

Nufarm Limited

Explanatory Memorandum and
Notice of Annual General Meeting 2019



Grow a better tomorrow

Important information

Notice

This document, which includes the Explanatory Memorandum and Notice of AGM, is an important document. You should read it in its entirety before deciding on how to vote on each Resolution. If you have queries or uncertainties, you should consult your investment, financial or other professional adviser.

Disclaimer

General

This document has been prepared by Nufarm Limited. The information contained in this document is for informational purposes only. The information contained in this document is not investment or financial product advice and is not intended to be used on the basis for making an investment decision.

Forward looking statements

This document contains certain statements that relate to the future of Nufarm. These statements are made at the time of the document. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this document. To the maximum extent permitted by law, none of Nufarm, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault and negligence, for any loss arising from the use of the information contained in this document.

The document includes certain forecasts, prospects or returns and other forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance, or achievements could be significantly different from those expressed in, or implied by, these forecasts, prospects or returns, and other forward-looking statements. Such forecasts, prospects or returns, and other forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Nufarm, which may cause actual results to differ materially from those expressed in the statements contained in the document. Accordingly, no representation or warranty, express or implied, is given to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns, or other forward-looking statements contained in the document.

Non-IFRS information

Nufarm results are reported under International Financial Reporting Standards ("IFRS") including Underlying EBIT and Underlying EBITDA which are used to measure segment performance. The document also includes certain non-IFRS measures including Underlying net profit after tax and Gross profit margin. These measures are used internally by management to assess the performance of the Company, make decisions on the allocations of resources and assess operational management. Non-IFRS measures have not been subject to audit or review. Certain figures may be subject to rounding differences. All market share information in this document is based on management estimates based on internally available information unless otherwise indicated. All amounts are in Australian dollars unless otherwise stated.

Rounding

Note that numbers in this document may not add due to rounding.

Responsibility Statement

Except as outlined below, the information contained in this document has been prepared by Nufarm and is the sole responsibility of Nufarm.

PwC has prepared the Independent Expert's Report and takes responsibility for that report. Neither Nufarm, nor any of its directors, employees or agents, nor any other person assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report. Shareholders should read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

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Agenda

Thursday, 5 December 2019

9.30 am Registration opens

Tea and coffee available

10.00 am Annual General Meeting commences

Welcome to Shareholders – Chairman

Review of 2019 – Chief Executive Officer

Consideration of items of business

Item 1: Financial Reports and Statements

Item 2: Remuneration Report

Item 3: Re-election of Directors

Item 4: Amendment to Constitution

Item 5: Sale of Nufarm South America and acquisition of the Preference Securities

Please join the Chairman, the Directors and representatives of the senior management team for refreshments after the Annual General Meeting.

For further details on the location of the meeting, please refer to page 35.

Chairman's Letter

1 November 2019

Dear fellow Shareholder,

I am pleased to invite you to the 2019 Annual General Meeting of Nufarm Limited. The meeting will be held on Thursday, 5 December 2019 at the Bayside Rooms 5 and 6 of the RACV Club, Level 2, 501 Bourke Street, Melbourne, starting at 10.00 am (AEDT).

The AGM is an important part of our governance program and provides an opportunity for you to speak with your Directors and senior management team, ask questions and vote on the items of business, which are explained in the Notice of AGM.

Remuneration

The Nufarm leadership team is accountable for the execution of the Company's strategy and delivery of financial plans. While progress was made against a number of strategic priorities, financial performance did not meet our expectations and short-term incentive payments have not been awarded to the CEO and most of the key management personnel. In addition, no amounts were vested under the long-term incentive award scheme and the CEO and key management personnel have elected to forfeit an increase to fixed annual remuneration for 2020 as a demonstration of their commitment to improving earnings. Directors have also chosen not to increase fees in 2020.

Board renewal and succession planning

Toshikazu Takasaki will stand for re-election at this year's meeting. Mr Takasaki is a non-independent Director representing the interests of major Shareholder Sumitomo. Each of your Directors (other than Mr Takasaki) unanimously recommend Shareholders vote in favour of his re-election.

I will also stand for re-election, marking my 17th year on the Board, and tenth year as your chairman. It has been an honour to serve Shareholders through a long period of transformation for Nufarm. If re-elected, it is my intention to oversee a transition to a new chairman and retire from the Board prior to completion of the full term of re-election. I look forward to the opportunity to continue to represent your interests until that transition is complete.

Sale of Nufarm South America and acquisition of the Preference Securities

On 30 September 2019, we announced our intention to sell Nufarm's South American businesses to Sumitomo for A\$1,188 million on a cash-free, debt-free basis (subject to customary net working capital adjustments on Completion of the Transaction). As part of the Transaction, we will acquire the Preference Securities issued to Sumitomo in July 2019.

Your Board believes this Transaction provides compelling upfront value for Shareholders and will create a stronger business, allowing resources to be refocused on regions and businesses where we can generate higher margins and stronger cash flows. As Sumitomo is also a major Shareholder of Nufarm shareholder approval is required under Listing Rule 10.1 of the ASX Listing Rules as a condition of the Transaction. The requirement of Shareholder approval requires an independent expert to opine on whether the Transaction is fair and reasonable to Shareholders.

In the absence of a Superior Proposal, each of your Directors (other than Mr Takasaki who is excluded from voting) intends to vote all of the shares they hold or control in favour of the Transaction and unanimously recommend that you also vote in favour. Further information on the Transaction is provided in the Explanatory Memorandum included in the Notice of AGM.

Independent Expert

PwC, as the Independent Expert, has determined that the Transaction is fair and reasonable to non-associated Shareholders.

Nufarm Shareholders are encouraged to read the Independent Expert's Report in full. A copy is attached to the Notice of Meeting and Explanatory Memorandum in Annexure B.

Board Recommendation

The Board considers that the Resolutions for items 1 to 5¹ are in the best interests of Shareholders and Nufarm as a whole, and recommends that you vote in favour of all items.

I encourage you to actively participate in the future of your company by voting. Thank you for your continued support for Nufarm, and I look forward to meeting with those of you who can join us at the AGM.

Yours Sincerely,



Donald McGauchie, AO
Chairman

1. The Board recommends that Shareholders vote in favour of resolution 5, in the absence of a Superior Proposal. Further, in relation to resolution 5, the recommendation is by the Board other than Mr Takasaki who is excluded from voting.

Explanatory Memorandum

Overview

What is the purpose of this document?

The Explanatory Memorandum accompanies and forms part of the Notice of AGM of Nufarm. The Explanatory Memorandum contains information relevant to the business referred to in the Notice of AGM, including information to assist Shareholders to consider and, if thought fit, to approve the sale of Nufarm South America to Sumitomo for A\$1,188 million.

All capitalised terms used in the Explanatory Memorandum have the meanings set out in the Glossary of Terms located at page 27.

What steps should Shareholders take?

Step 1: Carefully read the Explanatory Memorandum prior to the AGM.

Shareholders should read and carefully consider the information in:

- the Explanatory Memorandum, including the summary of the benefits and risks of the Transaction;
- the Notice of AGM (annexed as Annexure A); and
- the Independent Expert's Report (annexed as Annexure B).

Step 2: Vote on the Resolutions

As a Shareholder, your vote enables you to play a role in the future of Nufarm. It is your right to vote on whether the Resolutions should be approved, including the Resolution considering whether the sale of Nufarm South America to Sumitomo for A\$1,188 million should proceed.

Shareholders can vote either at the AGM or via a proxy. Details on how to vote are set out in the Notice of AGM.

Directors recommendation

The Board, excluding the Excluded Director (Toshikazu Takasaki²), having conducted a detailed assessment of the benefits and risks of the Transaction, unanimously recommends that Shareholders vote in favour of the Transaction, in the absence of a Superior Proposal.

Further information

Further details relating to each item in the Notice of AGM are set out below. However, if you have any questions, please contact Nerida Mossop on +61 3 9282 1088 Monday to Friday between 8.30am and 5.30pm (Melbourne time), or consult with your financial, legal, taxation or other professional adviser.

2. Mr Takasaki is Sumitomo's representative on the Nufarm Board.

Key dates and times

Event	Date
Date of this document	1 November 2019
Last time and date on which Proxy Forms for the Annual General Meeting must be received	10.00 am AEDT on Tuesday, 3 December 2019
Nufarm Annual General Meeting, to be held at the RACV Club, Level 2, 501 Bourke Street, Melbourne	Thursday, 5 December 2019 at 10.00 am AEDT
Indicative Transaction Completion date if Transaction Resolution passed and other conditions precedent being satisfied	31 December 2019

This timetable is indicative only and subject to change. The Transaction timetable is dependent upon obtaining the necessary competition approvals and the satisfaction of all conditions precedent under the Share Sale and Purchase Agreement entered into between the Company, Sumitomo, the Sumitomo Purchasers and the Nufarm Sellers on 30 September 2019 in relation to the Transaction ("**SPA**"), noting that while parties intend for all conditions precedent to be satisfied by 31 December 2019 this may be delayed. The parties have until 30 June 2020 to satisfy all conditions precedent.

Business

(a) Item 1: Financial Reports and Statements

The Financial Report, Directors' Report and Auditor's Report of the Nufarm Group, prepared on a consolidated single entity basis for the most recent financial year, will be laid before the AGM as required by the Corporations Act. This item does not require a Shareholder vote.

The Chairman will give Shareholders the opportunity to ask questions and make comments on the financial statements and reports and to ask the Auditor questions relevant to the Auditor's Report, the conduct of the audit, accounting policies adopted by the Company, and the independence of the Auditor. Shareholders are entitled to submit questions relevant to the content of the Auditor's Report or the conduct of the audit, in writing, to the Company up to five business days prior to the AGM, being Thursday 28 November 2019. The Company will pass on any questions received to the Auditor prior to the AGM. The Auditor is not obliged to provide written responses to questions that are put to it by Shareholders.

The Financial Report, Directors' Report and Auditor's Report are available from the Company's website at www.nufarm.com/financial-reports.

(b) Item 2: Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out on pages 29 to 52 of the Company's 2019 Annual Report and details the Company's remuneration policy and its relationship to the Nufarm Group's performance.

In accordance with section 250R of the Corporations Act, the vote on this Resolution is advisory only and is not binding on the Board. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration practices and policies.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

The Chairman intends to vote all available proxies in favour of this Resolution.

As stated in the Notice of AGM, a voting exclusion applies to this Resolution.

Explanatory Memorandum (continued)

(c) Item 3: Re-election of Directors

Each re-election is a separate Resolution.

Item 3(a): the re-election of Mr Donald McGauchie AO

Donald McGauchie AO joined the Board in 2003 and was appointed chairman on 13 July 2010.

He has wide commercial experience within the agricultural, food processing, commodity trading, finance and telecommunication sectors. He also has extensive public policy experience, having previously held several high-level advisory positions to the government including the Prime Minister's Supermarket to Asia Council, the Foreign Affairs Council and the Trade Policy Advisory Council. He is a former member of the board of the Reserve Bank of Australia.

Donald is chairman of Australian Agricultural Company Limited and a director of GrainCorp Limited. Donald has been a director of James Hardie Industries plc.

As noted above, Donald has been a non-executive Director since 2003 and has been Chairman since 2010. The Board recognises that length of tenure is an important factor in assessing a non-executive Director's independence. After reflecting on Donald's tenure, the Board assessed Donald as independent on the basis that he continues to test and challenge senior management constructively and always provides independent judgement on matters presented for Board decisions.

Donald has indicated that, if re-elected, he does not intend to serve a full term on the Board and plans to retire from the Board once there has been a transition to a new Chairman.

Donald is chairman of the nomination and governance committee and a member of the human resources committee.

Item 3(b): the re-election of Mr Toshikazu Takasaki, BBus (Admin)

Toshikazu Takasaki joined the Board in 2012 and represents the interests of significant Shareholder Sumitomo. The Board considers Toshikazu to be a non-independent, non-executive Director.

He has a bachelor of Business Administration from the University of Tokyo and is a former executive of Sumitomo holding senior management positions in businesses relating to crop protection, both within Japan and in the US. He is now a business consultant with a national qualification registered by the Japanese Ministry of Economy, Trade and Industry as a small and medium sized Enterprise Consultant.

He brings broad industry and international experience to the Board.

Toshikazu is a member of the health, safety and environment committee.

Directors' Recommendation

The Board, with each of Mr McGauchie and Mr Takasaki abstaining in relation to his own re-election, unanimously supports and recommends the re-election of Mr McGauchie and the re-election of Mr Takasaki.

The Chairman intends to vote all available proxies in favour of these Resolutions.

(d) Item 4: Amendment to Constitution – Proportional Takeover Approval Provisions

The Company's Constitution currently contains provisions dealing with proportional takeover bids for the Company's shares in accordance with the Corporations Act. The provisions, which are contained in clauses 13.7A and 13.7B of the Constitution, are designed to assist Shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company.

Under the Corporations Act, these provisions must be re-inserted every 3 years or they will cease to have effect. The current provisions will automatically cease to have effect after 1 December 2019. If approved by special resolution of Shareholders at the AGM, the proportional takeover provisions will be re-inserted in exactly the same terms and will have effect for a further 3 years from the date of the AGM.

A copy of the Company's current constitution is available on the Company's website at <https://nufarm.com/investor-centre/corporategovernance/>

Statement under the Corporations Act

The Corporations Act requires that the following information be provided to Shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

Effect

A proportional takeover bid is one where an offer is made to each Shareholder for a proportion of that Shareholder's shares, and not for the Shareholder's entire shareholding.

The current provisions in the Company's Constitution state that, in the event of a proportional takeover bid being made, the directors must hold a meeting of the Shareholders entitled to vote for the purpose of considering and, if thought fit, passing a resolution to approve the proportional takeover bid.

A resolution approving the bid must be passed before the 14th day before the last day of the bid period. The resolution will be passed if more than 50 per cent of votes are cast in favour of the approval. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class shares is entitled to vote, except that the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers will be registered if they comply with the Corporations Act and the Company's Constitution.

The Directors will breach the Corporations Act if they fail to ensure the resolution is voted on. If no resolution is voted on by the deadline, the bid is taken to have been approved. The proportional takeover provisions do not apply to full takeover bids and only apply for 3 years after approval. The provisions may be renewed or re-inserted, but only by a special resolution.

Reasons for proposing the Resolutions

A proportional takeover bid may enable control of the Company to pass without Shareholders having the opportunity to sell all of their shares to the bidder. Shareholders may therefore be exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for their shares.

The proportional takeover provisions decrease this risk because they allow Shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

Review of Proportional Takeover Provisions

While proportional takeover provisions have been in effect under the Company's Constitution, no takeover bids for the Company have been made, either proportional or otherwise.

Accordingly, there are no actual examples against which to assess the advantages or disadvantages of the existing proportional takeover provisions (that is, clause 13.7A of the existing Constitution) for the Directors and Shareholders of the Company. The Directors are not aware of any potential takeover bid that was discouraged by clause 13.7A.

Potential Advantages and Disadvantages

The Directors of the Company consider that the proposed re-insertion of the proportional takeover provisions has no potential advantages or disadvantages for Directors. They remain free to make a recommendation on whether a proportional takeover bid should be accepted.

The potential **advantages** of the proportional takeover provisions for Shareholders of the Company are:

- Shareholders have the right to decide by majority vote whether a proportional takeover bid should proceed;
- the provisions may assist Shareholders to avoid being locked in as a minority;
- the bargaining power of Shareholders is increased and this may assist in ensuring that any proportional bid is adequately priced; and
- knowing the view of the majority of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that offer.

Explanatory Memorandum (continued)

The potential **disadvantages** for Shareholders of the Company include:

- proportional takeover bids for shares in the Company may be discouraged;
- Shareholders may lose an opportunity of selling some of their shares at a premium; and
- the chance of a proportional takeover bid being successful may be reduced.

The Directors consider that the potential advantages for Shareholders of the proportional takeover approval provisions outweigh the potential disadvantages. In particular, Shareholders as a whole are able to decide whether or not a proportional takeover bid should be allowed to proceed.

No Knowledge of Any Acquisition Proposals

At the date of the Notice of AGM, no Director of the Company is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of the re-insertion of the proportional takeover provisions in the Company's Constitution.

The Chairman intends to vote all available proxies in favour of this Resolution.

(e) Item 5: The Transaction

Background

On 30 September 2019, the Company announced that it had entered into an agreement to sell Nufarm South America to Sumitomo for A\$1,188 million cash (on a cash-free, debt-free basis and subject to customary net working capital adjustments on completion) ("**the Sale**").

The gross proceeds received represent a multiple of c.10x FY19 Underlying EBITDA³ and a multiple of c.12.3x FY19 Underlying EBITDA⁴ after adjusting for the net costs associated with working capital management and operational FX hedging.

The Company also announced that it had extended its existing commercial agreements with Sumitomo and that it will enter into new arrangements that will provide Nufarm with the opportunity to distribute formulated products containing two of Sumitomo's new proprietary fungicides in Germany, Poland and the United Kingdom. Further, Nufarm announced that on Completion it will acquire the Preference Securities from Sumitomo (the "**Acquisition**").

The Sale and the Acquisition are together the "**Transaction**" and are interdependent.

Sumitomo is one of Japan's leading chemical companies, offering a diverse range of products globally in the fields of petrochemicals, energy and functional materials, IT-related chemicals and materials, health and crop science products, and pharmaceuticals. Sumitomo is headquartered in Tokyo, Japan and is listed on the Tokyo Stock Exchange.

Sale Summary

Nufarm South America comprises Nufarm's crop protection and seed treatment operations in Brazil, Argentina, Colombia and Chile.

Under the Sale, Nufarm will retain its Nuseed operations in South America, as well as its crop protection and seed treatment operations in countries not listed above, for example Mexico.

3. FY19 Underlying EBITDA of c. A\$120 million.

4. FY19 Underlying EBITDA adjusted for the net costs associated with working capital management and operational FX hedging of c. A\$24 million.

Summary financials: Nufarm South America

A\$m; July y/e	FY17	FY18	FY19
Underlying sales	826	903	1,084
Underlying EBITDA	102	112	120
Net costs associated with working capital management and operational FX hedging	(13)	(23)	(24)
Underlying EBITDA – adjusted for the net costs associated with working capital management and operational FX hedging	89	89	96
Average net working capital	396	355	483

The actual proceeds received by the Company will be subject to the final levels of working capital as at Completion for Nufarm South America and other adjustments. Completion is targeted for 31 December 2019.

Acquisition Summary

As announced on 1 August 2019, on 31 July 2019 Sumitomo subscribed for the Preference Securities issued by Nufarm Investment Pty Limited for A\$97.5 million.

Nufarm has agreed to acquire the Preference Securities from Sumitomo at Completion.

Nufarm will acquire the Preference Securities for their face value of A\$97.5 million plus all undeclared distributions and other amounts accrued on the Preference Securities (in accordance with their terms) as at Completion.

The Transaction is unanimously recommended by the Nufarm Board (other than the Excluded Director)

The Directors (other than the Excluded Director) unanimously⁵ recommend that Shareholders vote in favour of the Transaction in the absence of a Superior Proposal.

In making this recommendation, the Board considered the benefits and risks of the Transaction, including the factors discussed in the Explanatory Memorandum. These include:

- the benefits of the Transaction; and
- the Independent Expert's Report (set out in Annexure B).

The Board considers the key benefits of the Transaction to include:

- delivery of upfront value to Shareholders;
- increased focus on regions and businesses where higher margins and stronger cash flows can be generated;
- simplified financing structure, reduced funding costs and lower FX exposure;
- strengthened balance sheet with leverage reduced from 3.0x to 0.7x (FY19 pro forma basis); and
- a strengthened relationship with Sumitomo.

The Board has also considered the risks of the Transaction. These include:

- the fact that the Transaction may not reach Completion, including the potential for delays, unexpected costs or other issues; and
- the potential for dis-synergies to arise from divesting Nufarm South America, as well as other potential risks.

In the absence of a Superior Proposal, your Directors (other than the Excluded Director) intend to vote all Nufarm Shares respectively held or controlled by them in favour of the Transaction.

The Chairman intends to vote all available proxies in favour of the Transaction.

5. Sumitomo's nominee Director, Toshikazu Takasaki, did not participate in this decision.

Explanatory Memorandum (continued)

Indicative Timetable for Transaction*

Action	Date
AGM and Shareholder approval	5 December 2019
Competition approvals and other conditions precedent	By 31 December 2019
Target Transaction close	Subject to competition approval and other conditions precedent being satisfied, 31 December 2019

* This timetable is indicative only and is subject to change. The Transaction timetable is dependent upon obtaining the necessary competition approvals and the satisfaction of all conditions precedent under the SPA, noting that while parties intend for all conditions precedent to be satisfied by 31 December 2019 this may be delayed. The parties have until 30 June 2020 to satisfy all conditions precedent.

Benefits of the Transaction

Realises compelling, up front value for Shareholders

The offer price of A\$1,188 million provides compelling upfront value for Shareholders, with the price representing a multiple of c.10x⁶ FY19 Underlying EBITDA and a multiple of c.12.3x⁷ FY19 Underlying EBITDA after adjusting for the net costs associated with working capital management and operational FX hedging.

Nufarm has built a strong distribution network and customer base in South America and this has been reflected in the growth and stabilisation of earnings over the past five years. However, the South American market has unique characteristics, including extended credit terms, higher funding costs and currency volatility that negatively impact cash generation.

The next phase of growth for Nufarm South America will require significant investment in working capital, which will further impact the Company's ability to generate strong cash returns for Shareholders. It is the view of the Board and management that the Transaction enables Shareholders to realise full value for this business upfront, which will confer additional benefits to the remaining businesses.

Refocuses Nufarm on regions and businesses where it can deliver higher margins and stronger cash flows

Following the Transaction, Nufarm will be an improved business, with a diversified earnings base, a simplified financing structure and a strong earnings outlook. The Transaction will refocus Nufarm on parts of the business where it can generate higher margins and stronger cash flows. The remaining business will comprise a diversified, global crop protection business and a fast growing, proprietary seed technology business.

