

A Day at the Farm

Doug Rathbone
Chief Executive Officer
Nufarm Limited

June, 2010



Some key messages

- **It's been a very tough period ... but it's getting better**
- **We have a lot of work to do ... and we're doing it**

Current financial year



- **We are in the critical 'swing' period, with June and July always key sales/profit months**

- **We have had some pluses and minuses in recent weeks**
 - Seasonal conditions have continued to be positive in Australia
 - Glyphosate pricing remains very competitive in the US and has spread to Canada
 - 'Subdued' pricing environment in Europe

- **We will continue to keep year end under close/regular review ... and advise the market if we form a different view of the final result**

Current financial year



- **Final results and analysis for 2010 will allow us to reset expectations for glyphosate contributions on a go-forward basis; and**
- **Will underline importance of existing product diversification strategy**

Identifying and resourcing the medium term drivers that will enable Nufarm to achieve sustainable profit growth

Reviewing the growth strategy

**Geographic
expansion**

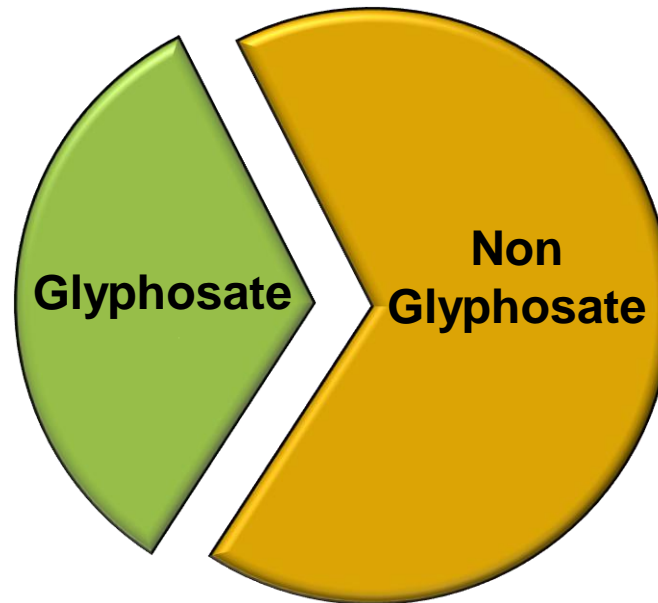


**Portfolio
growth**

- **Implemented in 2001**
- **Recognised reliance on Australia and glyphosate/phenoxy positions**
- **Has seen Australia move from 65% of \$670m in revenues to 25% of \$2.6b in revenues**
- **Has seen non- glyphosate and non-phenoxy sales increase from \$350m to approx \$1.3b**

Product split

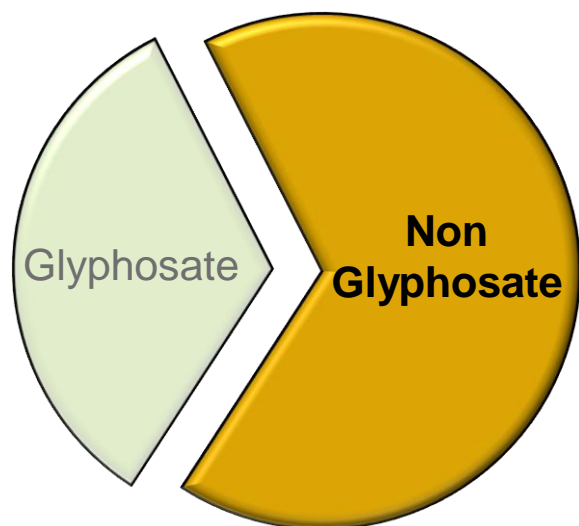
Glyphosate is approximately one third of our business by revenues, with the other two thirds providing the best opportunity for profitable growth



The glyphosate piece ...

