

2007 Year End Results



Doug Rathbone

Managing Director



2007 Full Year results



- **Satisfactory overall performance**
- **Significant drought impact in Australia**
- **Underperformance in UK**
- **North America again very strong**
- **2008 will see return to good growth**

2007 Full Year Results



Headline results

	2007 12 mths to July 31	2006 12 mths to July 31
Group revenues up 5%	\$1.76 billion	\$1.68 billion
Operating profit flat	\$120.9 million	\$121.1 million
Earning per share	59.2 cents	60.3 cents
Full year dividend up 7%	32 cents	30 cents

Kevin Martin

Chief Financial Officer



Business changes

- **Agripec**
 - Equity accounted August - May
 - Consolidated June - July

- **Italy**
 - Acquired - October 2006

- **Chlor Alkali**
 - Sold 31 July 2007
 - Treated as discontinued operations

2007 Full Year results



Profit reconciliation

	Operating A\$m	Material non-operating A\$m	Total A\$m
Profit after tax	107,323		107,323
Discontinued operations	9,165	32,675	41,840
Transfer significant items	4,740	(4,740)	0
Total result	121,228	27,935	149,163
LESS minority interest	(367)		(367)
2007 Result	120,861	27,935	148,796
2006 Result	121,106	(3,886)	117,220

2007 Full Year results



Reconciliation of segment performance

	Crop	Equity	Non-operating	Total
2006 earnings	137.7	10.6	(10.6)	137.7
Equity earnings		2.1		2.1
Movement in				
- Australasia	(18.0)			(18.0)
- Europe	(9.4)			(9.4)
- Americas	31.9			31.9
Movement in non operating income			7.0	7.0
Reduction in unallocated costs	2.5			2.5
Increase in funding costs	(5.3)			(5.3)
2007 Earnings	139.4	12.7	(3.6)	148.5

Shown in segment notes as

Profit from operating activities
Equity income
Financing costs

2006	2007
176.3	194.8
10.6	8.1
(49.2)	(54.4)
137.7	148.5

2007 Full Year results



Americas improvement (EBIT)

USA	11.4
Brazil	13.2
Others	7.3
Total	<u>31.9</u>

2007 Full Year results



Working capital

		A\$m
Working capital 2006		481.4
Less Heath and Science		(26.8)
Add Italy		12.8
Add Agripec trading working capital	137.4	
Less liability for purchase	<u>(218.8)</u>	(81.4)
Increase in group working capital in 2007		<u>67.0</u>
Working capital 2007		<u>453.0</u>

Increase in group working capital

	Receivables	Inventory	Payables		Increase Sales June/July
Australia	74.0	1.6	(18.4)	57.2	42.1
North America	8.6	(8.0)	5.7	6.3	(4.5)
South America	(9.9)	8.3	(3.6)	(5.2)	(3.5)
Europe	26.0	5.4	(21.5)	<u>9.9</u>	<u>31.3</u>
				<u>68.2</u>	<u>65.4</u>

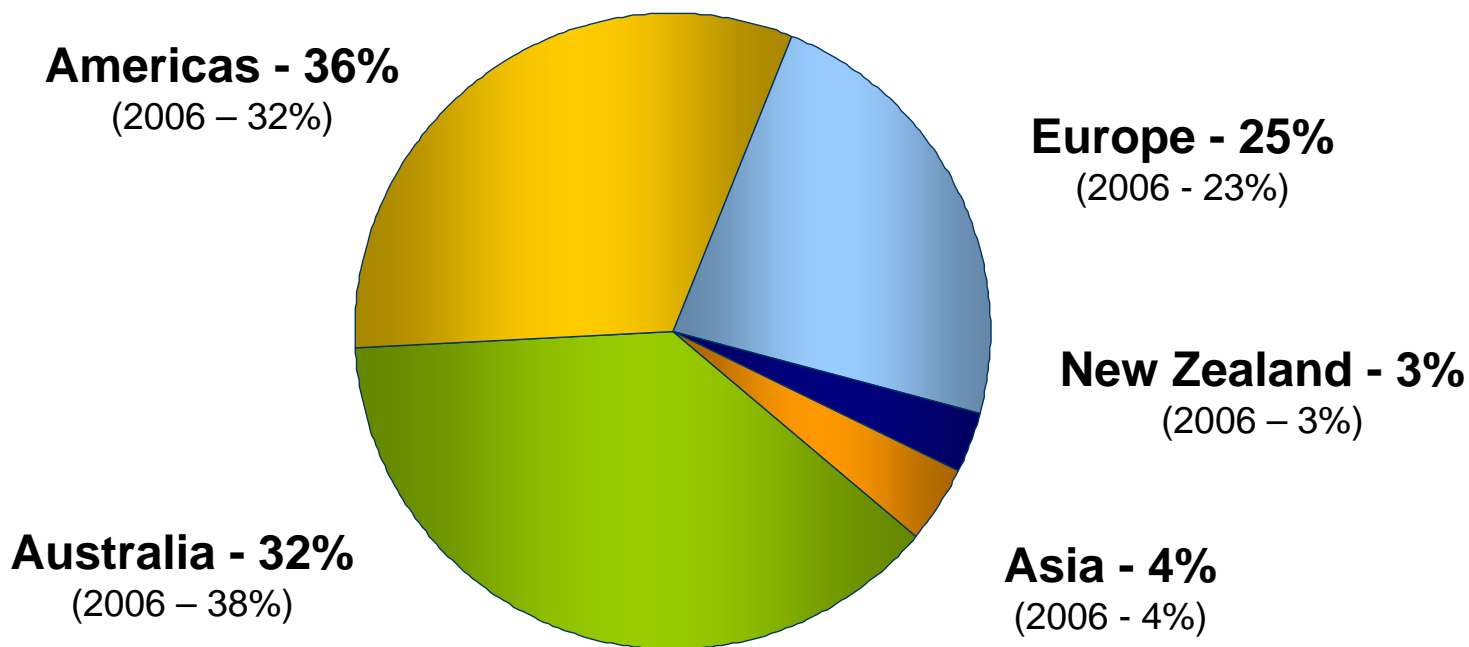
Doug Rathbone



2007 Full Year results



Nufarm sales by geography - 2007



Total sales - \$1.76 billion

Australia

Australasia	2007	2006
Sales	\$685m	\$749.6m
EBIT	\$105.6m	\$123.6m

- **Widespread drought conditions August - April**
- **Good 'break' in South Australia, Victoria**
- **Mixed conditions in NSW**
- **Western Australia and Queensland well below average**