The crop protection business will focus on the major agricultural markets of Europe, North America and Asia Pacific with a balanced portfolio of herbicide, insecticide and fungicide products to address growers' needs across the crop lifecycle. The seed technology business has strong positions in its chosen markets and includes an attractive omega-3 canola commercialisation opportunity.

Simplifies Nufarm's financing structure and strengthens the balance sheet

Nufarm will have a stronger balance sheet and benefit from a simplified financing structure, reduced funding costs and lower levels of currency exposure.

Proceeds from the Sale will initially be used to repay debt, resulting in pro forma FY19 leverage (net debt/ Underlying EBITDA) falling from c.3.0x to 0.7x. Deleveraging will allow Nufarm to manage the inherent volatility of the crop protection industry, while also providing the Company with the flexibility to consider future capital management initiatives.

In the first full year following the Transaction, Nufarm expects financing costs to be reduced by c.A\$60-70 million (including FX hedging costs).

6. FY19 Underlying EBITDA of c. A\$120 million.

7. FY19 Underlying EBITDA adjusted for the net costs associated with working capital management and operational FX hedging of c. A\$24 million.

Strengthens Nufarm's relationship with Sumitomo

The Transaction will strengthen Nufarm's relationship with Sumitomo. The commercial agreements between Nufarm and Sumitomo provide Nufarm with access to an attractive portfolio of proprietary products which have been an important contributor to earnings growth over recent years.

The key commercial agreements have been renewed to 2025, with a mechanism to extend further, while Nufarm and Sumitomo's US turf and ornamental agreement was also recently renewed for five years.

A new agreement will be in place by Completion that confirms Nufarm as a preferred commercialisation partner for formulated products containing two of Sumitomo's new proprietary fungicides (Pavecto and Indiflin) in Germany, Poland and the United Kingdom.

The Independent Expert has concluded that the Transaction is fair and reasonable to non-associated Shareholders

PwC, as Independent Expert, assessed the fair market value of Nufarm South America (on a controlling interest basis) to be in the range of A\$1,071 million to A\$1,250 million. Given Sumitomo's offer price of A\$1,188 million is within PwC's fair market value range for Nufarm South America, PwC considers the Transaction to be fair.

Further, PwC considered the advantages, disadvantages as well as other pertinent considerations in their assessment of the Transaction. Following a consideration of these factors (as described in the Independent Expert's Report in Annexure B), PwC has determined that the advantages of the Transaction outweigh the potential disadvantages. Consequently, in the absence of a Superior Proposal, PwC considers that the Transaction is reasonable to non-associated Shareholders.

No Superior Proposal has emerged

As at the date of the Explanatory Memorandum, the Board has not received or become aware of any Superior Proposal. In general terms, a Superior Proposal is a proposal from a third party that would be likely to result in a transaction more favourable to Shareholders as a whole than the Transaction proposed throughout the Explanatory Memorandum.

Risks of the Transaction

Transaction may not reach Completion

Completion of the Transaction is subject to the satisfaction or waiver of a number of conditions precedent, including Nufarm Shareholder approval under ASX Listing Rule 10.1, and competition approval by the relevant South American regulatory bodies. Nufarm and/or Sumitomo are in the process of seeking the approvals and consents necessary to satisfy the conditions.

If Shareholders do not approve the Transaction, or any of the other conditions precedent are not satisfied or waived, the Transaction will not proceed.

If the Transaction does not proceed, Nufarm would need to review all remaining strategic options available to Nufarm. Nufarm may need to consider other strategies to strengthen its balance sheet as well as the long term viability of Nufarm South America as part of the broader Nufarm Group.

Potential dis-synergies from divesting Nufarm South America

Potential dis-synergies which may arise from the sale of Nufarm South America include:

- Adverse impact on procurement
 - as part of the Transaction Nufarm and Sumitomo have entered into a Supply Agreement under which Nufarm will continue to procure and supply third party products (as well as Nufarm's products) to Nufarm South America for two years following Completion, with scope for this Agreement to be extended;
 - if the Supply Agreement is not extended, the scale of Nufarm's procurement activities will be diminished two years following Completion, which could impact Nufarm's ability to secure equivalent commercial terms from suppliers.

Explanatory Memorandum (continued)

- Impact of reduced distribution network on collaboration agreements
 - Nufarm has a range of collaboration agreements with industry participants and research and development organisations covering product distribution, development, manufacturing and sales; and
 - Further, Nufarm’s collaboration agreements with Sumitomo are significant and have been further extended as a result of the Transaction; but
 - Nufarm may become a less attractive partner for future collaboration agreements with other industry participants given the restriction on Nufarm’s ability to distribute into South America as a result of the non-compete provision in the SPA.
- Impact on group corporate costs
 - Nufarm previously allocated group corporate costs incurred outside of the South American businesses to South America; and
 - To the extent that Nufarm is unable to reduce corporate costs, these will be allocated across a smaller earnings base and be retained in the Company.

Other potential risks/impacts of the Transaction

Other potential risks and impacts associated with the Transaction are as follows:

- Nufarm expects to pay Transaction costs of approximately A\$25 million and Transaction related tax of A\$135 million⁸. Nufarm’s earnings will be more concentrated on fewer geographic regions, reducing diversification and sales in the first half of each future financial year. This in turn, may exacerbate the imbalance between first half and second half sales and profitability.
- As part of the Transaction, Nufarm is restrained for three years from engaging in any activity which is the same as or similar to any activity engaged in by the South American Businesses sold to Sumitomo. As a result, material medium growth opportunities in Brazil, Colombia, Argentina and Chile, will be foregone by Nufarm;
- As is customary for transactions of this nature, Nufarm is providing certain warranties and indemnities (including specific indemnities) under the SPA. There may be claims under those warranties and indemnities which will not be covered by the warranty and indemnity insurance obtained by Sumitomo and may result in further amounts payable by Nufarm in connection with the Transaction. In particular, Nufarm is providing indemnities relating to ongoing Brazilian tax litigation. Under the arrangements the parties will share in the risk associated with the ongoing litigation, the details of which are set out in Note 34 to the consolidated financial statements of Nufarm included in the Company’s 2019 Annual Report.

Key Transaction Documents

Nufarm and Sumitomo have entered into a two-year Supply Agreement and a Transitional Services Agreement under which Nufarm will provide procurement services, information technology services and continued supply of certain products to Nufarm South America. Products supplied by Nufarm under the Supply Agreement to Sumitomo will be supplied at Nufarm’s cost. Under the Transitional Services Agreement, the price payable for procurement services is equal to Nufarm’s costs and the price payable for the information technology services is equal to third party expenses incurred by Nufarm in connection with such services.

The existing master agreements between Nufarm and Sumitomo for product development and commercialisation have been amended and extended to 2025, with a mechanism to further extend the term. In addition, a new agreement will be in place by Completion which confirms Nufarm as a preferred commercialisation partner for formulated products containing two of Sumitomo’s new proprietary fungicides Pavecto and Indiflin in Germany, Poland and the United Kingdom.

The SPA outlined below governs the main terms of the Transaction.

8. The final amount of tax payable is dependent upon the net debt position at Completion and exchange rate movements.

Key Terms of the Transaction

The Company, Sumitomo, the Sumitomo Purchasers and the Nufarm Sellers entered into a Share Sale and Purchase Agreement on 30 September 2019 ("**SPA**") which governs the terms of the Transaction. The key terms of the SPA are summarised below.

Sale Shares	All of the issued shares in Nufarm South America.
Purchase Price	A\$1,188m with a working capital and net debt adjustment at Completion.
Conditions Precedent	<ul style="list-style-type: none"> • Competition approvals. • All other regulatory and government agency approvals necessary to complete the Transaction. • The Independent Expert concludes in their report that the Transaction is fair and reasonable to the shareholders of Nufarm. • The shareholders of Nufarm have passed all shareholder resolutions relating to the Transaction that are required by the ASX and under the <i>Corporations Act 2001</i> (Cth). • There has been no Material Adverse Change event. Material Adverse Change is defined in summary, as: <ul style="list-style-type: none"> – a change which has or is reasonably expected to have the effect of: <ul style="list-style-type: none"> » a reduction of 15% or more of assets; or » a reduction of 25% or more of revenues (a "Material Adverse Effect"); or – the removal or suspension of Product Registration (as defined in the SPA) that would have a Material Adverse Effect; – the termination of any one of more of the Key Material Contracts (as defined in the SPA) that would have a Material Adverse Effect; or – destruction of all or a substantial part of Nufarm Maracanaú manufacturing facilities. • Completion of Nufarm's pre-completion corporate restructure, which includes a transfer of relevant Intellectual Property from the South American Business to Nufarm and finalisation of licensing agreements. • Nufarm lender consents. • Removal of certain specified encumbrances and other pledges.

Explanatory Memorandum (continued)

Exclusivity

An extract of the exclusivity clause from the SPA is below, including relevant definitions:

Definitions

- (1) **Competing Proposal** means any bona fide written expression of interest, proposal, offer by any third party that is not a LATAM Proposal and that involves:
 - (a) a Control Transaction in respect of Nufarm; or
 - (b) a sale or purchase of all or substantially all of Nufarm's business and assets;
- (2) **Control Transaction** means in relation to any entity, any transaction that, if completed substantially in accordance with its terms, would result in a person other than the Purchaser and its associates (as defined in section 12 of the Corporations Act) acquiring a Relevant Interest in 50 per cent or more of the fully paid ordinary shares in the capital of Nufarm;
- (3) **LATAM Proposal** means any bona fide written proposal or offer by a third party in relation to a transaction that:
 - (a) is the same or substantially the same as the Transaction; or
 - (b) would have the same or substantially the same economic effect as the Transaction;
- (4) **Exclusivity Period** means the period commencing on the date of this Agreement and, unless otherwise agreed by the parties in writing, ending on the last to occur of:
 - (a) the date of termination of this Agreement in accordance with the terms of this Agreement; and
 - (b) Completion.

Exclusivity

26.1 Existing discussion

Nufarm represents and warrants that, as at the date of this Agreement, it is not engaged in any discussions or negotiations with any person about a Competing Proposal or LATAM Proposal nor has it received any approach, inquiry or expression of interest which would reasonably be expected to lead to a Competing Proposal or a LATAM Proposal.

Exclusivity continued

26.2 No solicit

Subject to clause 26.4, during the Exclusivity Period, Nufarm shall not, and shall ensure that the Sellers, and each of Nufarm's and the Sellers' Personnel do not, directly or indirectly:

- (1) solicit, invite, encourage or initiate any enquiries, negotiations or discussions with any person in relation to a LATAM Proposal or Competing Proposal which could reasonably be expected to lead to a LATAM Proposal or Competing Proposal being made, enquired about, negotiated or discussed; or
- (2) communicate any intention to do any of the things referred to in clause 26.2(1);
- (3) approve, recommend, continue or participate in negotiations or discussions with any person regarding, or that could reasonably be expected to lead to, a LATAM Proposal or Competing Proposal being made, enquired about, negotiated or discussed, even if:
 - (a) those negotiations or discussions were not directly or indirectly encouraged, solicited, invited or initiated by a member of the Seller Group or any of its Personnel; or
 - (b) that person has publicly announced their LATAM Proposal or Competing Proposal;
- (4) enter into any agreement, arrangement or understanding of any kind (whether written or verbal, binding or non-binding, express or implied or enforceable or unenforceable) in relation to or otherwise in connection with a LATAM Proposal or Competing Proposal (whether or not a LATAM Proposal or Competing Proposal (as the case may be) has actually been made);
- (5) communicate to any person any intention to do any of the things referred to in clauses (2) and (4); or
- (6) make available to any other person or permit any other person to receive any non-public information relating to the Seller Group or any of its businesses, assets or operations, in connection with a LATAM Proposal or Competing Proposal or otherwise assist any person to formulate, develop or finalise, or assist in the formulation, development or finalisation of, a LATAM Proposal or Competing Proposal.

26.3 Notification of Superior Proposal

During the Exclusivity Period, Nufarm shall promptly (and in any case, within 24 hours) notify the Purchasers in writing if any member of the Seller Group or any of its Personnel receives a Superior Proposal. A notice given under this clause need only notify the Purchasers that a Superior Proposal has been received and whether it is a LATAM Proposal or a Competing Proposal, provided that the Board certifies in writing that it has received advice from its legal and financial advisors that the criteria for a Superior Proposal are satisfied.

26.4 Cessation of non-solicit

With effect on and from notification by Nufarm (in relation to a Superior Proposal), the obligations of Nufarm, the Sellers and the Sellers' Personnel cease to have any force or effect in relation to dealings with the counterparty to the notified Superior Proposal and its representatives but only to the extent such dealings relate directly to the advancement of the Superior Proposal.

Explanatory Memorandum (continued)

<p>Exclusivity continued</p>	<p>26.5 Matching Right</p> <p>(1) The Nufarm Board may only approve entry into binding documentation in respect of a Superior Proposal that is a LATAM Proposal if such approval is given subject to first complying with the matching right provisions set out in this clause.</p> <p>(2) Without limiting Nufarm’s obligations, if the Nufarm Board proposes to resolve to enter into binding transaction documents relating to, or proposes to recommend that shareholders vote in favour of, the Superior Proposal that is a LATAM Proposal notified by Nufarm (“Rival Transaction”) subject to this clause, Nufarm shall give the Purchasers written notice (“Relevant Notice”).</p> <p>(3) A Relevant Notice shall include all the material terms and conditions (including price) of the Rival Transaction.</p> <p>(4) The Purchasers shall have the right, but not the obligation, at any time during the period of 5 Business Days after receipt of a Relevant Notice (“Matching Right Period”), to amend the terms of the Transaction (including by increasing the amount of consideration under, or changing the structure of, the Transaction) (“Counter Proposal”).</p> <p>(5) If the Purchasers elect to provide a Counter Proposal under clause 26.5(4), the Directors shall review the Counter Proposal in good faith.</p> <p>(6) Where a majority of the Directors (excluding the Excluded Directors) determine that the Counter Proposal would be more favourable to Nufarm’s shareholders than the Rival Transaction:</p> <p>(a) Nufarm must immediately notify the Purchasers of this;</p> <p>(b) the parties must use their best endeavours to, as soon as practicable, enter into the necessary documentation to give effect to the Counter Proposal; and</p> <p>(c) Nufarm must:</p> <p>(i) ensure that each of the Directors recommends the Counter Proposal to Nufarm’s shareholders and does not recommend the Rival Transaction;</p> <p>(ii) not enter into any agreement, arrangement or understanding that progresses the Rival Transaction; and</p> <p>(iii) continue to comply with its obligations under this Agreement.</p> <p>(7) During the Matching Right Period, Nufarm must:</p> <p>(a) procure that no Director (excluding the Excluded Director) changes his or her recommendation of the Transaction or (except to the extent the Director bona fide and reasonably considers the change is required by that Director’s fiduciary duties) makes any public statement to the effect that he or she proposes to do so upon expiration of the Matching Right Period; and</p> <p>(b) not enter into any agreement in relation to the Rival Transaction.</p>
<p>Shareholder Approval</p>	<p>Nufarm is required to put shareholders resolutions to approve the Transaction at its AGM. Nufarm has the right to delay putting the resolutions to shareholders at the AGM if it receives a Superior Proposal prior to that time, but Nufarm would then be required to make its decision within 45 Business Days, and, if necessary call a further meeting as soon as practicable thereafter.</p>
<p>Interim Period</p>	<p>Nufarm is required to run the South American Business in the ordinary course with specified restrictions on making material business decisions without prior Sumitomo consent.</p>

<p>Specific Indemnities</p>	<p>Nufarm has agreed to provide specific indemnities for:</p> <ul style="list-style-type: none"> • the pre-completion restructure; • release of inter-company agreements; • certain environmental litigation and proceedings; • any contamination at the Colombia property; and • ongoing tax litigation in Brazil, the details of which are contained in Note 34 to the consolidated financial statements of Nufarm included in the Company's 2019 Annual Report. Under the arrangements the parties will share in the risk associated with the ongoing litigation and there is an agreed process for the management of the claims after Completion.
<p>Restraint</p>	<p>Nufarm is restrained for three years from engaging in any activity which is the same as or similar to, any activity engaged in by the South American Businesses ("Restrained Business") within the restraint area of Brazil, Argentina, Chile and Colombia ("Target Jurisdictions").</p> <p>Nufarm has undertaken that it will not, and will not procure its associates to:</p> <ul style="list-style-type: none"> • operate, participate in, or promote a Restrained Business in any capacity or manner; • make any application to register potential future Agricultural Chemicals (as defined in the SPA) or the creation or development of data for Agricultural Chemicals within the Target Jurisdictions; • have any kind of interest in or with the Restrained Business; • provide any goods or services to any customer of the South American businesses; • solicit, seek or gain the custom of any person who was or is a customer of the South American business within the past 24 months; • approach a contractor or supplier of the South American Business to encourage them to cease providing goods or services; • represent itself as being connected in any way with the South American business; • use a logo, mark or name that is substantially the same or deceptively similar to any intellectual property rights owned by the South American businesses except to the extent that it is necessary to perform its obligations, or if it is a Nufarm global brand; • disclose the name of any customer of the South American businesses; • knowingly do anything that adversely affects the South American Business, or the goodwill; or • procure any person to do any of the above restrained acts. <p>Additionally, Nufarm is restrained from hiring any staff currently employed by the South American businesses.</p> <p>Nufarm is able to undertake future acquisitions where the business to be acquired operates in the Target Jurisdictions, provided that the portion of the acquired business in the Target Jurisdictions would account for less than 20 per cent of overall revenue of the acquired business.</p> <p>Under the restraint development activity in LATAM in relation to new global products is permitted, subject to a first right process for Sumitomo.</p> <p>The restraint no longer applies following completion of a Control Transaction.</p>

Explanatory Memorandum (continued)

Preference Securities	At Completion, Nufarm will acquire the Preference Securities from Sumitomo for A\$97.5 million plus any Undeclared Distributions, all declared but unpaid distributions and all other amounts accrued on the Preference Securities.
Break Fee & Reverse Break Fee	<p>Break Fee of one per cent of the enterprise value of the South American business payable by Nufarm for:</p> <ul style="list-style-type: none"> • Nufarm breach of obligations to pursue the satisfaction of the Conditions Precedent; • Nufarm commits a material breach of the Agreement; • a majority of Nufarm Directors changing their recommendation; or • Nufarm accepting a Superior Proposal <p>No break fee payable if the change of recommendation by Nufarm Directors results from the Independent Expert not reaching the conclusion that the Transaction is fair and reasonable (unless the reason for that failure is due to a Superior Proposal).</p> <p>Reverse Break Fee of one per cent of the enterprise value of the South American business payable by Sumitomo for:</p> <ul style="list-style-type: none"> • Sumitomo breaches its obligations to pursue satisfaction of conditions precedent; • any warranty from Sumitomo becomes untrue or incorrect in any material respect; or • Sumitomo commits a material breach of the Agreement.
Guarantee	<p>Sumitomo has guaranteed its subsidiaries' obligations.</p> <p>Nufarm has guaranteed its subsidiaries' obligations.</p>
Warranties and Indemnity	<p>Nufarm has agreed to provide a package of warranties and indemnities, with associated limitations, suitable for a transaction of this nature.</p> <p>Sumitomo has taken out a Warranty & Insurance policy with a coverage limit of approximately A\$155 million.</p>
Dispute Resolution	The governing law is Victoria and any disputes are to be determined in private arbitration in Singapore.

Nufarm following Completion of the Transaction

General

Following the Transaction, the Company will continue to be called Nufarm Limited and will continue to be headquartered in Melbourne.

Further, there will be no change to key management personnel as part of the Transaction. The Board composition will be determined following Nufarm's AGM in December 2019.

Use of proceeds

Nufarm will receive gross proceeds of A\$1,188 million cash (Nufarm South America to be sold on a cash-free, debt-free basis), subject to customary net working capital adjustments on Completion.

Following Completion of the Transaction, the proceeds of the Sale, net of the amount used to acquire the Preference Securities, will be used to:

- repay approximately A\$930 million of outstanding debt;
- pay approximately A\$135 million in tax arising from the Transaction⁹; and
- pay advisory and other transaction costs of approximately A\$25 million.¹⁰

Following the Transaction, Nufarm can consider future capital management alternatives.

Capital structure

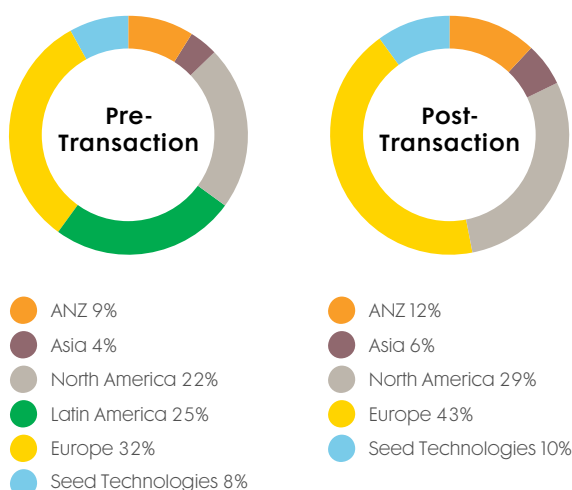
Proceeds from the Transaction will be initially used to reduce Nufarm debt. Nufarm will have a stronger balance sheet and simplified financing arrangements, including a net debt level that will allow Nufarm to manage the inherent volatility of the crop protection industry, while also providing the Company with the flexibility to consider future capital management initiatives.

Nufarm's Board and senior management will assess the appropriate capital structure of Nufarm going forward including the appropriate amount of leverage. It is likely that the Board and senior management will implement a conservative approach to leverage.

