



**Nufarm Limited ACN 091 323 312**

103-105 Pipe Road, Laverton North, VIC Australia 3026  
Telephone: (03) 9282 1000 Facsimile: (03) 9282 1111  
Postal Address: PO Box 103, Laverton, VIC Australia 3028

---

23 June 2009

### **Nufarm Limited – Investor Presentation**

The following presentation was given at the JP Morgan investor conference today.

A handwritten signature in black ink, appearing to read 'Rodney Heath', with a large, stylized initial 'R'.

Rodney Heath  
Company Secretary

# **A Day at the Farm**

**Doug Rathbone**  
**Managing Director**

**June, 2009**



# A Day at the Farm



- **Earnings revision**
- **Seasonal update**
- **Commitment to 'full service' model**
- **The bigger picture**

# '09 Earnings revision

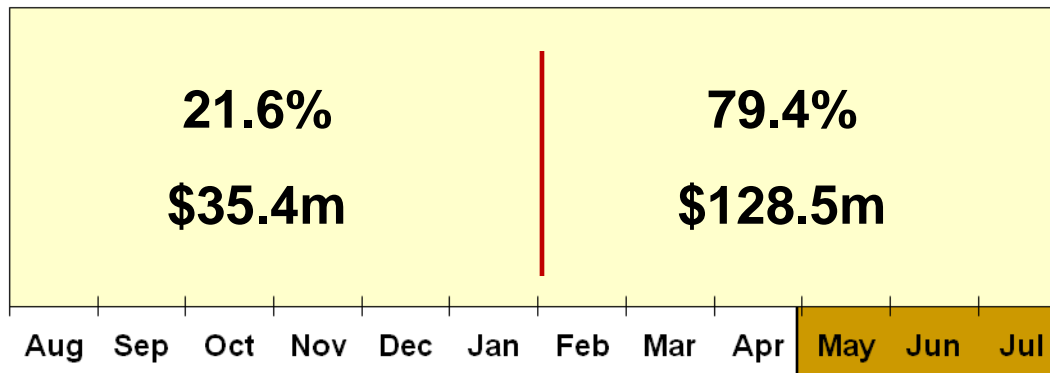


- **June 16 guidance update**
  - Reducing full year NPAT forecast by 'about 15%'
  - Final impact can't be known until end of July
  - Deterioration in glyphosate market

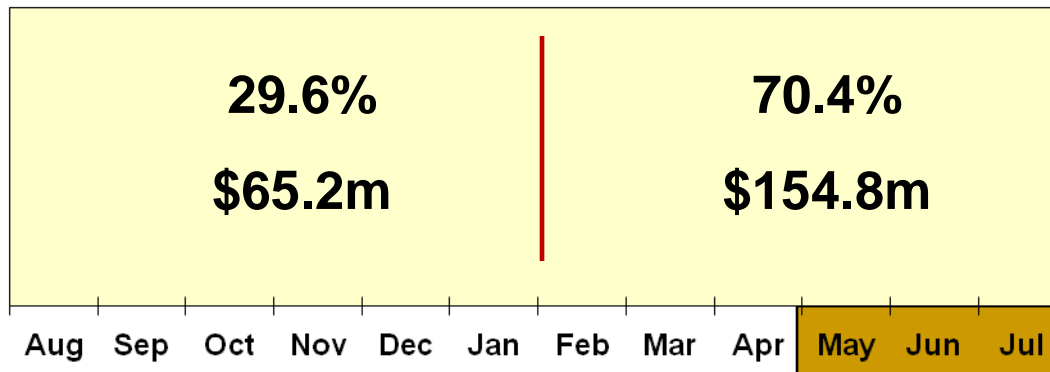
# '09 Earnings revision



Earnings always weighted to last quarter



2008 actual: \$163.9m NPAT



2009 actual 1H + previous guidance: \$220m NPAT

Start of season in the US, Australia, Europe

# '09 Earnings revision



## **May 15: Guidance commentary**

- **Based on review of end April numbers**
- **Made against a background of generally delayed buying behaviour**
- **Tied to stated assumption that we would see a strong final three months**
- **Seasonal outlook was reasonable**
- **Planting intentions were positive**

# '09 Earnings revision



## What happened ?

- **May 27: Monsanto announces 'Roundup' related downgrade  
“application of the product is half that compared with product use at the end of May 2008”**
- **Subsequent price deterioration as suppliers compete for materially lower volume opportunity**
- **Low cost product bypassing traditional distribution**
- **Nufarm regional GMs called to Melbourne on June 11/12**

