For personal use only

Nufarm Limited
ABN 090 323 312
103-105 Pipe Road
Laverton North Vic 3026
Australia

+61 3 9282 1000
nufarm.com

25 March 2020

The Manager
Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Nufarm Limited - Financial results for the half-year ended 31 January 2020 – Market Release and Investor Presentation

In accordance with the Listing Rules, I attach

1. Market Release
2. Investor Presentation to be delivered by the CEO and CFO.

Nufarm will conduct an investor briefing on the half-year results at 10am AEDT. The briefing will be audio webcast live at nufarm.com/financial-reports/.

This announcement has been released simultaneously to the New Zealand Stock Exchange.

Authorised for lodgement by:

Fiona Smith
Company Secretary

Investor and media contact:
Nerida Mossop
nerida.mossop@nufarm.com
+61 437 361 433

© 2018 Nufarm Limited

For personal use only

Nufarm Limited
ABN 090 323 312

103-105 Pipe Road
Laverton North VIC 3026
Australia

+61 3 9282 1000

nufarm.com

25 March 2020

Market Announcement

Good progress against key priorities in difficult market conditions

Nufarm today announced a loss for the first half of 2020 of $122 million (1H19: $14m).

Overview of half year result

- Revenue down six per cent to $1,477 million
- Underlying EBITDA of $66 million, down 45 per cent
- Free cash flow improved by $170 million
- Interim dividend remains suspended
- Balance sheet to strengthen following sale of South American businesses on 1 April 2020

Nufarm Managing Director and Chief Executive Officer, Greg Hunt, said, "The first half of 2020 saw a continuation of the challenging conditions we experienced in 2019. Nonetheless, we have made good progress against the priorities we set for the current year.

"We improved safety performance, maintained gross margins in our continuing operations in difficult market conditions and improved cash flow management.

"Our balance sheet will be much stronger following completion of the sale of our South American businesses on 1 April 2020. While the outlook for the second half is obscured by the uncertainties created by COVID-19, we are seeing stronger demand following the recent improvement in weather conditions.

"We have made significant investments in our European, Nuseed and North American businesses in recent years. We expect increased earnings from these investments, along with continued improvement in our Australian business, to contribute to lifting returns for shareholders in the coming years".

The Board continued suspension of the interim dividend.

- end --

Authorised for lodgement by:
Fiona Smith
Company Secretary

Investor and media contact:
Nerida Mossop
nerida.mossop@nufarm.com
+61 437 361 433

For personal use only

1H20 Financial Results

for six months ended 31 January 2020

25 March 2020

Nufarm

Grow a better tomorrow

Disclaimer

For personal use only

General

This presentation has been prepared by Nufarm Limited. The information contained in this presentation is for informational purposes only. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. The presentation is not intended (nor does it) constitute an offer or invitation by or on behalf of Nufarm Limited, its subsidiaries, or any other person to subscribe for, purchase or otherwise deal in any securities, nor are they intended to be used for the purpose of or in connection with any offers or invitations to subscribe for, purchase or otherwise deal in any securities. This presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.

Forward looking statements

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Nufarm Limited, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this presentation.

This presentation includes certain forecasts, prospects or returns, and other forward looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forecasts, prospects or returns, and other forward looking statements. Such forecasts, prospects or returns, and other forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Nufarm Limited, which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Accordingly, no representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns, or other forward looking statements contained in this presentation.

Before making an investment decision, you should consider, with or without the assistance of a financial advisor, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

Non-IFRS information

Nufarm Limited results are reported under international Financial Reporting Standards (IFRS) including Underlying EBIT and Underlying EBITDA which are used to measure segment performance. The presentation also includes certain non-IFRS measures including Underlying net profit after tax and Gross profit margin. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review. Certain figures may be subject to rounding differences. Refer to ‘Supplementary information’ for the definition and calculation of non-IFRS information. All market share information in this presentation is based on management estimates based on internally available information unless otherwise indicated. All amounts are in Australian dollars unless otherwise stated.

1H20 Highlights

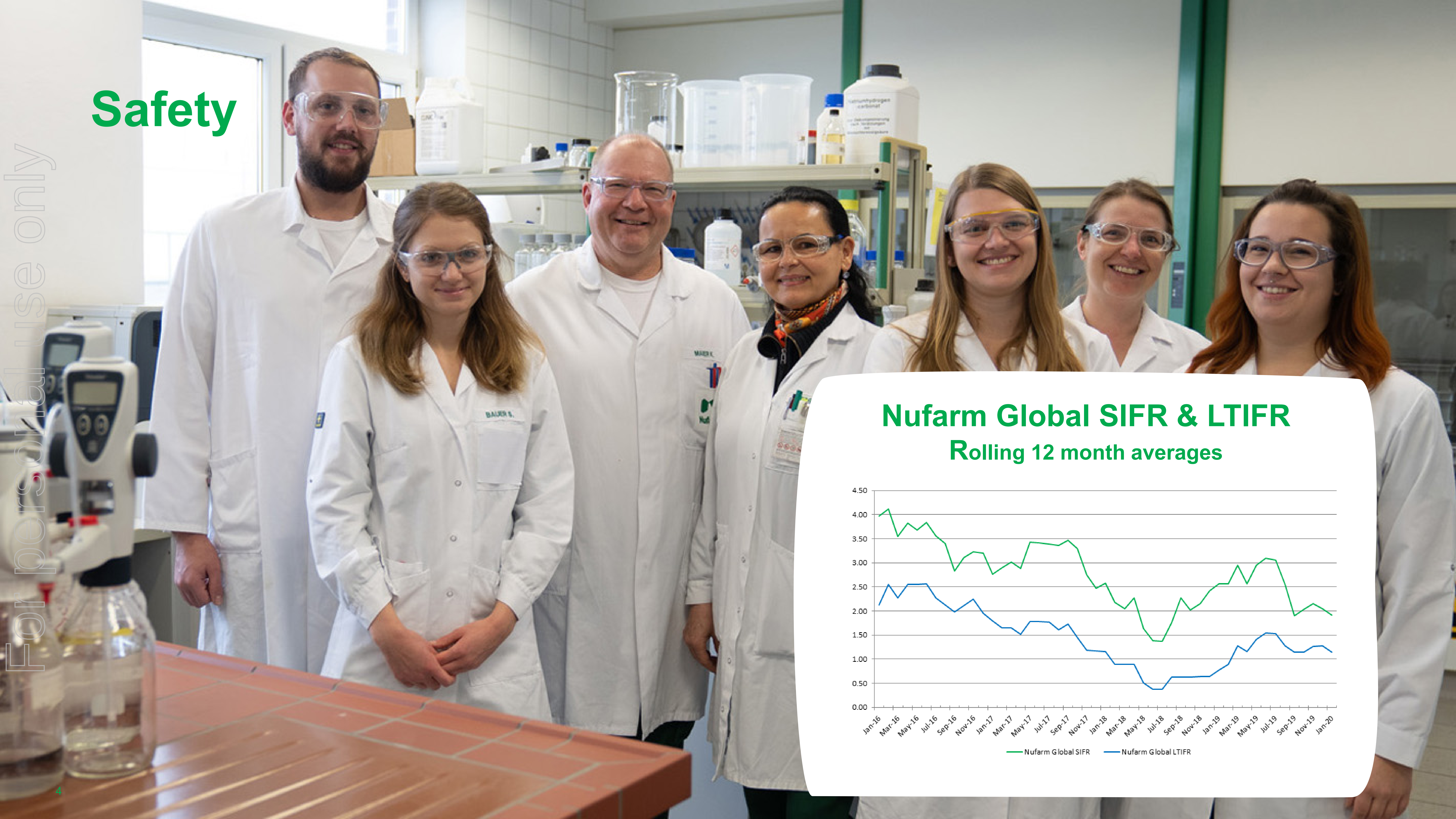
Progress against key priorities

For personal use only

- Improved safety performance
- Maintained gross margins
- Improved cash flow management
- Expanded ANZ performance improvement program across the organisation
- Improved product availability in Europe
- Preparing for first sales of omega-3 canola oil in 2H20
- Sale of South American businesses to Sumitomo for A$1,188 million on 1 April 2020

For personal use only

Safety



Nufarm Global SIFR & LTIFR

Rolling 12 month averages

1H20 financial performance

Earnings impacted by difficult trading conditions

For personal use only

Underlying
EBITDA
$66m

Underlying
EBITDA
(continuing operations)
($6m)

Lease accounting
(EBITDA impact of AASB 16 on continuing and discontinued operations)
▲ $15m

Material items
(pre tax)
($27m)

Reported
NPAT
($85m underlying)
($122m)

Net working capital improvement
▼ $40m

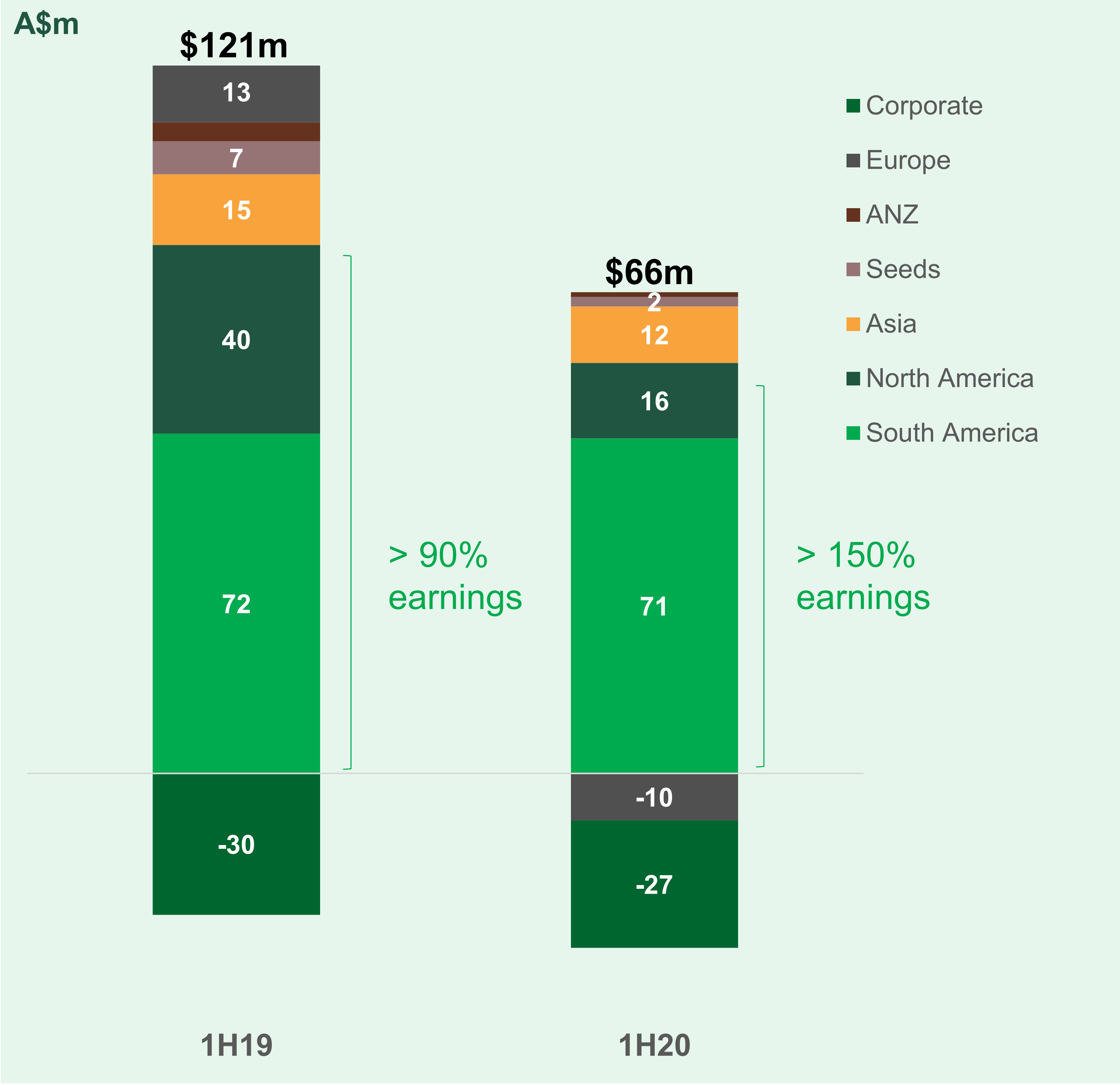
Underlying
Free cashflow improvement
▲ $172m

