Company announcement

GrainCorp Limited ABN 60 057 186 035

Date: 23 February, 2011

To: The Manager
Announcements
Company announcements office

PUBLIC ANNOUNCEMENT

MANAGING DIRECTOR'S PRESENTATION TO GRAINCORP'S 2011 ANNUAL GENERAL MEETING

Michael G. A. Smith
Company Secretary

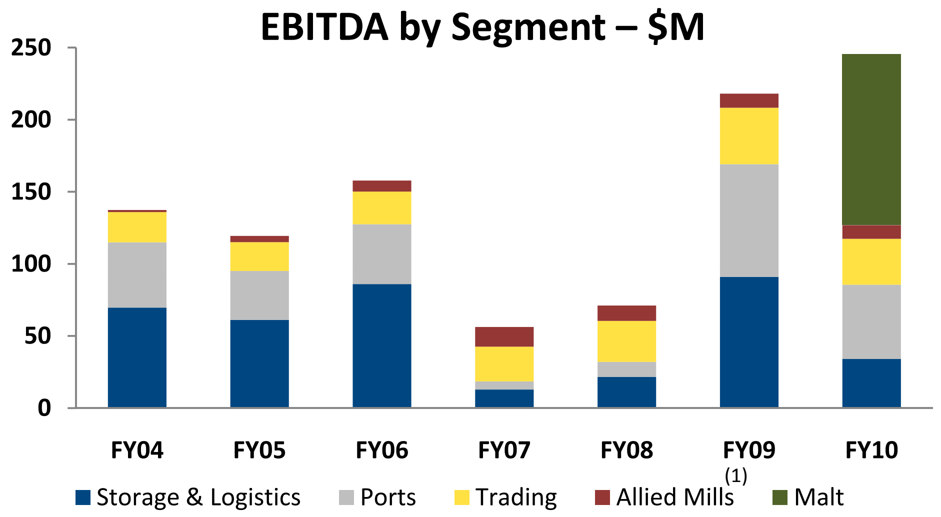
GrainCorp Limited
Level 26, 175 Liverpool Street, Sydney NSW 2000
PO Box A268, Sydney South NSW 1235
Telephone: (02) 9325 9100 Facsimile: (02) 9325 9180
www.graincorp.com.au

Ms Alison Watkins (Managing Director and Chief Executive Officer)
23rd February 2011

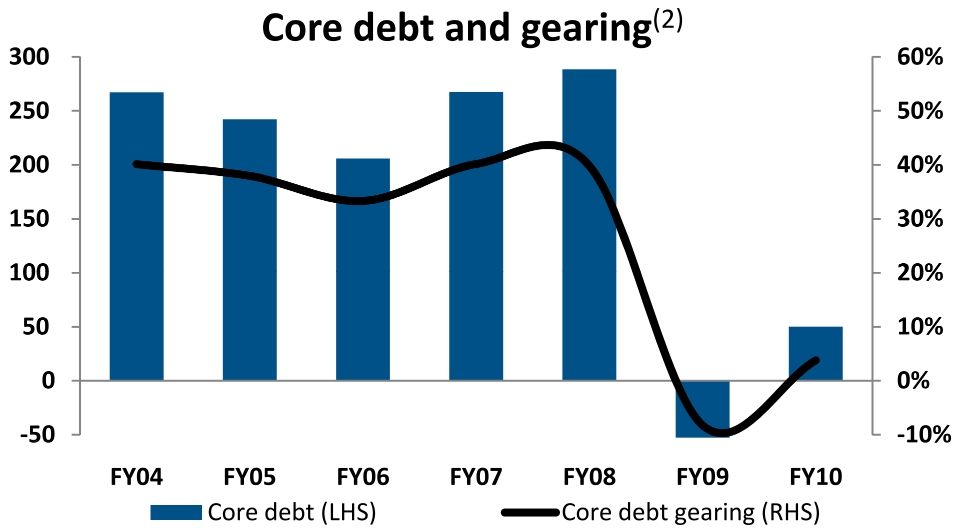
MANAGING DIRECTOR'S PRESENTATION – GRAINCORP 2011 AGM

