

October 9, 2003

Preliminary announcement

Full year results for the period ending July 31, 2003

Financial highlights

Tax paid operating profit up by 13%

Crop protection sales increase by 18%

EBITDA increases by 10%

Operating cashflow increases to \$218 million

EBITDA – Interest cover increases to 5 times

Debt reduced by \$131 million

The directors of Nufarm Limited announced today a tax paid profit of \$77.1 million for the year ended July 31, 2003. This result includes a one-off taxation benefit of \$12.8 million resulting from the company adopting the new Australian consolidation taxation regime.

The operating tax paid profit of \$64.3 million is an excellent result and represents a 13% increase on the previous year (\$56.8 million). Total sales were \$1.458 billion, up 2% on the 2002 year.

The crop protection business accounted for 85% of total revenues and the industrial chemicals business 15%. In the 2003 year, Australasia generated 50% of total revenue, the Americas 25%, and Europe 25%.

This record profit was generated in a year which included the impact of extremely adverse climatic conditions in Australia. While these conditions impacted the first half results, the second half saw the Australian crop protection business post record sales at improved margins. Strong sales growth was also achieved in other markets, particularly the United States, New Zealand and Asia.

Earnings per share, excluding the one off taxation benefit, were 41.3 cents, an increase of 13% on last year's 36.7 cents.

It is also pleasing to report a significant strengthening of the company's balance sheet. Net working capital has been reduced by \$102 million in the year; \$131 million in indebtedness has been repaid; and the company's net debt to equity ratio has reduced from 152% at the end of the 2002 year to 98% as at July 31, 2003.

Final Dividend

Directors have declared a fully franked dividend of 13 cents per share (last year 11 cents per share) resulting in a full year dividend payment of 20 cents per share, an increase of 2 cents on the previous year.

The dividend increase recognises the excellent operating result and the confidence of directors in the sustainability of continued profit growth.

The dividend will be paid on November 7, 2003, to the holders of all fully paid shares in the company as at the close of business on October 24, 2003.

Crop protection

This segment of the company's business experienced strong revenue growth (sales increased from \$1,050 million to \$1,234 million). Segment profit increased 14% from \$118.4 million to \$134.8 million.

In Australia and New Zealand the acquisitions of the Monsanto 'Roundup' business and Crop Care Australasia Pty Ltd had a very positive impact. Good growth was also experienced in the United States and Asia, and the first year German result is very encouraging.

Important progress was made in converting technical (bulk) sales of a number of core products into finished, branded product sales in many of the offshore markets and this contributed to an increase in margins for the crop protection business in general.

The seasonality of earnings associated with the crop protection business was made more dramatic by the impact of the Australian drought on the company's trading in the first six months of the period. However, a below budget position at the half year was recovered with a number of very strong selling months as the Australian season improved and selling activity reached its peak in other important markets.

Most of rural Australia received good rains in late February and March, generating unusually high demand for herbicides used to prepare fields for the planting of crops. While follow-up rain was received in many regions in the ensuing months, some areas – particularly in NSW – continued to experience dry conditions through to the end of July.

Australian crop protection sales increased by more than 44% to \$526 million. This included the first full season of 'Roundup' sales and nine months of sales in the Crop Care business, acquired from Orica Limited and Incited Ltd in November 2002.

The 'Roundup' brands were successfully integrated into Nufarm's sales and marketing programs, and added substantial value to the business.

Crop Care recorded just over \$87 million in sales (nine months) and achieved margins in line with those generated across the Nufarm Australian business in general. Restructuring and integration costs associated with the acquisition and incurred during the period have been expensed and, after taking those costs into account, the business generated a \$2.6 million tax paid profit.

The Roundup and Crop Care businesses helped propel Nufarm to a market leadership position in New Zealand with a doubling of sales over the previous 12 months.

Despite the increased sales, particularly over the last three months of the year, and the inclusion of Crop Care, net working capital in Australia increased by only \$6 million.

