

# **Interim Results**

## **6 months to January 31, 2012**

**27 March, 2012**



# **Doug Rathbone**

## **Managing Director**



## **Delivering to plan**

- **Operating EBIT\* up by 12%**
- **Strong improvement in headline profit**
- **Gross margin expansion**
- **Balance sheet focus maintained**
- **Dividend reinstated**

\* EBIT before material items

## Summary of business conditions

- Excellent seasonal conditions in Australia
- Strong market conditions in Brazil (season; grower economics; credit environment)
- 'Quiet' selling period in North America and Europe
- Increased business risk in some European markets
- Sustainable growth drivers continuing to support crop prices and desire for yield gains

## **More positive change in the business**

- Continued renewal at the Board level
- New talent and additional bench strength in executive team and other areas of management
- Refinancing completed, providing funding certainty and stability
- Business efficiency program delivering positive outcomes
- Pursuing continuous improvement in reporting procedures and business systems

# **Paul Binfield**

## **Chief Financial Officer**



## Group financial performance overview

Half year ended 31 January 2012

	2012	2011	%	↑
Sales (\$'m)	862.7	900.6	4.2	↓
Gross profit (\$'m)	231.8	220.8	5.0	↑
Gross profit margin (%)	26.9	24.5	9.6	↑
EBITDA <sup>1</sup> (\$'m)	70.1	62.0	13.2	↑
EBIT <sup>1</sup> (\$'m)	37.8	33.9	11.8	↑
OPAT <sup>2</sup> (\$'m)	23.9	22.7	5.3	↑
NPAT <sup>3</sup> (\$'m)	18.0	4.4	306	↑

<sup>1</sup> Before material items

<sup>2</sup> Reported profit for period before material items

<sup>3</sup> Reported profit for period

# 2012 Interim results



## Re-classification of FX gains/(losses)

FX gains/(losses) re-classified as financing expense, since they largely relate to gains/(losses) on financing balances

\$'m	2011	2012
	Extract from FY11 segment note	Restatement of 2011 period in FY12 segment note
Revenue	900.6	900.6
Operating earnings	32.5	32.5
Exchange gains/(losses)	14.5	-
Share of associates	1.4	1.4
EBIT before material items	48.4	33.9
Material items	(17.7)	(17.7)
NSS revaluation	(6.0)	(6.0)
EBIT after material items	24.7	10.2
Net financing costs	(22.9)	(8.4)
Income tax benefit/(expense)	2.6	2.6
Profit loss for period	4.4	4.4



# 2012 Interim results



## Constant currency results

Half year ended 31 January 2012

	2012 Actuals	2012 Actuals at 2011 exchange rates	FX impact
Sales	862.7	922.2	(59.5)
EBITDA <sup>1</sup>	70.1	73.6	(3.5)
EBIT <sup>1</sup>	37.8	40.1	(2.3)
OPAT <sup>2</sup>	23.9	24.6	(0.7)

<sup>1</sup> Before material items

<sup>2</sup> Reported profit for period before material items

# 2012 Interim results



## Material items

	31 January 2012		31 January 2011	
	Pre-tax (\$'m)	After-tax (\$'m)	Pre-tax (\$'m)	After-tax (\$'m)
Financing costs associated with <u>prior</u> debt facility	(9.9)	(7.0)	(10.9)	(7.7)
Restructuring costs in EU	(2.2)	(1.5)	(5.1)	(4.9)
Intangible write-off	(2.0)	(2.0)	-	-
Litigation costs	(1.3)	(0.9)	(1.1)	(1.0)
Due diligence costs	(0.5)	(0.3)	(0.3)	(0.2)
Regulatory enquiry costs	-	-	(0.3)	(0.3)
Nufarm Step-up Securities – FX revaluation	8.0	5.8	(5.9)	(4.2)
<b>TOTAL</b>	<b>(7.9)</b>	<b>(5.9)</b>	<b>(23.6)</b>	<b>(18.3)</b>

