

## **COMPANY ANNOUNCEMENT**

24 January, 2014

### **Market update**

Nufarm Limited today confirmed that it expects to generate a first half result within the previous guidance range provided at the AGM in early December 2013 of EBIT \$50 million - \$60 million, albeit towards the lower end of that range.

Unfavourable seasonal conditions persisted in Australia during December and January with hot and dry weather in key growing regions. This has resulted in unusually low sales activity and depressed margins. The first half performance of Australia is broadly expected to be in line with the first half of the previous year. Management continues to assess options for improving the profitability of the Australian business and the returns generated during periods of unfavourable climatic conditions.

While Australia will contribute a lower than expected result in the first half, other parts of the business are performing strongly. Brazil, in particular, has continued to experience very positive business conditions and the South American business will post an excellent first half result.

The European, North American and Asian businesses are tracking in line with expectations, with the major Northern Hemisphere seasons typically getting underway in March.

While the seeds business has suffered some lower sales of sorghum and sunflower products due to dry conditions in Australia over the summer, it remains well positioned to continue generating earnings growth on a full year basis.

Management remains confident that, despite the challenging conditions in Australia, the company will generate earnings growth over the full year.

As stated at the AGM, levels of net working capital and net debt will be higher at January 31 than at the same time in the previous year. Drivers include higher sales and resulting receivables in Brazil; the normal first half inventory build to support what is expected to be higher second half sales in Northern Hemisphere markets; and a negative translation impact due to the lower Australian dollar.

Nufarm will report its results for the six months to January 31 on March 26.

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Further information: Robert Reis  
robert.reis@au.nufarm.com  
Corporate Affairs  
☎ (61 3) 9282 1177