Nufarm Limited
ACN 091 323 312

103-105 Pipe Road
Laverton North VIC 3026
Australia

P: +61 3 9282 1000
F: +61 3 9282 1001

nufarm.com

COMPANY ANNOUNCEMENT

8 May, 2018

Full year results update

Nufarm Limited today announced that it expects underlying earnings before interest and tax (EBIT) for the twelve months to 31 July 2018 to be approximately 5% above the previous year (FY17 underlying EBIT: $302.3 million). This compares to the guidance of 5 to 10% growth provided at the first half results release. The trading result has been impacted by challenging climatic conditions across the key regions of Australia/New Zealand, Europe and North America.

In Australia, we have seen a continuation of the dry conditions in April, with many parts of the country recording their driest April on record. Whilst it is not too late for the major cereal growing areas, there has been no break on the eastern seaboard. This has limited pre-plant spray opportunities, with the emphasis switching to the smaller post-emergent spray opportunity. The dry conditions have also reduced canola plantings, with many canola seed orders being cancelled in the last two weeks.

The extended winter in both Europe and North America has delayed grower demand for our products. In the USA, the turf and ornamental business has been impacted with little to no treatments applied during the April month. The delayed start to the season places strain on the supply chain and may increase logistics costs, particularly in the USA.

The European Commission member states' decision on April 27 to restrict the use of neonicotinoids to indoor uses may also impact earnings. While the use restrictions do not come into effect until after the end of the financial year, there may be some adverse impact on sales in the current year.

The majority of Nufarm's sales fall into the second half, and Nufarm Managing Director and CEO Greg Hunt said that whilst the challenging climatic conditions have impacted the group's sales in major regions during the key pre-plant period, the underlying business remains strong and is better positioned to withstand adverse seasonal conditions due to the transformation program the company has undertaken over the past three years. "We will continue to manage the things that we can control, and remain confident we will deliver growth more than the global crop protection market", he said.

The delayed season will also have an impact on the phasing of net working capital, and will result in a higher level of net working capital at 31 July as compared to the previous year. However, the expectation is for the average net working capital to sales to remain well controlled in the 37 to 38% range.

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Further information: Mark Keating
General Manager, Investor Relations
mark.keating@nufarm.com
☎ (61 3) 9282 1004

Megan Fletcher
Group Executive, Corporate Affairs
megan.fletcher@nufarm.com
☎ (61 3) 9282 1218