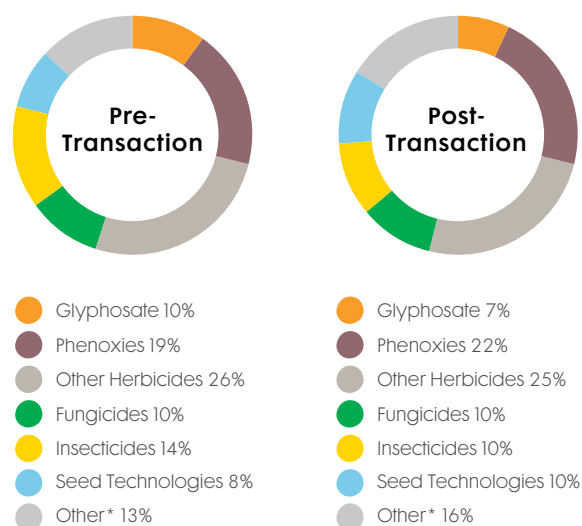
Strategic direction

Nufarm will maintain a diversified earnings base with exposure to major global agricultural markets. It will comprise a diversified global crop protection business and a fast growing, proprietary seed technology business with an attractive omega-3 canola commercialisation opportunity.

FY19 gross profit contribution by region



FY19 gross profit contribution by product



* Other includes croplands equipment, adjuvants, plant growth regulators and industrial products.

9. The final amount of tax payable is dependent upon the net debt position at Completion and exchange rate movements.

10. Estimated Transaction costs of A\$25 million have been adjusted to include costs associated with other initiatives that Nufarm had explored alongside the sale of Nufarm South America. These initiatives were focussed on strengthening Nufarm's balance sheet and are now no longer being pursued. Estimated transaction costs are subject to change based on movements in foreign exchange rates and additional work undertaken, not accounted for in the estimate.

Explanatory Memorandum (continued)

Crop Protection

The crop protection business develops and manufactures crop protection solutions including herbicides, insecticides and fungicides to address growers' needs across the crop lifecycle. Nufarm operates primarily in the off-patent market, providing customers with long-standing foundational products and unique formulations.

Following the Transaction, Nufarm will focus on five core crops across the major agricultural markets of Europe, North America and Asia Pacific. Nufarm's key crops are cereals, corn, soybeans, pasture, turf and ornamentals, and trees, nuts, vines and vegetables.

Nufarm has a growing market share in high-margin crop protection markets in Europe. The acquisition of new product portfolios in 2018 significantly expanded Nufarm's customer offering and the opportunity to be Sumitomo's preferred partner for the distribution of new formulated fungicide products containing Sumitomo's proprietary active ingredients, Pavecto and Indiflin in Germany, Poland and the UK will further enhance Nufarm's future European market position and earnings. Recent investments in technology systems and the strengthening of Nufarm's regional sales and management teams, combined with the transition of supply arrangements for recently acquired portfolios to Nufarm, are expected to support improved returns for Europe in the coming years.

Nufarm has a leading market position in the US turf and ornamental market and is increasing its share in other crop protection markets across the US and Canada. Nufarm's expansion is facilitated by a strong pipeline of new product development and its recent investment in a new formulation facility in Greenville, Mississippi, that will support growth into important cropping regions in the south-eastern US states.

The Asia Pacific business includes the Australian business in which Nufarm has a longstanding number one market position. This market provides significant earnings upside exposure when the industry recovers from the impact of two years of extreme drought conditions. Nufarm expects to generate additional benefits as the next phase of its performance improvement program are realised. In addition, Nufarm's Indonesian business is a strong base for the Company's Asian operations, which are increasingly diversified through growth into new countries and crops.

Seed Technologies

Nufarm's Seed Technologies business combines the Company's seed treatment portfolio with the Nuseed business. Seed treatment products provide protection and treatment for damage caused by insects, fungus and disease.

Nuseed is focused on plant-based solutions that deliver value BEYOND YIELD™. With customers in more than 30 countries, it is a fast growing, high margin seeds business with growing market positions in canola, sunflower and sorghum. Nuseed applies its leading molecular capability, global genetics and industry collaboration to develop unique plant output traits with consumer benefits, such as omega-3 canola. First sales of Nuseed's proprietary omega-3 canola product, Aquaterra, are on track for the 2020 financial year and this product is expected to contribute positively to earnings from the 2021 financial year.

The acquisition of the nematocide, Trunemco, in 2019 is expected to support sales and earnings growth in North America in coming years and Australian sales are expected to increase as weather conditions improve.

Sales of seed treatment products relating to the South American businesses will be transferred to Sumitomo as part of the Transaction.

Financials

Overview

This Section contains a summary of the Pro Forma historical financial information of Nufarm after the disposal of Nufarm South America (Nufarm Pro Forma historical financial information), which is comprised of the following:

- Pro Forma Nufarm historical income statement for the year ended 31 July 2019;
- Pro Forma Nufarm summary historical cash flow statement for the year ended 31 July 2019; and
- Pro Forma Nufarm historical consolidated balance sheet as at 31 July 2019.

References to Nufarm's Pro Forma historical financial information relate to Nufarm, excluding Nufarm South America on a consolidated basis.

All amounts disclosed in the tables are expressed in millions of Australian dollars and, unless otherwise noted, are rounded to the nearest million.

Basis of preparation

The Nufarm Pro Forma historical information has been prepared to assist Shareholders in understanding the impact of the disposal of Nufarm South America and the financial position and performance of Nufarm excluding Nufarm South America. The information addresses a hypothetical situation and therefore does not purport to reflect the actual financial performance and position that would have occurred had Nufarm operated without the contributions of Nufarm South America for the relevant period or Nufarm's future financial performance.

The Pro Forma historical Income Statement, Pro Forma historical Summary Cash Flow and Pro Forma historical Balance Sheet have been prepared as if the disposal of Nufarm South America occurred on 31 July 2019.

The basis of preparation applied in compiling the Nufarm Pro Forma Nufarm historical financial information is set out below:

- unless otherwise noted, the Nufarm Pro Forma Nufarm historical financial information has been prepared in accordance with the recognition and measurement principles described in AASBs, which comply with the recognition and measurement principles of IFRS and interpretations adopted by the International Accounting Standards Board. The accounting policies used in preparation of the Nufarm Pro Forma historical financial information are consistent with those set out in the Company's 2019 Annual Report;
- the Nufarm Pro Forma historical financial information is presented in an abbreviated form and does not contain all the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the Corporations Act; and
- the Nufarm Pro Forma historical financial information has been derived from Nufarm's financial reports for the year ended 31 July 2019 along with Nufarm's management information. Nufarm's financial reports for the year ended 31 July 2019 have been audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to Shareholders were unqualified.

Complete versions of Nufarm's financial reports for these periods are available from Nufarm's website, www.nufarm.com, or ASX's website, www.asx.com.au.

Explanatory Memorandum (continued)

Nufarm South America operated as part of Nufarm during the periods for which financial information is presented and therefore the Nufarm Pro Forma historical financial information does not purport to represent the actual financial performance and cash flows that would have occurred had Nufarm South America been a separate group during the periods presented, principally because:

- Nufarm South America did not operate independently of Nufarm during the periods for which financial information is presented;
- Nufarm Pro Forma historical financial information may not reflect the strategies or operations that Nufarm may have followed or undertaken had Nufarm South America operated as a separate group rather than as part of Nufarm; and
- Nufarm (after the disposal of Nufarm South America) may have been exposed to different financial and business risks had Nufarm South America operated as a separate group rather than as part of Nufarm.

The Nufarm Pro Forma historical Income Statement and Pro Forma historical Cash Flow Statement have been prepared on the basis that the disposal of Nufarm South America occurred on 31 July 2019. Both the Pro Forma historical Income Statement and Pro Forma historical Cash Flow Statement exclude the following:

- Sale Transaction costs to be incurred by Nufarm; and
- future interest savings anticipated as a result of the proceeds from the Sale being used to repay debt.

The Nufarm Pro Forma historical Balance Sheet has been prepared on the basis that the disposal was completed on 31 July 2019. Pro Forma adjustments have been made to reflect:

- the receipt of sale proceeds and pay down of external bank debt;
- the transfer of working capital as part of the Transaction;
- the elimination of the receivable associated with the Preference Securities; and
- Sale Transaction costs to be incurred by Nufarm.

The Pro Forma Nufarm (after the disposal of Nufarm South America) historical Balance Sheet does not represent the actual financial position of Nufarm at the time of the disposal, but represents an indication of the Pro Forma Nufarm historical consolidated Balance Sheet as at 31 July 2019 in the circumstances set out in this Section.

Income statement^{11,12}

A\$ million	Consolidated		
	31 July 2019	Less Nufarm South America	Unaudited Pro Forma Nufarm
Continuing operations			
Revenue	3,758	(1,084)	2,674
Cost of sales	(2,744)	817	(1,928)
Gross profit	1,013	(267)	746
Other income	10	(0)	10
Sales, marketing and distribution expenses	(561)	119	(442)
General and administrative expenses	(224)	29	(195)
Research and development expenses	(41)	6	(35)
Share of net profits/(losses) of equity accounted investees	0	–	0
Operating profit (EBIT)	198	(113)	85
Material items included in operating profit	51	–	51
Underlying EBIT	249	(113)	135
Depreciation and amortisation (excluding material items)	172	(7)	165
Underlying EBITDA	420	(120)	300
Financial income	10	(8)	3
Financial expenses excluding foreign exchange gains/(losses)	(117)	46	(71)
Net foreign exchange gains/(losses)	(10)	15	5
Net financial expenses	(127)	61	(66)
Net financing costs	(117)	53	(64)
Profit/(loss) before income tax	81	(60)	21
Underlying Profit/(loss) before income tax	132	(60)	72

11. It is assumed that Sale proceeds were received from Sumitomo on the 31 July 2019. Pro Forma Underlying Profit before Tax does not take into account future interest savings of approximately A\$10-20 million (including FX hedging costs), anticipated as a result of the proceeds from the Sale being used to repay debt. Interest savings (including FX hedging costs) of A\$53 million in FY19 (related to Nufarm South America) have already been accounted for in the pro forma adjustments above.
12. Estimated costs of A\$25 million and estimated tax payable of A\$135 million arising from this Transaction have been excluded from Pro Forma Underlying Profit before income tax above.

Explanatory Memorandum (continued)

Summary cash flow statement^{13,14}

A\$ million	31 July 2019	Consolidated	
		Less Nufarm South America	Unaudited Pro Forma for Nufarm
Underlying EBITDA	420	(120)	300
Change in working capital	(156)	13	(144)
Net interest paid	(103)	39	(64)
FX and other	19	13	32
Net operating cash flows, before capital expenditure and tax	180	(56)	125
Capital expenditure	(174)	7	(167)
Net operating cash flows, before financing activities and tax	6	(49)	(42)

13. It is assumed that Sale proceeds were received from Sumitomo on the 31 July 2019. The Pro Forma net operating cash flows, before financing activities and tax do not take into account future interest savings of approximately A\$10-20 million (including FX hedging costs), anticipated as a result of the proceeds from the Sale being used to repay debt. Interest savings (including FX hedging costs) of A\$52 million in FY19 (related to Nufarm South America) have already been accounted for in the pro forma adjustments above. Note that c. \$1 million of FX costs (captured under Net financing costs under the P&L) relate to financing cash flows and so are not presented in the above summary cash flow statement.
14. The cash flow outcomes for Nufarm South America are highly dependent upon working capital investments which can be influenced by off balance sheet transactions. Nufarm South America has carried an average net working capital balance of A\$483m during FY19, which is A\$87m higher than the amount carried in FY17 of A\$396m.

Balance sheet

A\$ million	Consolidated					
	Nufarm Group (31 July 2019)	Less Nufarm South America (before Pro Forma adjustments)	Use of proceeds (excluding Transaction costs) ¹⁵	Transaction costs ¹⁶	Other Pro Forma adjustments	Unaudited Pro Forma Nufarm
Assets						
Cash and cash equivalents	506		–			506
Trade and other receivables	1,379	(462)			176	1,093
Inventories	1,228	(249)				979
Current tax assets	36	(58)			45	23
Other investments	–					–
Preference Securities receivable ¹⁷	98	–			(98)	–
Total current assets	3,246	(725)	–	–	79	2,601
Non-current assets						
Trade and other receivables ¹⁸	102	(99)				3
Investments in equity accounted investees	2	–				2
Other investments	0	–				0
Deferred tax assets	213	(79)				134
Property, plant and equipment	394	(37)				357
Intangible assets	1,719	(140)				1,579
Total non-current assets	2,430	(355)	–	–	–	2,075
Total assets	5,677	(1,080)	–	–	79	4,676
Current liabilities						
Bank overdraft	–					–
Trade and other payables ¹⁸	1,221	(451)			176	947
Loans and borrowings	495		(623)	160		32
Current tax payable	19	(5)				14
Provisions (including current employee benefits)	36	(4)				33
Total current liabilities	1,772	(460)	(623)	160	176	1,026
Non-current liabilities						
Payables	11				–	11
Loans and borrowings	1,258		(565)	–		693
Deferred tax liabilities	126	(15)				110
Employee benefits	105	–				105
Total non-current liabilities	1,500	(15)	(565)	–	–	919
Total liabilities	3,272	(475)	(1,188)	160	176	1,945
Net assets¹⁹	2,405	(605)	1,188	(160)	(98)	2,731

15. Net proceeds exclude any undeclared distributions that may be payable to Sumitomo prior to the acquisition of the Preference Securities.

16. Transaction costs of A\$160 million include A\$135 million of estimated tax payable on the Transaction and A\$25 million of other estimated Transaction costs. Estimated Transaction costs of A\$25 million have been adjusted to include costs associated with other initiatives that Nufarm had explored alongside the sale of Nufarm South America. These initiatives were focussed on strengthening Nufarm's balance sheet and are now no longer being pursued. These amounts are subject to change based on movements in foreign exchange rates and additional work undertaken, not accounted for in the estimate.

17. Reflects the acquisition of the Preference Securities issued to Sumitomo and the elimination of the receivable (as it was recorded in the 31 July 2019 accounts).

18. Includes an adjustment to reflect that the Nufarm Group has entered into a Supply Agreement with Sumitomo. Following Completion, the Nufarm Group will hold external payables to suppliers that ultimately supply Sumitomo's new South American business and similarly, the Nufarm Group will also hold an external receivable from Nufarm South America.

19. As at 31 July 2019, Nufarm carried a foreign currency translation loss related to Nufarm South America of A\$377 million. This balance will be recalculated at the prevailing FX rate on Completion and will be taken into account when calculating the accounting profit or loss on the sale of Nufarm South America. At Completion, a number of corporate assets will also be assessed for impairment and included in the calculation of the accounting profit or loss on sale as required.

Explanatory Memorandum (continued)

Why Shareholder Approval is Required?

ASX Listing Rule 10.1 provides that a listed company must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, among others, a person who is a substantial holder in the listed company, if that person and their associates have a relevant interest or had a relevant interest at any time in the six months before the transaction, in at least ten per cent of the company's voting shares, without the approval of holders of the company's ordinary shares.

As at 30 September 2019, Sumitomo has a relevant interest in 15.88 per cent of Shares in the Company and as such the ten per cent relevant interest threshold referred to above is met.

Under ASX Listing Rule 10.2 an asset is a 'substantial asset' if its value, or the value of the consideration for it is, or in ASX's opinion is, five per cent or more than the equity interests of the company as set out in the latest accounts given to ASX under the ASX Listing Rules.

Based on the most recent accounts lodged with the ASX on 30 September 2019, the Company has equity interests of A\$2,061 million. Accordingly, an asset will be considered substantial if the value of the asset is at least five per cent of the Company's equity interests.

The value of the consideration payable by the Sumitomo Purchasers to the Nufarm Sellers for the Sale is AUD A\$1,188 million which represents 58 per cent of the Company's equity interests. As such, the disposal by the Nufarm Sellers to the Sumitomo Purchasers of Nufarm South America is considered a disposal of a substantial asset for the purposes of ASX Listing Rule 10.1.

The value of the consideration payable by Nufarm to Sumitomo for the Acquisition of the Preference Securities, of at least A\$97.5 million, represents just under five per cent of the Company's equity interests and is therefore close to being considered an acquisition of a substantial asset. Accordingly, this coupled with the Sale to the Sumitomo Purchasers gives rise to the requirement for Shareholder Approval.

In accordance with the ASX Listing Rules, a voting exclusion will apply in respect of Sumitomo. As noted in the Notice of AGM, the Company will disregard any votes cast in favour of the resolution by or on behalf of Sumitomo or an associate of Sumitomo.

Independent Expert's Report

Listing Rule 10.10.2 requires that the notice of meeting include an Independent Expert's Report that sets out whether the Transaction is fair and reasonable to Shareholders whose votes are not to be disregarded. The Company has retained PwC to provide the Independent Expert's Report on the Transaction.

The Independent Expert has formed the view that, having regard to the relevant ASIC Regulatory Guides, the Transaction is fair and reasonable to Shareholders whose votes are not to be disregarded.

A copy of the Independent Expert's Report is set out in Annexure B of the Explanatory Memorandum. In accordance with ASX Listing Rule 10.10A.3, a copy of the Independent Expert's Report is also available on the Company's website at www.nufarm.com/investor-centre/annual-general-meeting and if a Shareholder so requests, the Company will send an additional hard copy of the Independent Expert's Report free of charge to that Shareholder.

Glossary of Terms

Term	Definition
AASB	means Australian Accounting Standards Board.
Acquisition	means the acquisition by the Company of the Preference Securities from Sumitomo.
AEDT	means Australian Eastern Daylight Time.
AGM	means the annual general meeting of the Company to be held on Thursday, 5 December 2019 at 10.00 am AEDT.
ASX	means ASX Limited ACN 008 624 691.
Auditor	means the auditor of the Nufarm Group.
Auditor's Report	means the report of the Auditor regarding its audit of the Nufarm Group which accompanies the Notice of AGM.
Board	means the board of Directors of the Company.
Chairman	means the individual acting as chairman of the AGM.
Company or Nufarm	means Nufarm Limited ABN 37 091 323 312.
Completion	means completion of the Sale.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Directors' Report	means the report of the Directors, included on pages 25 to 28 of the Company's 2019 Annual Report.
Effective Time	means 7.00 pm AEDT on Tuesday, 3 December 2019.
Excluded Director	means Toshikazu Takasaki who is Sumitomo's representative on Nufarm's Board.
Explanatory Memorandum	means the information contained in this document that provide details of the business to be heard at the AGM.
Financial Report	means the financial report of the Nufarm Group for the year ending on 31 July 2019.
IFRS	means International Financial Reporting Standards.
Independent Expert or PwC	means PricewaterhouseCoopers Securities Ltd ABN 54 003 311 617.

Glossary of Terms (continued)

Term	Definition
Independent Expert's Report	means the report of the Independent Expert commissioned by the Directors and accompanying the Notice at Annexure B.
Key Management Personnel	has the meaning given to that term in the Financial Report.
Listing Rules	means the listing rules of the ASX, as amended from time to time.
Notice of AGM	means the notice of the AGM of the Company accompanying the Explanatory Memorandum at Annexure A (and the term " Notice " has the same meaning).
Nufarm Group	means the Company and its controlled entities.
Nufarm Sellers	means Nufarm Americas Inc, Medisup Securities Limited ACN 090 761 523, Nufarm Australia Limited ACN 004 377 780, Crop Care Australasia Pty Ltd ACN 061 362 347 and Agryl Holdings Limited ACN 005 968 178.
Nufarm South America	means the following entities: <ul style="list-style-type: none"> • Nufarm Colombia SA; • Nufarm Industria Quimica E Farmaceutica SA; • Nufarm SA; and • Nufarm Chile Limiteda, which conduct Nufarm's crop protection and seed treatment business in Brazil, Argentina, Colombia and Chile.
Ordinary Shares	means fully paid ordinary shares in the capital of the Company.
Preference Securities	means A\$97.5 million of preference securities issued by Nufarm Investment Pty Limited to Sumitomo on 31 July 2019.
Proxy Form	means the proxy form accompanying the Notice of AGM.
Remuneration Report	means the remuneration report of the Nufarm Group that forms part of the Directors' Report.
Resolution	means a resolution set out in the Notice of AGM.
Sale	means the sale of Nufarm South America to the Sumitomo Purchasers.
Shareholder	means a holder of one or more Ordinary Shares.
South American Business	means the business undertaken by Nufarm South America.

Term	Definition
SPA	means the Share Sale and Purchase Agreement entered into between the Company, Sumitomo, the Sumitomo Purchasers and the Nufarm Sellers on 30 September 2019 in relation to the Transaction.
Sumitomo	means Sumitomo Chemical Company Limited ARBN 007 509 999.
Sumitomo Purchasers	means Sumitomo Chemical Brazil CNPJ n 42.462.952/0001-77 and Sumitomo Chemical Chile S.A RUT 96 915 790-K.
Superior Proposal	means, in general terms, a proposal from a third party that would be likely to result in a transaction more favourable to Shareholders as a whole than the Transaction.
Transaction	means both the Acquisition and the Sale.
Transaction Resolution	means Resolution 5.
Underlying EBIT	means earnings before interest and tax excluding material one-off events.
Underlying EBITDA	means earnings before interest, tax, depreciation and amortisation excluding material one-off events.

Annexure A – Notice of AGM

Nufarm Limited Notice of Annual General Meeting

NOTICE IS GIVEN that the **103rd Annual General Meeting** of Shareholders of Nufarm Limited will be held in Victoria at the RACV Club, **Bayside Rooms 5 & 6**, Level 2, 501 Bourke Street, Melbourne on **Thursday, 5 December 2019** at **10.00 am** AEDT.

Ordinary Business

1. Financial Reports and Statements

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 July 2019.

2. Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That the Remuneration Report for the year ended 31 July 2019 be adopted.

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Re-election of Directors

To consider and, if thought fit, pass the following resolutions, each as separate ordinary resolutions:

- a) *that Mr Donald McGauchie AO, being eligible, be re-elected as a Director of the Company.*
- b) *that Mr Toshikasu Takasaki, being eligible, be re-elected as a Director of the Company.*

Special Business

4. Amendment to Constitution – Proportional Takeover Approval Provisions

To consider and, if thought fit, pass the following resolution as a special resolution:

That the proportional takeover provisions in the form of clauses 13.7A and 13.7B of the Constitution of the Company (as last approved by Shareholders) be re-inserted for a further period of three years with effect from the date of the AGM.