For personal use only

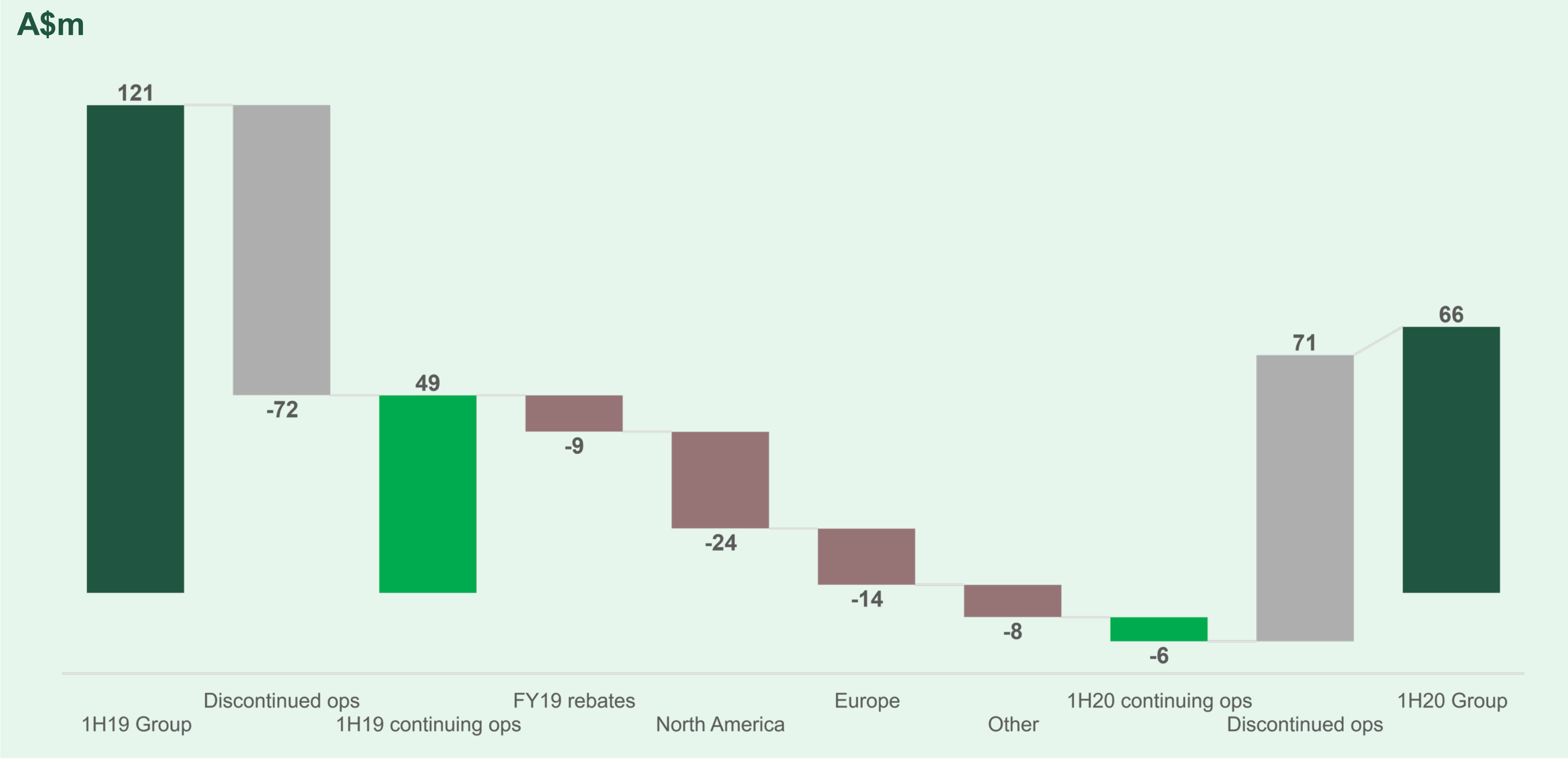
Underlying EBITDA

The Americas contribute majority of earnings in the first half

EBITDA contribution by region



EBITDA movement by region



- Steady earnings in South America (discontinued operations)
- North America impacted by delayed demand as industry de-stocked
- Increased earnings from acquired portfolios in Europe offset by increased SG&A and manufacturing costs
- Australia and Asia impacted by drought

Nufarm

For personal use only

COVID-19

Our products and services are considered essential for food production

- Farmers need to protect their crops
- Improved seasonal conditions have stimulated stronger demand
  - Our customers are heavily exposed to end markets in food production
- Currently well stocked with finished goods in North America and Europe
- China supply is progressively coming back on-line
- Continuity of production and international supply chains is required to ensure no interruption to customers
  - All major plants are operating
  - Regional restrictions creating supply chain delays and putting pressure on costs
- Currency movements may impact results in the second half
- Rapidly evolving situation. Not able to accurately estimate potential future impact

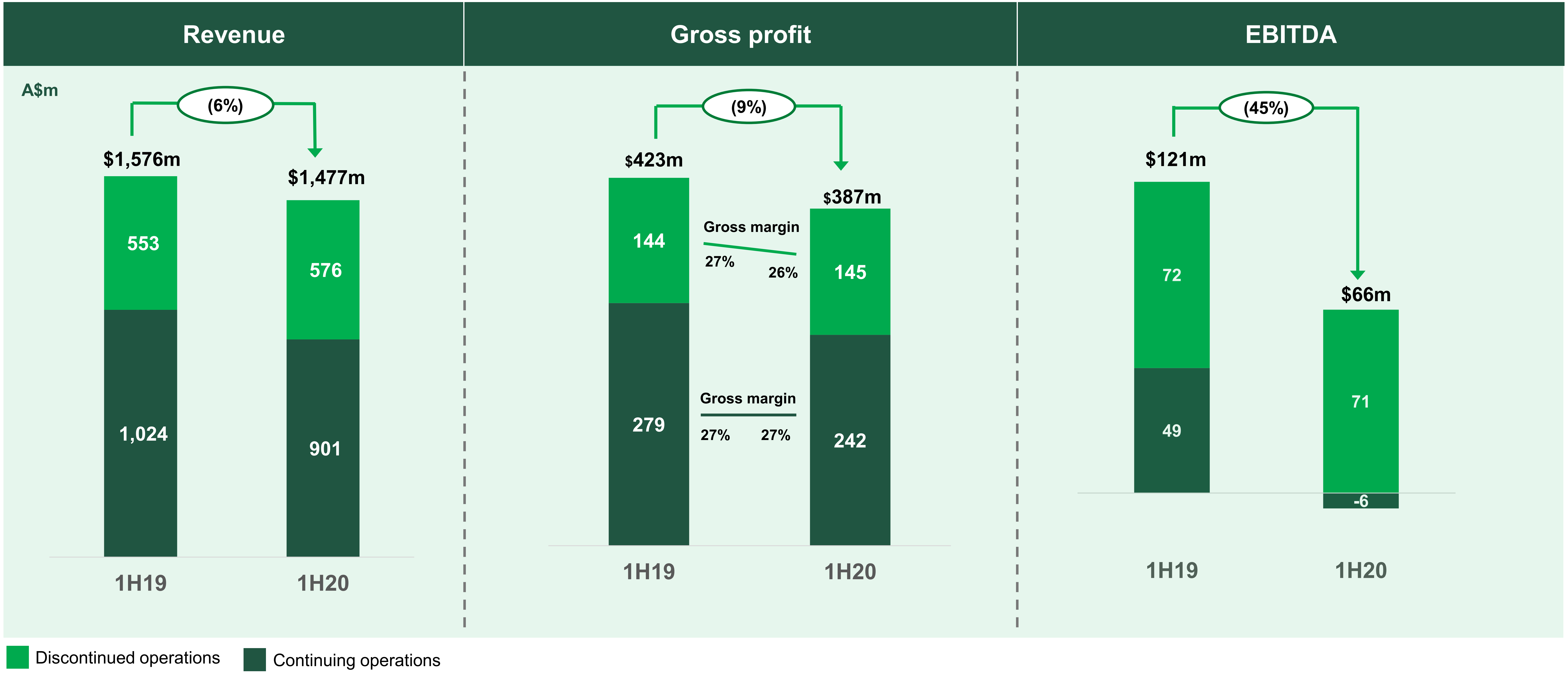
Financial results

- Gross margin maintained in competitive markets
- Improved cash flow management
- Group-wide program to simplify the business, optimise cost base and improve efficiencies underway
- Balance sheet to be strengthened post sale of South American businesses

For personal use only

Underlying earnings

Gross margin maintained despite competitive markets



Numbers may not add due to rounding

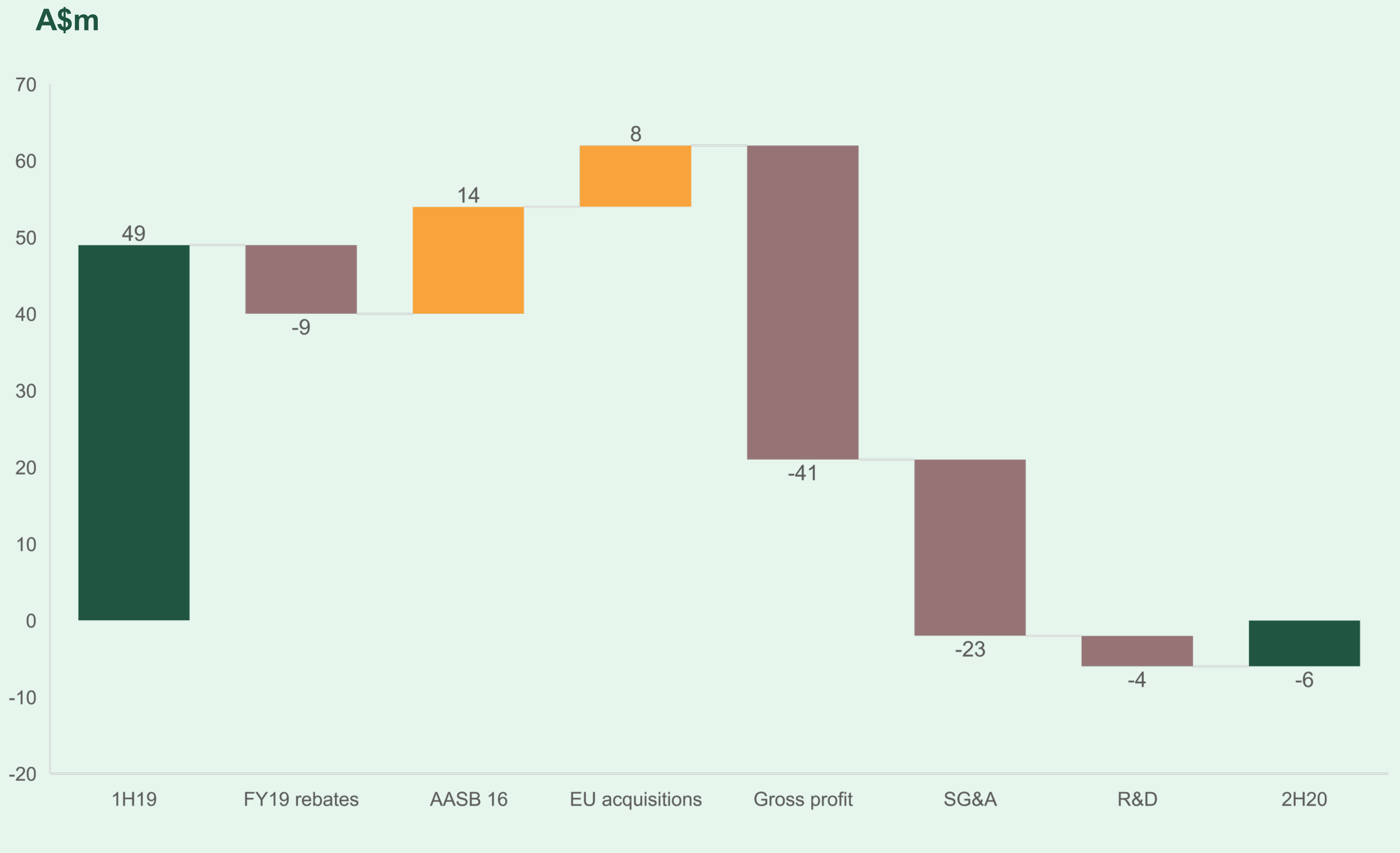
For personal use only

Underlying EBITDA - continuing operations

Additional contribution from acquisitions offset by external headwinds and increased costs