## Significant progress optimising capital structure

### Key measures

	2012	2011
Net debt (A\$m)	656.5	649.2
Net interest expense (A\$m)	19.7	23.0
Net working capital (A\$m)	965.1	1,011.1
Gearing <sup>1</sup> (%)	30.3	28.0

### Capital structure initiatives

Three year syndication facility in place	✓
Debtor securitisation completed and operational	✓
Local working capital credit lines increased	✓
EU cash pooling	WiP
Investigate alternatives to extend tenor of debt maturity	WiP

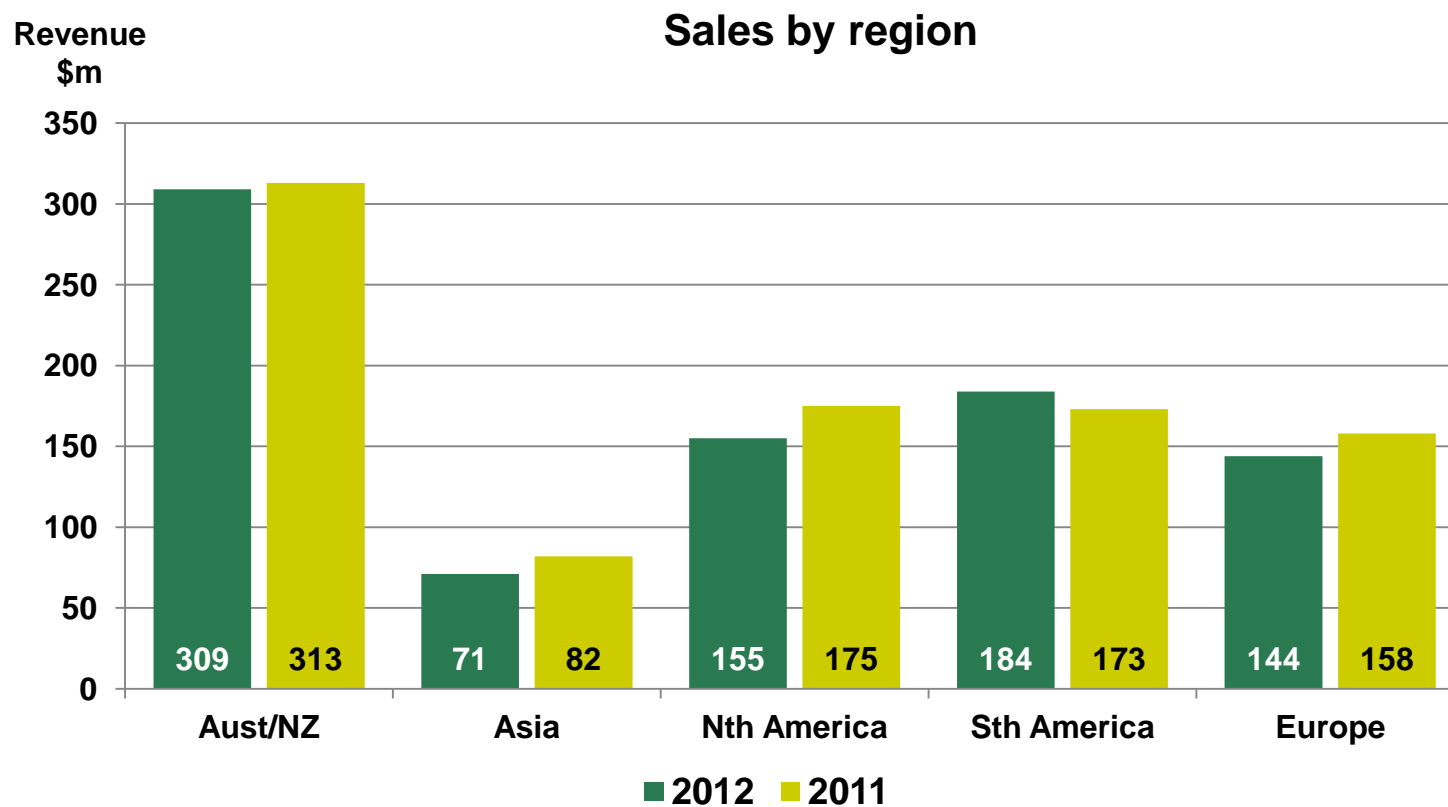
<sup>1</sup> Net debt/(net debt + book equity)

