



**Nufarm Limited Annual General Meeting
Friday 18 December 2020 at 10.00 am**

John Gillam, Chairman

I am very honoured to be here at my first AGM for Nufarm since joining the company in July. I want to begin by acknowledging the tremendous contribution of our previous Chairman, Donald McGauchie, who retired from the Board in September. Donald served on the Nufarm Board for 17 years, including as Chairman for the past ten years. Seventeen years is a remarkable commitment and Nufarm has earned its respected standing amongst global peers during Donald's tenure. On behalf of the Board, employees and shareholders, I thank Donald for his terrific service and dedication and wish him well for the future.

Before I talk about financial performance, let me begin with safety. The safety of our people is the most critical responsibility we have as a Board and management team. Our visible commitment to the priority of safety ensures our employees know they are cared for and can trust their employer. A strong safety culture is a foundation for a strong performance culture.

Nufarm's statutory net profit for the year ended 31 July 2020 was a loss of \$456 million. While we acknowledge there were commercial, industry-wide challenges during the year, this outcome did not meet the expectations of the Board or management. The Board and management are also very conscious that this result was greatly disappointing for our shareholders.

Actions to quickly restore stronger performance are being implemented.

In crop protection, Nufarm has a highly valuable global distribution and supply chain footprint with a strong product portfolio that is enhanced by a pipeline of innovation and product development. The work being done now to realise the full potential of this business is focused on growing volumes, improving margins, cash generation and return on assets. Greg will speak to this in further detail in his presentation.

Our Nuseed business is entering an exciting phase driving its core seeds business and commercialising the innovation investments in the omega 3 canola and Carinata seed platforms through the value Beyond Yield® strategy. Strong support for Nuseed continues with an emphasis on high-value commercialisation pathways.

We are able to focus in this way due to the sale of our South American crop protection businesses to Sumitomo Chemical Company. This was a significant milestone in the year. The sale has supported a refocus of resources into the regions and businesses where we believe we can generate better long-term growth and cash returns for shareholders whilst also returning our balance sheet to a position of strength. We believe this transaction has created genuine value for both parties and I am very grateful to Sumitomo for the warm welcome they have given me since becoming Chairman.

To achieve full potential from Nufarm's businesses, processes and systems that support high quality performance must be enhanced. Being able to better serve the needs of customers is fundamental to this. There is impressive industry knowledge and expertise across Nufarm's senior management team and employees. Actions that are underway to better leverage and support these attributes will help achieve stronger commercial outcomes with enduring characteristics

The task of Board renewal was commenced by the Board under the leadership of the previous Chairman and my appointment was part of that renewal. As previously announced, after almost nine years on the Board, Anne Brennan is retiring and today is Anne's last day. On behalf of the Board and shareholders, I thank her for her counsel and contribution to Nufarm and wish her well.

Long-serving board members Peter Margin and Gordon Davis are standing for re-election today. Both Peter and Gordon have advised that they will not serve the full term and will retire during this term in line with the overall succession planning for the Board. Marie McDonald is standing for re-election for the first time since being elected by shareholders in 2017, and Lynne Saint will stand for election as a new Director at the second Annual General Meeting today. You will have the opportunity to hear from Peter, Gordon, Marie and Lynne later this morning.

I would like to finish my formal comments today by encouraging shareholders to read our recently released 2020 Sustainability Review which sets out how Nufarm continues to meet its environmental, social and governance responsibilities. Nufarm's purpose is to create long term shareholder value by helping farmers get more from their land through the provision of crop protection solutions and seed technologies. With the world's population increasing in size and prosperity, our products and solutions play an important role in helping farmers feed more people while using fewer natural resources.

In summary, notwithstanding the disappointing financial result for the 2020 year, your company is well positioned for the future and I am optimistic about Nufarm's long-term prospects. I look forward to my involvement with Nufarm, assuming I am fortunate enough to be elected today.

Together with my fellow Board members, I sincerely look forward to quickly restoring stronger performance. I have confidence in our Managing Director and Chief Executive Officer, Greg Hunt and his team in the task ahead.

On that note, I would very much like to thank all Nufarm employees for their ongoing commitment. COVID-19 has made 2020 a particularly trying and demanding year and they are to be congratulated for the manner in which they have adapted to ensure minimal disruption to our customers. We are mindful, in that regard of the difficult pandemic challenges being faced now by our employees, customers and suppliers in the northern hemisphere. I also sincerely thank shareholders for your continued support.

I now invite Greg to address you before we move to the formal business of the Meeting.

Greg Hunt, Managing Director and CEO

Thankyou John.

Good morning and welcome to everyone joining us today.

2020 certainly wasn't the year anyone would have planned. We are fortunate that Nufarm's products are essential inputs to the agricultural industry and therefore our business proved resilient to COVID-19. Although our supply chains were disrupted by external factors and there was some lessening of demand in niche markets, seasonal factors and market conditions were the main driver of performance this year. With more favourable trading conditions recently, our performance has improved, and I will expand on current trading later.

Before I turn to a review of business performance I would like to reinforce the Chairman's comments in relation to safety. This is our number one priority and I am pleased to report we achieved our best ever safety performance in 2020.

Financial performance

Our financial performance for the year however, was disappointing. The statutory result for the group was a loss of \$456 million and underlying EBITDA in our continuing businesses was down 21% to \$236 million. The main driver of the decline in underlying performance was lower earnings in Europe and reduced first half earnings in North America.