For personal use only

EBITDA movement by earnings type



C&S additional contribution comprises $13m additional gross profit and $5m additional SG&A
Gross profit decline of $41m excludes benefit of additional Century and Surf gross profit and FY19 rebates of $9m

- FY19 rebates reflected in 1H20 accounts as previously advised
- AASB 16 first adopted in 1H20
- Higher earnings from acquired European portfolios due to better product availability as supply chain transitions to Nufarm control
- Gross profit impacted by lower sales in North America, Australia and Indonesia. Increased competition and manufacturing costs in Europe also contributed to decline
- SG&A costs have increased. A group-wide project to simplify the business, optimise the cost base and improve efficiencies is underway

Nufarm

Material items and AASB 16

Adoption of new lease standard in 1H20 and material items

Material Items

1H20	A$m
South American business disposal – transaction costs	4.7
South American business disposal – cancelled debt restructure	8.5
Legal costs – omega 3 canola patents	8.6
Restructuring costs	5.2
Total material items included in operating profit before tax	**27.0**
Tax loss write-off	8.3
Other tax effects	1.2
Total material items included in profit after tax	**36.5**
Material items from discontinuing operations – tax losses	(8.5)

Material items for the second half of the year are expected to include:

- loss on disposal of the South American businesses and costs relating to the sale
- legal costs in relation to omega 3 canola oil patent estate
- restructuring costs relating to the group-wide performance improvement program

AASB 16 Leases

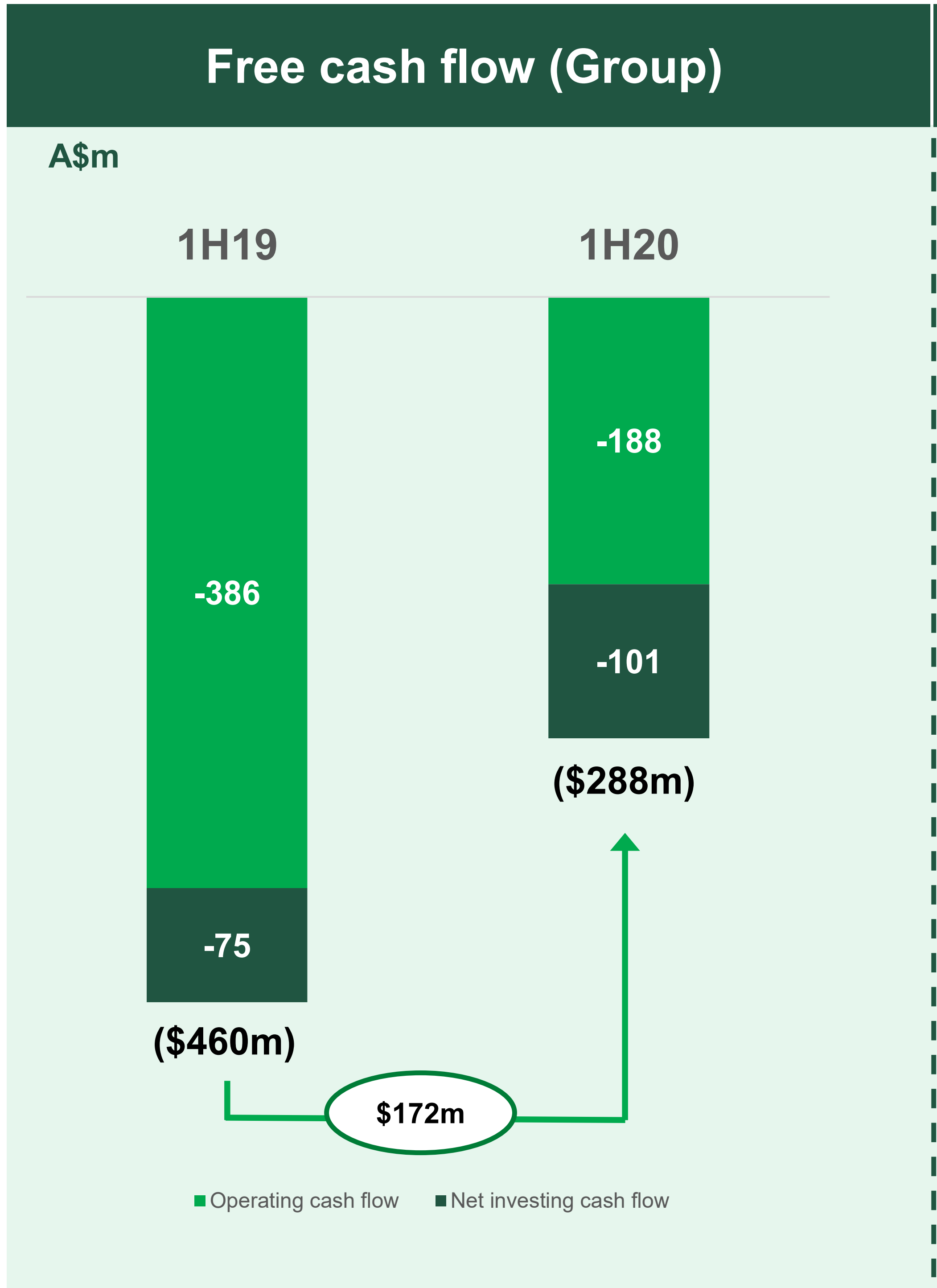
1H20	A$m
Reduction in operating lease costs (continuing operations)	13.7
Additional depreciation costs (continuing operations)	(12.4)
Additional financing costs (continuing operations)	(2.8)
Impact on profit before tax (continuing operations)	**(1.5)**
Reduction in operating lease costs (discontinuing operations)	1.5
Additional depreciation costs (discontinuing operations)	(1.4)
Additional financing costs (discontinuing operations)	(0.2)
Impact on balance sheet	
Right of use lease asset recognised	110.4
Lease payment obligation recognised	(142.9)

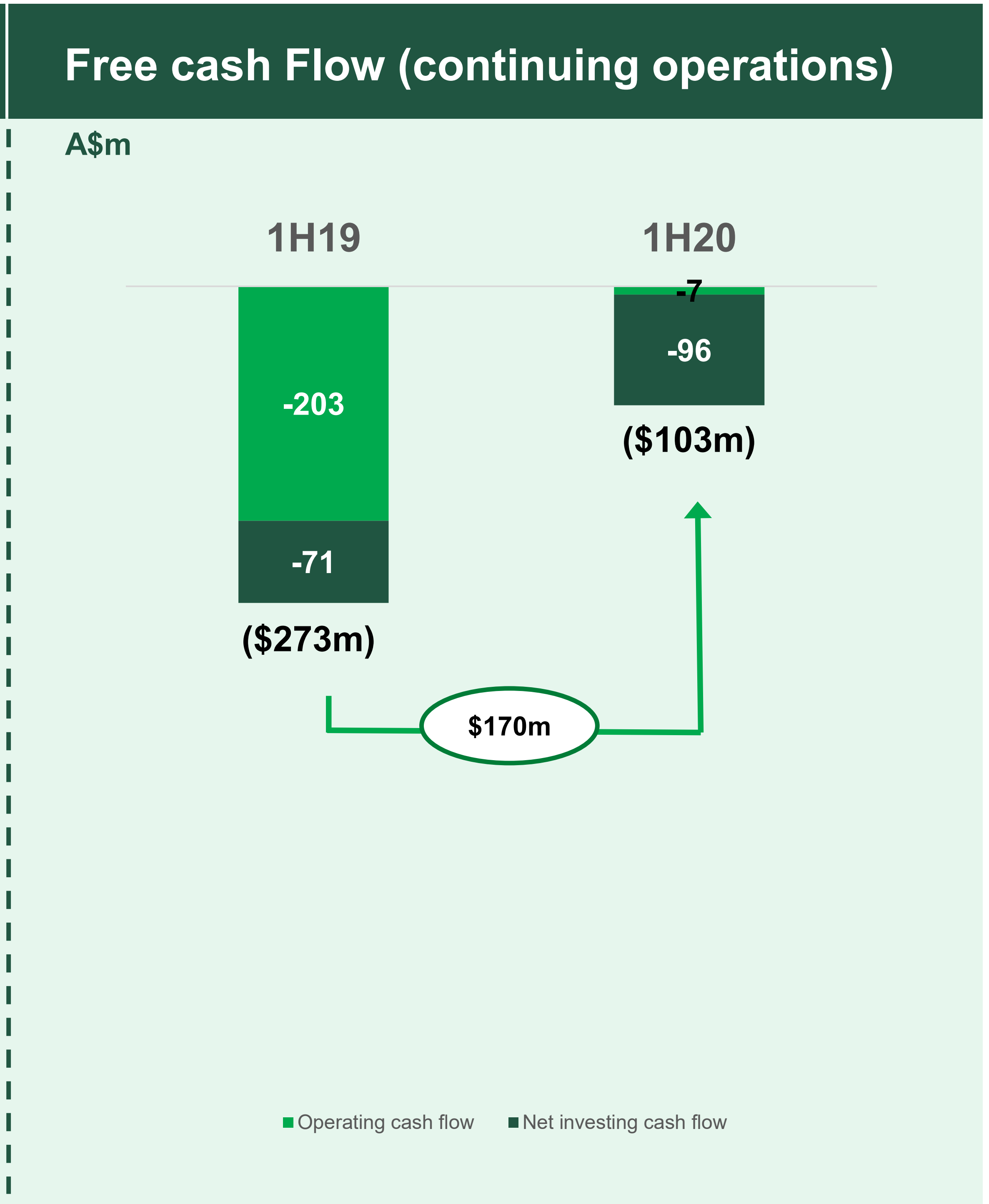
For personal use only

For personal use only

Cash flow

Disciplined working capital management has improved cash flow





- Cash outflows are typical for first half as working capital is built for main selling season in second half
- Cash flow from continuing operations significantly improved – largely due to reduction in Australian net working capital
- Investing cash flows include final payments for commissioning of Greenville formulation facility