# **Brian Benson**

**Group General Manager  
Agriculture**



## Regional business performance

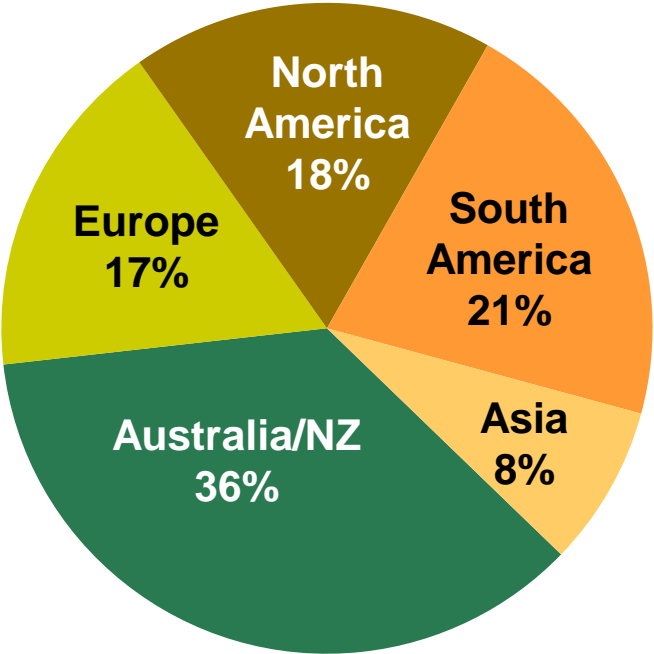


# 2012 Interim results



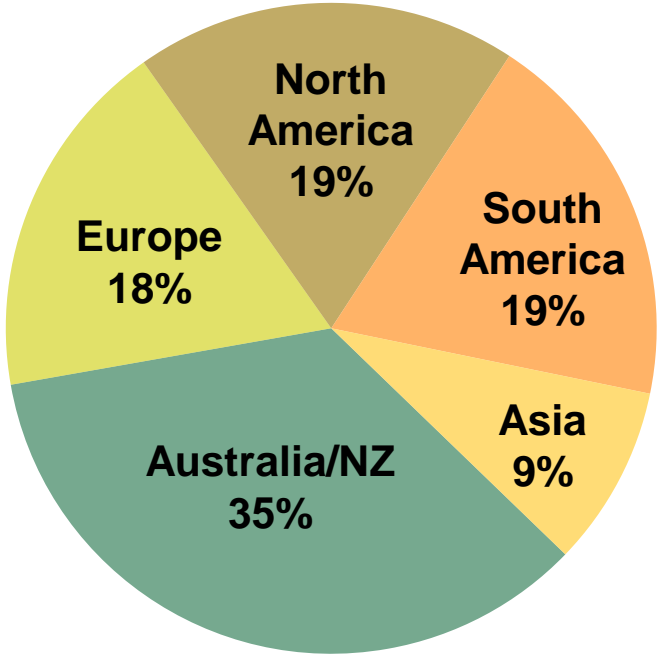
## Sales revenue by region

2012



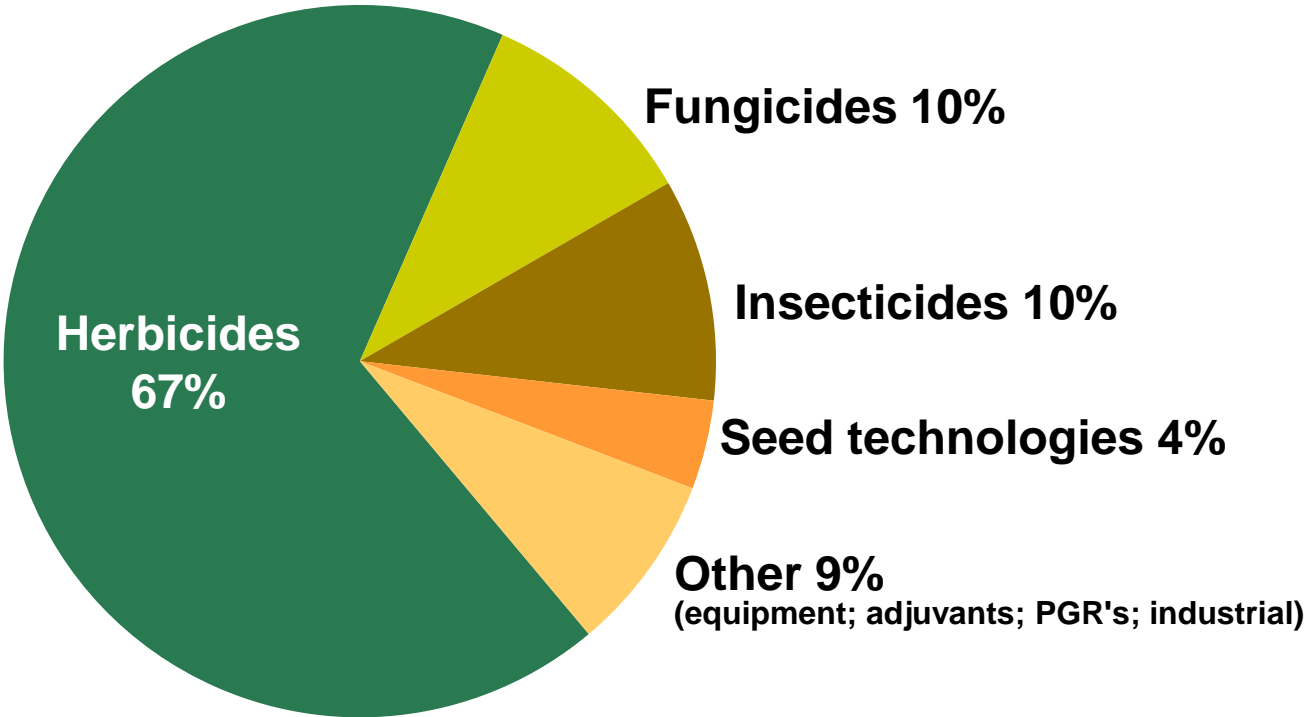
2012 1H: \$863m

2011



