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COMPANY ANNOUNCEMENT

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Nufarm announces rationalisation of European manufacturing footprint Changes to generate annualised savings of at least €16 million

Nufarm Limited today announced that it proposes to make changes to its European manufacturing operations that, on completion, will permanently reduce the company's fixed cost base; improve working capital management; and support the growth of its European business.

The proposed changes, to be implemented over the next 18 months, involve the planned closure of a manufacturing facility in Botlek (The Netherlands); and efficiency programs that will reduce costs and increase capacity at manufacturing facilities in Wyke (England) and in Gaillon (France). On completion, the changes are estimated to result in annualised cost savings of at least €16 million (\$23 million).

The rationalisation will result in one-off restructuring costs of up to €30 million (\$44 million), the majority of which will be booked in the second half of the current financial year. Some €15 million (\$22 million) are non-cash costs. There will be incremental capital expenditure of €9 million (\$13 million) associated with the changes to existing facilities.

Nufarm's Group Executive Operations, Elbert Prado, said the changes have been identified following a detailed review of the company's European manufacturing footprint and how it supports both regional growth plans and the requirements of the global business.

"These changes will result in a more efficient manufacturing base in Europe and will improve our competitiveness on a global basis by reducing the unit cost of one of our most important herbicides – MCPA – as well as several other products that are produced in Europe and exported to other markets around the world.

"The changes will also reduce supply chain complexity, supporting our efforts to improve working capital efficiency across the group."

The proposed rationalisation of manufacturing activity in Botlek involves a potential total head-count reduction of approximately 50 employees. A consultation process is now underway with relevant worker representative groups.



The Executive General Manager of Nufarm Europe, Hugo Schweers, said the commitment to increase capacity in Wyke and Gaillon will support strong growth of Nufarm's regional branded business over coming years.

"We will strengthen our capabilities and capacity in key product areas including insecticides and fungicides as we continue to expand our presence in markets across Europe."

Nufarm's Chief Operating Officer and Acting CEO, Greg Hunt, said the planned changes form part of an ongoing performance improvement program that will deliver further cost savings over coming years.

"The European initiatives are expected to be fully implemented by July 2016 and are part of a cost reduction and performance improvement program that will deliver an estimated \$100 million in savings over the next two to three years.

"These estimated savings are in addition to the benefits associated with previously announced restructuring activity in Australia."

Nufarm announced a re-organisation of its Australian and New Zealand manufacturing footprint last year, with production activity undertaken at an existing six manufacturing sites to be consolidated at three of those sites. The re-organisation has continued to progress on plan. Manufacturing activity at the Welshpool site (Western Australia) ceased prior to Christmas and the plants at Otahuhu (New Zealand) and Lytton (Queensland) are on track to close prior to the end of the 2016 financial year. Expectations in relation to achieving the annualised cost and head count savings of \$16 million are unchanged.

"We are maintaining a relentless focus on delivering higher returns through a combination of working capital improvements and other efficiencies combined with the strong earnings growth we expect to deliver over the medium to long term," said Mr Hunt.

Nufarm today also restated its guidance for first half earnings, with underlying EBIT expected to be ahead of the same period last year. The first half results will be released on March 25.

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