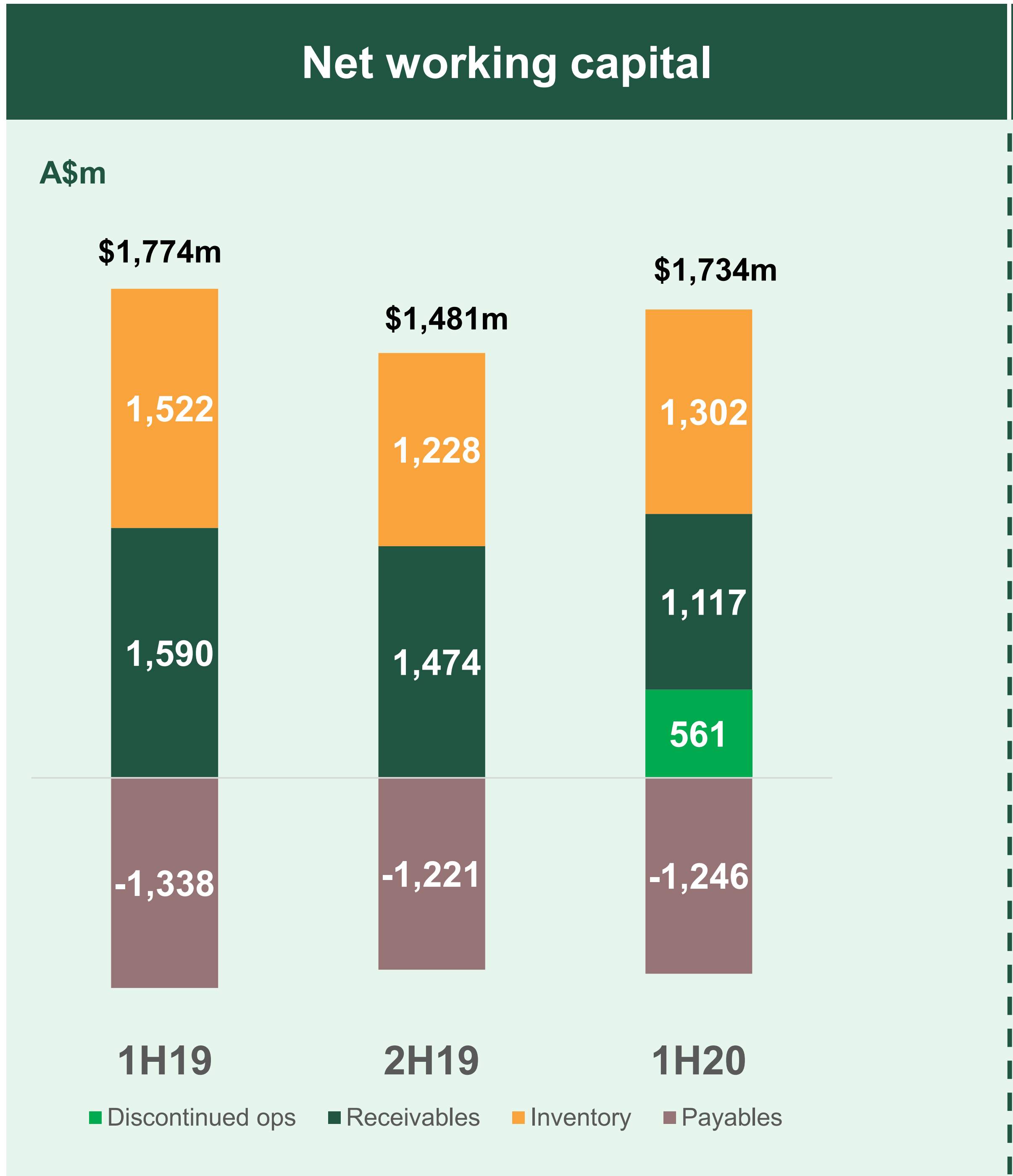
Numbers may not add due to rounding

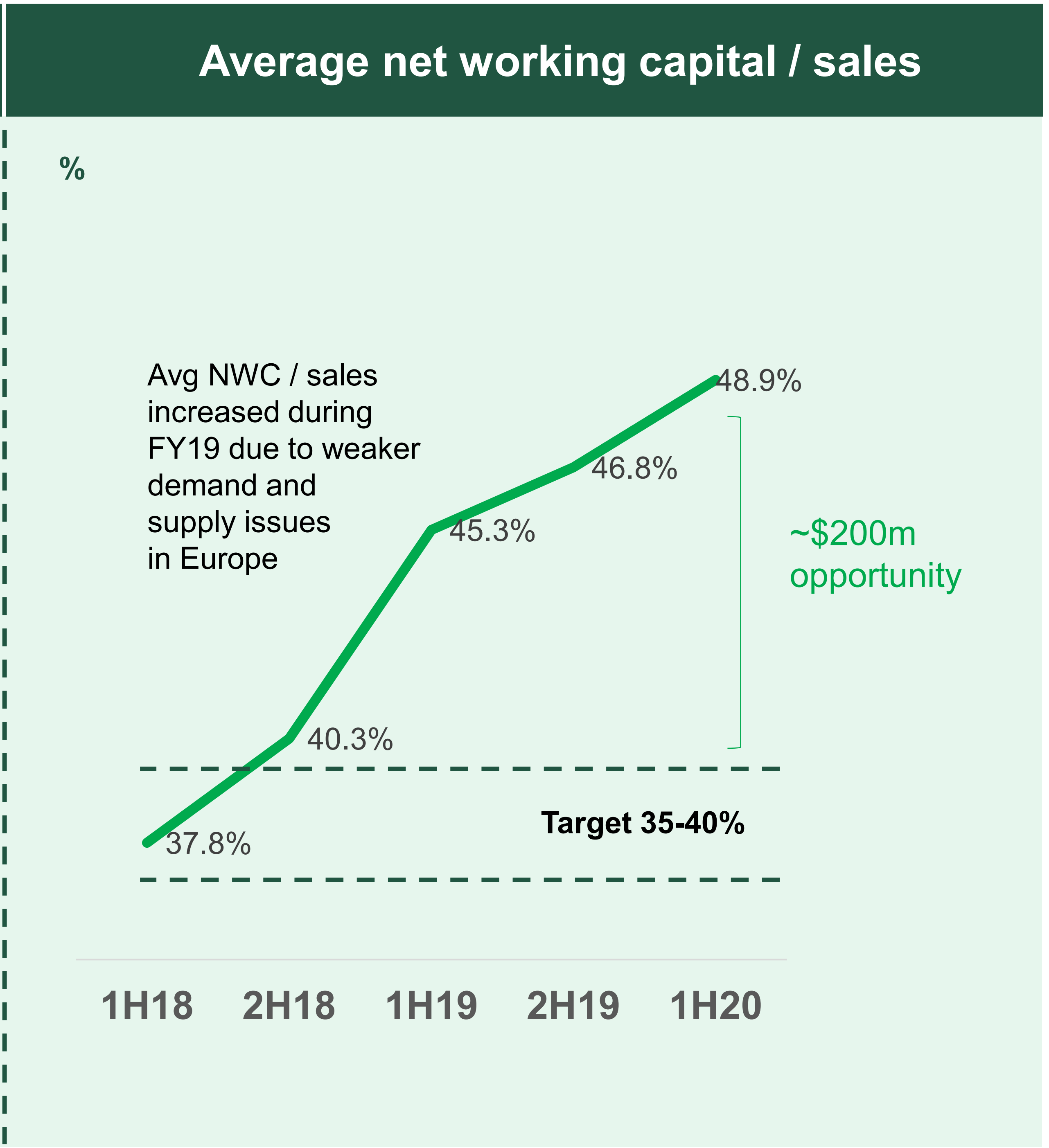
Nufarm

For personal use only

Net working capital

Improved performance in ANZ and significant opportunity to liberate funds in other regions





- Net working capital builds in first half for main selling season in second half
- Net working capital balance stable - significant improvement in ANZ (~$170m) offset by higher balances in North America and Europe
- Average NWC / sales deterioration largely due to reduced sales in 1H20
- NWC process discipline well advanced in ANZ with further opportunities in Europe and North America

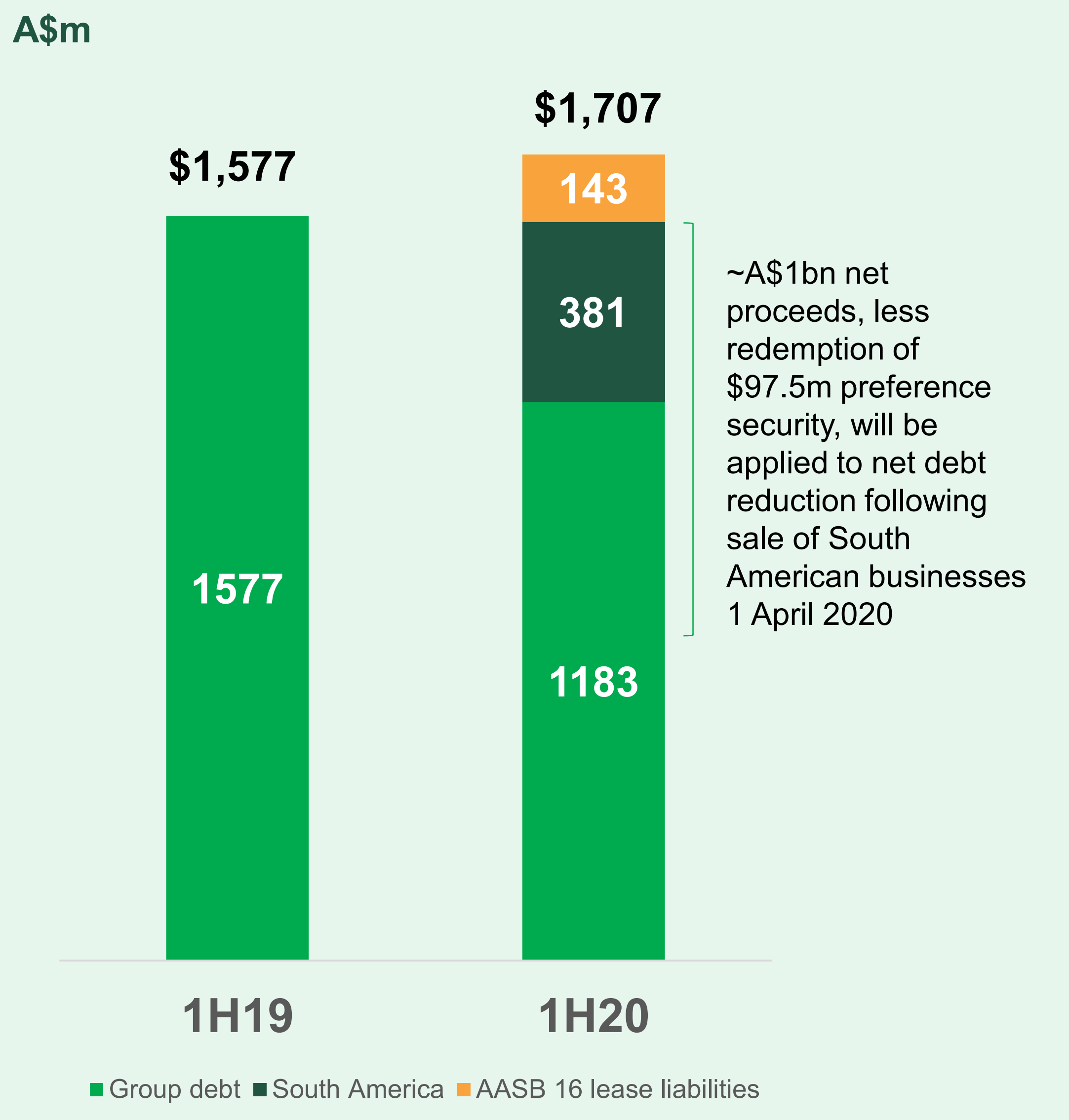
Prior period balances not adjusted for discontinued operations

Nufarm

Net debt and financing costs

Sale of South American businesses strengthens balance sheet and reduces financing costs

Net debt



Financing costs

- Increase in net debt due to inclusion of lease liabilities following adoption of AASB 16
- FX losses drove increase in financing costs
- Target leverage (using core net debt) adjusted from 1 to 1.5 times to 1.5 to 2.0 times post AASB 16 adoption. Debt covenants grandfathered at pre-adoption of AASB 16 levels

For personal use only

Operational review

- Improved safety performance
- Carry over impacts from unprecedented weather events
- Maintained gross margins in continuing businesses
- Good progress on key initiatives to lift performance
- COVID-19 creates uncertain outlook