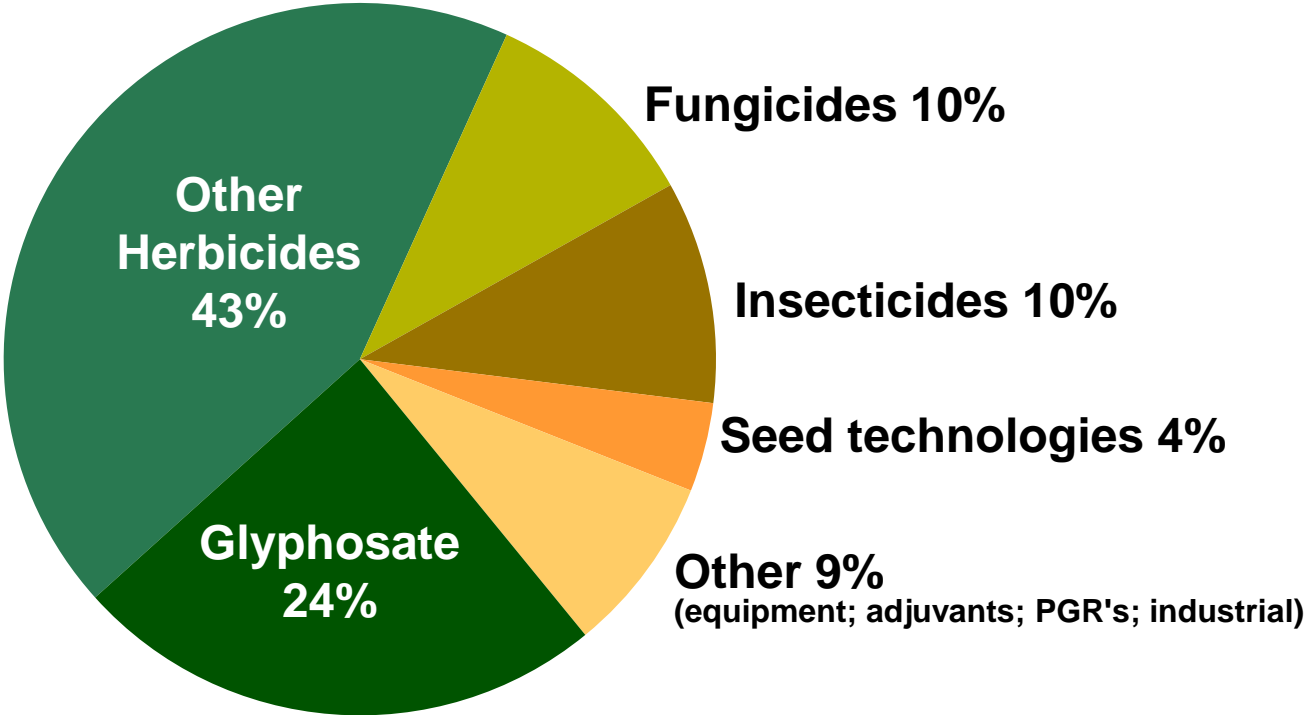
2011 1H: \$901m

## Major product segments



% of total revenues

## Major product segments

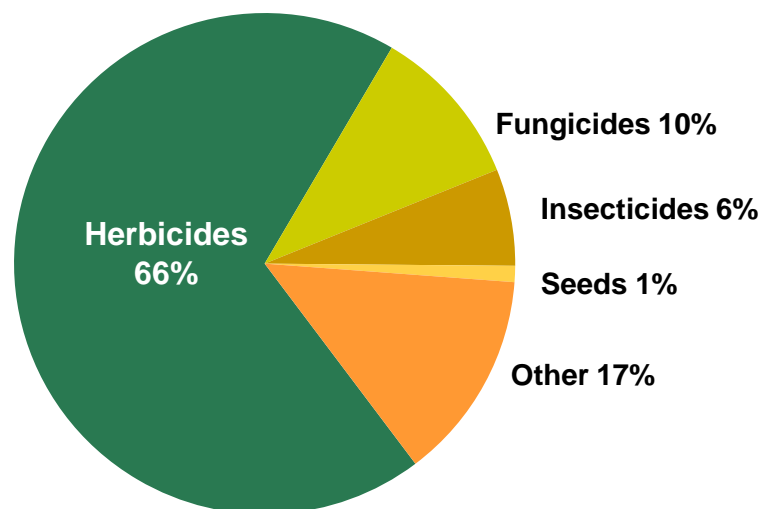


% of total revenues



## Australia / New Zealand

	2012 1H \$m	2011 1H \$m
Sales	309	313
Operating EBIT	40.8	29.6



Regional revenues by major product segment

### Australia

- Above average and widespread rainfall
- Lower insect pressure and fungal disease
- More profitable mix in herbicide segment
- Cost savings benefits of strong Australian dollar
- Other efficiency gains
- Croplands equipment business performing strongly
- Nuseed headquarters relocation