The Asian business generated a 25% sales increase, with Nufarm brands continuing to gain market share in Indonesia and other regional markets. While competitive pressures were again strong in Malaysia, above budget sales in the high value Japanese market contributed to a stronger profit contribution.

The Americas region performed strongly with the USA achieving an increase in both sales and profit (in local currency). Seasonal conditions were more favourable than in 2002, particularly so far as the company's fungicides business was concerned. Nufarm brands continued to secure strong market positions, with the company's core phenoxy herbicides commanding an estimated 30% market share and achieving increased margins. A substantial increase in glyphosate sales compensated for the continued post-patent deterioration in pricing for glyphosate products in the U.S.

The US based turf and specialty business – trading under the Riverdale brand – experienced less favourable seasonal conditions. Sales were slightly ahead of the previous period, and improved supply chain management and a lower cost of goods for key inputs helped strengthen margins.

Growth in the business in Canada and important market development progress and associated sales in South America also contributed to the excellent results in the Americas region.

The various European markets produced mixed results. Branded product sales grew in total and the new business in Germany performed very strongly, as did the UK domestic business. Seasonal conditions were varied, with an unusually cold winter followed by wet spring conditions in Northern Europe and a dry spring in southern Europe.

A number of products were affected by regulatory changes and registration delays, particularly in France, reducing sales opportunities in that market. While margins were maintained on branded products, the continuing erosion of margins on technical sales significantly impacted profitability, particularly in the methyls range in the United Kingdom and Holland.

Several manufacturing units achieved record volumes of throughput during the 2003 financial year, contributing to stronger overhead recoveries and the general strengthening of margins across Nufarm's global crop protection business.

These results reflect the company's ability to absorb regional variations in seasonal factors while continuing to achieve profitable growth. The product range was expanded and Nufarm continued to build its presence in key global crop protection markets, while strengthening its Australasian base. A combination of improved efficiencies, rationalisation of costs associated with newly acquired businesses, and additional sales of branded products contributed to higher margins.

Industrial chemicals

Revenue in this division declined by 42% to \$222 million following the divestment of the Fernz specialty chemical business to Orica Limited in November, 2002. This business recorded only three months sales in this year. The remaining industrial chemical businesses sales fell by 7%. The pre-taxed segment profit reduced to \$23.6 million from \$31.3 million in the previous year.

The Fernz specialty chemicals business generated \$51 million in sales for the three months prior to sale, compared to \$190 million for the previous 12 month period. This business was not considered core to Nufarm and capital realised from the sale was deployed in the purchase of the strategically valuable Crop Care business.

The South Carolina based Nufarm Specialty Products subsidiary – which produces intermediates for a number of manufacturing industries – recovered strongly from a depressed result in 2002 to post sales growth of 30% in local currency. Several new long-term tolling and custom manufacturing contracts were secured.

The Galoryl range of performance chemistry in France experienced a challenging year, with the global fertilizer industry cutting back on production and lowering demand for Nufarm's products. Increased manufacturing, regulatory and insurance costs also impacted margins in this part of the business.

Sales in the SEAC pharmaceutical intermediates subsidiary (France) were lower than the previous period but were in line with forecasts. Margins were down due to the product mix and the impact of exchange rates between the Euro and US dollar.

The West Australian based chlor alkali plants (80% owned) generated an on-budget profit result, slightly less than last year reflecting a lower world indicator price for caustic soda.

Outlook

Directors have reaffirmed the company's intention to continue to focus on its core crop protection business, with growth being pursued on both a geographic and product portfolio basis.

The company will remain active in terms of pursuing various acquisition and collaborative opportunities, and is strongly positioned to take advantage of global growth in the non-patented segment of the crop protection industry.

Directors are confident that the business will achieve an average of approximately 10% profit growth in each of the next three years, and can maintain returns on funds employed consistent with what has been achieved in recent years.

Further improvements in the working capital position and other key balance sheet ratios are being targeted in the current period.

The business is in a strong position and is poised for further growth in the short to mid term.

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