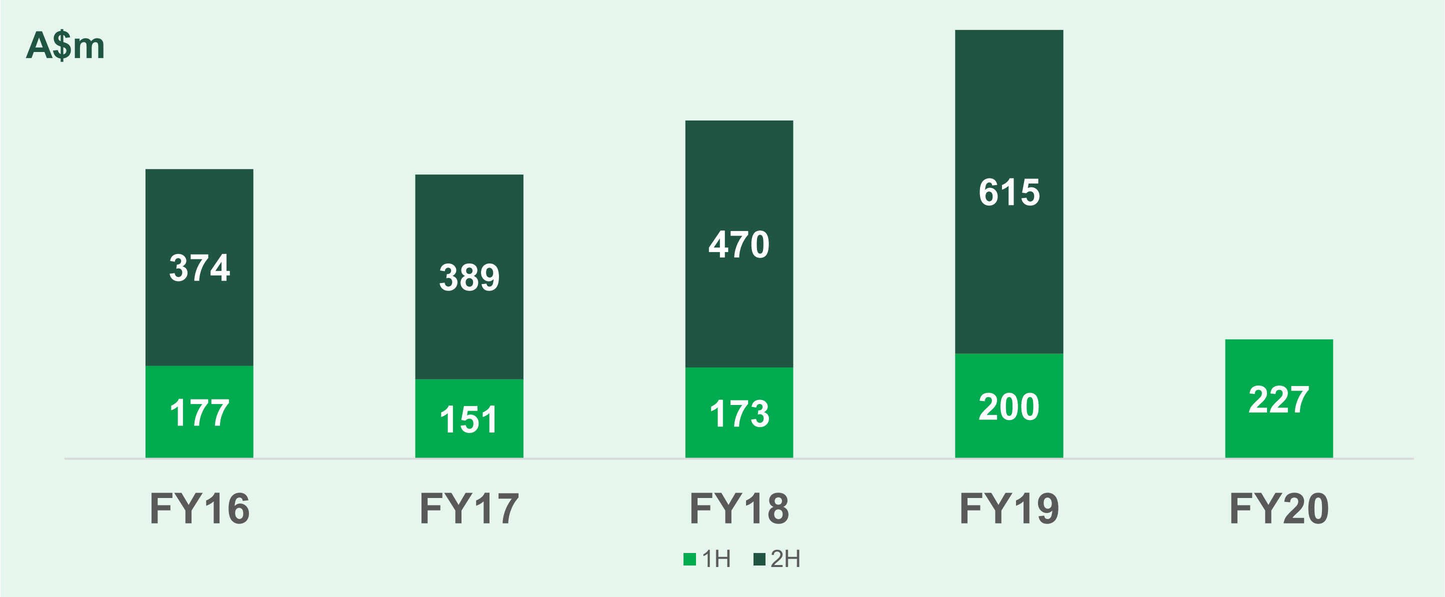
For personal use only

For personal use only

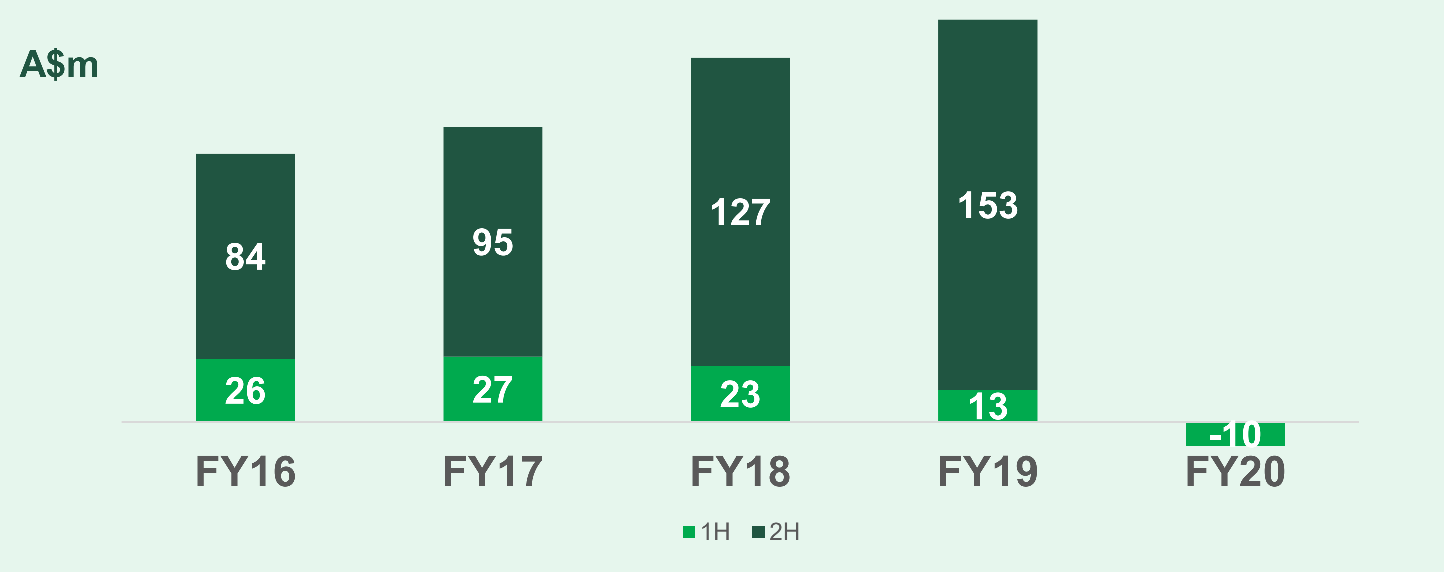
Europe

Improved product availability and increased market share in key segments

Revenue



Underlying EBITDA



FY19 has been restated for discontinued businesses but prior periods have not

Revenue up with market share gains in key cereals markets

- Nufarm sales increased in a flat market
- Improved product availability for acquired portfolio as supply chain transitions to Nufarm control

Net additional contribution from acquired portfolios estimated at $8m

Overall earnings for 1H constrained due to:

- A$9m FY19 rebate adjustment in 1H20
- Strong competition and increasing manufacturing costs reduced margins on foundational products
- Continuation of elevated raw material costs from Chinese supply
- Increase in SG&A costs primarily relating to higher sales and support costs and increased freight and warehousing costs

Program to optimise cost base and improve efficiencies has commenced

New Regional General Manager, Hildo Brilleman

Continuing pressure on product registrations for FY21

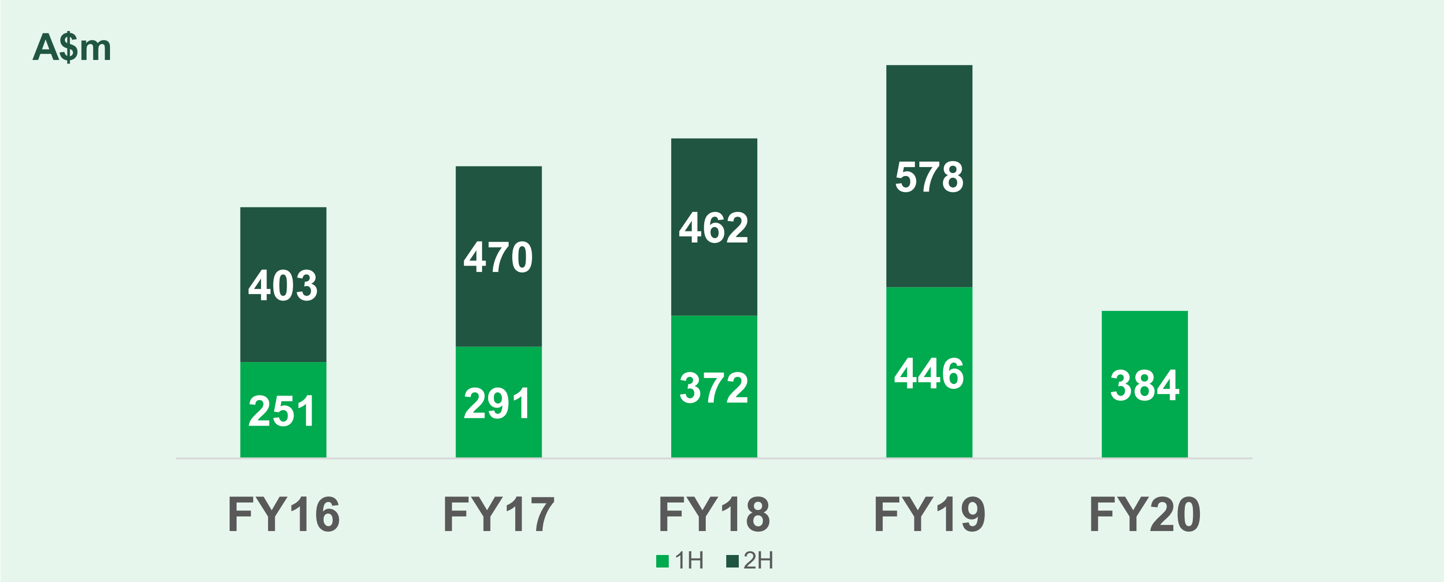
- Glyphosate, bromoxynil, beta-cyfluthrin

For personal use only

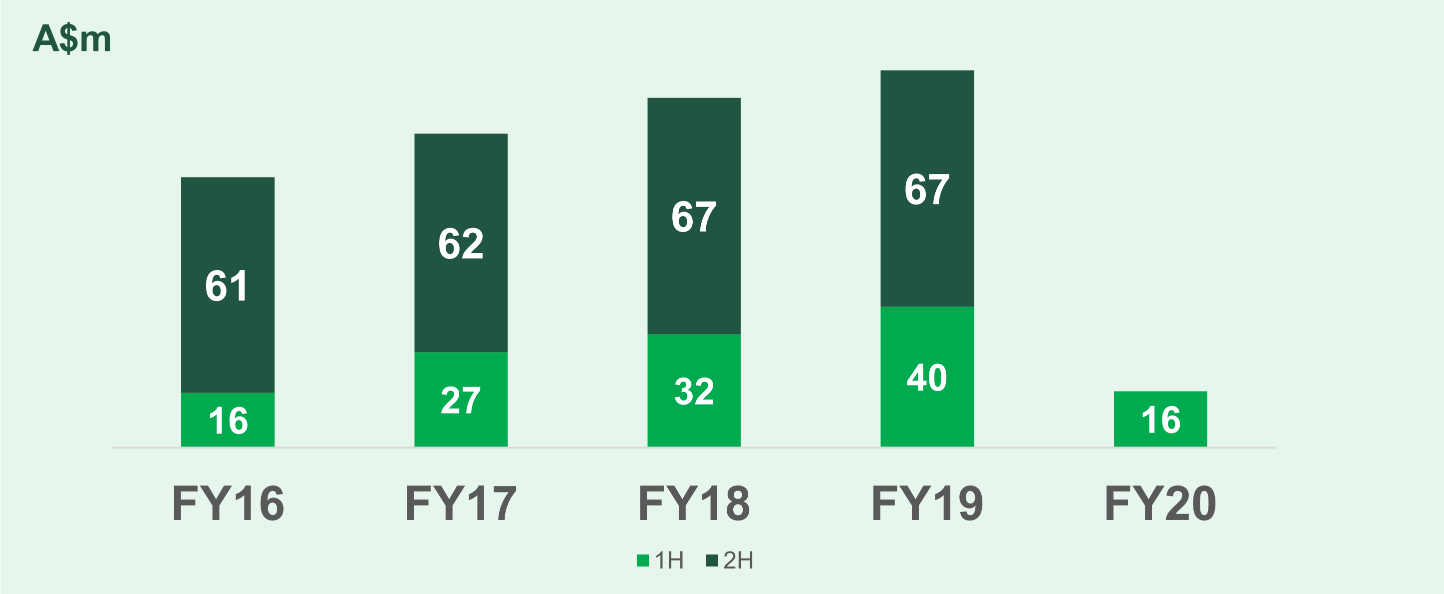
North America

Difficult half but recent investments strengthen market presence and relevance

Revenue



Underlying EBITDA



Revenue impacted by weak demand due to channel de-stocking

- Demand in crop protection markets impacted by adverse weather and tariffs, leading to high channel inventory and a challenging period for both the USA and Canadian Crop Protection segments
- Shift in sales in Turf and Ornamental segment to second half

Competitive market conditions impacted margins

- Margins impacted by strong competition on foundational products in an oversupplied market
- Greenville commissioning costs had a small negative impact on earnings for the first half

