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COMPANY ANNOUNCEMENT
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Nufarm completes portfolio and manufacturing review

- **One-off restructuring costs of between $115 - $125 million ($86 million non-cash) to be booked at the half year. The net profit after tax impact of the material items is estimated to be between $95-105 million.**
- **Nufarm's underlying half-year EBIT is expected to increase between 8-13% on the prior half-year.**
- **Underlying profit after tax at the half year will be approximately $15 million lower than the prior period, largely as a consequence of net foreign exchange losses.**
- **Nufarm performance improvement program on track.**

Performance improvement program – material items

Nufarm Limited today announced the completion of reviews of the manufacturing footprint and product portfolio. The performance improvement program is on track and management remains committed to delivering performance improvement benefits of at least $116 million by full year 2018.

Nufarm is developing a product portfolio that better meets the needs of customers in select crops and key markets, where stronger margins could be expected.

As a result of the review, the product portfolio has been streamlined, with annualised benefits of up to $10 million expected from reduced registrations, packaging and warehousing costs, lower working capital and a focus on higher margin products. The streamlining of the portfolio results in a number of lower margin and non-strategic products being discontinued, and will result in a one-off write down of $80-90 million on the asset values related to those products. This is a non-cash adjustment that will be reflected as a material item in the half-year results.

Concurrently, a reassessment of the useful life of the remaining product related intangible assets has also been completed. In light of wider industry practice and asset specific factors, the company has reassessed that the useful life of all product related intangible assets now does not exceed 30 years.

As many of these product related intangible assets were previously deemed to have an indefinite useful life, the change in accounting estimate effective from 1 February 2016 is projected to result in higher amortisation costs (non cash) of approximately $7 million in the current year and an increase of between $13 million to $16 million on an annualised basis.

The manufacturing footprint review, which is now completed, has already led to changes. In November 2015, it was announced that the Calgary plant in Canada will be closed, with one-off costs of $9.5 million ($3.7 million non-cash) to be booked in the first half of the current year.

In the half-year accounts, the Company will also have $17 million of costs related to manufacturing efficiency initiatives and $9 million in other associated restructuring costs.

The streamlining of manufacturing, procurement and supply chain operations will enable the company to take advantage of global scale; remove inefficiencies; and improve performance, with a particular focus on better serving Nufarm's customers.

Updated Guidance

Underlying EBIT at the half-year is expected to be 8-13% ahead of the prior half-year, off the back of strong trading performance in January. This is an upwards revision of the guidance provided at the AGM in December when the company projected underlying first half EBIT to be in line with or ahead of the prior year.

The Company stated at the AGM that the underlying profit after tax at the half year would be lower than the prior year. Largely as a consequence of net foreign exchange losses, underlying profit after tax will be approximately $15 million dollars lower than the prior period. The significant volatility in exchange rates has continued to put pressure on Nufarm's foreign currency exposures. Over the half year, the company incurred net foreign exchange losses and hedging costs of $18 million, mainly due to the extreme volatility of the currencies in South America and the high cost of hedging those exposures. The exchange losses will be included in the net financing expense in the income statement at the half year.

Nufarm's results for the first six months are typically dominated by contributions from Australia and Brazil, which both experienced challenging market conditions during that period. Despite this, Nufarm has delivered margin expansion and EBIT growth.

This growth – combined with the benefits associated with the company's performance improvement program – will result in underlying EBIT at the half being ahead of the prior period by between 8 -13%, as reported in Australian dollars.

The company's continued focus on working capital efficiencies has meant the average net working capital to sales ratio at January 31 will be lower than at the same time last year and also lower than at 31 July 2015.

At the full year, the company is forecasting underlying EBIT growth on the prior year and expects to deliver at least $20 million of benefits from the performance improvement program.

Confirmation and further details of the half year results will be provided on 23 March 2016 as previously scheduled, on the completion of the audit review.

The company's focus in 2016 continues to be:

- Delivering on cost savings
- Reducing complexity in the business
- Driving margin expansion; and
- Delivering on the working capital target of 40% (average net working capital to sales).

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