### New Zealand

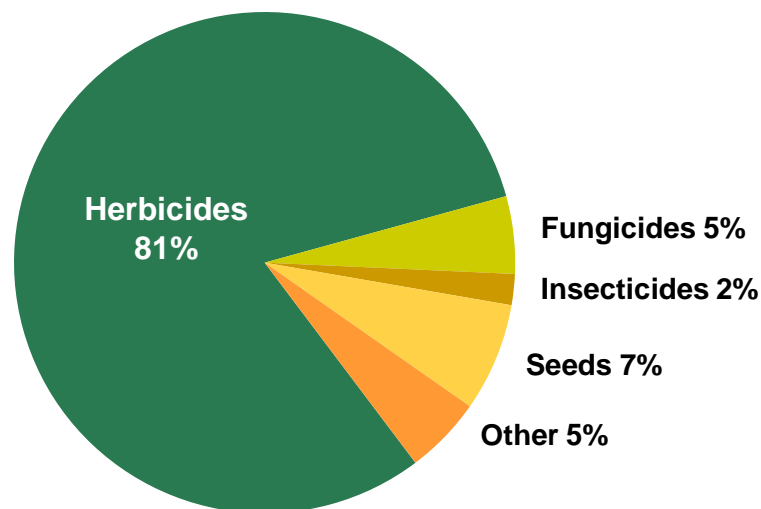
- Business trading well ahead of last year
- Pasture segment a key focus
- Seasonal conditions favourable
- Manufacturing plants performing well

# 2012 Interim results – Regional segment review



## Asia

	2012 1H \$m	2011 1H \$m
Sales	71	82
Operating EBIT	9.0	9.2

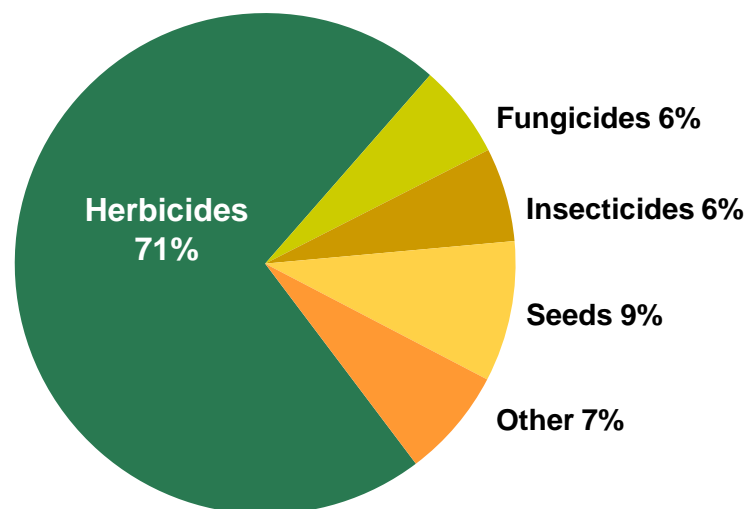


Regional revenues by major product segment

- Long dry season in Indonesia
- Diversifying into additional crop segments
- Some margin pressure on 'Roundup'
- Increased focus on product diversification
- Malaysian production facility outperforms