Recent investments strengthen market presence and relevance

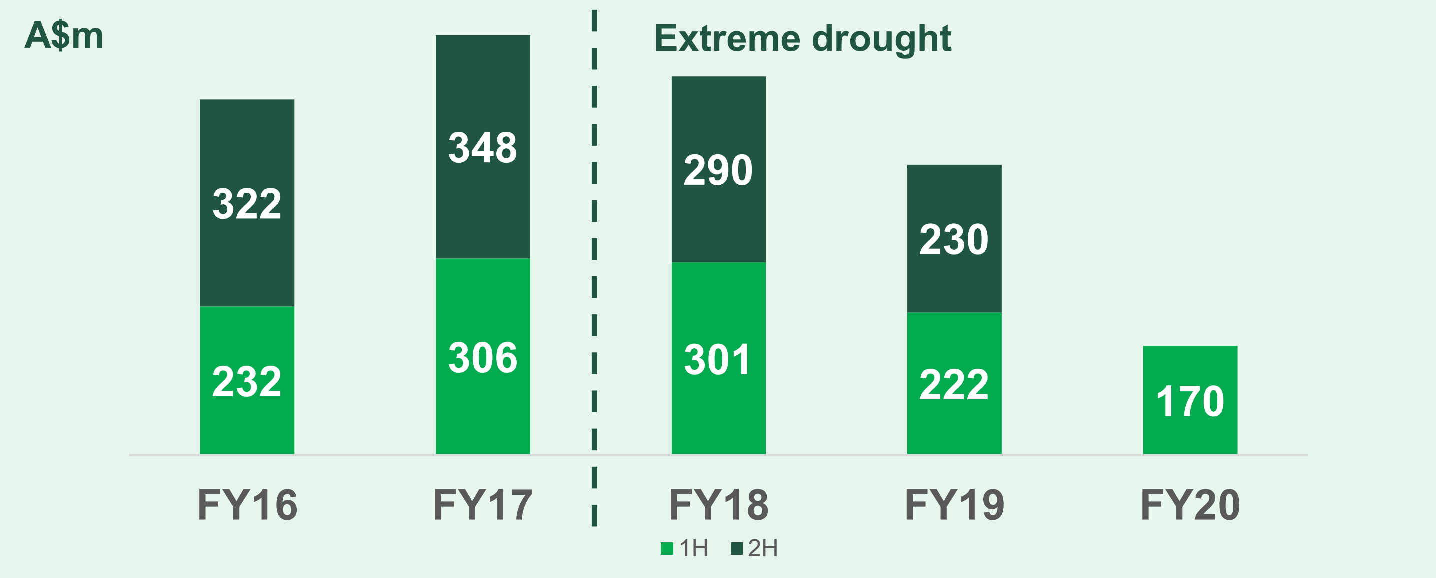
- Successful commissioning of Greenville formulation plant supports customers in southern and eastern US States. Full EBITDA benefit expected FY21
- New distribution agreement with Nutrichem to market Goal® herbicides from September 2020

FY19 has been restated for discontinued businesses but prior periods have not

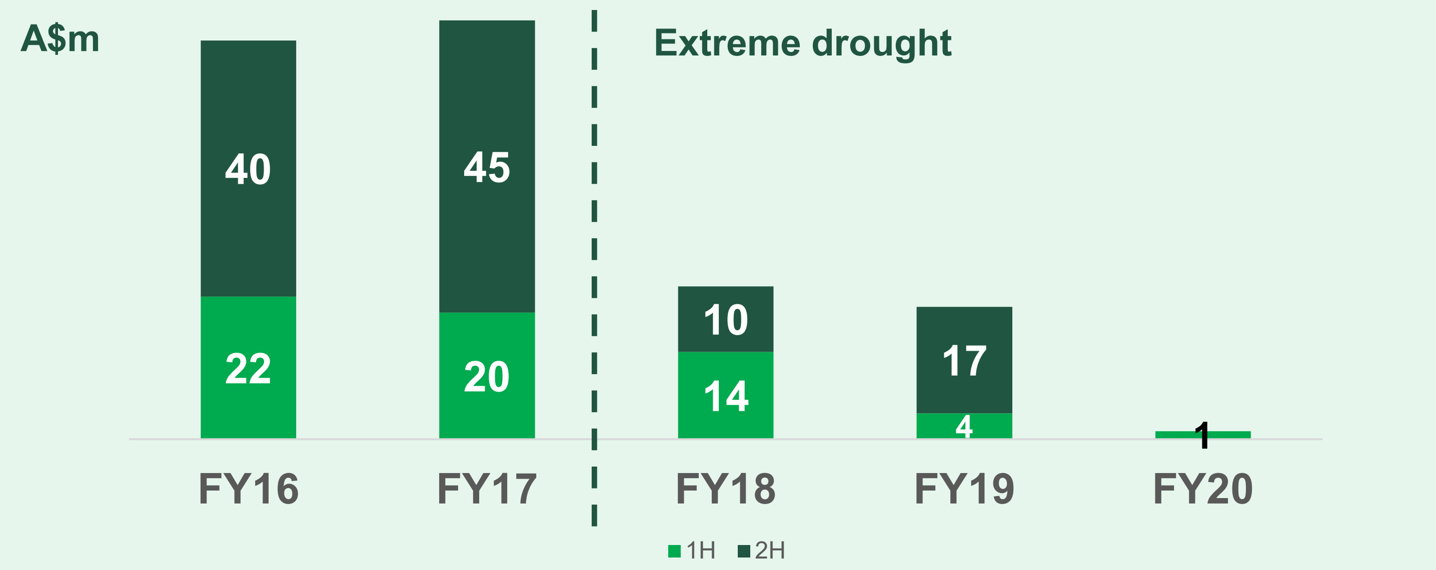
Australia and New Zealand

Delivered cost savings of ~$5m and reduced net working capital ~$170m

Revenue



Underlying EBITDA



Continued drought conditions reduced demand in 1H20

- Reduced demand in Australia with limited sales into summer crop markets

Net working capital reduced ~$170m

- Manufacturing levels remained constrained in 1H20. Manufacturing under-recoveries in line with prior comparative period (~$5m)
- Manufacturing volumes ramped up for 2H20

Performance improvement program delivered ~$5m benefit

- Program commenced at end of 1H19 and delivered a mix of SG&A savings and gross margin benefits of ~$5m relative to 1H19

Summer rain created demand spike post half year end

- Good early momentum
- More follow-up rain required to support planting intentions
- Supply constraints on some products depending on timing of arrival of shipments from China post COVID-19 delays
- Global shortage of trifluralin expected to continue through second half (~$5m earnings contribution in FY19)

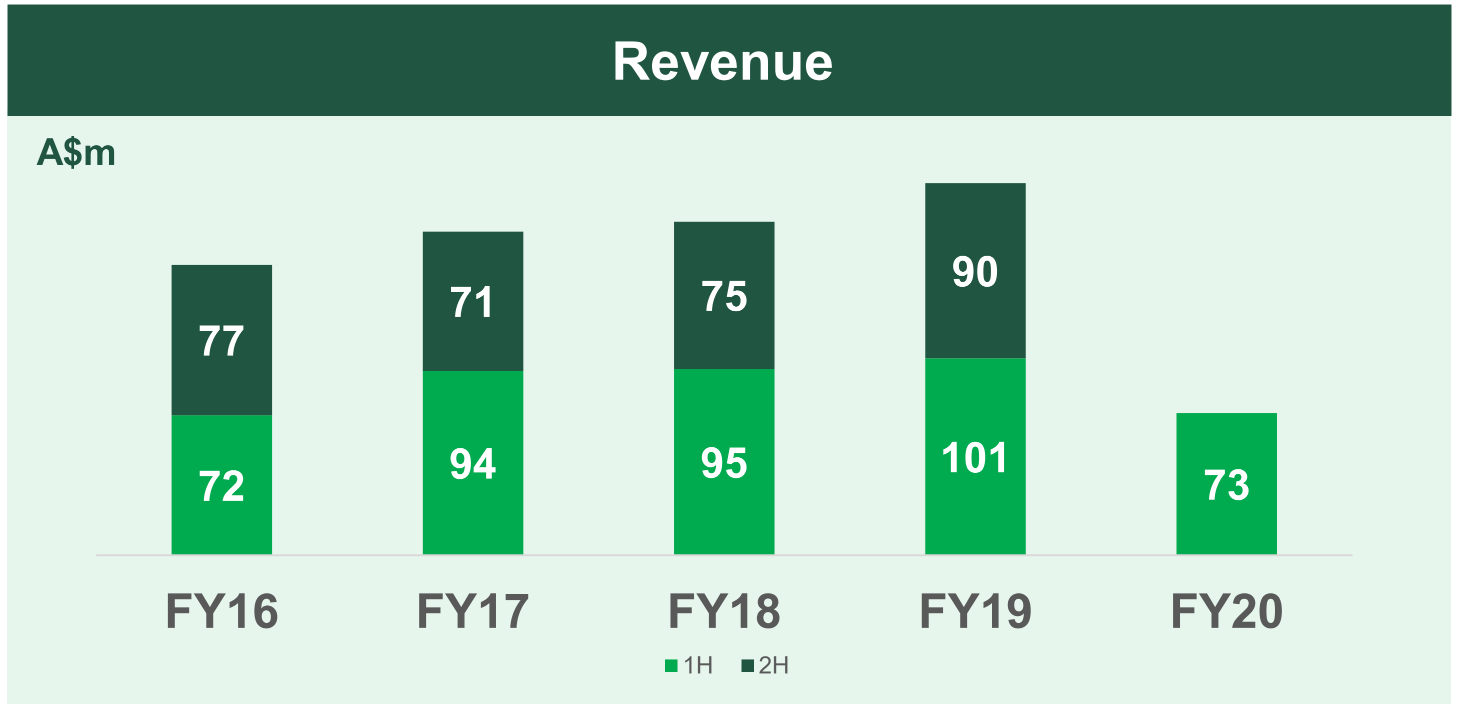
Nufarm

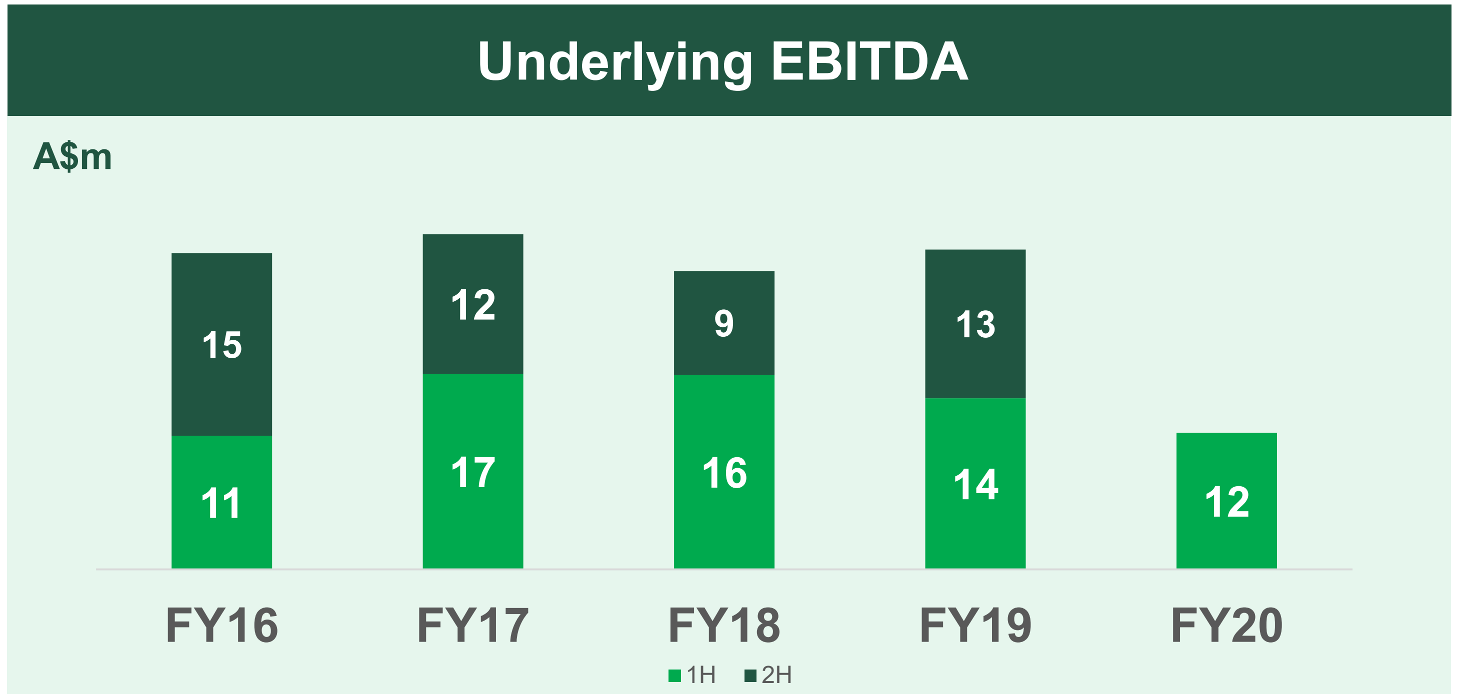
For personal use only

For personal use only

Asia

Earnings impacted by drought conditions in Indonesia





Reduced demand in Indonesia due to prolonged drought and high channel inventories