5. Sale of Nufarm South America and acquisition of the Preference Securities

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

For the purposes of ASX Listing Rule 10.1 and for all other purposes, approval is given for:

- (i) the disposal of Nufarm South America by way of a share sale to the Sumitomo Purchasers; and*
- (ii) the acquisition by the Company of 97.5 million Preference Securities from Sumitomo,*
on the terms described in the Explanatory Memorandum.

By Order of the Board



Fiona Smith

Company Secretary
1 November 2019

1. Defined Terms

Capitalised terms used in the Notice of AGM (including those used in the items set out in the Notice) have, unless otherwise defined, the same meanings as set out in the Explanatory Memorandum which are attached to, and form part of, the Notice.

2. Voting Exclusion – Item 2

The Company will disregard any votes cast on Item 2:

- by or on behalf of a person who is a member of the Company's Key Management Personnel ("**KMP**") named in the Remuneration Report for the year ended 31 July 2019 and their closely related parties (regardless of the capacity in which the vote is cast); or
- as proxy by a person who is a member of the KMP on the date of the AGM and their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- in accordance with the directions on the Proxy Form; or
- by the person chairing the AGM, in accordance with an express authorisation in the Proxy Form to exercise the proxy even though Item 2 is connected with the remuneration of the KMP.

3. Voting Exclusion – Item 5

The Company will disregard any votes cast on Item 5:

- by or on behalf of Sumitomo or the Sumitomo Purchasers; or
- by or on behalf of an associate of Sumitomo or the Sumitomo Purchasers.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- in accordance with the directions on the Proxy Form; or
- by the person chairing the AGM, in accordance with an express authorisation in the Proxy Form to exercise the proxy.

4. Shareholders Eligible to Vote

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the AGM will be taken to be the entitlement of that person shown in the register of members at **7.00 pm AEDT on Tuesday, 3 December 2019** ("**Effective Time**").

5. Proxies and Representatives

- (a) All Shareholders at the Effective Time who are entitled to attend and vote at the AGM may appoint a proxy for that purpose.
- (b) A proxy need not be a Shareholder of the Company.
- (c) If you wish to appoint a proxy, the Proxy Form sent to you with the Notice should be used for the AGM unless you appoint your proxy online as set out in clause 5(g) below.
- (d) Each Shareholder who is entitled to cast 2 or more votes at the AGM, may appoint up to 2 proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder **does not** specify the proportion or number of that Shareholder's votes that each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by the Company on request.
- (e) Any Shareholder may appoint an attorney to act on behalf of the Shareholder at the AGM. The power of attorney, or a certified copy of it, must be received by the Company as set out in clause 5(g) below.
- (f) Any corporation which is a Shareholder of the Company may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company as set out in clause 5(g) below at any time before the time of the meeting, or adjourned meeting, or at the meeting.

Annexure A – Notice of AGM (continued)

- (g) Proxies and powers of attorney granted by Shareholders must be received by the Company by no later than **10.00 am AEDT on Tuesday, 3 December 2019**:
- (i) electronically, by visiting www.investorvote.com.au and following the instructions provided but a proxy cannot be appointed online if appointed under power of attorney or similar authority; or
 - (ii) at the Company's share registry in Australia – Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria, 3001; or
 - (iii) by fax at the Company's share registry – fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
 - (iv) for Intermediary Online subscribers only (custodians) – electronically by visiting www.intermediaryonline.com.

Please refer to the Proxy Form accompanying the Notice for more information.

Frequently Asked Questions

How can I vote?

Shareholders can vote by:

- attending the meeting and voting in person;
- appointing an attorney or, in the case of corporate Shareholders, a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf.

Am I entitled to vote at the meeting?

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the board has determined that for the purposes of the AGM, all Ordinary Shares in the Company will be taken to be held by the persons registered as Shareholders at 7.00 pm AEDT on Tuesday, 3 December 2019.

I want to vote but I can't attend the meeting – what should I do?

If you cannot attend, you can appoint the Chairman of the meeting or any other person as your proxy, to attend and vote on your behalf.

- All Shareholders as at 7.00 pm AEDT on Tuesday, 3 December 2019 who are entitled to attend at the AGM may appoint a proxy for that purpose.
- A proxy need not be a Shareholder of the Company.
- The Proxy Form sent to you with this Notice should be used for the AGM unless you appoint your proxy online as set out below.
- Each Shareholder who is entitled to cast two or more votes at the AGM may appoint up to two proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder does not specify the proportion or number of that Shareholder's votes each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by the Company on request.
- Any Shareholder may appoint an attorney to act on behalf of the Shareholder at the AGM. The power of attorney, or a certified copy of it, must be received by the Company as set out below.
- Any corporation which is a Shareholder of the Company may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company as set out below at any time before the meeting, or adjourned meeting, or at the meeting.

When and how do I submit my proxy appointment or power of attorney?

Proxies and powers of attorney granted must be received by the Company by no later than 10.00 am AEDT on Tuesday, 3 December 2019. They can be submitted as follows:

- electronically, by visiting www.investorvote.com.au and following the instructions provided **but** a proxy cannot be appointed online if appointed under power of attorney or similar authority; **or**
- at the Company's share registry in Australia – Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria, 3001; **or**
- by fax at the Company's share registry – fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); **or**
- for Intermediary Online subscribers **only** (custodians) – electronically by visiting www.intermediaryonline.com.

Frequently Asked Questions (continued)

I have a power of attorney from a Shareholder – how can I attend and vote?

Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting, unless previously given to the Share Registrar.

I am a representative of a corporate Shareholder – how can I attend and vote?

You should bring to the meeting evidence of your appointment as representative, including any authority under which it is signed, even if previously given to the Share Registrar.

I have already submitted my proxy appointment – can I still attend the meeting?

Yes. Completion and return of a proxy form will not prevent you from attending the meeting and voting in person should you wish to do so.

Can I ask questions at the meeting?

Discussion at the meeting will take place on all the items of business set out in this Notice of AGM. Shareholders will have the opportunity to ask questions at the meeting, including an opportunity to ask questions of the auditor.

When can I find out results of the meeting?

Voting results will be announced to the Australian Securities Exchange and made available online at nufarm.com as soon as practicable following finalization of the poll of votes.

Map



Date: Thursday 5 December 2019

Time: 10.00 am (AEDT)

Place: RACV Club, Bayside Rooms 5 & 6, Level 2, 501 Bourke Street, Melbourne.

Annexure B – Independent Expert’s Report

www.pwc.com.au

Nufarm Limited

Independent Expert’s Report

*The proposed sale of Nufarm South
America to Sumitomo Chemical Company
Limited*

23 October 2019

pwc

The Directors
Nufarm Limited
103-105 Pipe Road
Laverton North
VIC 3026

23 October 2019

Dear Directors

Independent Expert's Report in respect of Nufarm Limited's proposed sale of its South American operations

Introduction

Nufarm Limited ("Nufarm" or "the Company") is listed on the Australian Securities Exchange ("ASX") and manufactures and distributes crop protection and seed technology products in Australia, New Zealand, Asia, Europe and the Americas.

On 30 September 2019, Nufarm announced it had entered into an agreement to sell its South American crop protection and seed treatment operations in Brazil, Argentina, Colombia and Chile ("Nufarm South America") to Sumitomo Chemical Company Limited ("Sumitomo") for \$1,188 million¹ in cash (on a cash free, debt free basis and subject to customary net working capital adjustments on completion) and acquire the \$97.5 million preference securities issued to Sumitomo on 31 July 2019 ("Preference Securities") upon completion of the sale ("Proposed Transaction").

Under the Proposed Transaction, Nufarm will retain its Nuseed operations in South America, as well as its crop protection and seed treatment operations in countries not listed above, in particular in Mexico.

As part of the Proposed Transaction:

- Nufarm is confirmed as the preferred commercialisation partner for Sumitomo's proprietary fungicides Pavecto and Indiflin in Germany, Poland and the United Kingdom
- Nufarm and Sumitomo will enter into a supply agreement and transitional services agreement under which Nufarm will provide procurement and IT services and continued supply of certain products to Nufarm South America
- Existing master agreements between Nufarm and Sumitomo for product development and commercialisation will be extended, with a mechanism to further extend the term.

Nufarm management ("Management") intends to apply the proceeds from the Proposed Transaction as follows:

- Acquire the Preference Securities issued to Sumitomo at face value of \$97.5 million plus any undeclared distributions (in accordance with their terms)
- Repay approximately \$930 million of outstanding debt
- Pay approximately \$135 million in tax arising from the sale of Nufarm South America
- Pay transaction costs of approximately \$25 million.

¹ All \$ amounts in this report represent Australian dollars unless otherwise stated

Annexure B – Independent Expert’s Report (continued)

Management has advised that Nufarm’s stronger balance sheet following completion of the Proposed Transaction will provide the opportunity to refocus on other parts of the business where higher margins and stronger cash flow can be generated and support the continued growth of Nufarm’s remaining business.

The Nufarm Board of Directors, excluding Toshikazu Takasaki who represents Sumitomo and was excluded from voting (“Excluded Director”), has unanimously recommended the Proposed Transaction, in the absence of a superior proposal.

Completion of the Proposed Transaction is targeted for 31 December 2019, subject to the conditions precedent in the Share Sale and Purchase Agreement dated 30 September 2019 (“SPA”) being satisfied or waived, including, inter alia, Nufarm shareholder and lender approval, competition approval by the relevant South American regulatory bodies and no material adverse change event.

Purpose of report

PricewaterhouseCoopers Securities Ltd (“PwC Securities” or “PwCS”) has been engaged to prepare this independent expert’s report (“Independent Expert’s Report” or “IER”) setting out whether, in our opinion, the Proposed Transaction is fair and reasonable to the Nufarm shareholders whose votes are not to be disregarded (“Non-Associated Shareholders”), and to state the reasons for that opinion, for the purpose of ASX Listing Rule 10.1.

ASX Listing Rule 10.1 provides that a listed company must not acquire a substantial asset from or dispose of a substantial asset to a person who (amongst other things) is a substantial shareholder in the listed company. Nufarm is required to obtain shareholder approval under ASX Listing Rules 10.1 in order to complete the Proposed Transaction on the basis that:

- Sumitomo is a ‘substantial shareholder’ as it holds more than a 10.0% interest in Nufarm shares
- Nufarm South America constitutes a ‘substantial asset’ of Nufarm as it represents more than 5.0% of the equity interest in Nufarm.

It is also a condition precedent of the SPA that shareholder approval be obtained.

In accordance with ASX Listing Rule 10.10.2, this IER is to be included in the explanatory memorandum (“Explanatory Memorandum”), which will accompany and form part of the Notice of the Annual General Meeting, to be held on 5 December 2019, and has been prepared for the exclusive purpose of assisting Non-Associated Shareholders in their consideration of the Proposed Transaction. Neither PricewaterhouseCoopers (“PwC”), PwCS nor any member or employee thereof, undertakes responsibility to any person, other than Non-Associated Shareholders and Nufarm, in respect of this report, including any errors or omissions however caused.

In preparing our report, we have had regard to the Corporations Act 2001 (Cth) (“the Corporations Act”), Australian Securities and Investment Commission (“ASIC”) Regulatory Guide 76 *Related party transactions* (“RG 76”), ASIC Regulatory Guide 111 *Content of expert reports* (“RG111”) and ASIC Regulatory Guide 112 *Independence of experts* (“RG 112”).

Summary of opinion

We have concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

1. In forming our opinion, we have considered whether the Proposed Transaction is fair and reasonable, in accordance with the principles set out in RG 111. The reasons for our opinion are set out below and should be read in conjunction with our detailed report which sets out our scope and findings.

The Proposed Transaction is fair

2. To assess the fairness of the Proposed Transaction, we have considered the fair market value of Nufarm South America on a controlling interest basis and compared this to the consideration being offered by Sumitomo under the Proposed Transaction.
3. We have assessed the fair market value of Nufarm South America (on a controlling interest basis) as at 30 September 2019 (“Valuation Date”) to be in the range of \$1,071 million to \$1,250 million.
4. On the basis that the consideration offered by Sumitomo under the Proposed Transaction of \$1,188 million is within our assessed fair market value range for Nufarm South America (on a controlling interest basis), we consider that the Proposed Transaction is fair.

The Proposed Transaction is reasonable

5. In accordance with RG 111, the Proposed Transaction is also reasonable if it is fair. However, for the purpose of assessing whether or not the Proposed Transaction is reasonable to Non-Associated Shareholders, we have also considered the following likely advantages, disadvantages and other factors associated with the Proposed Transaction.

Advantages

- a) Delivers certainty and upfront value to Nufarm:
 - Sumitomo’s cash offer of \$1,188 million for Nufarm South America provides certainty and significant upfront value to Nufarm
 - If the Proposed Transaction does not complete, the amount which Nufarm may be able to realise for Nufarm South America in another eventual sale would be uncertain and may differ materially to the Proposed Transaction
 - The Proposed Transaction still provides the opportunity for a control transaction in respect of the remaining business of Nufarm.
- b) Rationalises Nufarm’s business to higher value operations:
 - Divestment of Nufarm South America enables Nufarm to focus on its remaining businesses and regions where Management believe that higher margins and more reliable cash flows can be generated
 - If the Proposed Transaction does not complete, Nufarm would retain Nufarm South America and its exposure to the South American market. The South American market has unique characteristics, including extended credit terms and currency volatility, which adversely impact cash generation.
- c) Reduces Nufarm’s net debt:
 - Nufarm will use the majority of the proceeds of \$1,188 million from the sale of Nufarm South America to pay down debt
 - This will result in a reduction in pro forma FY19 net debt/Underlying EBITDA reducing from 3.0x to 0.7x and is expected to reduce group financing costs by approximately \$60-70 million (including foreign exchange hedging costs)
 - The lower debt will strengthen Nufarm’s capital structure, improving profitability and providing greater flexibility to undertake capital investment in the future
 - If the Proposed Transaction does not complete, Nufarm would be required to make a significant investment in working capital in Nufarm South America which would limit operating flexibility and adversely impact returns going forward.

Annexure B – Independent Expert’s Report (continued)

- d) Strengthens Nufarm’s relationship with Sumitomo:
- Nufarm and Sumitomo have existing commercial arrangements where Sumitomo provides Nufarm with access to a portfolio of proprietary products. The products have been an important contributor to Nufarm’s earnings growth in recent years
 - As part of the Proposed Transaction, the commercial arrangements will be extended to 2025 and Nufarm and Sumitomo will enter a new agreement confirming Nufarm as the preferred commercialisation partner for proprietary fungicides Pavecto and Indiflin in Germany, Poland and the UK, which will help support Nufarm’s growth strategy in Europe.
- e) In the absence of the Proposed Transaction, the Nufarm share price is likely to fall from levels observed post the announcement of the Proposed Transaction:
- If the Proposed Transaction does not complete, and in the absence of a superior proposal, the Nufarm share price is likely to fall below its current trading levels in the near term, having regard to the market’s response to the announcement
 - The Nufarm share price was trading 46% higher on the day after the announcement² of the Proposed Transaction, compared to the last trading day prior to the announcement, and as at the date of this report continues to trade around the same level.
- f) As at the date of this IER, no superior offer has emerged. An offer would be considered superior if it would be likely to result in a transaction that is more favourable to Non-Associated Shareholders compared to the Proposed Transaction.

Disadvantages

6. The disadvantages of the Proposed Transaction are as follows:
- a) Potential reduction in economies of scale and synergies:
- Nufarm may experience a reduction in existing economies of scale and synergies on disposal of Nufarm South America
 - On completion of the Proposed Transaction, Nufarm will have a smaller revenue base but incur a similar level of corporate costs. This may give rise to reduced economies of scale which may adversely impact Nufarm’s profitability and returns. Management has indicated that they will seek to reduce the existing corporate costs post completion of the Proposed Transaction
 - Nufarm may have less bargaining power and present as a less attractive customer and business partner given its reduction in scale. This may impact Nufarm’s ability to procure products at competitive prices and enter into research and development (“R&D”) or distribution partnerships. As part of the Proposed Transaction, Nufarm will continue to procure and supply products (Nufarm branded and third party) to Nufarm South America for two years post completion of the Proposed Transaction. If the supply agreement is not extended, Nufarm’s procurement volumes are likely to drop.
- b) Nufarm will not be able to participate in any potential upside from Nufarm South America:
- Following completion of the Proposed Transaction, Nufarm will not benefit from any growth or increase in the market value of Nufarm South America
 - Individual shareholders may prefer to retain exposure to the Nufarm South America business depending on their own views on the outlook and growth prospects for Nufarm South America.

² We note that, in addition to the announcement of the Proposed Transaction, Nufarm announced its FY19 financial results on 30 September 2019 which may have affected the Nufarm share price in this period. The FY19 Underlying EBITDA announced was consistent with guidance provided by Nufarm in August 2019

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- c) Nufarm is restrained from engaging in activities in the same region as Nufarm South America:
 - Nufarm is restrained for three years from engaging in any activity which is the same as or similar to, any activity engaged in by Nufarm South America within the restraint area of Brazil, Argentina, Chile and Colombia.
 - d) Nufarm's earnings per share will reduce post the Proposed Transaction given the estimated reduction in net financing cost of \$60-\$70 million is lower than Nufarm South America's Underlying EBIT of \$113 million.

Other considerations

- a) The Proposed Transaction is unanimously recommended by the Directors other than the Excluded Director:
 - The Directors other than the Excluded Director of Nufarm have unanimously recommended that Non-Associated Shareholders vote in favour of the Proposed Transaction, in the absence of a superior proposal
 - Each of the Directors other than the Excluded Director of Nufarm intend to vote all Nufarm shares held or controlled by them in favour of the Proposed Transaction
 - In reaching their decision, the Directors other than the Excluded Director made various judgements and assumptions based on future trading conditions, circumstances and events, which cannot be predicted with certainty and which may prove to be inaccurate.
- b) Individual shareholders may consider that the Proposed Transaction is not in their best interests:
 - Notwithstanding the unanimous recommendation of the Directors other than the Excluded Director, individual shareholders may believe that the Proposed Transaction is not in their respective interests
 - There is no obligation for shareholders to agree with the unanimous recommendation of the Directors other than the Excluded Director.
- c) It may be difficult for individual shareholders to identify or invest in an alternative business with similar characteristics to that of Nufarm South America:
 - Individual shareholders may prefer to retain their indirect interest in Nufarm South America, rather than the financial return provided through the Proposed Transaction, in order to maintain an investment in a business with Nufarm South America's specific characteristics, including but not limited to risk, return and liquidity characteristics
 - In particular, individual shareholders may value having an investment with exposure to the South American market and consider that there are potential diversification benefits through such an investment.
- d) We have considered the acquisition of the Preference Securities from Sumitomo. The Preference Securities are able to be acquired at face value of \$97.5 million plus any undeclared distributions (in accordance with their terms). Given the interest rate of 6% per annum for the first 12 months and 10% per annum thereafter is higher than the current yield to maturity of Nufarm's publicly traded debt, we would expect Nufarm to acquire the Preference Securities prior to repayment of other debt. Accordingly, we consider that this element of the Proposed Transaction is at arm's length terms.
- e) Transaction costs of approximately \$160 million will be incurred. The majority of this relates to income tax payable on the profit on sale of Nufarm South America. These transaction costs would be incurred irrespective of the identity of the purchaser of Nufarm South America.

Annexure B – Independent Expert’s Report (continued)

- f) As a result of the Proposed Transaction, Nufarm has provided certain warranties and indemnities to Sumitomo. With the exception of the tax indemnities discussed in 126a of this report, we consider the warranties and indemnities provided to be consistent with customary commercial practice for transactions of this type.

Overall conclusion

7. After consideration of the above factors, in our opinion, the advantages of the Proposed Transaction outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the Proposed Transaction is reasonable to Non-Associated Shareholders.

Other matters

8. In preparing this Independent Expert’s Report we have considered the relevant regulatory guides issued by ASIC, with particular reference to RG 111, RG 112 and Australian Professional and Ethical Standard (“APES”) 225 *Valuation Services*.
9. The decision to accept or not to vote in favour of the Proposed Transaction is a matter for individual shareholders, based on each shareholder’s view as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from shareholder to shareholder. If shareholders are in any doubt as to the action they should take in relation to the Proposed Transaction, they may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist in this assessment.
10. This Independent Expert’s Report has been prepared solely for the benefit of the directors of Nufarm and Non-Associated Shareholders. Neither PwC, PwCS nor any member or employee thereof, undertakes responsibility to any person, other than Non-Associated Shareholders and Nufarm, in respect of this report, including any errors or omissions however caused.
11. Nufarm has indemnified PwC Securities, PwC and PwC’s employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Nufarm or its advisors, which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.
12. Our assessment was completed using available information as at the Valuation Date. We have reviewed publicly available information subsequent to the Valuation Date up to the date of this report and do not consider this to alter our opinion presented above.
13. A draft of this report was provided to the Directors other than the Excluded Director of Nufarm for factual checking on 16 October 2019, no material adjustments were made to our valuation rationale and a final draft was provided on 21 October 2019 for the purpose of the ASX’s review.

This letter must be read in conjunction with the remainder of this Independent Expert’s Report.