## North America

	2012 1H \$m	2011 1H \$m
Sales	155	175
Operating EBIT	0.4	4.8



Regional revenues by major product segment

## USA

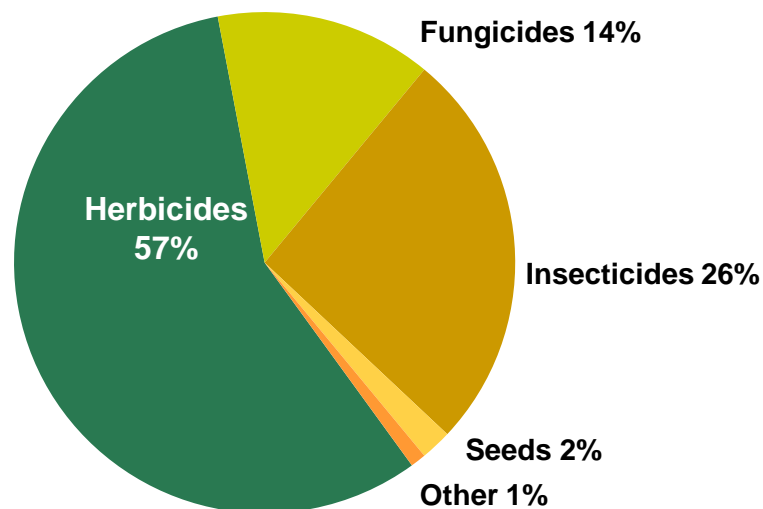
- Mild winter and early spring
- Dry conditions persist in Southern states
- Very strong sentiments/planting intentions, but no early buying
- IVM segment performed well; T&O was flat
- Nuseed costs and sales phasing impact on segment result

## Canada

- Milder winter ensures no repeat of flooding impacts
- Several new product launches
- Addition of Sumitomo product range
- Later sales phasing

## South America

	2012 1H \$m	2011 1H \$m
Sales	184	173
Operating EBIT	11.2	1.3



Regional revenues by major product segment

## Brazil

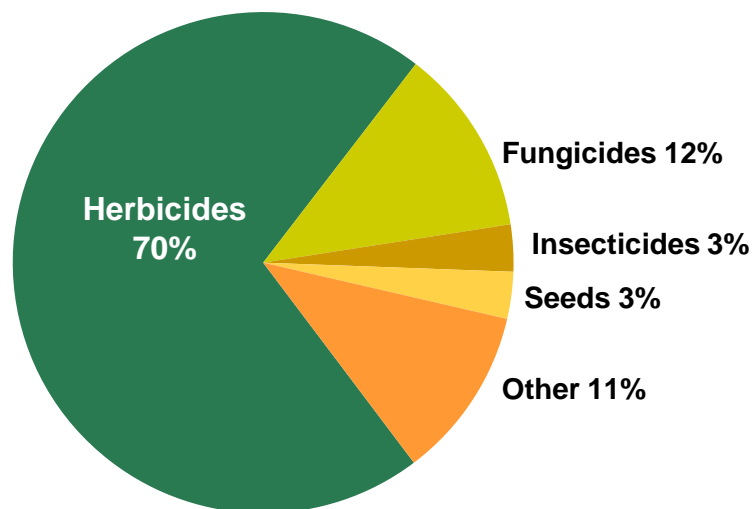
- Strong season, despite dry conditions in south
- Increased grower investment in key inputs
- Marginal improvement in glyphosate pricing
- Growth in cotton and sugarcane segments
- Expanded product offering in coffee segment
- Record corn plantings ('Safrinha')
- Restructuring benefits

## Other

- Drought impact in Argentina (but season has improved)
- Sugarcane areas flooded in Colombia

## Europe

	2012 1H \$m	2011 1H \$m
Sales	144	158
Segment profit	(0.4)	6.2



Regional revenues by major product segment

- Relatively dry autumn
- Mild winter, but late severe cold snap
- Value pressure in horticultural segment
- Increased business risk in some country markets
- Additional Sumitomo product distribution
- Important new product registrations secured
- Strong performance in manufacturing facilities

## Herbicides

First six months:	2012	2011
Group sales	584.5	580.5
Average GM	25%	25%

- Glyphosate segment largely stable, but continued margin pressure in Australia
- Strong demand and positive pricing environment for phenoxy herbicides
- Picloram mixtures continue to perform strongly in Brazil pasture segment
- Key new products launched in Australia
- Herbicide mixtures continue to grow



