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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'.

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

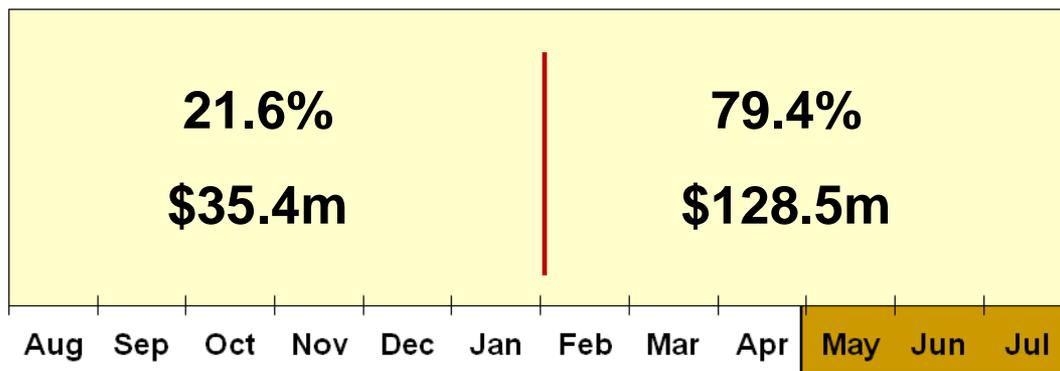


- **June 16 guidance update**
 - Reducing full year NPAT forecast by 'about 15%'
 - Final impact can't be known until end of July
 - Deterioration in glyphosate market

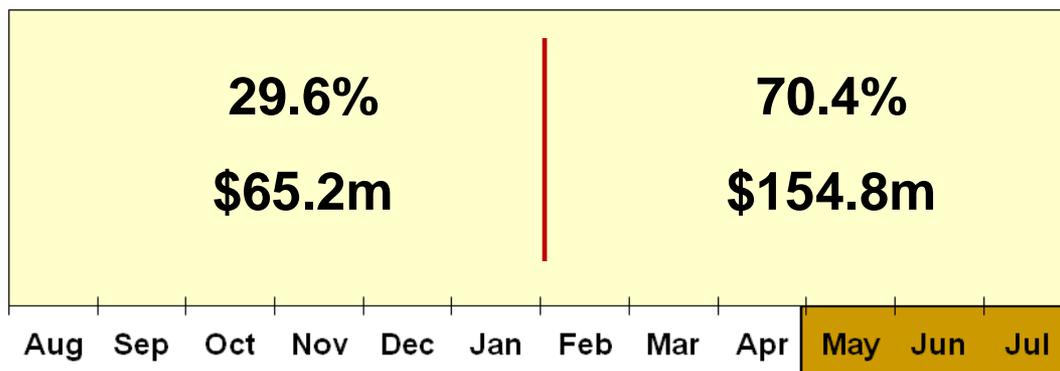
'09 Earnings revision



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**

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



Manufacturing

Synthesis
formulation

Logistics

Regional service
centres

Regulatory

Substantial
resources

Intellectual
property

**Product
Development**

New formulations

Mixture products

Innovative
packaging

Marketing

'Agricentres'

Loyalty programs

Sales

Field force

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**

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