- ... about one third of our business – is going to deliver less value than was previously anticipated
- Now reviewing the level of capital invested in this part of our business
- We recognise that glyphosate will need to be managed differently in different markets
- We also recognise that glyphosate remains a very important part of Nufarm's total portfolio offering

Product split



Phenoxies

- Global leadership position & fully integrated
- Competitive segment but no opportunity for 'bubble'
- Margins to remain stable

Fungicides

- Recent product launches provide good platform
- Key segment in Europe and Brazil
- Higher margin segment

Other herbicides

- Focus on higher value segments; mixtures & other differentiated formulations
- Opportunity for margin expansion

Seed treatment

- Fastest growing segment
- Newly established positions
- Very high margin opportunities

Insecticides

- Leverage foundation position achieved with imidacloprid
- New product entries
- Higher margin segment

Seeds

- Focused approach in three core crops
- Substantial growth opportunity
- Very attractive margins

Key segment for earnings growth:

- **Currently generates approx \$200m in revenues and gross margins above 30%**
- **Focus on 4 big insecticide families (Neonics; OP's; Pyrethroids; insecticide growth regulators)**
- **'Nuprid' (Imidacloprid) entry strategy very successful**
 - Registrations in 25 countries, selling in 18 countries
 - Targeted at niche, higher value market segments
 - Provides foundation insecticide position for 'new formulations' (Sorbie and suSCon), mixtures, and continued penetration into seed treatment
- **Products launched or coming: fipronil, lambda cyhalothrin**

Key segment for earnings growth:

- **Currently generates approx \$180m in revenue and gross margins above 30%**
- **Recent launch into Tebuconazole market**
 - World's largest triazole fungicide
 - Used in large number of crops
 - Both foliar and seed treatment applications
 - Nufarm positions in Australia, Latin America and Europe (60 registrations)
- **Fluazinam entry strategy underway, with first approvals in 2009**
 - Initial target market is Europe, with Brazil to follow
 - Opportunity for differentiated approach (mixtures; etc)

A growth market as growers and breeders seek to protect the increasing value of high performance germplasm

- **Offers a bolt-on, value add revenue stream for Nufarm's expanding seeds portfolio**
- **Able to utilise tebuconazole and imidacloprid positions as cornerstone actives**
- **Started in 2005 with 15 registrations in 4 countries (13 in Australia) to now more than 50 registrations in 15 countries**
- **Dedicated ST staff with significant experience in the US, EU and ANZ geographies**

A focused approach aimed at building a global scale, high margin business in a number of core crops

- **The successful acquisition and integration of elite germplasm and breeding assets**
 - Herbicide Tolerance, disease resistance, feed value improvement traits (Brown mid rib), food value improvement traits (food grade sorghum)
- **Selling elite hybrid products into more than 25 countries**
- **Currently earning average gross margins of 45-50% and forecast to generate strong organic EBIT growth**
- **Substantial opportunities for additional growth via targeted acquisitions**

Revisiting and challenging our regional business models

Brazil

- Achieve and maintain a profitable business recognising inherent volatility of market
- Support further diversification into additional products and segments
- Appropriate risk management; right people; operational excellence

Europe

- Continued diversification of portfolio
- Review cost base
- Identify new segment opportunities, eg. biopesticides

USA

- Transition ag business from a glyphosate dominated portfolio
- Take a 'segment' rather than 'product' approach to maximising positions
- Continued support for turf and specialty

Australia

- Protect market positions
- Finetuning of 'path to market' models
- Review the cost base
- Understanding changing dynamics of the market

Immediate actions

- **Ensure capital is allocated to those areas that will deliver maximum returns**
 - Have people and resources in place to drive growth in those segments
 - Combination of organic growth (pipeline + increased market penetration) and targeted 'bolt-on' acquisitions
- **Reduce overhead in areas where returns are likely to be lower than previously anticipated**
- **Review the overall capital base of the business**

Acquisition strategy



- **Identifying 'bolt-on' acquisition opportunities that quickly add value to key segments of the business**
- **Able to be quickly integrated, with strong earnings accretion**
- **A preference for assets (products and businesses) that are not part of an auction process**
- **An ability to move quickly, given our more flexible balance sheet**

A mutual commitment to identify areas of commercial co-operation that will add value to both companies

- **Product distribution agreements that will put Sumitomo chemistry across Nufarm distribution bases in Brazil; Indonesia; Canada; North East Europe; and other markets**
- **Product distribution agreements that put Nufarm chemistry across Sumitomo distribution bases in North Asia, Mexico; and potentially other markets**
- **Product development collaboration, with an initial focus on glyphosate resistance management programs**



Getting back to business