

COMPANY ANNOUNCEMENT

18 March, 2014

Nufarm announces reorganisation of Australian operations

Nufarm Limited today announced a reorganisation of its Australian operations which will result in a more flexible and responsive cost structure and an increased focus on new product development and customer service.

The reorganisation follows an extensive review of the business and the identification of opportunities to improve returns while consolidating Nufarm's leadership position in the Australian market.

Nufarm's Managing Director, Doug Rathbone, said the new structure places a stronger focus on product innovation and portfolio development, as well as providing improved utilization of manufacturing assets and efficiencies across logistics and supply chain areas that will see important benefits delivered to Nufarm customers.

Changes will be made to improve the profitability of sales; lower expenses; and reduce both working capital and the fixed cost base of the business.

The reorganisation includes the phased closure of two manufacturing facilities (Welshpool and Lytton); the closure of a number of regional service centres; and a significant streamlining of management resources across most functions of the business.

Manufacturing facilities in Victoria will be expanded to facilitate production of those products currently manufactured at sites which will close. The new manufacturing footprint will have the capacity to meet existing volume demand as well as meeting increased volume requirements in periods of higher demand.

The changes – to be fully implemented over a two year period – are expected to result in annual cost savings of up to \$13 million. One-off restructuring costs of up to \$39 million will be booked in the current financial year-end statements, of which approximately \$28 million will be a non-cash impact. Nufarm owns the majority of properties proposed for closure and will seek to maximize sale proceeds after site closures.

"We have a highly valued market leadership position in Australia – via our Nufarm and Crop Care businesses – and a key driver of the changes we are making is to ensure we continue to meet and exceed the product and service expectations of our customer base," said Mr Rathbone.

Details of the changes include:

- The phased closure of Nufarm manufacturing sites in Welshpool (Western Australia) and in Lytton (Queensland);

- The transfer of production activity for certain products to the existing main Laverton manufacturing facility in Victoria.
- The redevelopment and expansion of a second existing manufacturing site at Laverton.
- The reorganization of the group’s Australian regional service centre and warehouse network, with key centres to be retained in major cropping regions and the closure of six facilities.
- A new management structure and increased investment in product development and portfolio renewal.
- A reorganization of various support and administration roles, with a resulting headcount reduction in those functions.

“This is about improving the business and more effectively meeting the needs of our customers with an efficient and cost-effective structure,” said Mr Rathbone.

“The changes will enable us to be more responsive; more competitive; and more focused on delivering innovative, high quality products that continue to meet the needs of our customers.”

The company also announced that a review is underway of its manufacturing operations in New Zealand. The New Zealand manufacturing base includes production capacity for a number of higher value products that are exported to markets elsewhere in the world. Preliminary conclusions of the review will be discussed with New Zealand employees over coming weeks as part of a consultation process.

Mr Rathbone said Nufarm is strongly committed to the New Zealand market and to continuing the delivery of high quality products and services to New Zealand customers.

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Management will host a conference call at 10.30am today (see details below) to discuss the changes in Australia.

Participant Information	
Direct DDI (s) for Participant Connection	Australia Toll Free 1800 153 721 Sydney Local Toll 02 8212 8333 International +61 2 8212 8333
Participant Pin Code	602582

Further information: Robert Reis
 robert.reis@au.nufarm.com
 Corporate Affairs
 ☎ (61 3) 9282 1177