## **A combined impact**

- **Unusually late buying behaviour and distribution reluctance to hold inventory**
- **Relatively late season and delayed planting activity**
  - **US: Reduced glyphosate applications as growers plant into warmer conditions**
  - **AUS: Dry Autumn in most regions reduces weed pressure prior to sowing; shift from pre-plant to post-plant**
- **Unsustainably low prices for Chinese sourced glyphosate 'tech' as suppliers quit stocks post the previous season 'bubble'**
- **Dramatic impact of Monsanto signal re lower volume opportunity**

# '09 Earnings revision



## Short term or structural ?

**We think mostly short term ...**

- Credit environment should improve by next season, leading to more normal buying behaviour and stocking patterns
- Seasonal conditions will always vary
- Suppliers in China face changing regulations on product quality and environmental standards and higher capital commitments; excess China stock will wash through system
- Nufarm impacted by higher inventory cost given one-off stocking requirement (end '08 year) while transitioning to new supply arrangements

**.... and we will respond to any emerging structural changes**

# '09 Earnings revision



## **Actions implemented**

- **Adjust purchasing and production to help address inventory run-down**
- **Respond to US competition to protect market share and distribution relationships**
- **Ensure we start 2010 year on a cost-competitive basis**

## Australia



- Slow start, but good conditions for growers
- Plantings should be broadly in line with last year
  - approx 22m hectares
- Opportunities for post-emergent weed control look very good (part '09 part '10 impact)
- Fungicide opportunities also positive, with early disease observed
- Key for growers is that rains continue to support crop and strong harvest

## North America



- Cold and wet conditions persisted for longer than normal
- Late season compounded by late decisions to plant corn v soybean
- Crops emerging quickly in later/warmer conditions
- Total crop planting broadly in line with last year

## South America



- **Season in Brazil was generally positive with growers achieving good harvest and crop return**
- **Major drought conditions in Argentina impacted both plantings and production of major crops**

## Europe

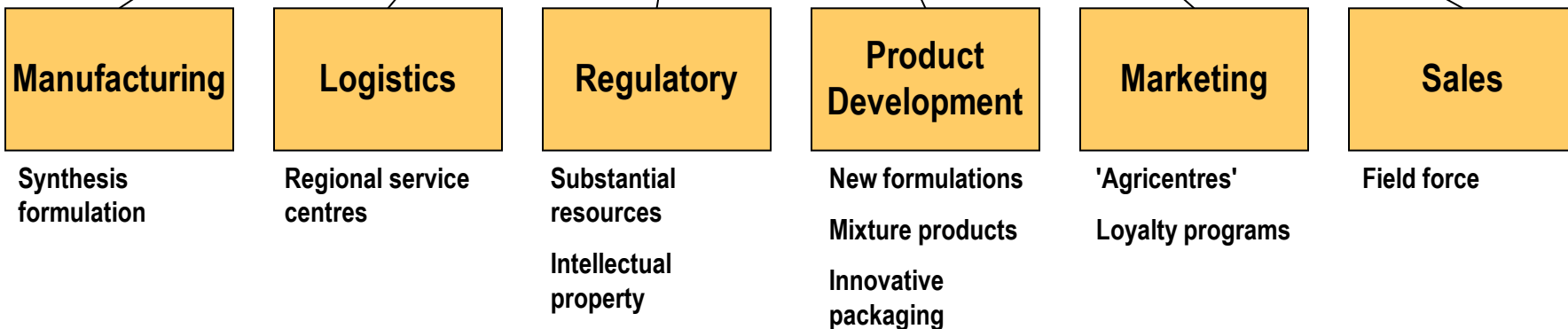


- Most markets experiencing 'average' seasonal conditions after a cold winter
- Some reduction in cropping intensity following pull-back in commodity prices

# Commitment to full service



## Supporting the Nufarm brand



# Commitment to full service



## Brand values



- **Quality**
- **Reliability**
- **Support**
- **Flexibility**
- **Innovation**

## The bigger picture: Industry

- **Agricultural demand drivers are still in place**
  - Population; wealth; limited land; and drive for yield
- **Current year likely to see yield 'drag' and lower production**
  - Fertiliser and agchem cutbacks
  - Pace of development slows in emerging markets
- **We expect to see demand-related support for commodity price increases in 2010**

## The bigger picture: Nufarm

- Growth strategy – **geography + portfolio** – remains sound
- Active pipeline delivering innovative product offerings
- Focused growth strategy in seeds and seed treatment
- Remaining alert to consolidation moves and acquisition opportunities

STILL

**A great time to be  
in the business of  
agriculture**

Nufarm Limited  
Head office: 103-105 Pipe Road, Laverton North, Vic. Australia.  
Tel: 61 3 9282 1000 Fax: 61 3 9282 1111 [www.nufarm.com](http://www.nufarm.com)

