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COMPANY ANNOUNCEMENT

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Nufarm reports strong revenue growth, with underlying net profit up 25%

Nufarm Limited today announced a statutory net profit after tax of \$114.5 million for the 12 months to 31 July, 2017. The statutory profit result includes the impact of \$23 million in one-off restructuring and asset rationalisation costs and compares to a statutory profit after tax of \$27.5 million in the previous year.

Underlying net profit after tax was \$135.8 million, up 25% on the \$108.9 million reported in the prior period. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 5% to \$390.0 million and underlying earnings before interest and tax (EBIT) increased by 5% to \$302.3 million.

Group revenues increased by 12% to \$3.11 billion (2016: \$2.79 billion).

Nufarm Managing Director and CEO, Greg Hunt, said the company's ability to grow revenues and maintain margins in a period where the overall industry saw a contraction in sales was an excellent outcome.

"We secured market share gains in most of our major markets, supported by new product introductions, and a much closer focus on our customers.

"It was a challenging year for the industry, with extremely competitive conditions driven by lower crop prices and lower demand for crop protection chemistry."

Nufarm posted strong revenue gains in Australia, North America and Asia. While South American sales were ahead of the prior year, market conditions in Argentina led to a significant fall in the profitability of that business. European sales were slightly down, but margins improved leading to a stronger profit outcome.

Mr Hunt said the company is on track to meet its 2018 target of achieving at least \$116 million in net benefits from efficiency programs which have been implemented across the business in recent years.

"The company has delivered cumulative benefits of \$101 million to the end of financial year 2017. A further \$26 million of benefits was delivered in the 2017 financial year, with most of those savings



coming from manufacturing footprint changes, manufacturing efficiencies and procurement initiatives.”

Nufarm’s global seed business also posted a strong lift in revenues and profit, with the company reporting positive progress on its proprietary omega-3 canola program. Regulatory authorities in Australia, the US and Canada are currently assessing approval submissions and the company is harvesting its first pre-commercial large scale crop in Washington State, USA, with plans for a commercial launch in Nufarm’s 2018/19 financial year. This unique omega-3 canola produces long-chain omega-3, similar to that found in fish oil, using a sustainable land-based source.

Mr Hunt said Nufarm expects to achieve further growth in the current financial year and is continuing to assess opportunities that might arise from broader industry consolidation moves.

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