and delivered on almost all our commitments. In terms of our ROFE target of 16%, this remains a clear objective. We believe we will achieve it as we deliver on the growth plans that we will detail today.

Having a stronger and healthier business allowed us to make the significant European acquisitions last year. We know that the forced divestitures of product portfolios is a one-time industry event.

Importantly, all of our work through the REACH Program meant we were ready to be able to seize this unique opportunity and accelerate our growth. I am proud of what we have done to build a better Nufarm.

Our product portfolio is versatile and well balanced and we meet the needs of growers in the world's biggest crop markets. We have a diverse geographic reach, balancing out the risks associated with seasonal challenges in any one region.

Sales revenue has grown consistently since 2013. We have delivered a Compound Annual Growth Rate of 8.1% - a great result given the crop protection sector declined over this time. EBITDA CAGR was 10.6%. Importantly, we have demonstrated growth in both the top and bottom lines – we are delivering profitable growth.

Our herbicide portfolio delivers consistent earnings. Weeds are the one pressure farmers have year in and year out. Through the innovation of our teams we have been able to move towards higher margin segments and products and lift our overall margin.

Our growth has been built on the back of the strategy we introduced in 2015.

Nufarm had built a very valuable distribution and marketing capability over the previous 20 years. The company was selling into 100 different countries around the world and trying to meet the needs of farmers in many different crop segments.

We believed that we could drive better returns for our shareholders by focusing our resources in a smaller number of key markets and a reduced number of crop segments.

Firstly, we needed the whole company to be more focused on the customer. Developing solutions that meet specific needs of farmers. Solutions that resulted in us growing our relevance to our channel partners and where we ultimately drive better margins. We believe that our offer of solid foundational products that farmers can trust, coupled with products that bring real differentiated value is attractive to our channel partners and our end-use customers.

We focused on five core crops across four geographies – Australia and New Zealand, Latin America, North America and Europe. All of the leaders of those businesses are here with us today.

We chose these geographies because of a combination of their size, their growth potential and our ability to leverage our strengths both in terms of portfolio relevance and distribution reach.

The strategy has given us the focus and discipline we needed. We've stopped being everything to everyone. Instead, we've targeted crops and regions where we know we have strengths we can leverage.

We have been able to differentiate our customer offer and continue to grow. This has helped us to deliver well above industry growth.

The strategy is working well so we don't see any reason to change course. These guiding principles of focus will continue to guide our growth in the years ahead.

Looking at our results through the lens of our "hub" countries we can see the strategy has worked well, with an increase in branded sales in local currency across all of our hubs in financial year 2017 compared to 2016.

We were able to grow revenues in the US by 17%, in Brazil by 9%, Australia by 19%, Germany by 53%, France by 5% and Poland by 66%.

We will continue to focus our capital and resources into these key geographies and core crops. As Hugo will show you in his presentation, the recent acquisitions in Europe align perfectly to this strategy of core crops in key geographies, and will help accelerate our European ambitions.

Before I introduce our growth platforms I want to briefly touch on the work we've done to drive a stronger safety culture across the business.

We have transformed our safety performance, implementing a new global model for Process Safety Management and improving our safety culture at all levels of the company. We have reduced our Serious Injury Frequency Rate (SIFR) by 57% over the past three years.

While there is more to be done to ensure our people go home safely every day, we are making good progress and have increased safety awareness across all areas of our business.

Now I'd like to take you through our plan for profitable growth.

First of all, you need a solid foundation. A plant doesn't grow without a solid root system to anchor it and allow it to stand up to the unexpected.

We've spent the last 3 years building ours. Our culture of continuous improvement is deeply embedded now in our business. While REACH will officially end at the end of FY18 we expect to continue to see efficiency gains as we continue to drive programs to improve our execution and financial discipline.

Optimise Supply Chain

Elbert Prado, our GE for Supply Chain and his team continue to think about the best way for us to source and supply our products in a changing world. Their objective is to ensure we can deliver our high quality products to customers at a competitive cost and supply them reliably.

Increase commercial productivity

James Barkhouse our GE for Customer and Commercial is working with each of our regional commercial teams to optimize our productivity and ensure we are increasing the value we receive from our investments in sales, marketing and customer service.

Pricing discipline and optimizing our cost to serve are just two examples of initiatives we are working on to improve our commercial productivity.

Drive a performance culture

We continue to invest in our systems and processes and we see this as a real source of competitive advantage. We believe that the use of technology combined with effective processes will allow us to improve our cost base and increase our efficiency. However, we also know that the systems and processes must be accomplished by a performance culture. We are working on day to day execution, increased use of metrics and data and developing a learning and growth mindset throughout our organization. Our focus this year is to improve our collective execution through Integrated Business Planning and improve our back office efficiency through our NOVUS project.

These three areas of productivity enhancement, executed well, will enable the generation of more cash. That cash can then be invested in the five platforms we have for growth.

Five platforms for growth

We see significant value being generated through our portfolio. Niels will talk to this in more detail shortly, but in summary there are three platforms for growth in our portfolio:

- Firstly, we believe there's plenty of additional organic revenue and margin growth likely in our existing portfolio; Improving our sales and marketing performance will help us take advantage of this.
- Second, our pipeline of new crop solutions is extremely promising. We have a proven ability to develop solutions for a changing market and therefore good growth prospects in our current portfolio pipeline. We're bringing to market higher margin, differentiated products that are unique to us. Our new products will fill gaps in our portfolio in the markets and crops we're targeting in our strategy;
- Third, we're generating value through partnerships and alliances with others in the industry. We are better leveraging our relationships with companies such as Sumitomo and Fuhua. This gives us access to both foundational products and proprietary chemistry from manufacturers who don't have the global distribution and marketing capabilities of Nufarm.
- Our fourth growth platform is acquisitions. Hugo will give you an update on our European acquisitions later this morning. The new product portfolios we've acquired fundamentally change our business in Europe. They are high quality, high margin products with strong brands in the market and they are already helping us build relevance with customers right across Europe.

We also plan to develop new, differentiated products by combining the new European portfolio with our existing chemistry to create new solutions and brands. The new portfolios we've acquired are products that have been forcibly divested so they represent a real opportunity for us.

There are likely to be more, albeit smaller opportunities to acquire more portfolio. As always, we are open to future acquisition opportunities that might emerge from consolidation in our industry.

Our fifth and final growth platform is Nuseed's Beyond Yield technologies. These technologies include the world-leading omega-3 canola. Brent will take you through this opportunity later this morning. We expect to be first to market with this proprietary canola oil, which has been developed through a groundbreaking partnership with CSIRO and GRDC here in Australia.

We are well advanced on the path to commercialisation, with Nuseed securing the world's first regulatory approval earlier this year. Pending final approvals, we expect to deliver first revenue next financial year. Omega-3 canola is a truly exciting and significant growth platform for us.

In conclusion, we are really excited about Nufarm's future. We have multiple opportunities for growth, each one promising in its own right.

Put that together with our ongoing focus on productivity and continuous improvement and we believe we have a strong platform for the future.

We should also have additional 'wind at our back' with growth of 2 to 3% forecast for the crop protection industry over the next five years. This is driven by the continued need to increase yield to meet the demand to feed a growing population and rising middle class in developing markets.

In closing I want to emphasise that Nufarm is a very different company today than we were three years ago. We have introduced new discipline and created an emerging culture focused on growth through continuous improvement.

We now have a mindset that is focused on meeting the needs of our customers and generating improved returns for our shareholders.

I'll now hand over to Niels to take you through our approach to generating growth from our portfolio.

Thank you.