Yours faithfully



Richard Stewart
Authorised Representative
PricewaterhouseCoopers Securities Ltd



Meredith Chester
CFA, Affiliate of CAANZ

1 Purpose of report

1.1. Scope of Independent Expert's Report

14. PwC Securities has been engaged to prepare this Independent Expert's Report setting out whether, in our opinion, the Proposed Transaction is fair and reasonable to Nufarm shareholders and to state the reasons for that opinion, for the purpose of Listing Rule 10.1.
15. The Company is required to obtain Shareholder approval under ASX Listing Rule 10.1 in order to complete the Proposed Transaction. It is also a condition precedent of the SPA that Shareholder approval be obtained for the Proposed Transaction.
16. Item 5, as set out in the Notice of AGM, relates to Nufarm's proposed sale of Nufarm South America to Sumitomo. Sumitomo holds 15.88% of the Company's voting securities.
17. The purpose of item 5 is to satisfy the requirements of the condition precedent in the SPA and the requirements of ASX Listing Rule 10.1.
18. ASX Listing Rule 10 deals with transactions between an entity (or any of its subsidiaries) and persons in a position to influence the entity.
19. ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, any of the following persons without the approval of holders of the entity's ordinary securities. These persons include:
 - a) a related party
 - b) a subsidiary
 - c) a substantial holder, if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities
 - d) an associate of a person referred to in (a), (b) or (c) above
 - e) a person whose relation to the entity is such that, in ASX's opinion, the transaction should be approved by security holders.
20. ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration or in the ASX's opinion, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX.
21. Having regard to the above, Nufarm is required to seek approval of shareholders under Listing Rule 10.1 for the Proposed Transaction on the basis that:
 - a) Sumitomo's shareholding constitutes a relevant interest in excess of 10% of Nufarm's shares
Nufarm South America constitutes a substantial asset of Nufarm representing in excess of 5% of the equity value of the Company.

1.2. Basis of assessment

22. We have prepared this Independent Expert's Report for the purpose of stating, in our opinion, whether or not the Proposed Transaction is considered fair and reasonable to Non-Associated Shareholders, and to set out our reasons for that opinion.
23. This report has been prepared having regard to the Corporations Act, Chapter 10 of the ASX Listing Rules, RG 76 and RG 111.

Annexure B – Independent Expert’s Report (continued)

1.2.1. Chapter 10 of the Listing Rules

24. Neither the Listing Rules, nor the Corporations Act 2001 provides a definition of fair and reasonable for the purposes of Listing Rule 10, however, Listing Rule 10 can encompass a wide range of transactions. Accordingly, fair and reasonable must be capable of broad interpretation to meet the particular circumstances of each transaction. This involves judgement on the part of the expert as to the appropriate basis of evaluation to adopt given the particular circumstances of the transaction.
25. As Chapter 10 of the Listing Rules provides little guidance on how related party transactions should be assessed, we have also had regard to RG 76, as discussed below.

1.2.2. RG 76

26. According to RG 76, a related party transaction is any transaction through which a public company provides a financial benefit to a related party. As noted in paragraph RG 76.1, related party transactions involve conflicts of interest because related parties are often in a position to influence the decision of whether the benefit is provided to them, and the terms of its provision.
27. RG 76 refers to RG 111 and RG 112 for guidance on how the Independent Expert should assess related party transactions.

1.2.3. RG 111

28. RG 111 discusses the separate concepts of ‘fair’ and ‘reasonable’ to be applied by an independent expert assessing an offer:
 - a) an offer is regarded as fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer
 - b) an offer is reasonable if it is fair, or despite not being fair, but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.
29. RG 111.11 requires that the assessment of fairness of a control transaction assumes 100% ownership of the target, irrespective of whether the consideration is made by way of scrip or cash, and therefore reflects ASIC’s underlying philosophy that the premium for control of a company, subject to a takeover, be shared by all members of that company. Accordingly, our assessment of the value of Nufarm South America is assessed on a controlling interest basis.
30. As required by RG 111.56, we have made a separate assessment of whether, or not, the Proposed Transaction is ‘fair’ and ‘reasonable’.
31. In assessing fairness, we have relied on the following definition of fair market value:

“the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller, acting at arm’s length and within a reasonable timeframe”
32. In evaluating the reasonableness of the Proposed Transaction, we have considered whether the advantages afforded to Non-Associated Shareholders in approving the Proposed Transaction outweigh the potential disadvantages, the likelihood of an alternate proposal on better terms being received by the Company and the likely position of Non-Associated Shareholders if the Proposed Transaction is rejected.

2 Company profile

2.1. Overview of Nufarm

33. Nufarm is an ASX listed crop protection and seed technology company with operations in Australia, New Zealand, Asia, Europe and the Americas.
34. Nufarm focusses on the development, manufacture and sale of crop protection products. In addition, Nufarm has a seed technology business comprising a seed treatment portfolio and the Nuseed business.
35. Nufarm currently employs more than 3,000 personnel and sells to customers in over 100 countries. Nufarm is headquartered in Melbourne, Australia.

2.1.1. Operating segments

36. Nufarm operates through two segments, crop protection and seed technologies.

Crop protection

37. Nufarm's crop protection business involves the development, manufacture and sale of herbicides, insecticides, fungicides and other products to protect crops from damage caused by weeds, pests and diseases across the crop life-cycle.
38. The crop protection business focusses on the following five core crops:
 - a) Cereal
 - b) Corn
 - c) Soybean
 - d) Pasture, turf and ornamentals
 - e) Trees, nuts, vines and vegetables.
39. Operating primarily in the off-patent market, Nufarm provides customers with long-standing foundation products and unique formulations. Nufarm uses its internal capabilities to develop new products and also leverages its relationships and commercial partnerships with industry and research organisations globally.
40. The crop protection business accounted for \$3,536 million or 94% of Nufarm's revenue in FY19.³

Seed technologies

41. Nufarm's seed technologies business comprises the seed treatment product portfolio and the Nuseed business.
42. The seed treatment products provide protection and treatment for damage caused by insects, fungus and disease.
43. Nuseed, focuses on developing unique, high yield sunflower, sorghum and canola hybrids that meet specific customer and consumer requirements. Nuseed products are currently sold to customers in over 30 countries.
44. The seed technologies business accounted for approximately \$221 million or 6% of Nufarm's revenue and \$51 million or 11% of Underlying EBITDA (prior to allocation of corporate overheads) in FY19.³

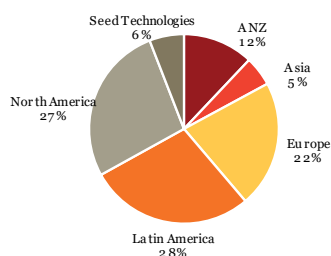
³ Nufarm 2018-2019 Full Year Result & Preliminary Final Report

Annexure B – Independent Expert’s Report (continued)

2.1.2. Financial performance and position

45. In FY19, Nufarm reported revenue and Underlying EBITDA of \$3,758 million and \$420 million, respectively.³
46. The figure below illustrates the FY19 revenue contribution of the crop protection business by region and the seed technology business as a whole.

Summary of Nufarm FY19 revenue contribution



Source: Nufarm 2018-2019 Full Year Result & Preliminary Final Report

2.1.3. Capital structure and ownership

47. Nufarm had 379,639,334 ordinary shares on issue as at 30 September 2019. The substantial shareholders (summarised below) collectively hold 64.5% of total shares outstanding with Sumitomo as the largest shareholder with 15.9% of total shares outstanding.

Substantial shareholders of Nufarm

	No of shares held	% of total shares
Sumitomo Chemical Company Ltd	60,271,136	15.9%
Ellerston Capital Ltd	52,734,476	13.9%
Sumitomo Mitsui Trust	34,978,736	9.2%
Macquarie Group Limited	28,045,844	7.4%
Firetrail Investments Pty Ltd	25,400,315	6.7%
Allan Gray Australia Pty Ltd	24,352,699	6.4%
United Super Pty Ltd	19,236,201	5.1%
Total	245,019,407	64.5%
Other shareholders	134,619,927	35.5%
Total	379,639,334	100.0%

Source: Management

2.1.4. Recent share price and trading history

48. Nufarm's share price and daily trading volumes for the three years to 10 October 2019, one week after the announcement of the Proposed Transaction are illustrated below.

Nufarm share price history



Source: S&P Capital IQ

49. Prior to the announcement of the Proposed Transaction on 30 September 2019, Nufarm's share price had trended down from around \$10 in 2017 to below \$5 immediately prior to the Proposed Transaction, at which time Nufarm was under pressure from short selling.
50. Nufarm's share price closed at \$4.46 on 27 September 2019, the last trading day prior to the announcement of the Proposed Transaction.⁴
51. Subsequent to the announcement of the Proposed Transaction, the Nufarm share price closed at:
- \$5.64 on 30 September 2019 (the day of the announcement), an increase of 26%, after reaching an intra-day high of \$6.94, an increase of 56%⁴
 - \$6.50 on 1 October 2019 (one day after the announcement), an increase of 46%⁴
 - \$6.55 on 7 October 2019 (one week after the announcement), an increase of 47%⁴
52. We note that, in addition to the announcement of the Proposed Transaction, Nufarm announced its FY19 financial results on 30 September 2019 which may have affected the Nufarm share price in this period. The FY19 Underlying EBITDA announced was consistent with guidance provided by Nufarm in August 2019.

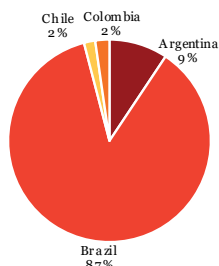
⁴ S&P Capital IQ

Annexure B – Independent Expert’s Report (continued)

2.2. Overview of Nufarm South America

53. Nufarm South America, comprising Nufarm's operations in Brazil, Argentina, Colombia and Chile, sources, formulates and sells a broad range of crop protection products.
54. Nufarm commenced its first product registration process in Latin America in 2000, with business operations established in Chile and Argentina in 2002 and Brazil and Colombia in 2004.
55. A series of acquisitions followed, including Agripec in Brazil (Nufarm acquired an initial 49.9% stake in 2004 and assumed 100% ownership in 2007) and Agrogen in Colombia (Nufarm acquired 100% ownership in 2005).
56. Today, Nufarm South America has built a strong distribution network and customer base and represents a significant portion of Nufarm’s operations, generating revenue of \$1,084 million and Pro forma EBITDA of \$119 million in FY19.
57. Nufarm South America operates a plant in Fortaleza, Brazil which provides formulation and packing facilities, however does not have extensive manufacturing facilities.
58. The figure below illustrates the FY19 revenue contribution for Nufarm South America by country.

Nufarm South America FY19 revenue breakdown by country

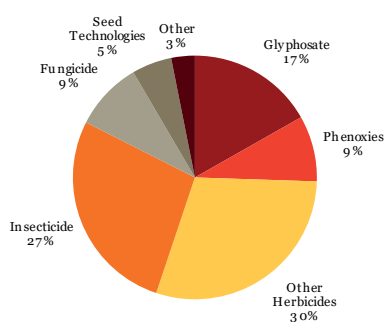


Source: Management

2.2.1. Product portfolio

59. Nufarm South America currently has 222 product registrations, sells 243 products throughout the region and has a strong pipeline of new products.⁵
60. Core molecules underlying product portfolio include Glyphosate, Flumioxazin, 2,4-D, Picloram, Lambda-Cyhalothrin, Imidacloprid and Etoxazole.
61. The figure below illustrates the composition of Nufarm South America's product portfolio in FY19.

Nufarm South America FY19 gross profit breakdown by product



Source: Management

62. As discussed in the industry overview section, the crop protection industry has undergone a period of consolidation as multinationals strengthen their presence in the market. Increased competition and price pressures have followed.

⁵ Management

Annexure B – Independent Expert’s Report (continued)

2.2.2. Pro forma financial performance

63. The table below summarises the pro forma financial performance of Nufarm South America (after adjustment for operations to be included/excluded in the Proposed Transaction) in FY17, FY18 and FY19.

Summary of Nufarm South America pro forma financial performance

\$ millions	FY17	FY18	FY19
Latin America segment revenue as reported in Nufarm financial statements	822	885	1,058
Removal of revenue from countries not included in the Proposed Transaction	(4)	(4)	(10)
Addition of seed treatment revenue from the seed technologies segment included in the Proposed Transaction	10	23	37
Other adjustments	(1)	(2)	(2)
Underlying sales	826	903	1,084
Latin America segment Underlying EBITDA as reported in financial statements	96	97	97
Add-back of Underlying EBITDA losses for countries not included in the Proposed Transaction	2	0	2
Addition of seed treatment profits from the seed technologies segment included in the Proposed Transaction	3	9	12
Add-back of corporate costs allocated to Nufarm South America	4	5	8
One-off adjustment	(2)	-	-
Underlying EBITDA	102	112	120
Additional workforce to establish Nufarm South America as a standalone entity	(1)	(1)	(1)
Pro forma EBITDA	101	111	119
<i>Sales growth</i>	<i>n/a</i>	<i>9.4%</i>	<i>20.0%</i>
<i>Pro forma EBITDA margin (%)</i>	<i>12.2%</i>	<i>12.3%</i>	<i>11.0%</i>

Source: Management

Note: totals may not sum due to rounding

64. Nufarm South America has generated consistent growth of revenue and earnings. The growth has been supported by constant investment in new products, and sales capabilities, combined with market share growth in a growing market. Nufarm South America’s pro forma sales and EBITDA have grown consistently since FY17. The growth in Pro forma EBITDA was supported by the seed treatment business.
65. The Pro forma EBITDA margin declined from 12.2% in FY17 to 11.0% in FY19 as a result of increased competition and foreign exchange volatility increasing the cost of goods sold. Management expects Pro forma EBITDA margin to recover back to similar levels to FY17 and FY18 in the next few years. Pro forma EBITDA margins generated by Nufarm South America are lower than the broader industry as a result of the high exposure to low margin off-patent products.

2.2.3. Pro forma financial position

66. The table below summarises Nufarm South America's financial position as at 31 July 2017, 2018 and 2019.

Summary of Nufarm South America pro forma financial position

\$m	FY17	FY18	FY19
Trade and other receivables	427	384	462
Inventories	155	211	249
Current tax assets	12	12	13
Total current assets	594	607	725
Other receivables	96	106	99
Other financial assets	10	9	-
Plant and equipment	28	32	37
Deferred tax assets	70	69	79
Intangible assets	142	132	140
Total non-current assets	346	348	355
Total assets	940	955	1,080
Trade and other payables	296	356	451
Current tax liabilities	3	6	5
Provisions	3	3	4
Total current liabilities	302	365	460
Deferred tax liabilities	17	13	15
Total non-current liabilities	17	13	15
Total liabilities	319	378	475
Net assets	622	577	605

Source: Management

Note: totals may not sum due to rounding. Trade and other receivables and trade and other payables include intercompany balances between Nufarm South America and Nufarm

67. In relation to the pro forma balance sheet, we note the following:

- Plant and equipment of \$37 million in FY19 predominantly relates to the formulation and packaging facility in Fortaleza, Brazil
- Intangible assets of \$140 million in FY19 reflects goodwill, trademark and registration intellectual property (IP) from prior acquisitions and capitalised product development costs
- Trade and other receivables represent 52% of total assets in FY19. Due to the limited availability of credit facilities to farmers in Brazil, Nufarm South America and the wider industry is required to provide long sales terms, averaging in excess of 200 days⁶
- Inventory has increased from \$155 million in FY17 to \$249 million in FY19 as a result of increase in revenue
- Trade and other payables of \$451 million comprising payables to chemical manufacturers in China from which commodity inputs are sourced
- Management has indicated that in their view there are no assets that are surplus to operational requirements.

⁶ Management

3 Proposed Transaction overview

3.1. Terms of Proposed Transaction

68. On 30 September 2019, Nufarm announced it had entered into an agreement to sell Nufarm South America, its South American crop protection and seed treatment operations in Brazil, Argentina, Colombia and Chile, to Sumitomo⁷ for \$1,188 million in cash (on a cash free, debt free basis and subject to customary net working capital adjustments on completion) and acquire the \$97.5 million Preference Securities issued to Sumitomo on 31 July 2019 upon completion of the sale.
69. Under the Proposed Transaction, Nufarm will retain its Nuseed operations in South America, as well as its crop protection and seed treatment operations in countries not listed above, in particular in Mexico.
70. As part of the Proposed Transaction:
 - a) Nufarm has been confirmed as the preferred commercialisation partner for Sumitomo’s proprietary fungicides Pavecto and Indiflin in Germany, Poland and the United Kingdom
 - b) Nufarm and Sumitomo will enter into a supply and transitional services agreement under which Nufarm will provide procurement and IT services and continued supply of certain product to Nufarm South America
 - c) Existing master agreements between Nufarm and Sumitomo for product development and commercialisation will be extended, with a mechanism to further extend the term.
71. Management intends to apply the proceeds from the Proposed Transaction as follows:
 - a) Acquire the Preference Securities issued to Sumitomo at face value \$97.5 million plus any undeclared distributions (in accordance with their terms)
 - b) Repay approximately \$930 million of outstanding debt
 - c) Pay approximately \$135 million in tax arising from the sale of Nufarm South America
 - d) Pay transaction costs of approximately \$25 million.

3.2. Acquisition of Preference Securities

72. On 1 August 2019, Nufarm announced it had undertaken a placement of \$97.5 million of Preference Securities to Sumitomo. Nufarm will acquire the Preference Securities at face value of \$97.5 million, consistent with their terms of issue, summarised below:
 - a) The Preference Securities may be exchanged for Nufarm shares at Sumitomo’s election any time after 24 months at an exchange price of \$5.85 per Nufarm share⁸
 - b) Nufarm may acquire the Preference Securities from Sumitomo at any quarter following issue of the securities for the full principal amount outstanding at that time and the amount of any unpaid distributions
 - c) A quarterly distribution at a fixed rate of 6% per annum is payable to Sumitomo for the first 12 months and 10% thereafter.

⁷ Sumitomo is one of Japan’s leading chemical companies, offering a diverse range of products globally in the fields of petrochemicals, energy and functional materials, IT-related chemicals and materials, health and crop science products, and pharmaceuticals. Sumitomo is headquartered in Tokyo, Japan and is listed on the Tokyo Stock Exchange

⁸ Preference Securities Subscription and Nufarm Intercompany Loan Agreement dated 31 July 2019

3.3. Rationale of Proposed Transaction

73. Following completion of the Proposed Transaction, the remaining Nufarm business will comprise a diversified, global crop protection business and a proprietary seed technology business with operations predominantly in Australia, New Zealand, Europe, North America and Asia. As a result of the reduction in outstanding debt, Nufarm will have a stronger balance sheet and simplified financing arrangements, including working capital levels that address inherent industry volatility.
74. The stronger balance sheet will provide the opportunity for Nufarm to refocus on other parts of the business where Management believe that higher margins and stronger cash flow can be generated, including the Nuseed business, and support the continued growth of the remaining business.
75. Nufarm will no longer be exposed to the South American market which has unique characteristics, including extended credit terms and currency volatility that have historically impacted Nufarm's profitability.

3.4. Pro forma financial statements

76. The pro forma income statement and financial position of Nufarm following completion of the Proposed Transaction are set out below.

Pro forma income statement of Nufarm

\$ millions	FY19	Less Nufarm South America	Pro forma
Continuing operations			
Revenue	3,758	(1,084)	2,674
Cost of sales	(2,744)	817	(1,928)
Gross profit	1,013	(267)	746
Operating expenses	(815)	154	(661)
Operating profit (EBIT)	198	(113)	85
Material items included in operating profit	51	-	51
Underlying EBIT	249	(113)	135
Depreciation and amortisation (excluding material items)	172	(7)	165
Underlying EBITDA	420	(120)	300

Source: Explanatory Memorandum

Note: totals may not sum due to rounding

Annexure B – Independent Expert’s Report (continued)

Pro forma Balance Sheet of Nufarm

\$ millions	FY19	Less Nufarm South America	Use of net proceeds and other pro forma adjustments	Pro forma
Cash and cash equivalents	506	-	-	506
Trade and other receivables	1,379	(462)	176	1,093
Inventories	1,228	(249)	-	979
Other assets	36	(13)	-	23
Preference Securities receivable	98	-	(98)	-
Total current assets	3,246	(725)	79	2,601
Other non-current assets	317	(178)	-	139
Plant and equipment	394	(37)	-	357
Intangible assets	1,719	(140)	-	1,579
Total non-current assets	2,430	(355)	-	2,075
Total assets	5,677	(1,080)	79	4,676
Trade and other payables	1,221	(451)	176	947
Loans and borrowings	495	-	(463)	32
Other current liabilities	55	(9)	-	47
Total current liabilities	1,772	(460)	(287)	1,026
Loans and borrowings	1,258	-	(565)	693
Other non-current liabilities	242	(15)	-	226
Total non-current liabilities	1,500	(15)	(565)	919
Total liabilities	3,272	(475)	(851)	1,945
Net assets	2,405	(605)	930	2,731

Source: Explanatory Memorandum

Note: totals may not sum due to rounding

77. The table below illustrates the impact of the Proposed Transaction on the key metrics and ratios of Nufarm.

Impact of Proposed Transaction on key metrics and ratios of Nufarm

Metric	Unit	Pre-Proposed Transaction	Post-Proposed Transaction
Revenue	\$m	3,758	2,674
Underlying EBITDA	\$m	420	300
Underlying EBITDA margin	%	11.2%	11.2%
Net debt	\$m	1,247	219
Net debt/Underlying EBITDA	times	3.0x	0.7x

Source: Explanatory Memorandum, PwCS analysis

3.5. Conditions of Proposed Transaction

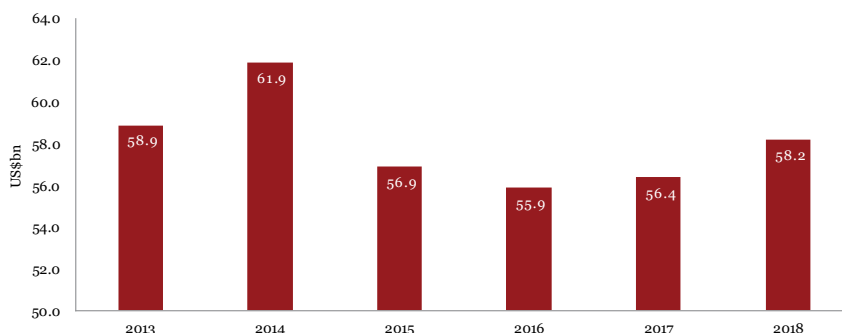
78. Completion of the Proposed Transaction is targeted for 31 December 2019, subject to the conditions precedent in the SPA dated 30 September 2019 being satisfied or waived, including:
 - a) Satisfaction of competition and other regulatory and government agency approvals
 - b) Shareholder resolutions are met, as required by the ASX and Corporations Act 2001 (Cth)
 - c) No material adverse change event
 - d) Completion of Nufarm's pre-completion corporate restructure, inclusive of relevant intellectual property ("IP") transfer to Nufarm from Nufarm South America and finalisation of licensing agreements
 - e) Nufarm lender consents
 - f) Removal of specified encumbrances and other pledges.
79. The parties have until 30 June 2020 to satisfy all conditions precedent.

