Nufarm Limited
ABN 090 323 312

103-105 Pipe Road
Laverton North VIC 3026
Australia

+61 3 9282 1000

nufarm.com

6 March 2020

ASX Release – Company Announcement

Regulatory clearance for sale of Nufarm Brazil and confirmation of half year guidance

Nufarm advises that the General-Superintendent of the Administrative Council of Economic Defence (CADE) in Brazil has provided clearance for the sale of Nufarm Brazil to Sumitomo. CADE will shortly publish this decision in the Federal Official Gazette which will trigger a mandatory 15 day waiting period in which members of CADE's Administrative Tribunal can request the case for a second review.

Satisfaction of the competition clearance condition precedent for the sale of the South American businesses to Sumitomo will be satisfied on expiry of this 15 calendar day period and completion of the sale is expected to occur on 1 April 2020.

The gross purchase price of A$1.188 billion will be adjusted to reflect working capital and net debt balances as at 31 March 2020 and the net proceeds received by Nufarm will be used to pay down existing debt facilities.

The South American businesses have made a strong contribution to Nufarm's earnings in the first half of the year and are expected to record a loss before interest, tax, depreciation and amortisation of approximately A$10 million in the second half of the financial year up until 1 April 2020. This reflects the normal seasonal trading patterns of these businesses.

The completion of the sale will have a favourable impact on Nufarm's financing costs and depreciation and amortisation costs. A revised outlook for FY20 to reflect the timing of the sale of the business is provided below. This outlook incorporates adoption of the lease accounting standard AASB 16.

Financial outlook

First half FY20 EBITDA

Nufarm confirms previous guidance for first half FY20 underlying earnings before interest, tax, depreciation and amortisation in the range of A$55 million to A$65 million.

Net interest expense

Nufarm expects to report interest costs for continuing and discontinued businesses of approximately A$90 million to A$100 million for FY20, assuming completion of the sale of the South American businesses on 1 April 2020. This forecast includes approximately A$6 million of increased financing costs relating to adoption of accounting standard AASB 16.

Foreign exchange gains and losses

Nufarm expects to report net foreign exchange costs for continuing and discontinued operations of approximately A$12 million for the first half of FY20. Approximately A$7 million of these losses relate to the South American crop protection businesses being divested.

Nufarm will continue to incur hedging costs in relation to the management of currency exposures in its continuing crop protection and seed technologies businesses. No outlook is provided in relation to these costs for the full year.

Depreciation and amortisation

Depreciation and amortisation is expected to be approximately A$220 million for FY20 assuming no significant movement in current exchange rates. This forecast incorporates an increase on prior expectations due to currency movements, savings from completion of the sale of the South American businesses and approximately A$27 million relating to adoption of lease accounting standard AASB 16.

Underlying effective tax rate

Nufarm expects its underlying effective tax rate to increase as a result of the sale of the South American businesses. The underlying effective tax rate for FY20 is also expected to be impacted by the non-recognition of current year tax losses in certain countries and is expected to be higher than the previous outlook of 33 per cent.

Material items

The accounting impact of the sale of the South American business is expected to be reported as a material item in the second half of FY20.

Nufarm expects to report material items of approximately A$35 million (post tax) for the first half of FY20. This includes costs incurred in the first half of FY20 in relation to the sale of the South American businesses, recognition and derecognition of deferred taxation assets due to a change in the geographic distribution of assessable income, legal costs for the action brought in the United States to enforce Nufarm's rights in relation to the omega-3 canola patent estate, costs relating to implementation of the performance improvement program in Australia, and financing costs relating to a planned debt restructuring that did not eventuate due to the decision to divest the South American businesses.

-- end --

Authorised for lodgement by:
Fiona Smith
Company Secretary

Investor and media contact:
Nerida Mossop
nerida.mossop@nufarm.com
+61 437 361 433