We gained momentum in Australia, Asia and North America as seasonal conditions improved and I was pleased with the rebound in earnings in these regions in the second half.

Our major focus in the short term is driving value from our European business. Financial year 2020 was a difficult year in this region with four main factors impacting earnings. Firstly, poor seasonal conditions reduced demand in key countries including France, Germany and the UK. A continuation of high raw material costs for many of our differentiated products and increased logistics costs also impacted earnings. The final factor relates to increased competition which pressured margins, particularly in our base portfolio. We expect margins in the base portfolio to remain constrained. This is largely why we recognised an impairment this year to the carrying value of our European asset base.

Despite the decline in overall earnings we made progress on our objective to improve cash generation. Underlying cash from operating activities increased \$137 million with better working capital outcomes more than offsetting the decline in earnings.

Our balance sheet was strengthened by the sale of the South American crop protection businesses. As John has outlined, this returns us to a position of strength and allows us to refocus our resources.

Building value

Management is very conscious of the unacceptable result this year and we are taking action to improve performance. As John mentioned in his address our focus is on improving volumes, improving margins, cash generation and return on assets.

We have actions in play to grow market share in the key crops and markets where we believe we have strong relevance. We are making good progress and we have good leverage to improved seasonal conditions in our key markets.

To improve margins, we are focusing on our supply chain operations. We have announced two major initiatives with the manufacture of 2,4-D herbicide in Austria and insecticide and fungicide manufacturing in Australia to cease in 2021. The scale and cost position of these facilities has declined relative to global peers over the past few years. We expect these changes will generate benefits in the order of \$15 million per annum.

Elsewhere we are reinvesting and expanding our manufacturing footprint. We commenced operation of our new formulation facility in Mississippi this year. We are also planning a modest investment this year to improve the cost position of our phenoxies facility in the UK.

The review of our supply chain is ongoing. We will continue to explore opportunities so we can strike the right balance between optimising our sourcing cost and retaining flexibility to ensure reliable supply to our customers.

We are also working to reduce our cost base to improve margins and provide a buffer against unforeseen headwinds. We are targeting \$20 million to \$25 million of improvement by the end of financial year 2022. \$10 million to \$15 million of the savings are to come from the European business.

We expect the reduction in SG&A expenses, combined with an anticipated easing in raw material costs and improved weather conditions to be the major drivers of improved profitability in 2021.

Improving cash generation has been prioritised.

Following the sale of the South American crop protection businesses, our resources are now based on the markets and segments where we believe we can generate better cash returns. The work we are doing to improve net working capital is releasing cash from our balance sheet. There is scope for further improvement as we lift profitability and bring our net working capital metrics back toward the targets that we have set.

Finally, return on assets.

We have made significant investments in the past few years in our European and Nuseed businesses. Delivering value from these investments will drive improved returns.

While the work we are doing to improve margins spans the entire business, there is a significant focus on the European business. We are experiencing improved seasonal conditions and better supply and pricing of products. Assuming this continues, and with the work we have already commenced, we will deliver improved earnings and returns from this region in 2021. We will continue to build on this foundation through 2022.

The investment in our Nuseed business is set to deliver an increasing contribution in the coming years. We made the first commercial sales of our proprietary omega-3 canola oil in September this year and we have secured sales to additional customers in the past two months. The EBITDA contribution from this investment will ramp up as we continue to build scale over the next few years and we believe it has potential to deliver significant value for shareholders.

Our recent modest investment in another seed technology platform, Carinata, is also showing pleasing early potential. Carinata has been developed as a feedstock for renewable fuels and high protein meal for livestock feed. We have already made our first commercial sales and secured a multi-year offtake agreement that will underpin future revenue growth.

While the contribution from these new technologies will drive future revenue, we expect to see growth in the short term from the hybrid technologies that we've launched across our canola, sunflower and sorghum platforms.

Trading Update

Following the sale of our South American assets we decided to change our financial year end because our earnings would be very heavily weighted to the second half. By changing our financial year end to 30 September we can better align our half year reporting with key sales periods. It will also make it easier to compare our performance with industry peers.

To complete the transition to the new financial year end, four weeks ago we reported results for the two months ended 30 September 2020.

While these two months are traditionally a quiet period for trading, we generated revenue growth of 23% in this period. The growth was driven primarily by stronger demand in Australia and Europe. Full details of the result for the two months are available in our annual report.

Today I'm able to provide a further update on trading performance for October and November. These two months typically see stronger demand than August and September, however they are still relatively quiet months in the context of the full year of trading. Our results for October and November show revenues up 47% on the prior comparative period, with growth in all regions and Seed Technologies.

I do caution however, that the prior comparative period was a period of very weak trading, which is why we have provided a comparative for that period in 2018.

While it is still early in the season, our trading performance has improved on last year and we are making progress on our performance improvement program. This is locking in savings to our cost base. Our net working capital to sales metric continues to track toward our short-term target of less than 40%.

We would normally provide the next trading update in March with our half year results.

However, given the change in our financial year end pushes this out to May, we have decided to provide a further update in late February. This update will give you comparative sales data to the end of January 2021.

Before handing back to John, I would like to thank our employees for their efforts, agility and resilience over the past 12 months. It's been a very trying year and I'm proud of the way our teams rose to meet the challenges that were thrown at them. At this time our thoughts are with our northern hemisphere colleagues who are being challenged by further outbreaks of the virus.

In conclusion I would like to take this opportunity to wish you all a safe and peaceful festive period and I look forward to presenting an improved financial performance to shareholders in 2021.