4 Industry overview

4.1. Global crop protection market overview

80. The global crop protection market is involved in the production of herbicides, insecticides and fungicides. Over the period between 2013 and 2018, the global crop protection market decreased from US\$58.9 billion to \$58.2 billion (CAGR of (0.2%)), primarily due to the weakening market conditions in 2015 and 2016, following boom years of 2011 to 2014. Demand for crop protection products was influenced by high levels of global stocks of grains and oilseeds, reduced commodity prices, and high levels of distributor inventory. In addition, the negative effect of currency exchange into US dollars depressed the market in US dollar terms.
81. The improvement in 2017 and 2018 was mainly driven by the normalisation of distributor inventories in several markets, most notably Brazil, where crop protection inventories had been at very high levels throughout 2017, having a positive effect on stocks and purchasing of crop protection products.

Global Crop Protection Market – historical industry revenue

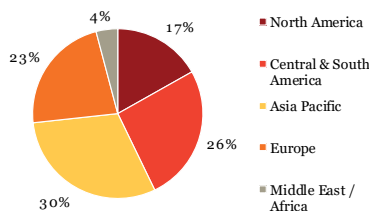


Source: AgbioCrop, *The Global Crop Protection Industry Report, April 2019*

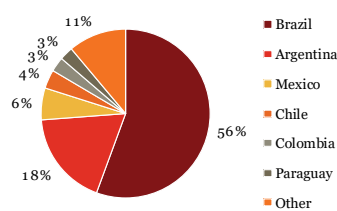
82. The structure of the global agrochemical industry has changed significantly over the past few years through the acquisitions and mergers undertaken by several of the large players. Key transactions include ChemChina’s US\$43 billion successful bid to acquire Syngenta in 2017, the merger between Dow and DuPont (first announced at the end of 2015) and Bayer’s US\$63.5 billion acquisition of Monsanto (first announced in September 2016).⁹
83. A breakdown of the global crop protection market by region is set out below. Asia Pacific is the largest regional market valued at US\$17.7 billion accounting for 30% of the global market, followed by Central & South America making up 26% of the global market or US\$15.1 billion in 2018. Brazil and Argentina are the biggest markets in the Central and South America region, together making up 74% of the regional market.

⁹ Phillip McDougall – AgriService, Industry Overview – 2018 Market, April 2019

Global crop protection market by region, 2018



South American crop protection market by country, 2017

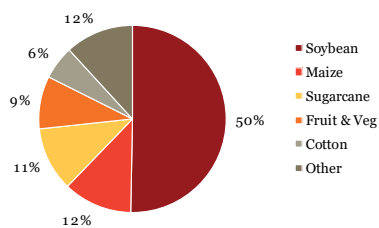


Source: AgbioCrop, *The Global Crop Protection Industry Report, April 2019*

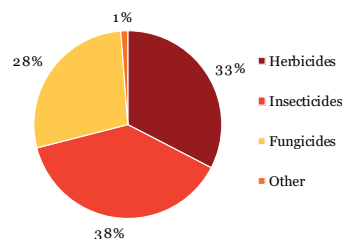
4.2. Brazil crop protection market overview

84. Brazil is one of the largest individual crop protection markets in the world, valued at approximately US\$7.9 billion in 2017,¹⁰ with agriculture and agribusiness contributing approximately 23.5%¹¹ to the country's gross domestic product in 2017.
85. The growing season in Brazil is typically from 1st October to 30th September. A breakdown of Brazil's crop protection market by crop and product type is set out below. Soybean accounts for approximately half of the Brazilian market and the first outbreaks of the potentially devastating disease Asian soybean rust in 2004/05 led to rapid developments in the soybean fungicide market in the country. Increasing Asian soybean rust resistance is driving both rotation in the products utilised to combat the disease and the development of new products. The introduction of Roundup Ready soy bean varieties (genetically modified crop seeds that are resistant to glyphosate-based herbicide, Roundup) increased the use of lower cost glyphosate leading to erosion of the overall value of the herbicide sector.

Brazil crop protection market by crop, 2017



Brazil crop protection market by product type, 2017



Source: AgbioCrop, *The Global Crop Protection Industry Report, April 2019*

¹⁰ AgbioCrop, *The Global Crop Protection Industry Report, April 2019*

¹¹ "Brazil agriculture, agribusiness contributed 23.5 pct to GDP in 2017 – CAN" *Thomson Reuters*, December 6, 2017

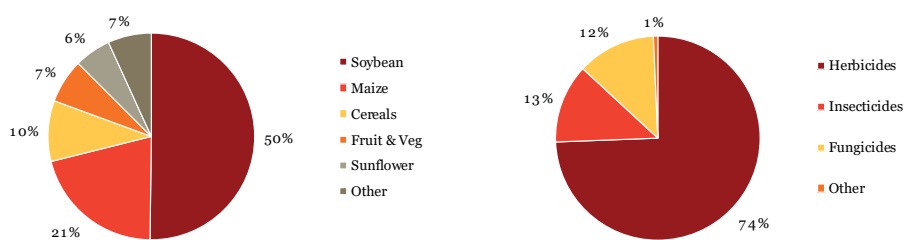
Annexure B – Independent Expert’s Report (continued)

86. Access to crop finance is critical to farmers to acquire crop protection products for the growing season prior to receiving harvest payments. Credit services available to growers from Brazilian financial institutions are limited, leading to crop protection companies providing credit services and products to their customers.
87. Brazil’s registration process for crop protection chemicals can take up to seven years¹² to approve new products, compared to United States and Europe where approval periods are significantly shorter. However, the newly elected president Jair Bolsonaro’s administration have accelerated the approval process to assist farmer’s access new products.
88. The market is forecast to increase by an annual average of 0.8% to reach a value of US\$8.5 billion by 2022.¹³ This is expected to be driven by the ongoing trade dispute between the US and China, increased frequency of fungicide spray to control soybean rust, rotating product usage to prevent resistance development and the country’s recent mandate that all diesel fuel must contain 10% biodiesel, which in Brazil is commonly derived from soybean. Growth may be negatively impacted by the recent increase in minimum freight rates in response to increased fuel costs, which is expected to increase overall transportation costs by approximately 20% to 40%.

4.3. Argentina crop protection market overview

89. Argentina is the second largest market in the Central and South America region with a market value of approximately US\$2.6 billion in 2017.
90. Similar to Brazil, the growing season in Argentina is typically from 1st October to 30th September with soybean accounting for approximately half of the crop protection market. Over the last five years there has been a gradual shift from soybean towards maize partly due to concerns over pest pressure and soil fertility, with more crop rotation now taking place.

Argentina crop protection market by crop, 2017 Argentina crop protection market by product type, 2017



Source: AgbioCrop, *The Global Crop Protection Industry Report, April 2019*

91. The market is forecast to increase by an annual average of 2.7% to reach a value of US\$3.0 billion by 2022.¹⁴ This is expected to be driven by the spread of soybean rust to Argentina from neighbouring Brazil and Paraguay, and an increase in planting areas for wheat, barley and maize.

¹² Mordor Intelligence, *Brazil Crop Protection Chemical Market (2018 – 2023)*

¹³ AgbioCrop, *The Global Crop Protection Industry Report, April 2019*

¹⁴ AgbioCrop, *The Global Crop Protection Industry Report, April 2019*

5 Valuation approach

5.1. Valuation date

92. We have undertaken our assessment of value as at 30 September 2019 (the Valuation Date).

5.2. Basis of value

93. For the purpose of our opinion, we have relied on the following definition of fair market value:
“the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller, acting at arm’s length and within a reasonable timeframe”.
94. Fair market value does not include potential special value that may be available to specific parties. RG 111.11 states that any special value of the target to a particular bidder (e.g. synergies that are not available to other bidders) should not be taken into account.

5.3. Valuation approaches considered

95. There are a number of commonly adopted methodologies that could be used to assess the fair market value of a business. Widely accepted methodologies include:
- a) *Capitalisation of earnings (“CoE”)*: This method involves multiplying an estimation of a level of sustainable earnings (or profits) of a business by a multiple that is reflective of the underlying risks and growth prospects of the business. The estimation of earnings is considered a surrogate for the cash flows of the business and the process of multiplication is referred to as the ‘capitalisation’ of earnings
 - b) *Market based assessments*: Market based assessments relate to the valuation of a business, shares or assets using observed prices at which comparable businesses, shares or assets have been exchanged in arm’s length transactions. This is often the most reliable evidence of market value but in the case of the valuation of companies it can be difficult to find directly comparable transactions. For companies whose shares are publicly traded, the relevant share price is considered indicative of the market value of the shares, if there is sufficient liquidity. However, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a premium for control
 - c) *Net realisable value of assets*: This approach indicates the market value of the equity of an entity by adjusting the asset and liability balances on the subject company’s balance sheet to their market value equivalents. The net assets approach has a number of variants. Typically the approach can be applied using a going concern premise which uses the concept of replacement cost as an indicator of value
 - d) *Discounted cash flow (“DCF”)*: Indicates the value of a business based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows.
96. Each methodology is appropriate in certain circumstances and the decision as to which methodology to apply generally depends on the nature of the business being valued, the maturity of the business, commonly adopted approaches used to value similar businesses and the availability of information.

Annexure B – Independent Expert’s Report (continued)

5.4. Selected valuation approach

Primary valuation methodology

97. We have selected CoE methodology as our primary valuation methodology to assess the value of Nufarm South America, on a controlling interest basis.
98. In choosing to adopt the CoE valuation methodology we considered a number of factors, including:
 - a) Nufarm South America is operating as a going concern as at the Valuation Date and is an asset-light business
 - b) Nufarm South America is a mature business with a relatively predictable level of earnings
 - c) CoE is a commonly accepted methodology to value mature businesses with a history of generating profitable earnings
 - d) There is a large amount of information available in respect of earnings multiples for comparable transactions and trading companies
 - e) Forecast cash flows are highly contingent on industry and seasonal factors, and the assumptions associated with the growth and timing of the product pipeline portfolio.

Cross-check

99. We have cross-checked our valuation results using the CoE valuation methodology with a high level DCF calculation.

6 Valuation assessment

6.1. Summary

100. The table below summarises our fair market value assessment of Nufarm South America, on a controlling basis, as at the Valuation Date.

Summary of fair market value assessment of Nufarm South America

<i>\$ millions</i>	Low	Mid	High
FME (based on Pro forma EBITDA)	119	119	119
EV/EBITDA multiple	9.0x	9.75x	10.5x
Enterprise Value	1,071	1,160	1,250
Equity adjustments	-	-	-
Equity Value	1,071	1,160	1,250

Source: PwCS analysis

101. Our assessment of value was derived using the CoE methodology. The CoE methodology requires assessment of the following inputs:
- Future maintainable earnings* (“FME”): the level of earnings that the existing business operations could reasonably be expected to generate as at the Valuation Date
 - Earnings multiple*: that reflects the risks inherent in the business. The potential variability and expected growth in the FME is captured in the adopted earnings multiple. The earnings multiple is required to be assessed including a premium for control that reflects a 100% business ownership and opportunity to realise market participant cost and revenue related synergies.
 - Equity adjustments*: non-operating assets and liabilities (i.e. those assets and liabilities which are not required to generate the FME).
102. Capitalising the FME of the business by an appropriate earnings multiple determines the total business value or Enterprise Value (“EV”). Equity adjustments are then made for non-operating assets and liabilities to arrive at the equity value.
103. We cross-checked the results of our valuation using the CoE valuation methodology using the DCF methodology.
104. Set out below is our consideration of each of the key inputs in our CoE assessment and a summary of our DCF analysis.

6.2. Future Maintainable Earnings

105. We have adopted an FME for Nufarm South America of \$119 million, based on FY19 Pro forma EBITDA.
106. We have chosen FY19 Pro forma EBITDA as the appropriate measure of FME as:
- EBITDA is the most common basis for CoE assessments as it:
 - Eliminates distortions that the differences in depreciation and amortisation policies may cause
 - Eliminates the effects of gearing and provides a value which is independent of the current funding structure

Annexure B – Independent Expert’s Report (continued)

- Removes the effect of different taxation regimes and taxation benefits that may be available.
- b) Pro forma EBITDA has consistently grown over the past three years, as summarised in the table below, and we consider FY19 is most reflective of the current level of earnings. The potential variability and expected growth in the FME is captured in the adopted earnings multiple, discussed in the following section.

107. Nufarm South America pro forma earnings for FY17 to FY19 are summarised in the table below.

Nufarm South America pro forma earnings

\$ millions	FY17	FY18	FY19
Latin America segment Underlying EBITDA as reported in financial statements	96	97	97
Add-back of Underlying EBITDA losses for countries not included in the Proposed Transaction	2	0	2
Addition of seed treatment profits from the seed technologies segment included in the Proposed Transaction	3	9	12
Add-back of corporate costs allocated to Nufarm South America	4	5	8
One-off adjustment	(2)	-	-
Underlying EBITDA	102	112	120
Additional workforce to establish Nufarm South America as a standalone entity	(1)	(1)	(1)
Pro forma EBITDA	101	111	119
<i>Pro forma EBITDA margin (%)</i>	<i>12.2%</i>	<i>12.3%</i>	<i>11.0%</i>

Source: Management

Note: totals may not sum due to rounding

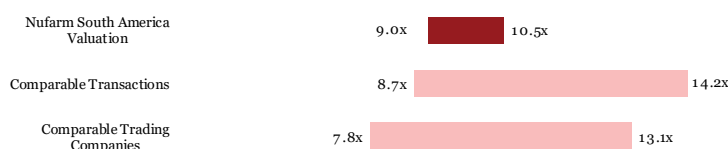
108. We note that Nufarm South America also incurs costs associated with working capital financing and foreign exchange hedging costs. We have not included these costs in our assessed FME on the basis that, similar to Nufarm South America, the majority of our selected comparable transactions and trading companies also have:
- a) major operations in South America and are therefore likely to incur similar working capital financing costs
 - b) exposure to different currencies and are therefore also likely to incur some level of foreign exchange risk and associated hedging costs.

6.3. Earnings multiple

Selected EV/EBITDA multiple

109. We have selected an EV/EBITDA multiple of 9.0x to 10.5x (mid-point 9.75x), to apply to our assessed maintainable earnings for Nufarm South America.
110. In selecting an appropriate EV/EBITDA multiple, we have had regard to:
- implied multiples from recent transactions involving comparable companies
 - implied multiples from comparable companies trading on a listed exchange.
111. Our comparable transactions and trading company analysis is summarised in the chart below.

Summary of comparable trading and transactions analysis



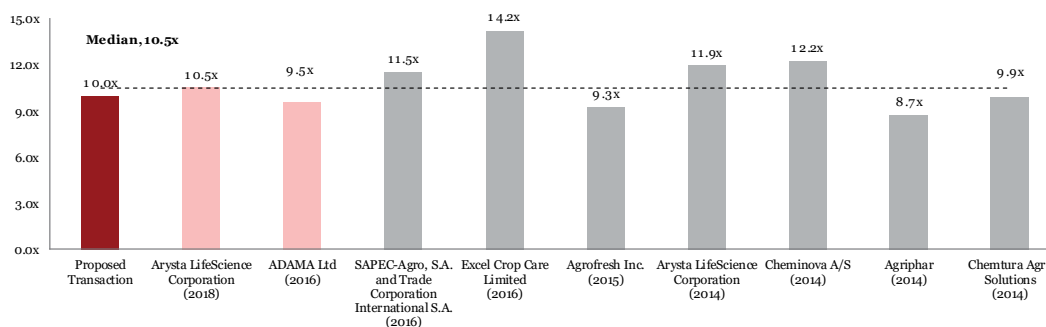
Source: S&P Capital IQ, company announcements, presentations and financial statements, PwCS analysis

Note: Comparable trading companies excludes outliers

Comparable transactions

112. We have performed a search of global transactions involving companies with significant crop protection operations. The structure of the global crop protection industry has undergone a period of consolidation in recent years and we have identified a number of transactions that we consider to have sufficiently comparable (but not identical) operations to Nufarm South America. The implied EV/EBITDA multiple for each transaction is summarised in the chart below. The transactions that we consider to be most comparable are shaded in pink.

Summary of EV/EBITDA Multiples observed in comparable transactions



Source: S&P Capital IQ, company announcements, presentations and financial statements, PwCS analysis

Note: All multiples calculated based on most recently reported earnings for the last twelve months prior to the announcement date of the transaction. The Adama transaction represents the sale of a 40% interest to ChemChina who held an existing 60% interest at that time, accordingly, we considered it to represent a control transaction

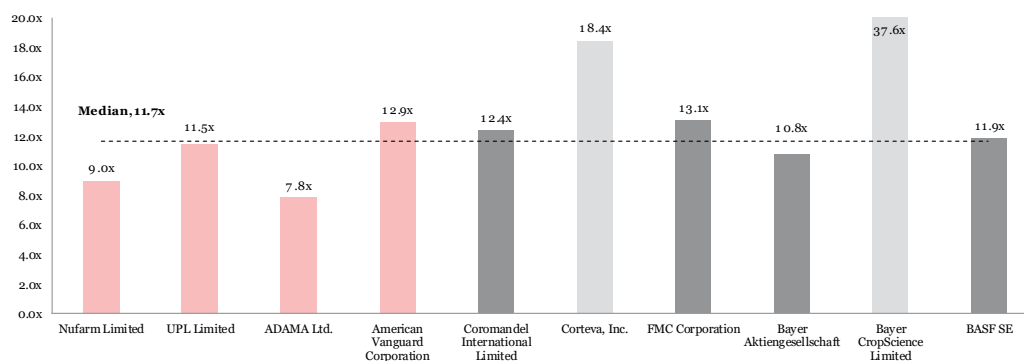
Annexure B – Independent Expert’s Report (continued)

113. We note the following regarding the comparable transaction multiples shown in the above chart:
- a) The implied EV/EBITDA multiples from our comparable transactions analysis ranged from 8.7x to 14.2x with a median multiple of 10.5x.
 - b) We consider Adama Ltd and Arysta LifeScience Corporation transactions to be the most comparable to Nufarm South America, having regard to the proximity of the transactions to the Valuation Date and the product mix of the target companies (which includes predominantly off-patent crop protection products rather than proprietary products). Adama and Arysta LifeScience transacted at an EV/EBITDA of 9.5x and 10.5x respectively. However, we note that both companies are larger and more geographically diversified than Nufarm South America and therefore may be expected to attract a higher multiple than Nufarm South America.
 - c) Nufarm South America is smaller than the majority of the target companies in the comparable transactions. Empirical evidence demonstrates that, all else being equal, smaller companies transact at lower multiples than larger companies. This is driven by factors such as key person/management risk, high exposure to a smaller number of key clients and lower economies of scale.
 - d) Nufarm South America is less diverse, both geographically and operationally, than the majority of the target companies in the comparable transactions. All else being equal, a less diversified company typically has a higher risk profile and therefore may attract a lower multiple. In particular, Nufarm South America operates in Brazil, Argentina, Chile and Colombia which are subject to relatively high regulatory and currency risk, and political volatility.
 - e) We expect that the identified transactions implicitly include a premium for control which would have depended on the specific rationale for each deal, such as the ability to combine assets/operations or the facilitation of increased market optimisation. The extent to which this strategic value (and associated control premium) is reflected in the transaction terms may depend on the level of perceived synergies available as well as the alternatives available to the acquirer and target.
114. Further details on each of the identified comparable transactions, including brief descriptions of the business activities of the target companies, is provided in Appendix A.

Comparable trading companies

115. We have performed a search of companies with significant crop protection operations traded on listed exchanges globally. We have identified a number of companies that we consider to have sufficiently comparable (but not identical) operations to Nufarm South America. The implied EV/EBITDA multiple for each company is summarised in the chart below with a median of 11.7x. The trading companies that we consider to be most comparable are shaded in pink.

Summary of EV/EBITDA Multiples observed in comparable trading companies



Source: S&P Capital IQ, company announcements, presentations and financial statements, PwCS analysis

Note: Market capitalisation and EV calculated as at 30 September 2019.¹⁵ A control premium of 25% has been added to the market capitalisation, as discussed in the following sections. EBITDA is based on the last twelve month earnings prior to the Valuation Date. UPL's EBITDA is based on broker consensus estimate for the year ending 31 March 2020. Median excludes companies shown in light grey

116. We note the following regarding the comparable trading company multiples shown in the chart above:
- The implied EV/EBITDA multiples from our comparable trading company analysis ranged from 7.8x to 13.1x with a median multiple of 11.7x (excluding Corteva Inc and Bayer CropScience Limited which we consider to have limitations in the comparability due to inconsistencies in disclosed information).
 - We consider Nufarm, UPL Ltd and Adama Ltd to be the most comparable companies to Nufarm South America, having regard to the product mix of the target companies (which includes predominantly off-patent crop protection products rather than proprietary products). The implied EV/EBITDA multiples of Nufarm (prior to announcement of the Proposed Transaction), UPL and Adama, on a control basis, are 9.0x, 11.5x¹⁶ and 7.8x respectively as at the Valuation Date.
 - Nufarm South America is smaller than the majority of the comparable trading companies. As discussed in the comparable transactions section above, all else being equal, smaller company's trade at lower multiples than larger companies.
 - Nufarm South America is less diversified, both geographically and operationally, than majority of the comparable trading companies. As discussed in the comparable transactions section above, all else being equal, we would expect a less diversified company to attract a lower multiple than a well-diversified company.
 - The historical EBITDA margin of Nufarm South America is lower than the majority of the comparable trading companies as a result of its high exposure to low margin off-patent products. All else being equal, we would expect a company with a lower earnings margin to have a higher risk profile and therefore attract a lower multiple than a more diversified company.
117. Further details on each of the identified comparable trading companies, including brief descriptions of the business activities of the target companies, is provided in Appendix B.

