

COMPANY ANNOUNCEMENT

23 January, 2013

Market update

- **Trading conditions in Australia**
- **Guidance maintained for half year**
- **BASF distribution changes in Australia**
- **US turf business acquisition**

Trading conditions in Australia

Trading conditions in Australia in the first half of the financial year have been more challenging than previously expected and will impact negatively on the regional result for both the half and full year.

Nufarm's business in the August to January period in Australia is primarily driven by seasonal conditions – and accompanying weed, pest and disease pressure – in the summer cropping regions of Northern NSW and Queensland. These regions have experienced unusually hot and dry conditions for much of that period, particularly in the months of December and January.

This has impacted in a number of market segments, including relatively high value segments such as cotton, horticulture and other summer crops.

The Australia/New Zealand regional segment result at the half year is now expected to be well down on the first half of the previous year.

Autumn rainfall patterns in major cropping regions around Australia will help determine the extent of planting activity, and demand for crop protection products, in the second half of the financial year. It is very likely, however, that due to the poor first half conditions in Australia, the regional result at the full year will also be well down on the 2012 full year.

Half year guidance is maintained

Despite the poor conditions and lower results in Australia, the company expects to deliver a half year underlying profit result (Earnings before Interest and Tax: EBIT) that is, as stated at the Annual General Meeting in early December, at least 15% higher than in the first half of 2012.

While the Australian results will be below expectations at the time of that guidance, the business in other parts of the world has performed more strongly than expected, particularly

in South America and Europe. This underlines the advantage of having a geographically diverse business and reflects a trend of improving performance in markets such as the Americas and Europe.

Working capital at the half year will be higher than previously expected, primarily due to higher inventory levels caused by lower sales in Australia.

The company will continue to assess overall profit expectations for the full year and will update its current qualitative guidance of an “improved earnings performance” in due course if appropriate.

BASF distribution arrangements in Australia

BASF advised Nufarm Australia this week that it will terminate its distribution arrangements in Australia, effective March 1, 2014. Nufarm Australia and Crop Care (a Nufarm subsidiary) have distributed BASF crop protection products in Australia since 2004.

Annual revenues generated by BASF products distributed by Nufarm Australia / Crop Care are less than 10% of Nufarm's total Australian revenues and less than 3% of Nufarm's global revenues.

BASF has indicated that it will re-enter the Australian market in its own right when the distribution arrangements cease.

Nufarm is the largest supplier of crop protection products in Australia and – via its Nufarm and Crop Care businesses – holds the leading position in all major agricultural segments. When the BASF distribution arrangements cease in March 2014, Nufarm will be in a position to supply products involving active ingredients that cover a majority of the uses currently targeted by BASF products. Nufarm will be a strong competitor across those chemistries and will use its significant product development, manufacturing and logistics presence in Australia to continue to service distribution customers with a wide range of existing and new products.

On a global basis Nufarm enters into, and cycles out of, distribution arrangements on a regular basis. In the past two years new distribution arrangements have been executed with BASF in markets including Germany, Argentina and Brazil. Nufarm has also recently executed distribution agreements involving either single or multiple products with other companies including Dow AgroSciences (France); Syngenta (Brazil); Nissan Chemical (various European markets) and DuPont (Brazil). These arrangements complement the expanding distribution relationship Nufarm has with Sumitomo Chemical, currently involving some 14 markets around the world in which Sumitomo products are marketed by Nufarm.

US turf business acquisition

Nufarm Limited announced today that it has completed a strategic acquisition that will strengthen its position in the US turf and ornamental market.

Nufarm Americas has acquired Cleary Chemical Corporation, a marketer of fungicides, insecticides and plant growth regulators to the turf and ornamental horticulture industries. The acquisition will result in a significantly stronger product offering for Nufarm, which is

currently the third-largest plant protection supplier in the US turf and ornamental (T&O) market.

Nufarm leads the T&O market in selective herbicides and has a substantial insecticide offering. Cleary's portfolio of fungicide brands will boost Nufarm's market presence, especially in the golf and greenhouse/nursery segments.

Cleary is based in Dayton, New Jersey and has annual sales of approximately US\$11 million. Acquisition consideration totalled approximately US\$10 million.

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