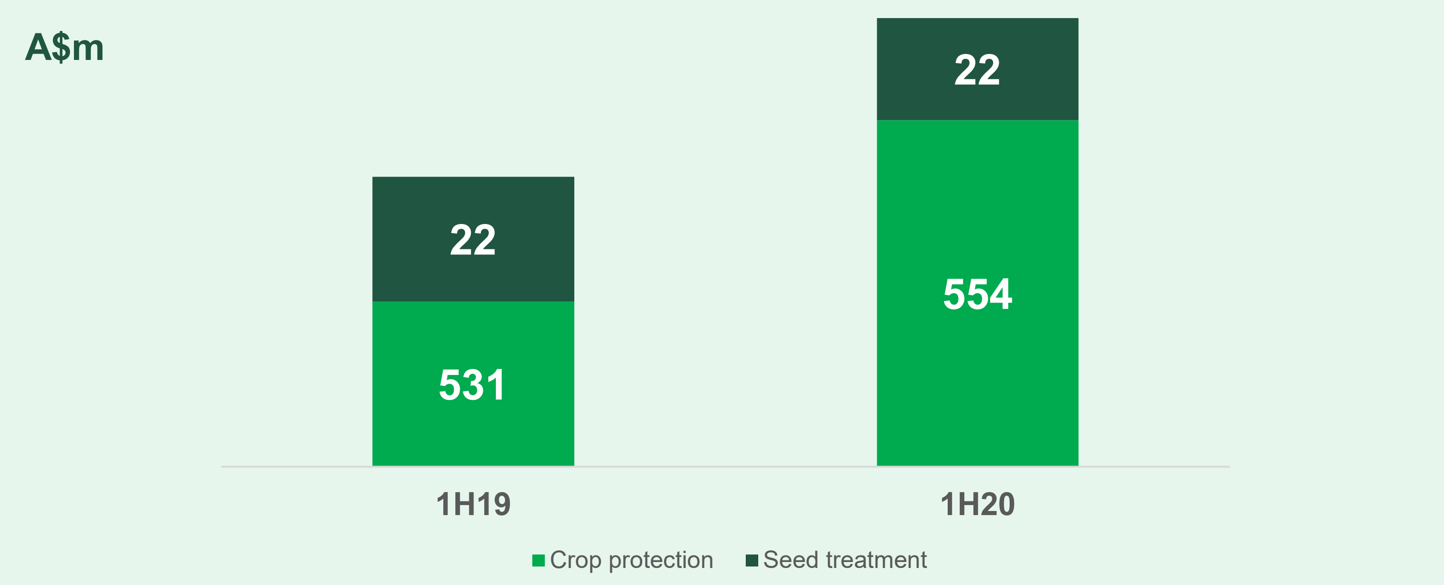
Sales into other Asian markets delayed with revenue falling into second half of financial year

Increased sales in February

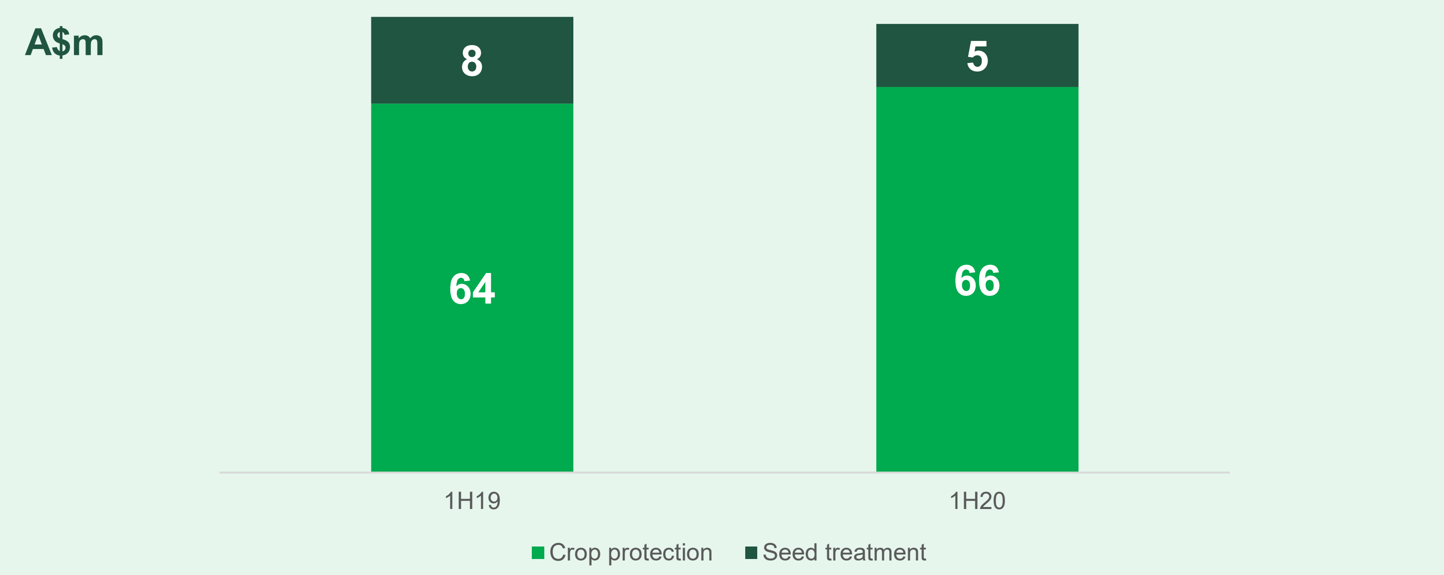
South America (discontinued operations)

Strong demand and competitive market conditions

Revenue



Underlying EBITDA



Strong demand for crop protection products in Brazil

- Increased soy plantings

Margins impacted by strong competition

Expect completion of sale of South American businesses 1 April 2020

Expected to contribute ~$10m EBITDA loss in 2H20

- Reflects normal seasonal trading patterns of these businesses

Net proceeds from sale ~A$1 billion

Ongoing supply agreement with Sumitomo for South American businesses

- 2 year agreement for supply of certain products
- Transitional service agreement
- Cost plus procurement fee

Results prior to FY19 not restated for discontinued business

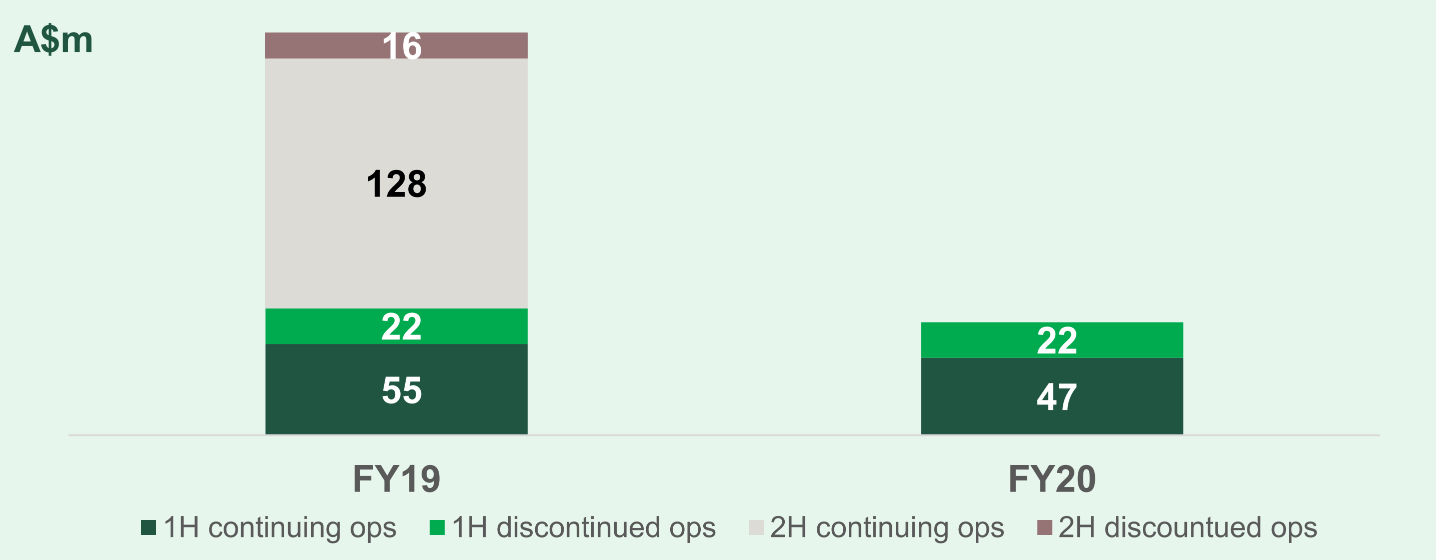
For personal use only

For personal use only

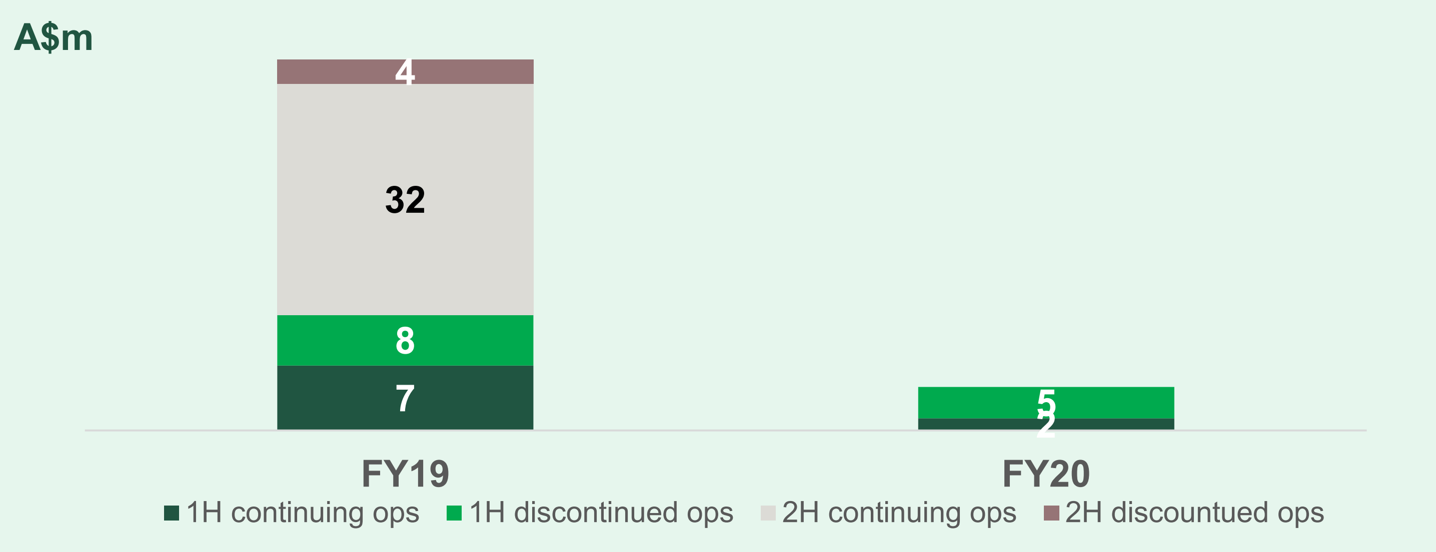
Seeds

Weather conditions impacted first half

Revenue



Underlying EBITDA



Poor weather conditions in Australia and North America impacted demand and margins