¹⁵ Nufarm multiple is as at 27 September 2019, the last trading day prior to the announcement of the Proposed Transaction

¹⁶ UPL's implied earnings multiple is based on broker consensus for the 12 months to 31 March 2020 as UPL's earnings for the 12 months prior to the Valuation Date do not incorporate the full impact of its acquisition of Arysta LifeScience Corporation

Annexure B – Independent Expert’s Report (continued)

Adjustment for control premium

118. We have applied a control premium of 25% to the market capitalisation of our selected comparable trading companies.
119. Purchasers are typically willing to pay a premium in order to obtain control of a company as it would give rise to benefits such as:
 - a) Control of the board of directors of the company
 - b) Control of all the decision making and strategy
 - c) Access to opportunity to realise revenue and cost synergies
 - d) Access to cash flows
 - e) Access to tax benefits.
120. Our selected control premium is based on consideration of:
 - a) Control premiums observed in the wider agrochemical industry over the past 10 years which ranged from 4% to 44%, with a median of 22%¹⁷
 - b) Publicly available research in relation to listed companies generally, which suggests that control premiums typically range from 10% to 40%.
121. The level of control premium varies widely depending on the circumstances and may include an element of strategic premium paid by purchasers.
122. These strategic premiums are specific to the acquirer and exist where an investor expects to be able to enhance cash flows by realising synergistic benefits by merging the acquired business with their existing business, and again, is willing or must share that benefit with the selling shareholders. Generally speaking, the acquirer will be reluctant to pay above the value of potential market participant synergies. Nevertheless, in a competitive bidding environment, the price paid will include some element of expected synergies and therefore include a strategic control premium.
123. We have not undertaken a detailed assessment of the potential synergies that may be available to prospective purchasers of Nufarm South America, however, we consider it unlikely that available synergies would be toward the high end of the range as a result of:
 - a) the exclusive agreements in place between Nufarm and Sumitomo which assist to support a portion of the earnings of Nufarm South America and may be discontinued as a result of a change of ownership
 - b) the industry consolidation that has taken place in recent years which has resulted in a smaller number of larger global players that may potentially face anti-trust issues.¹⁸

¹⁷ Based on the share price one week prior to the announcement date

¹⁸ Phillips McDougall – AgriService, Industry Overview - 2018 Market, April 2019

6.4. Equity adjustments

124. We have not identified any equity adjustments in our CoE assessment.

Net debt

125. The Proposed Transaction is on a cash free, debt free basis therefore we have made no adjustment for net debt.

Tax assets and liabilities

126. As at 31 July 2019, Nufarm South America had \$72 million of net tax assets¹⁹, which includes tax losses and tax credits. Tax losses and tax credits are typically considered to be surplus assets, however we have not included the tax losses and credits as an equity adjustment having regard to the following:

- a) Nufarm South America is involved in taxation proceedings in Brazil which may result in a reduction of the tax losses and credits. Contingent liabilities of \$59 million²⁰ were reported as at 31 July 2019 relating to these taxation proceedings. The SPA formalises arrangements for the parties to share in the risk and there is an agreed process for the management of the claims post completion
- b) The majority of the comparable companies also have tax assets which are reflected in their Enterprise Value and therefore the EV/EBITDA multiples used in our CoE analysis
- c) It is not clear to what extent (if any) an acquirer of Nufarm South America would be restricted from utilising the tax losses and credits
- d) If available, utilisation of tax losses and credits is subject to various restrictions which limit the level of profit which can be offset by carried forward losses and credits. This would result in the losses and credits being recouped over a period of time which reduces their value.

6.5. DCF cross-check

127. As a cross-check to our CoE analysis, we have undertaken a high level DCF analysis. Our DCF analysis derives a value range of \$1,078 million to \$1,392 million and assists to confirm our valuation assessed using the CoE methodology.

Summary of DCF assessment (\$m)

CoE assessment	1,071	1,250
DCF cross-check	1,078	1,392

Source: PwCS analysis

128. Our DCF analysis was undertaken using:

- a) A discount rate of 10.5% to 12.5%
- b) Cash flow projections prepared by Management.

¹⁹ Pro forma Nufarm balance sheet in the Nufarm Explanatory Memorandum. \$72m calculated as: \$13m current tax assets plus \$79m deferred tax assets less \$5m current tax payable less \$15m deferred tax liabilities

²⁰ Nufarm 2018-2019 Full Year Results & Preliminary Final Report

Annexure B – Independent Expert’s Report (continued)

Discount rate

129. We have selected a post-tax weighted average cost of capital of 10.5% to 12.5% for Nufarm South America, having regard to:
- a) Relevant country risk premiums and inflation differentials associated with Brazil and Argentina
 - b) Betas and gearing of comparable trading companies
 - c) Specific risk profile of Nufarm South America, incorporating the risk associated with a range of initiatives which are not yet in place including the growth and timing of new products.

Cash flow projections

130. We adopted Management’s cash flow projections for Nufarm South America. The projections were prepared on a bottom-up basis for a 10-year period (subject to board approval for the first three years) and reflect the following:
- a) The introduction of new products with assumptions regarding their initial market share, growth and timing
 - b) Modest sales growth for the existing portfolio of products
 - c) COGS increasing in line with inflation, slightly offset by continued efficiency in procurement organisation
 - d) EBITDA margins improving as a result of the introduction of new higher margin formulations
 - e) Terminal growth of 2.5% beyond the explicit 10-year cash flow forecast period.
131. Given the transaction scenario we have allowed for prospective synergies having regard to the difference between the margins forecast by Management and those achieved by larger players in the off-patent crop protection business. This comparison only allowed for a modest amount of synergies which we assessed at 1% of revenue.
132. We have reviewed the process and the basis of major assumptions within the Management cash flow projections and consider the cash flows to be the best available estimate of future operating cash flows under the current operating model with an allowance for modest synergies arising from new ownership.
133. We further tested the Management cash flow projections by undertaking scenario analysis based on the following assumptions:
- a) Revenue growth from FY19 of 4.0% (local currency), consistent with forecast industry growth rates
 - b) Earnings margins improving to 13.0% by FY21, up from 11.0% in FY19 supported by new products and margin recovery in existing products, offsetting short term earnings aberrations arising from the rapid devaluation of the Brazilian Real during FY19
 - c) Available synergies of 1.0% of revenue
 - d) Working capital and hedging costs of 1.6% of revenue, consistent with historical performance
 - e) Depreciation of approximately 0.6% of revenue, consistent with historical performance
 - f) Capital expenditure of approximately 0.7% of revenue, consistent with historical performance
 - g) The average working capital balance as a percentage of revenue of Nufarm South America over the last twelve months was approximately 45%. Change in working capital is estimated as 45% of the change in revenue.

This scenario results in a value range approximately 20% below the value assessed using the Management cash flow projections. We consider this extra 20% relates to Management’s assessment of the impact of further value improvement actions, including new product releases during their planning period. The implication of this analysis is that the Proposed Transaction price already incorporates a substantial component of the benefits of Management’s planned improvements, industry growth and modest synergies.

7 Reasonableness considerations

134. In accordance with RG 111, the Proposed Transaction is also reasonable if it is fair. However, for the purpose of assessing whether or not the Proposed Transaction is reasonable to Non-Associated Shareholders, we have also considered the following likely advantages, disadvantages and other factors associated with the Proposed Transaction.

7.1. Advantages

135. We outline below the results that we consider to convey advantages to Non-Associated Shareholders beyond the price they may receive as a result of the Proposed Transaction:
- a) Delivers certainty and upfront value to Nufarm:
 - Sumitomo's cash offer of \$1,188 million for Nufarm South America provides certainty and significant upfront value to Nufarm
 - If the Proposed Transaction does not complete, the amount which Nufarm may be able to realise for Nufarm South America in another eventual sale would be uncertain and may differ materially to the Proposed Transaction
 - The Proposed Transaction still provides the opportunity for a control transaction in respect of the remaining business of Nufarm.
 - b) Rationalises Nufarm's business to higher value operations:
 - Divestment of Nufarm South America enables Nufarm to focus on its remaining businesses and regions where Management believe that higher margins and more reliable cash flows can be generated
 - If the Proposed Transaction does not complete, Nufarm would retain Nufarm South America and its exposure to the South American market. The South American market has unique characteristics, including extended credit terms and currency volatility, which adversely impact cash generation.
 - c) Reduces Nufarm's net debt:
 - Nufarm will use the proceeds of \$1,188 million from the sale of Nufarm South America to reduce net debt
 - This will result in a reduction in pro forma FY19 net debt/Underlying EBITDA reducing from 3.0x to 0.7x and is expected to reduce group financing costs by approximately \$60-70 million (including foreign exchange hedging costs)
 - The lower debt will strengthen Nufarm's capital structure, improving profitability and providing greater flexibility to undertake capital investment in the future
 - If the Proposed Transaction does not complete, Nufarm would be required to make a significant investment in working capital in Nufarm South America which would limit operating flexibility and adversely impact returns going forward.
 - d) Strengthens Nufarm's relationship with Sumitomo:
 - Nufarm and Sumitomo have existing commercial arrangements where Sumitomo provides Nufarm with access to a portfolio of proprietary products. The products have been an important contributor to Nufarm's earnings growth in recent years
 - As part of the Proposed Transaction, the commercial arrangements will be extended to 2025 and Nufarm and Sumitomo will enter a new agreement confirming Nufarm as the preferred

Annexure B – Independent Expert’s Report (continued)

commercialisation partner for proprietary fungicides Pavecto and Indiflin in Germany, Poland and the UK, which will help support Nufarm's growth strategy in Europe.

- e) In the absence of the Proposed Transaction, the Nufarm share price is likely to fall from levels observed post the announcement of the Proposed Transaction:
- If the Proposed Transaction does not complete, and in the absence of a superior offer, the Nufarm share price is likely to fall below its current trading levels in the near term, having regard to the market’s response to the announcement
 - The Nufarm share price was trading 46% higher on the day after the announcement²¹ of the Proposed Transaction, compared to the last trading day prior to the announcement, and as at the date of this report continues to trade around the same level.
- f) As at the date of this IER, no superior offer has emerged. An offer would be considered superior if it would be likely to result in a transaction more favourable to Non-Associated Shareholders compared to the Proposed Transaction.

7.2. Disadvantages

136. The disadvantages of the Proposed Transaction are as follows:

- a) Potential reduction in economies of scale and synergies:
- Nufarm may experience a reduction in existing economies of scale and synergies on disposal of Nufarm South America
 - On completion of the Proposed Transaction, Nufarm will have a smaller revenue base but incur a similar level of corporate costs. This may give rise to dis-economies of scale which may adversely impact Nufarm’s profitability and returns. Management has indicated that they will seek to reduce the existing corporate costs post completion of the Proposed Transaction
 - Nufarm may have less bargaining power and present as a less attractive customer and business partner given its reduction in scale. This may impact Nufarm’s ability to procure products at competitive prices and enter into R&D or distribution partnerships. As part of the Proposed Transaction, Nufarm will continue to procure and supply products (Nufarm branded and third party) to Nufarm South America for two years post completion of the Proposed Transaction. If the supply agreement is not extended, Nufarm’s procurement volumes are likely to drop.
- b) Nufarm will not be able to participate in any potential upside from Nufarm South America:
- Following completion of the Proposed Transaction, Nufarm will not benefit from any growth or increase in the market value of Nufarm South America
 - Individual shareholders may prefer to retain exposure to the Nufarm South America business depending on their own views on the outlook and growth prospects for Nufarm South America.
- c) Nufarm is restrained from engaging in activities in the same region as Nufarm South America:
- Nufarm is restrained for three years from engaging in any activity which is the same as or similar to, any activity engaged in by Nufarm South America within the restraint area of Brazil, Argentina, Chile and Colombia.

²¹ We note that, in addition to the announcement of the Proposed Transaction, Nufarm announced its FY19 financial results on 30 September 2019 which may have affected the Nufarm share price in this period. The FY19 EBITDA announced was consistent with guidance provided by Nufarm in August 2019

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- d) Nufarm's earnings per share will reduce post the Proposed Transaction given the estimated reduction in net financing cost of \$60-\$70 million is lower than Nufarm South America's Underlying EBIT of \$113 million.

7.3. Other considerations

137. There are also a number of other factors which arise as a result of the Proposed Transaction which we have considered. Whilst we believe these do not represent advantages or disadvantages, they should be considered by Non-Associated Shareholders in contemplating their decision as to whether to support the Proposed Transaction:
- a) Proposed Transaction is unanimously recommended by the Directors other than the Excluded Director:
 - The Directors other than the Excluded Director of Nufarm have unanimously recommended that Non-Associated Shareholders vote in favour of the Proposed Transaction, in the absence of a superior offer
 - Each of the Directors other than the Excluded Director of Nufarm intend to vote all Nufarm shares held or controlled by them in favour of the Proposed Transaction
 - In reaching their decision, the Directors other than the Excluded Director made various judgements and assumptions based on future trading conditions, circumstances and events, which cannot be predicted with certainty and which may prove to be inaccurate.
 - b) Individual shareholders may consider that the Proposed Transaction is not in their best interests:
 - Notwithstanding the unanimous recommendation of the Directors other than the Excluded Director, individual shareholders may believe that the Proposed Transaction is not in their respective interests
 - There is no obligation for shareholders to agree with the unanimous recommendation of the Directors other than the Excluded Director.
 - c) It may be difficult for individual shareholders to identify or invest in an alternative business with similar characteristics to that of Nufarm South America:
 - Individual shareholders may prefer to retain their indirect interest in Nufarm South America, rather than the financial return provided through the Proposed Transaction, in order to maintain an investment in a business with Nufarm South America's specific characteristics, including but not limited to risk, return and liquidity characteristics
 - In particular, individual shareholders may value having an investment with exposure to the South American market and consider that there are potential diversification benefits through such an investment.
 - d) We have considered the acquisition of the Preference Securities from Sumitomo. The Preference Securities are able to be acquired at face value of \$97.5 million plus any undeclared distributions (in accordance with their terms). Given the interest rate of 6% per annum for the first 12 months and 10% per annum thereafter is higher than the current yield to maturity of Nufarm's publicly traded debt, we would expect Nufarm to acquire the Preference Securities prior to repayment of other debt. Accordingly, we consider that this element of the Proposed Transaction is at arm's length terms.
 - e) Transaction costs of approximately \$160 million will be incurred. The majority of this relates to income tax payable on the profit on sale of Nufarm South America. These transaction costs would be incurred irrespective of the identity of the purchaser of Nufarm South America.

Annexure B – Independent Expert’s Report (continued)

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- f) As a result of the Proposed Transaction, Nufarm has provided certain warranties and indemnities to Sumitomo. With the exception of the tax indemnities discussed in 126a of this report, we consider the warranties and indemnities provided to be consistent with customary commercial practice for transactions of this type.

7.4. Conclusion as to reasonableness

138. After consideration of the above factors, in our opinion, the advantages of the Proposed Transaction outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the Proposed Transaction is reasonable to Non-Associated Shareholders.

8 Conclusions

139. We have concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.
140. In forming our opinion, we have considered whether the Proposed Transaction is fair and reasonable, in accordance with the principles set out in RG 111. The reasons for our opinion are summarised below.

8.1. The Proposed Transaction is fair

141. To assess the fairness of the Proposed Transaction, we have considered the fair market value of Nufarm South America on a controlling interest basis and compared this to the consideration being offered by Sumitomo under the Proposed Transaction.
142. We have assessed the fair market value of Nufarm South America (on a controlling interest basis) as at 30 September 2019 to be in the range of \$1,071 million to \$1,250 million.
143. On the basis that the consideration offered by Sumitomo under the Proposed Transaction of \$1,188 million is within our assessed fair market value range for Nufarm South America (on a controlling interest basis), we consider that the Proposed Transaction is fair.

8.2. The Proposed Transaction is reasonable

144. In accordance with RG 111, the Proposed Transaction is also reasonable if it is fair. However, for the purpose of assessing whether or not the Proposed Transaction is reasonable to Non-Associated Shareholders, we also considered likely advantages, disadvantages and other factors associated with the Proposed Transaction.
145. After consideration of the reasonableness factors set out in section 7, in our opinion, the advantages of the Proposed Transaction outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the Proposed Transaction is reasonable to Non-Associated Shareholders.

Annexure B – Independent Expert’s Report (continued)

9 Appendices

Appendix A. - Comparable transactions

A.1. Comparable transaction analysis

The following table provides analysis of the comparable transaction multiples:

Announcement date	Target	Buyer	Transaction Value (\$m)	Percent Sought	EV/EBITDA
Jul 2018	Arysta LifeScience Corporation	UPL Corporation Limited	5,667	100%	10.5x
Jul 2016	ADAMA Ltd	China National Agrochemical Co. Ltd	1,845	40%	9.5x
Nov 2016	SAPEC-Agro, S.A. and Trade Corporation International S.A.	Bridgepoint Advisers Limited	654	100%	11.5x
Jun 2016	Excel Crop Care Limited	Sumitomo Chemical Company, Limited	126	45%	14.2x
Apr 2015	Agrofresh Inc.	Boulevard Acquisition Corp.	1,028	100%	9.3x
Oct 2014	Arysta LifeScience Corporation	Platform Specialty Products Corporations	4,783	100%	11.9x
Sep 2014	Cheminova A/S	FMC Corporation	1,836	100%	12.2x
Aug 2014	Agriphar	Platform Specialty Products Corporations	429	100%	8.7x
Apr 2014	Chemtura Agro Solutions	Platform Specialty Products Corporations	1,071	100%	9.9x
Minimum					8.7x
Median					10.5x
Mean					10.9x
Maximum					14.2x

Source: S&P Capital IQ, company announcements and PwCS analysis based on information available as at 30 September 2019. The companies highlighted in grey represent our selected narrow set

Notes: The Adama transaction represents the sale of a 40% interest to ChemChina who held an existing 60% interest at that time, accordingly, we considered it to represent a control transaction

Annexure B – Independent Expert’s Report (continued)

A.2. Target company descriptions

Arysta LifeScience Corporation

Arysta LifeScience Corporation manufactures agricultural fertilizers and chemicals, including chemical pesticides, bio pesticides, pollinating insects, bio stimulants, soil conditioners, fertilizers, pharmaceuticals, quasi drugs, cosmetics, animal chemicals, dyes, and industrial chemicals. It also manufactures agricultural materials, gardening materials, medical equipment, and agricultural machinery. The company was founded in 2001 and is based in Tokyo, Japan and has sales offices in Sapporo, Nagoya, Fukuoka, and Tokyo, Japan. As of February 13, 2015, Arysta LifeScience Corporation operates as a subsidiary of Platform Specialty Products Corporation. As of January 31, 2019, Arysta LifeScience Corporation operates as a subsidiary of UPL Corporation Limited.

ADAMA Ltd

ADAMA Ltd., together with its subsidiary, Adama Agricultural Solutions Ltd., operates as a crop protection company. The company operates through Crop Protection (Agro) and Other (Non Agro) segments. It develops, produces, and markets herbicides, insecticides, fungicides, plant growth regulators, and seed treatments to farmers to enhance the quality and quantity of crop yields by providing protection from weeds, insects, and diseases. The company also offers non-agrochemical products, such as nutritional supplements, aromatic products, and industrial products; and consumer and professional solutions. It primarily operates in Europe, North America, Latin America, the Asia Pacific and India, the Middle East, and Africa. The company was formerly known as Hubei Sanonda Co., Ltd. and changed its name to ADAMA Ltd. in December 2018. The company was founded in 1945 and is headquartered in Beijing, China. ADAMA Ltd. is a subsidiary of China National Agrochemical Co., Ltd.

SAPEC-Agro, S.A. and Trade Corporation International S.A.

Sapac Agro SA develops, manufactures, and markets agrochemical products. Sapac Agro SA was formerly known as Agrides SA and changed its name in 2000. The company is based in Reus, Spain. Sapac Agro SA operates as a subsidiary of Sapac SA. Trade Corporation International S.A. manufactures micronutrients and specialty fertilizers for the agricultural sector in Spain and internationally. Its products include chelates, foliar fertilizers, humics, biostimulants, NPK fertilisers and starters, special correctors, and organic agriculture products. The company’s products are used by clients to improve their crops and business. Trade Corporation International S.A. was founded in 1985 and is based in Madrid, Spain. It has regional offices in Egypt, Morocco, Algeria, Belgium, France, Germany, Poland, Lithuania, Ireland, Kenya, Italy, Australia, Korea, Mexico, Brazil, and Colombia. Trade Corporation International S.A. operates as a subsidiary of Ascenza Agro, S.A.

Excel Crop Care Limited

Excel Crop Care Limited, an agro-inputs company, manufactures and markets crop protection, soil nutrition, and seed treatment and post-harvest products in India and internationally. It offers active ingredients, such as profenophos, chlorpyrifos, imidacloprid, triazophos, quinalphos, fenpyroximate, thiacloprid, acetamiprid, tebuconazole, azoxystrobin, difenoconazole, glyphosate, and bispyribac sodium; insecticides, herbicides, fungicides, weedicides, metal phosphide, and plant growth regulators; and fumigants and rodenticides, biopesticides, crop enhancers, plant growth nutrition products, and adjuvants. The company was incorporated in 1964 and is based in Mumbai, India. As of October 7, 2016, Excel Crop Care Limited operates as a subsidiary of Sumitomo Chemical Company, Limited.

Agrofresh Inc.

AgroFresh Solutions, Inc. provides science-based solutions, data-driven technologies, and services to enhance the quality and extend the shelf life of fresh produce. It offers solutions in various fresh produce categories, including apples, bananas, cherries, citrus, and pears, as well as avocados, kiwifruits, melons, ornamentals, peaches and nectarines, plums, tomatoes, and others. The company supports growers, packers, and retailers by providing post-harvest solutions across the industry to enhance crop values while conserving planet’s resources and reducing food waste. The company’s flagship product is the SmartFresh system that regulates the post-

harvest ripening effects of ethylene to preserve the texture, firmness, taste, and appearance of produce during storage, transportation, and retail display. It also provides Harvista technology for use in pre-harvest management of pome fruit, apples, pears, cherries, and blueberries. In addition, the company is developing RipeLock Quality System, a proprietary technology that extends the shelf life of bananas; FreshCloud, a suite of monitoring and screening solutions; and LandSpring, a technology that minimizes stress induced ethylene effects in vegetable seedling transplants allowing for post-transplant vigor. It operates in North America, Europe, the Middle East, and Africa, as well as Latin America and the Asia Pacific. The company was formerly known as Boulevard Acquisition Corp. and changed its name to AgroFresh Solutions, Inc. in July 2015. AgroFresh Solutions, Inc. is headquartered in Philadelphia, Pennsylvania.

