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Media statement

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Nufarm Limited
ABN 090 323 312

103-105 Pipe Road
Laverton North Vic 3026
Australia

+61 3 9282 1000
nufarm.com

Nufarm FY18 results: Revenue growth in key global markets; EBITDA in line with last year despite Australian drought conditions

Nufarm Limited today announced full year results for FY18, reporting revenue growth across the group and strong performance in the company's priority international markets, outside the drought-affected Australian market.

The company believes growth prospects in major overseas markets remain strong and that the company can continue to build share, despite competitive market conditions.

While announcing full year results and an equity capital raising today, Nufarm Managing Director and CEO, Greg Hunt said the company's growth strategy is delivering positive outcomes.

"Our revenue and margin growth in recent years has been achieved against a backdrop of extremely competitive market conditions in a global industry that has seen very little growth over that period.

"This is a firm validation that our strategy of focusing on core crops and key geographies - a deeper rather than broader approach - is driving outcomes that continue to fundamentally strengthen Nufarm's business and future growth prospects."

Nufarm reported revenue growth of 6% in its 2018 financial year (12 months to July 31), but earnings were impacted by the severe drought conditions in Australia, where Nufarm has a market leadership position in crop protection. Underlying EBITDA of \$386 million was down 1% on the prior year. A statutory net loss of \$15.6 million was reported, after one-off impairment and acquisition-related costs were taken into account.

The company reported revenue growth in all major geographic regions outside of Australia, with market share gains secured in North America and Latin America, and in Europe which benefited from the initial contribution of newly acquired product portfolios. Those transactions were completed in March of this year.

The severe drought conditions in Australia reduced demand for crop inputs and impacted margins on the fewer sales that were made. Nufarm's Australian and New Zealand segment reported an EBITDA result of \$23.7 million, some 63% down on the prior year.

The drought conditions in Australia, along with later than normal selling seasons in the USA and Brazil, resulted in higher year-end working capital and debt.

Mr Hunt said the higher short-term leverage, together with heightened risk and volatility around general market conditions, made it prudent to raise additional capital to help manage those risks.

The company today announced that it will undertake a fully underwritten pro rata entitlement offer (“Offer”) to raise approximately \$[300] million in new equity.

“While we remain confident that working capital and debt will unwind and return to targeted levels, it is appropriate that we take measures to de-risk the balance sheet in the short term, said Mr Hunt.

“It is also important that Nufarm retains a capacity to continue to grow its business and take advantage of new opportunities that add long term value. Funds raised via this Offer will ensure that’s the case.”

The company said in its outlook statement today that it expects to post EBITDA earnings of between \$500 million and \$530 million in its 2019 financial year. Key drivers will be continued revenue growth in both North and Latin America; the full year forecast contribution from the European acquisitions; and a partial earnings recovery in Australia on the back of a return to more normal seasonal conditions, particularly for the winter cropping season.

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Further information: Megan Fletcher
Group Executive, Corporate Affairs
megan.fletcher@nufarm.com
☎ +61 428 139 531