- Lower royalty income due to smaller canola crop in Australia last year
- Higher channel inventory reduced demand for seed treatment in North America

New product launches support second half outlook

- New launches for Trunemco, sorghum, canola and sunflower
- Improved weather outlook for Australian winter canola crop could be a positive swing factor for second half earnings

Carinata acquisition adds new Value Beyond Yield growth platform

- Best-in-class, plant-based feedstock for production of biofuels
- First commercial crop harvested in Argentina
- Significant increase in acres planted this year
- Advanced commercial discussions with off-take partners with first sales and small positive EBITDA contribution forecast in 2H20

Nufarm

For personal use only

Omega 3 canola oil

Preparation for first sales in 2H20 well underway

- Facilitation of customer scale-up well progressed
- ADM contracted for crushing and processing services
- FY21 oil volume production target more than doubled
- Advancing scale-up for 2021+ with improved agronomics
- Achieved Excellence Through Stewardship (ETS) audit approval in USA
- Human health trial for nutraceuticals in final stages

For personal use only

Summary

- First half earnings impacted by carry-over impact from 2019 weather impacts
- Good progress on key priorities – safety, margin improvement and cash flow management
- Group wide program to simplify the business, optimise cost base and improve efficiencies is underway
- We continue to monitor and mitigate impacts of COVID-19. This remains a developing situation
- Strengthened balance sheet following sale of South American businesses on 1 April 2020

Appendix – Non IFRS information reconciliation

For personal use only

1H20 financial summary

For personal use only

Continuing Operations

	1H20			1H19		
	Underlying $000	Material items $000	Total $000	Underlying $000	Material items $000	Total $000
Revenue	**901,155**	-	**901,155**	**1,023,603**	-	**1,023,603**
Cost of sales	(658,735)	-	(658,735)	(744,574)	-	(744,574)
Gross profit	**242,420**	-	**242,420**	**279,029**	-	**279,029**
Operating expenses	(348,754)	27,017	(375,771)	(314,642)	2,093	(316,735)
Other income	2,082	-	2,082	5,662	-	5,662
Share of net profits/(losses) of associates	(200)	-	(200)	(130)	-	(130)
Operating profit	**(104,452)**	**27,017**	**(131,469)**	**(30,081)**	2,093	**(32,174)**
D&A	(98,813)	-	(98,813)	(78,672)	-	(78,672)
EBITDA	**(5,639)**	**27,017**	**(32,656)**	**48,591**	2,093	**46,498**
Net interest expenses	(36,153)	-	(36,153)	(33,500)	-	(33,500)
Net foreign exchange gains/(losses)	(7,385)	-	(7,385)	1,766	-	1,766
Net financing costs	**(43,538)**	**-**	**(43,538)**	**(31,734)**	-	**(31,734)**
Profit before tax	**(147,990)**	**27,017**	**(175,007)**	**(61,815)**	2,093	**(63,908)**
Income tax benefit/(expense)	33,537	18,054	15,483	11,144	(35)	11,179
Profit for the period	**(114,453)**	**45,071**	**(159,524)**	**(50,671)**	2,058	**(52,729)**

Note:
1. Numbers may not sum due to rounding

Nufarm

1H20 financial summary

For personal use only

Discontinuing Operations

	1H20			1H19		
	Underlying	Material items	Total	Underlying	Material items	Total
	$000	$000	$000	$000	$000	$000
Revenue	**575,790**	-	**575,790**	**552,505**	-	**552,505**
Cost of sales	(430,589)	-	(430,589)	(408,525)	-	(408,525)
Gross profit	**145,201**	-	**145,201**	**143,980**	-	**143,980**
Operating expenses	(78,991)	-	(78,991)	(75,019)	-	(75,019)
Other income	22	-	22	44	-	44
Share of net profits/(losses) of associates	-	-	-	-	-	-
Operating profit	**66,232**	**-**	**66,232**	**69,005**	-	**69,005**
D&A	(4,989)	-	(4,989)	(3,350)	-	(3,350)
EBITDA	**71,221**	**-**	**71,221**	**72,355**	-	**72,355**
Net interest expenses	(10,464)	-	(10,464)	(10,808)	-	(10,808)
Net foreign exchange gains/(losses)	(6,885)	-	(6,885)	(7,497)	-	(7,497)
Net financing costs	**(17,349)**	**-**	**(17,349)**	**(18,305)**	-	**(18,305)**
Profit before tax	**48,883**	**-**	**48,883**	**50,700**	-	**50,700**
Income tax benefit/(expense)	(19,624)	(8,530)	(11,094)	(11,556)	-	(11,556)
Profit for the period	**29,259**	**(8,530)**	**37,789**	**39,144**	-	**39,144**

Note:
1. Numbers may not sum due to rounding

1H20 financial summary

For personal use only

Total Operations

	1H20			1H19		
	Underlying $000	Material items $000	Total $000	Underlying $000	Material items $000	Total $000
Revenue	**1,476,945**	-	**1,476,945**	**1,576,108**	-	**1,576,108**
Cost of sales	(1,089,324)	-	(1,089,324)	(1,153,099)	-	(1,153,099)
Gross profit	**387,621**	-	**387,621**	**423,009**	-	**423,009**
Operating expenses	(427,745)	27,017	(454,762)	(389,661)	2,093	(391,754)
Other income	2,104	-	2,104	5,706	-	5,706
Share of net profits/(losses) of associates	(200)	-	(200)	(130)	-	(130)
Operating profit	**(38,220)**	**27,017**	**(65,237)**	**38,924**	2,093	**36,831**
D&A	(103,802)	-	(103,802)	(82,022)	-	(82,022)
EBITDA	**65,582**	**27,017**	**38,565**	**120,946**	2,093	**118,853**
Net interest expenses	(46,617)	-	(46,617)	(44,308)	-	(44,308)
Net foreign exchange gains/(losses)	(14,270)	-	(14,270)	(5,731)	-	(5,731)
Net financing costs	**(60,887)**	**-**	**(60,887)**	**(50,039)**	-	**(50,039)**
Profit before tax	**(99,107)**	**27,017**	**(126,124)**	**(11,115)**	2,093	**(13,208)**
Income tax benefit/(expense)	13,913	9,524	4,389	(412)	(35)	(377)
Profit for the period	**(85,194)**	**36,541**	**(121,735)**	**(11,527)**	2,058	**(13,585)**

Note:
1. Numbers may not sum due to rounding

For personal use only

AASB 16 reconciliation

AASB 16 Impact - total operations

($000s)	Underlying EBITDA Reported	Underlying EBITDA AASB 16 Impact	Underlying EBITDA Excl AASB 16	Underlying EBIT Reported	Underlying EBIT AASB 16 Impact	Underlying EBIT Excl AASB 16
Crop protection						
Australia and New Zealand	1,202	2,764	(1,562)	(7,802)	160	(7,962)
Asia	11,524	607	10,917	9,282	92	9,190
Europe	(10,116)	5,561	(15,677)	(70,481)	837	(71,318)
North America	16,135	3,258	12,877	295	229	66
Latin America	-	-	-	-		-
Total Crop protection	*18,745*	*12,190*	*6,555*	*(68,706)*	*1,318*	*(70,024)*
Seed Technologies - global	2,372	1,472	900	(7,875)	(58)	(7,817)
Corporate	(26,756)	-	(26,756)	(27,871)	-	(27,871)
Nufarm Group	**(5,639)**	**13,662**	**(19,301)**	**(104,452)**	**1,260**	**(105,712)**
Discontinued operations	71,221	1,486	69,735	66,232	75	66,157
Nufarm Group	**65,582**	**15,148**	**50,434**	**(38,220)**	**1,335**	**(39,555)**

Depreciation and amortisation	(98,813)	(13,812)	(85,001)
Net external interest	(36,153)	(3,011)	(33,142)

Note:
1. Numbers may not sum due to rounding

Restatement of comparative period earnings

Segment restatement - FY19 comparative

($000s)	Underlying EBITDA Previously reported	Restated	Change	Comment
Crop protection				
Australia and New Zealand	3,996	3,996	-	
Asia	14,462	14,462	-	
Europe	15,068	12,826	2,242	Removal of royalty income from South America
North America	40,744	40,259	484	Inclusion of Mexico into North America
Latin America	58,594	-	58,594	
Total Crop protection	*132,864*	*71,544*	*61,320*	
Seed Technologies - global	14,963	6,636	8,327	Seed treatment
Corporate	(26,881)	(29,589)	2,708	
Nufarm Group	**120,946**	**48,591**	**72,355**	
Discontinued operations	-	72,355	(72,355)	
Nufarm Group	**120,946**	**120,946**	**-**	
Depreciation and amortisation	(82,022)	(78,672)	(3,350)	
Net external interest	(44,308)	(33,500)	(10,808)	
Foreign exchange (gains) / losses	(5,731)	1,766	(7,497)	

Note:
1. Numbers may not sum due to rounding

For personal use only

Nufarm

For personal use only

Constant currency group results

Despite weaker AUD across key currencies, minimal earnings impact in 1st Half

	Half year ended 31 January			
	2020 Reported currency	2020 Constant currency [1]	2019 Reported currency	Constant currency %
Revenue	1,476.9	1,445.4	1,576.1	(8.3%)
Underlying EBITDA [2]	65.6	64.6	120.9	(46.6%)
Underlying EBIT [2]	(38.2)	(37.0)	38.9	na

	Average exchange rates HY20 v HY19		
A$1 =	HY20	HY19	%
BRL	2.773	2.809	(1.3%)
USD	0.684	0.722	(5.2%)
EUR	0.618	0.627	(1.5%)
GBP	0.542	0.559	(3.0%)

Notes:
1. 2020 reported results converted at 2019 foreign currency exchange rates
2. Excludes material items

Nufarm

Non IFRS disclosures and definitions

For personal use only

Term	Definition
Underlying EBIT	Earnings before net financing costs, taxation and material items.
Underlying EBITDA	Underlying EBIT before depreciation and amortisation.
Underlying net profit after tax	Profit/(loss) for the period attributable to the equity holders of Nufarm Limited excluding material items.
Gross profit margin	Gross profit as a percentage of revenue.
Net external interest	Comprises other financial income, interest expense – external / debt establishment transaction costs and lease expense – finance charges as described in note 17 to the 31 January 2020 Nufarm Limited interim financial report.
ROFE	12 months rolling underlying EBIT divided by the average of opening and closing funds employed (total equity plus net debt).
Net debt	Total debt less cash and cash equivalents.
Net working capital	Current trade and other receivables, non-current trade receivables/trade finance receivables and inventories less current trade and other payables.
Underlying net operating cash flow	Net cash from operating activities excluding material items
Underlying net investing cash flow	Net cash from investing activities excluding material items
Underlying free cash flow	Net cash from operating activities excluding material items plus net cash from investing activities excluding material items
Underlying income tax benefit/(expense)	Income tax benefit/(expense) excluding material items
Underlying effective tax rate	Underlying income tax benefit/(expense) divided by underlying net profit after tax
Disclosed leverage	Net debt / rolling 12 months underlying EBITDA
Disclosed interest coverage ratio	Rolling 12 months underlying EBITDA / rolling 12 months net external interest
Disclosed gearing %	Net debt / (net debt plus equity)
Constant currency revenue	Comparison removing the impact of exchange rates. It is the 6 months ended 31 January 2020 result translated at the corresponding monthly exchange rates from the period ended 31 January 2019.
Core net debt	The lowest balance of net debt, measured at month end, held by the group during the last 12 months