



Japan to the rescue?

Company/ASX Code	Nufarm Limited
AGM date	Thursday 5th. December, 2019
Time and location	10am Bayside Rooms 4 & 5, RACV Club, 501 Bourke St, Melbourne
Registry	Computershare
Webcast	No
Poll or show of hands	Poll on all items
Monitor	Duncan Seddon
Pre AGM Meeting?	Yes, with Chair Don McGauchie

Item 1	Financial Statements and Reports
ASA Vote	No vote required

Summary of ASA Position

Financial performance

Nufarm (NUF) is an agricultural company whose fortunes are tied to the prevailing climate in the regions it operates. Although improving on last year, this has been a bad year for the company and it has significantly underperformed its expectations. No dividend has been paid.

Overall, there was an increase in revenue from \$33 million (m) in Financial Year 2018 (FY18) to almost \$38m in FY19. Other financial indicators were also generally better though the underlying profit after tax reduced. Earnings were affected strongly from their acquired European portfolios as well as from North American and Asian markets. The Seed Technologies division also saw great performance helping NUF achieve their results.

Governance and culture

Our main concern is that several long serving directors have a low shareholding in the company. The company chair has been on the board since 2003 and is planning to retire once a transition to a new chair has been achieved. Perhaps a new chair will reinvigorate the board.

In 2019 NUF established inclusion and diversity councils to support the achievement of target of increasing female participation in our workforce. Gender diversity at the board level is less than ASA and AICD guidelines, although the retirement of Mr McGauchie may resolve that.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	38.3	-15.6	115	27.5	43.1
UPAT (\$m)	89.1	98.4	135.8	108.9	117.1
Share price (\$)	4.12	8.71	9.22	7.10	7.10
Dividend (cents)	0.0	10.8	12.5	10.5	9.6
TSR (%)	-29.9	-12.0	3.5	8.6	80.3
EPS (cents)	18.3	80.6	47.5	51.3	37.6
CEO total remuneration, actual (\$m)	1.76	1.85	1.54	1.43	3.8*

*There were two CEOs in FY15 making for a higher payment. Former CEO D Rathbone was paid \$2.6m for the year and the CEO appointed then, G Hunt was paid a total of \$1.2m for the year.

For 2019 the CEO's total actual remuneration was **20 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2019 data from the Australian Bureau of Statistics).

Item 2	Remuneration report
ASA Vote	For

Summary of ASA Position

The outcomes of the STI and LTI bonus schemes reflect the experience of shareholders and consequently no STI cash or LTI was paid to the CEO and CFO. These outcomes are a consequence of the remuneration policy which was previously agreed at past AGMs. The remuneration policy uses volume weighted average share price to determine shares allocated under incentive schemes (p41 annual report). No LTI was awarded to the CEO, CFO and was much reduced for the executive team. We will support the remuneration report.

CEO rem. framework	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.32	40%	1.32	35%
STI - Cash	0.495	15%	0.742	20%
STI - Deferred	0.495	15%	0.742	20%
LTI	0.990	30%	0.990	25%
Total	3.30	100.0%	3.794	100%

Item 3a	Re-election of Mr. Don McGauchie as a director
ASA Vote	For

Summary of ASA Position

Don McGauchie is a long serving direction and chairman of the company (since 2003). Despite his long service, his independence has been endorsed by the board. He is the chair of the Australian Agricultural Company and a director of Graincorp Ltd. He has a full workload and holds 76,700 shares in the company.

Because of his longevity with the company, we have previously questioned his independence and called for him to stand down. He has now indicated that he will seek to leave the board during his next term and seek a replacement for chairman. In light of this, we will support his re-election.

Item 3b	Re-election of Mr. Toshikasu Takasaki as a director
ASA Vote	For

Summary of ASA Position

Mt Takasaki represents Sumitomo Chemical Company who own 15.9% of the company's shares and are considered a related entity. Nufarm buys and sells Sumitomo products. Mr. Takasaki holds no shares in the company.

Item 4	Proportional takeover approval provisions
ASA Vote	For

Summary of ASA Position

We generally support these provisions which are required to be ratified regularly (very three years). They work to prevent retail shareholders being locked into a minority position in an unlisted company.

Item 5	Sale of Nufarm South America and acquisition of preference securities
ASA Vote	Undecided

Summary of ASA Position

In the past Sumitomo (a major shareholder in the company) have expressed interest in purchasing Nufarm's business in Brazil. This has resulted in an offer to purchase the entire South American operations at a cost of about \$1.0 billion - by means of Nufarm acquiring Sumitomo preference shares.

The individual or their associates involved in the preparation of this voting intention do not have a shareholding in this company.

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