Australia

- **Major impact in horticulture and other irrigated crops**
 - Lower sales of higher margin products
- **More competition for fewer sales**
- **Higher cost impacts need to be addressed**
- **But market share positions maintained**

Asia

- **Growth in sales**
- **Reduced competition from cheap Chinese glyphosate**
- **New combination products in Japan, Indonesia, Malaysia**
- **'Roundup' deal agreed with Monsanto in Indonesia**
 - Nufarm will manage 'Roundup' brand and supply
 - Combined glyphosate position will extend brand 'reach'
 - 'Roundup' will facilitate stronger access to market for other products
 - Anticipated start date - December 1, 2007

USA

- **Seasonal conditions generally good**
- **Another year of 20% sales growth**
- **Stronger profit growth: Improved product mix ('Nuprid')**
- **Glyphosate supply and pricing a key issue**
- **Clopyralid launch**
- **Growth momentum will be maintained**

Canada

- **Sales and GM increase**
- **Overall market was flat**
- **New product introductions planned via distribution agreements**
 - Syngenta - Tralkoxydim herbicide
 - FMC - Carfentrazone herbicide
- **New glyphosate opportunities, including twin pack combination with carfentrazone**

South America: Argentina

- **Sales up 22%**
- **Improved market conditions aided by high soy and corn prices**
- **Higher margin products and new registrations**

South America: Colombia / Andean region

- **First full year of ownership**
- **Improvements required in cost controls and inventory management**
- **Seasonal conditions only fair**

South America: Brazil

- **Assumed 100% control of Agripec on June 1, 2007**
- **Management team and integration issues are all positive**
- **Credit position is improving; collections from 2007 sales met target; increased use of barter trade**
- **Higher commodity prices too late to impact last season soy plantings, but did impact corn**

South America: Brazil (cont.)

- **Agripec grew sales 20% and improved gross margins**
- **Maintained strong position in soy**
- **Increased penetration in cotton and corn segments (new product introductions)**
- **Excellent performance with insecticides**

Europe

- **France, Germany, Spain all performed well**
- **Excellent early results in Italy**
- **Disappointing outcome in UK**
 - Regulatory issues
- **Lower MCPA sales**

Central / Eastern Europe

- **Strong opening year from new Romanian operations**
- **JV with FMC in Poland, Czech/Slovakia**
- **Proposed 'start-up' in Hungary**
- **Region will see substantial growth**

- **Strong growth in demand**
- **Capacity constraints; forecast to continue for next 12 months**
- **Supply agreements are critical**
 - New projects in China
 - Monsanto relationship



Nuprid (imidacloprid)



- Year 1 sales and margins met expectations
- About to enter seed treatment segment
- Bayer deal allows early entry to Europe
- Pursuing profit rather than turnover



Outlook - 2008 financial year



Forecast operating profit: approx \$145 million

Key assumptions:

- Climatic conditions in Australia will continue to be challenging
- Agripec/Brazil will contribute \$25-30m NPAT
- North America will again perform strongly
- New product introductions in several markets
- Glyphosate supply will be secured at forecast levels

Australia

- **Slow start**
 - Impact on cereal fungicides; post emergent herbicides

- **Contrasting fortunes**
 - Ruined crops in some areas; water shortages for irrigators
 - Near record prices for what will be harvested

- **Late spring/summer rain will see dramatic recovery**
 - Summer cropping in northern regions

- **Further resources into Northern Australia**
 - Increased opportunities

Outlook - 2008 financial year



Brazil

- **Strong commodity prices will drive increased plantings**
- **Agripec/Nufarm positioned to benefit from more soy, corn, cotton**
- **Growth in sugarcane will slow**
- **Glyphosate will again be important**
- **New product introductions now coming through**

Product pipeline

- **USA - 16 new products (5 new actives)**
- **Canada - 6 new products**
- **Brazil - 6 new products**
- **Continued diversification into fungicides and insecticides**
- **USA and European launch of proprietary 'Sorbie' Lambda cyhalothrin insecticide**

Outlook 2008 financial year



Brazil / Agripec guidance

	A\$m
2007 equity accounted net profit	7.8
2007 consolidated net profit	9.4
Reported 2007 contribution	17.2

Normalised 2007 profit

Double equity accounted profit	15.6
Consolidated profit	9.4
100% impact of abnormal (provisioning)	9.2
Normalised 2007 result (no financing costs)	34.2

2008: Additional forecast operating profit	17.0
	51.2
Less impact of financing	(23.5)
Forecast 2008 result	27.7

Outlook - 2008 and beyond



- **Agriculture is now demand driven**
- **Food, feed, fuel pressures will see continued strong growth in cropping**
- **Yield improvements will be a key focus as there is limited capacity for additional land (Brazil the exception)**
- **Nufarm now has the global platform to seize additional opportunities**
- **Geography and portfolio will drive our growth**
- **Industry consolidation still on the agenda**

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