**Amicide**<sup>®</sup>  
**ADVANCE 700** Selective Herbicide

New 2,4-D formulation launched in Australia

## Insecticides

First six months:	2012	2011
Group sales	83.8	97.2
Average GM	38%	35%

- Lower insect pressure in Australia and Europe
- Successful transition to 'replacement' chemistry in Brazil
- Continued growth in imidacloprid and other new insecticides
- New registrations secured
  - Kaiso Brazil & Europe
  - Imidacloprid & Lambda Cyhalothrin



CON TECNOLOGÍA  
**SORBIE®**

**Kaiso**

New lambda-cyhalothrin formulation  
launched in European markets

## Fungicides

First six months:	2012	2011
Group sales	87.8	108.2
Average GM	30%	32%

- Lower fungal disease pressure in Australia and south America
- Delayed season in Europe
- Azoxystrobin registrations approved in Europe
- Cost pressures in copper fungicides
- Mixture development ongoing



**TAZER**

Initial azoxystrobin formulations approved in Europe. Product launched in Australia/NZ



## Seed technologies

First six months:	2012	2011
Group sales	32.7	34.5
Average GM	50%	48%

- Later phasing of high value seed and seed treatment sales in USA
- First half costs reflect investment in management structure and Seeds 2000 acquisition
- Demand for canola seed very strong (Australia)
- Increased spring plantings anticipated for sunflower
- European seeds platform established



NextGeneration  
Roundup Ready®

**nUSEED™**

ROUNDUP READY™  
25kg NET  
Developed by Nuseed in Conjunction with Monsanto

Creating a strong global seed brand

# **Doug Rathbone**

## **Managing Director**



## Outlook

- Positive seasonal conditions expected in Australia; second half shaping up as similar to H2 2011
- Average conditions expected in most other markets
- Europe remains a 'watch out', with some seasonal pressures and higher business risk in some markets
- Nufarm well placed to capitalise on opportunities

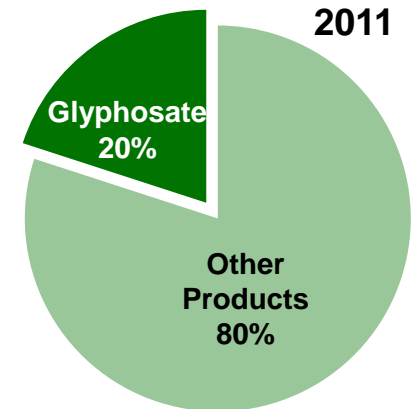
**We remain confident that full year will generate improved profit outcome**

## Strategic Direction

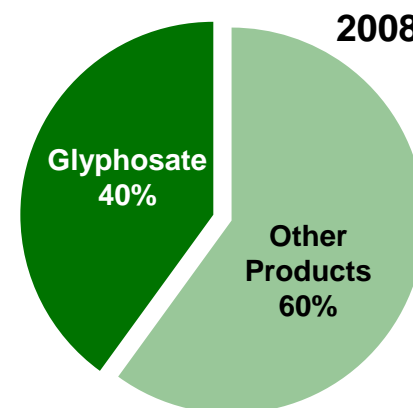
- **Optimising our product mix**
  - Downsizing of glyphosate
  - Expansion into other product segments
- **Focus on higher value, more defensible products and market segments**
  - Differentiation
  - Increased presence in niche markets
- **Supporting growth of our seeds platform**

**Sustainable margin expansion**

### Portfolio transition is well underway

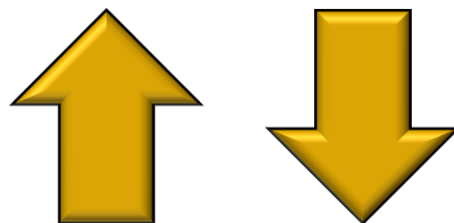


% total revenues \$2.08 billion



% total revenues \$2.49 billion

**INNOVATION**



**DISCIPLINE**

**Focus on value and returns**