Cheminova A/S

Cheminova A/S produces and supplies crop protection solutions to growers worldwide. The company offers organophosphate insecticides to protect crops from infestation by insects, weeds, and fungal diseases. It sells its products in Denmark and internationally. The company was founded in 1938 and is based in Harboøre, Denmark. Cheminova A/S operates as a subsidiary of FMC Corporation.

Agriphar

Agriphar is a European crop protection group with leading product development, registration and distribution capabilities. The group provides a wide range of herbicides, fungicides and insecticides across Europe and is supported by a talented team of researchers and regulatory experts. The group also has an in-house formulation and packaging capabilities through its facility in Ougree, Belgium. With its owned-distribution subsidiaries, Agriphar has a strong on the ground presence in Western Europe and has developed a footprint in Central and Latin America.

Chemtura Agro Solutions

Chemtura Agro Solutions is a leading provider of seed treatment and agrochemical products for a wide variety of crop applications in attractive geographies. Its portfolio encompasses seed treatments, insecticides, miticides, herbicides, fungicides, plant growth regulators and adjuvants, and is supported by a proven and robust new product pipeline with over 100 new launches in each of the last three years. These products, backed by extensive research and field testing, utilize advanced formulations to enhance crop quality and yield in many specialty markets and are supported by product registrations in more than 100 countries.

Source: S&P Capital IQ and company announcements

Annexure B – Independent Expert’s Report (continued)

Appendix B. - Comparable companies

B.1. Comparable company analysis

The following table summarises an analysis of the comparable company trading multiples:

Comparable company	Market Capitalisation (\$m)	Enterprise Value (\$m)	EV/EBITDA	LTM EBITDA margin
Nufarm Limited	2,116	3,770	9.0x	11.2%
UPL Limited	12,103	18,356	11.5x	16.1%
ADAMA Ltd.	5,722	7,040	7.8x	17.0%
American Vanguard Corporation	879	1,113	12.9x	12.8%
Coromandel International Limited	3,189	3,775	12.4x	11.0%
Corteva, Inc.	38,863	47,592	18.4x	34.3%
FMC Corporation	21,196	25,902	13.1x	27.5%
Bayer Aktiengesellschaft	121,915	198,700	10.8x	25.1%
Bayer CropScience Limited	3,014	2,949	37.6x	13.9%
BASF SE	119,017	161,016	11.9x	13.4%
Minimum (excluding outliers)			7.8x	11.0%
Mean (excluding outliers)			11.2x	16.8%
Median (excluding outliers)			11.7x	14.7%
Maximum (excluding outliers)			13.1x	27.5%

Source: S&P Capital IQ and PwCS analysis based on information available as at 30 September 2019. The companies highlighted in grey represent our selected narrow set.

Notes: Market capitalisation and EV calculated as at 30 September 2019. Market capitalisation includes a control premium of 25%. Net debt includes tax adjusted unfunded defined benefit liabilities calculated based off most recently available company interim and annual reports. UPL’s EBITDA is based on broker consensus for the 12 months to 31 March 2020 as UPL’s earnings for the 12 months prior to the Valuation Date do not incorporate the full impact of UPL’s acquisition of Arysta LifeScience Corporation. Corteva Inc and Bayer CropScience Limited are considered outliers due to inconsistencies in disclosed information

B.2. Comparable company descriptions

A brief overview of each of the comparable companies (source: S&P Capital IQ) is provided below:

Nufarm Limited

Nufarm Limited, together with its subsidiaries, manufactures and sells crop protection products in Australia, New Zealand, Asia, Europe, North America, and South America. It operates through two segments, crop protection and seed technologies. The company offers herbicides, insecticides, and fungicides to protect crops from damage caused by weeds, pests, and diseases. It also provides seeds and seed treatment products. The company was incorporated in 2000 and is headquartered in Laverton North, Australia.

UPL Limited

UPL Limited manufactures and markets crop solutions worldwide. The company operates in two segments, Agro Activity and Non-agro Activity. It offers sorghum, forages, corn, canola, sunflower, vegetable, rice, wheat, soya, pearl millet, oats, alfalfa, bio-fumigants, and mustard seeds. The company also provides herbicides; fungicides; insecticides and acaricides; seed treatment products; adjuvants; ProNutiva, a solution for crop protection; and bio-fertilizers, bio-stimulants, and biocontrol products. In addition, it offers post-harvest products; aquatic herbicides and algicides; industrial chemicals and other non-agricultural related products; and farmer advisory and education services, as well as farm services. The company was formerly known as United Phosphorus Limited and changed its name to UPL Limited in October 2013. UPL Limited was founded in 1969 and is headquartered in Mumbai, India.

ADAMA Limited

ADAMA Ltd., together with its subsidiary, Adama Agricultural Solutions Ltd., operates as a crop protection company. The company operates through Crop Protection (Agro) and Other (Non Agro) segments. It develops, produces, and markets herbicides, insecticides, fungicides, plant growth regulators, and seed treatments to farmers to enhance the quality and quantity of crop yields by providing protection from weeds, insects, and diseases. The company also offers non-agrochemical products, such as nutritional supplements, aromatic products, and industrial products; and consumer and professional solutions. It primarily operates in Europe, North America, Latin America, the Asia Pacific and India, the Middle East, and Africa. The company was formerly known as Hubei Sanonda Co., Ltd. and changed its name to ADAMA Ltd. in December 2018. The company was founded in 1945 and is headquartered in Beijing, China. ADAMA Ltd. is a subsidiary of China National Agrochemical Co., Ltd.

American Vanguard Corporation

American Vanguard Corporation, through its subsidiaries, develops, manufactures, and markets specialty chemicals for agricultural, commercial, and consumer uses in the United States and internationally. The company manufactures and formulates chemicals, including insecticides, fungicides, herbicides, molluscicides, growth regulators, and soil fumigants in liquid, powder, and granular forms for crops, turf and ornamental plants, and human and animal health protection. It also markets and distributes end-use chemical and biological products for crop applications; distributes chemicals for greenhouse and nursery production markets; and offers formulations, such as PCNB, chlorothalonil, and propiconazole under the FFII and FFIII names. The company distributes its products through national distribution companies, and buying groups or co-operatives; and through sales offices, sales force executives, sales agents, and wholly owned distributors. American Vanguard Corporation was founded in 1969 and is headquartered in Newport Beach, California.

Coromandel International Limited

Coromandel International Limited manufactures and sells farm inputs in India. The company operates in two segments, Nutrient and Other Allied Business; and Crop Protection. It offers phosphatic fertilizers; crop protection products, including insecticides, fungicides, and herbicides; specialty nutrients, such as bentonite sulphur, water soluble and organic fertilizers, and micronutrients; and organic compost. The company also operates 800 stores in Andhra Pradesh, Telangana, and Karnataka. Coromandel International Limited also

Annexure B – Independent Expert’s Report (continued)

exports its products. The company was incorporated in 1961 and is based in Secunderabad, India. Coromandel International Limited is a subsidiary of E.I.D. Parry (India) Limited.

Corteva, Inc.

Corteva, Inc. provides agriculture products worldwide. The company develops and supplies germplasm and traits in corn, soybean, and sunflower seed markets. It also supplies products to the agricultural input industry that protect against weeds, insects and other pests, and diseases, as well as to enhance crop health. The company is based in Wilmington, Delaware. Corteva, Inc. operates independently of DowDuPont Inc. as of June 1, 2019.

FMC Corporation

FMC Corporation, a diversified chemical company, provides solutions, applications, and products for the agricultural, consumer, and industrial markets worldwide. The company operates in two segments, FMC Agricultural Solutions and FMC Lithium. The FMC Agricultural Solutions segment develops, manufactures, markets, and sells crop protection chemicals, including insecticides, herbicides, and fungicides that are used in agriculture to enhance crop yield and quality by controlling a range of insects, weeds, and diseases, as well as in non-agricultural markets for pest control. The FMC Lithium segment manufactures lithium for use in batteries, polymers, pharmaceuticals, greases and lubricants, glass and ceramics, and other industrial applications. FMC Corporation was founded in 1883 and is headquartered in Philadelphia, Pennsylvania.

Bayer Aktiengesellschaft

Bayer Aktiengesellschaft operates as a life science company worldwide. It operates through Pharmaceuticals, Consumer Health, Crop Science, and Animal Health segments. The Pharmaceuticals segment offers prescription products primarily for cardiology and women’s health care; specialty therapeutics in the areas of oncology, hematology, and ophthalmology; and diagnostic imaging equipment and contrast agents. The Consumer Health segment markets nonprescription over-the-counter medicines, medical products, cosmetics, and self-care solutions in the dermatology, nutritional supplements, pain and cardiovascular risk prevention, digestive health, allergy, cold and cough, foot care, and sun protection categories. The Crop Science segment offers chemical and biological crop protection products, improved plant traits, seeds, digital solution, and pest and weed control products, as well as customer service for agriculture. This segment also provides breeding, propagation, and production/processing of seeds, including seed dressing. The Animal Health segment develops and markets products and solutions for the prevention and treatment of disease in companion and farm animals to veterinarians. Bayer Aktiengesellschaft has a collaboration agreement with MD Anderson Cancer Center at the University of Texas to develop cancer treatments; and research collaboration agreements with Haplogen GmbH and Kyoto University to identify new drugs candidates for the treatment of pulmonary diseases. The company distributes its products through wholesalers, pharmacies, supermarket and drugstore chains, online and other retailers, and hospitals, as well as directly to farmers. It has strategic research alliance with Kyoto University to jointly identify new drug targets for the treatment of pulmonary diseases, such as idiopathic pulmonary fibrosis. Bayer Aktiengesellschaft was founded in 1863 and is headquartered in Leverkusen, Germany.

Bayer CropScience Limited

Bayer CropScience Limited engages in the manufacture, sale, and distribution of insecticides, fungicides, herbicides, and various other agrochemical products in India. It also provides pharmaceutical products, such as prescription products primarily for cardiology and women’s healthcare; specialty therapeutics in the areas of oncology, hematology, and ophthalmology; and contrast-enhanced diagnostic imaging equipment and other contrast agents. In addition, the company offers consumer health products that primarily comprise non-prescription products for the dermatology, dietary supplement, analgesic, gastrointestinal, allergy, cold and flu, foot care, sun protection, and cardiovascular risk prevention areas under the Claritin, Aspirin, Aleve, Bepanthen/Bepanthol, Canesten, Dr. Scholl’s, and Coppertone brand names. Further, it provides animal health products for farm animals and companion animals, as well as involved in the sale and distribution of hybrid seeds. The company also exports its products. Bayer CropScience Limited was incorporated in 1958 and is based in Thane, India.

BASF SE

BASF SE operates as a chemical company worldwide. It operates through six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care, and Agricultural Solutions. The Chemicals segment provides petrochemicals and intermediates. The Materials segment offers advanced materials and their precursors for applications and systems, such as isocyanates and polyamides, as well as inorganic basic products and specialties for plastic and plastic processing industries. The Industrial Solutions segment develops and markets ingredients and additives for industrial applications, such as polymer dispersions, pigments, resins, electronic materials, antioxidants, and admixtures. The Surface Technologies segment offers chemical solutions, which include coatings, rust protection products, catalysts, and battery materials for the automotive and chemical industries. The Nutrition & Care segment provides nutrition and care ingredients for food and feed producers, as well as pharmaceutical, cosmetics, detergent, and cleaner industries. The Agricultural Solutions segment offers crop protection products and seeds, such as fungicides, herbicides, insecticides, and biological crop production products, as well as seed treatment products. The company has a strategic collaboration agreement with Midea Group Co Ltd; strategic partnership with Aspen Aerogels, Inc.; and collaboration agreement with ExxonMobil. BASF SE was founded in 1865 and is headquartered in Ludwigshafen am Rhein, Germany.

Source: S&P Capital IQ

Annexure B – Independent Expert’s Report (continued)

Appendix C. - Statement of qualifications and declarations

C.1. Qualifications

PwCS is beneficially owned by the partners of PwC, a large international entity of chartered accountants and business advisors. PwCS holds an Australian Financial Services Licence under the Corporations Act.

The individuals responsible for the preparation of this report are Richard Stewart, Meredith Chester and Hamish Emms.

Richard Stewart OAM is a Senior Fellow of the Financial Services Institute of Australasia, Chartered Accountants in Australia and New Zealand (CAANZ) and the Society of Certified Practising Accountants in Australia. He is also an Adjunct Professor in Business Valuation at the University of Technology, Sydney and is Business Valuations Specialist Accredited, CAANZ. He holds a Bachelor of Economics and a Masters of Business Administration. He has 34 years’ experience with PwC and extensive experience in preparing valuations and Independent Expert reports as well as providing merger and acquisition advice. He is also a partner of PwC, and is an authorised representative of PwCS.

Meredith Chester is an Affiliate Member of CAANZ, and holds the Chartered Financial Analyst Designation. She also holds a Bachelor of Business (Accounting) and a Bachelor of Mathematics from Queensland University of Technology. She has more than 13 years’ experience providing expertise and skills in valuations, mergers and acquisitions, financial investigations and the provision of valuation advice for financial reporting and taxation purposes, and is a partner of PwC.

Hamish Emms is an Associate of CAANZ, Business Valuations Specialist Accredited, CAANZ, holds a Bachelor of Economics and has in excess of 20 years’ experience in the preparation of valuations and Independent Expert reports.

C.2. Declarations

Prior to accepting this engagement, we considered our independence with respect to Nufarm Limited by reference to ASIC Regulatory Guide 112 Independence of Experts. One of the directors of Nufarm is related to a PwC partner. This partner was subject to ethical walls, took no part in this engagement and did not have access to any information associated with this engagement. In our opinion, we are independent of Nufarm Limited and the outcome of the Proposed Transaction.

Neither PwCS nor PwC has any interest in the outcome of the Proposed Transaction. PwCS will receive a fee of approximately \$300,000, exclusive of GST, in relation to the preparation of this Independent Expert’s Report. The fee payable to us is payable regardless of the outcome of the Scheme. None of PwCS, PwC, Mr Stewart, and Ms Chester holds securities in Nufarm and have not held any such beneficial interest in the previous two years.

A draft of this report was provided to the Directors other than the Excluded Director of Nufarm for factual checking on 16 October 2019, no material adjustments were made to our valuation rationale and a final draft was provided on 21 October 2019 for the purpose of the ASX’s review.

C.3. Purpose of report

This Independent Expert’s Report has been prepared at the request of the directors of Nufarm and should not be used for any other purpose. In particular, it is not intended that this Independent Expert’s Report should serve any purpose other than an expression of our opinion on whether the Proposed Transaction is in the best interests of Non-Associated Shareholders. This Independent Expert’s Report has been prepared solely for the benefit of the directors of Nufarm and Non-Associated Shareholders. Neither the whole nor any part of this Independent Expert’s Report nor any reference to it may be included in or attached to any document, circular, resolution, letter or statement without our prior written consent to the form and context in which it appears.

C.4. Special note regarding forward-looking statements and forecast financial information

Certain statements in this Independent Expert's Report may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Nufarm and Nufarm South America to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following:

- General economic conditions
- The future movements in interest rates and taxes
- The impact of terrorism and other related acts on broader economic conditions
- Changes in laws, regulations or governmental policies or the interpretation of those laws or regulations to Nufarm South America in particular
- Other factors referenced in this Independent Expert's Report.

C.5. Indemnity

In preparing this Independent Expert's Report, Nufarm has indemnified PwCS, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Nufarm or its advisors which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

In addition, Nufarm has agreed that if it makes any claim against PwC or PwCS for loss as a result of a breach of our contract, and that loss is contributed to by its own actions, then liability for its loss will be apportioned having regard to the respective responsibility for the loss, and the amount Nufarm may recover from PwCS will be reduced by the extent of its contribution to that loss.

C.6. Consent

PwCS has consented in writing to this Independent Expert's Report in the form and context in which it appears being included in the Explanatory Memorandum which will be issued by the directors of Nufarm and which will be distributed to Non-Associated Shareholders.

Neither PwCS nor PricewaterhouseCoopers has authorised or caused the issue of all or any part of the Explanatory Memorandum other than this report. Neither the whole nor any part of this report nor any reference to it may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of PwCS to the form in which it appears.

C.7. APES 225 Valuation Services

This Independent Expert's Report has been prepared in accordance with APES 225 *Valuation Services*.

Annexure B – Independent Expert’s Report (continued)

Appendix D. - Sources of information

In preparing this Independent Expert’s Report, we have had access to and relied upon major sources of information, including:

- ASX announcements for Nufarm
- Annual Reports (audited) ended 31 July 2017 and 2018 of Nufarm
- Nufarm 2018-2019 Full Year Result & Preliminary Final Report
- Management accounts ended 31 July from 2017 to 2019 of Nufarm South America
- Discussions with Management and the advisers to Nufarm
- Other information provided by Management
- Phillip McDougall – AgriService, Industry Overview – 2018 Market, April 2019
- AgbioCrop, The Global Crop Protection Industry Report, April 2019
- Information obtained from Bloomberg, Capital IQ, Mergerstat, and Broker Reports
- Other publicly available information including information from websites.

We have not performed an audit, review or any other verification of the information presented to us. Accordingly, we express no opinion on the reliability of the information supplied to us.

In forming our opinion PwCS has assumed that:

- Matters such as compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed
- The information set out sent by Nufarm to its shareholders is complete, accurate and fairly presented in all material aspects
- The publicly available information relied on by PwCS in its analysis was accurate and not misleading.

In addition, PwCS assumes no responsibility and offers no legal opinion or interpretation on any issue in respect of legal issues relating to assets, properties, or business interests or issues regarding compliance with applicable laws, regulations and policies.

Appendix E. - Glossary

Term	Definition
\$	Australian dollar
APES	Australian Professional and Ethical Standard
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
B2B	Business-to-business
B2C	Business-to-consumer
CAANZ	Chartered Accountants in Australia and New Zealand
CoE	Capitalisation of future maintainable earnings
Corporation Act	Corporations Act 2001
CY	Calendar year
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EV	Enterprise value
Excluded Director	Toshikazu Takasaki (Nufarm board member, in representation of Sumitomo's interests)
FME	Future maintainable earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY	Financial year ending 31 July
GST	Goods and services tax
IER	Independent Expert's Report
IP	Intellectual property
IT	Information technology
LTM	Last twelve months
m	Million
Management	Management of Nufarm
Non-Associated Shareholders	Nufarm shareholders whose votes in respect of the Proposed Transaction are not to be disregarded
Nufarm South America	Nufarm operations in Argentina, Brazil, Chile and Colombia
NWC	Net Working Capital
Preference Securities	The \$97.5 million of preference securities issued by Nufarm to Sumitomo on 31 July 2019
Pro forma EBITDA	Earnings before interest, tax, depreciation and amortisation excluding material one-off events and adjusted for estimated stand-alone costs

Annexure B – Independent Expert’s Report (continued)

Proposed Transaction	The proposed transaction between Nufarm and Sumitomo
PwC	PricewaterhouseCoopers
PwC Securities or PwCS	PricewaterhouseCoopers Securities Ltd
R&D	Research and development
RG 76	Regulatory Guide 76 (Related party transactions)
RG 111	Regulatory Guide 111 (Content of expert reports)
RG 112	Regulatory Guide 112 (Independence of experts)
SPA	Share Sale and Purchase Agreement
Sumitomo	Sumitomo Chemical Company
The Company or Nufarm	Nufarm Limited
Underlying EBIT	Earnings before interest and tax excluding material one-off events
Underlying EBITDA	Earnings before interest, tax, depreciation and amortisation excluding material one-off events
US\$	United States dollar
Valuation Date	30 September 2019

Appendix F. - Financial Services Guide

F.1. PricewaterhouseCoopers Securities Ltd

This Financial Services Guide (FSG) is dated 20 March 2015.

F.2. About us

PwCS (ABN 54 003 311 617, Australian Financial Services Licence No 244572) has been engaged by Nufarm Limited to provide a report in the form of an Independent Expert's report.

F.3. This financial services guide

This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration PwCS may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

F.4. Financial services we are licensed to provide

Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

F.5. General financial product advice

The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

F.6. Fees, commissions and other benefits we may receive

PwCS charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages PwCS to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are approximately \$300,000, excluding GST.

Directors, authorised representatives or employees of PwCS, PricewaterhouseCoopers (PwC), or other associated entities, may receive partnership distributions, salary or wages from PwC.

F.7. Associations with issuers of financial products

PwCS and its authorised representatives, partners, employees and associates may from time to time have relationships with the issuers of financial products. For example, PwC may be the auditor of, or PwCS may provide financial advisory services to, the issuer of a financial product in the ordinary course of its business.

F.8. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request. If we are not able to resolve your complaint to your satisfaction within 45

Annexure B – Independent Expert’s Report (continued)

days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS), and external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

F.9. Compensation arrangements

PwCS has professional indemnity insurance in place that satisfies the compensation arrangement requirements under section 912B of the Corporations Act. This insurance will cover claims in relation to the conduct of representatives and employees who no longer provide services to PwCS (but who did at the time of the relevant conduct).

F.10. Contact details

PwCS can be contacted by sending a letter to the following address:

Mr Richard Stewart
Authorised Representative
PricewaterhouseCoopers Securities Ltd
GPO Box 2650
SYDNEY NSW 1171



Grow a better tomorrow

103-105 Pipe Road
Laverton North
Victoria 3026 Australia
Telephone: +61 3 9282 1000
Facsimile: +61 3 9282 1001
nufarm.com