FY10 BUSINESS REPORT

Improved diversification and stability



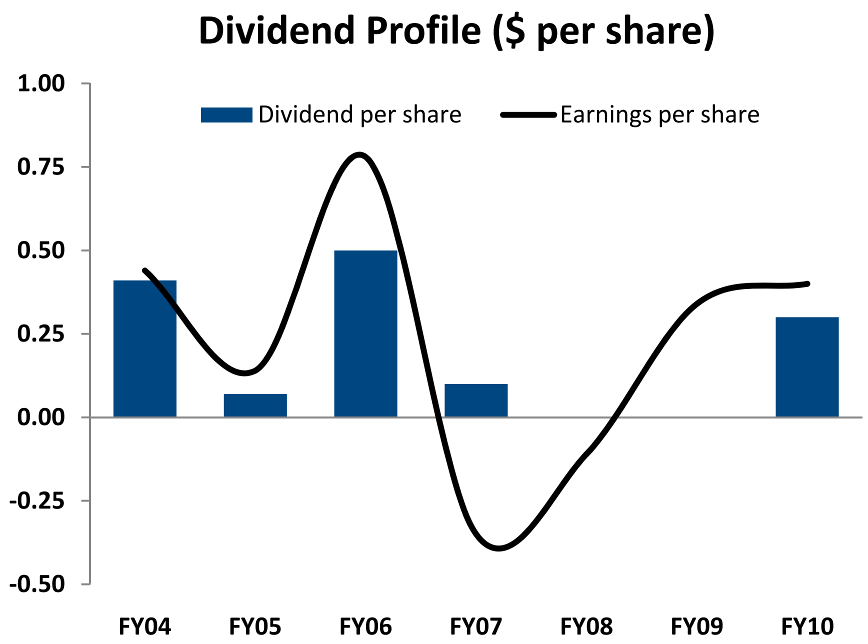
- Malt provides improved earnings stability and predictability



- Core gearing low and capacity for investment or capital management
- Short term debt for grain inventory

(1) 60% share of NPAT
(2) Core debt is total debt less cash less grain trading inventory finance. Core gearing = Core Debt / (Core Debt + Equity)

Strong dividend payout



- Policy – to pay 40-60% of NPAT through the business cycle
- FY10 dividends of $0.30 per share (75% of NPAT), including fully franked:
  - $0.10 final plus $0.05 special
  - $0.15 interim
- Targeting to pay a dividend each year

Malt – in line with expectation

$ M	FY10(1)	FY09
Revenue	796	-
EBITDA	119	-
EBIT	90	-
Capital Expenditure	54	-

- Underlying volume and margins in line with business case
- FY10 includes:
  - $8.7M compensation payment from Port of Vancouver (WA)
  - $15M positive inventory revaluation adjustment

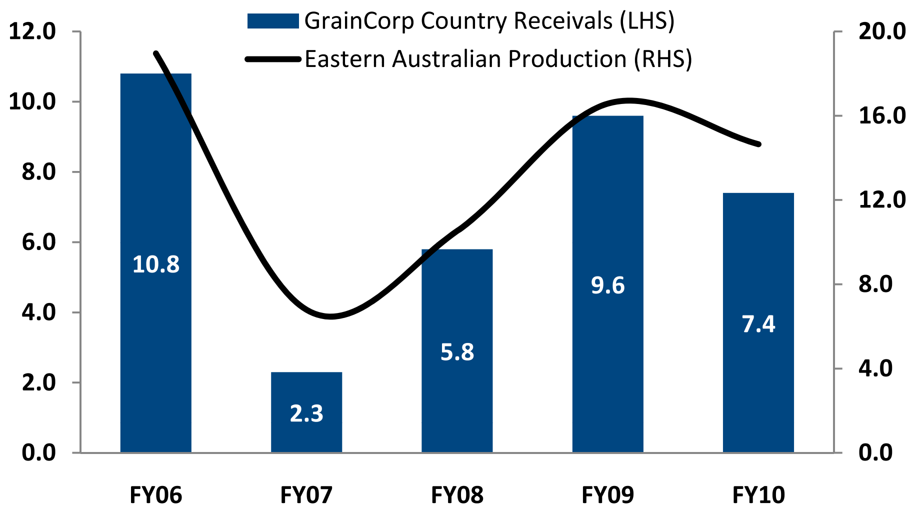
- Major integration tasks complete, including leadership retention and appointments
- Arbroath development complete
- Pinkenba development slightly delayed due to weather
- Vancouver initial milestones achieved – on track to meet remaining milestones
- Acquisition of Brewcraft USA – home brew ingredients

(1) Reflects 10 ½ months of trading only

Country Operations – below normalised crop

$ M	FY10	FY09
Revenue	340	409
EBITDA	34	91
EBIT	10	69
Capital Expenditure	27	17

Country Network Grain Receivals and Eastern Australian Production(1) – mmt(2)



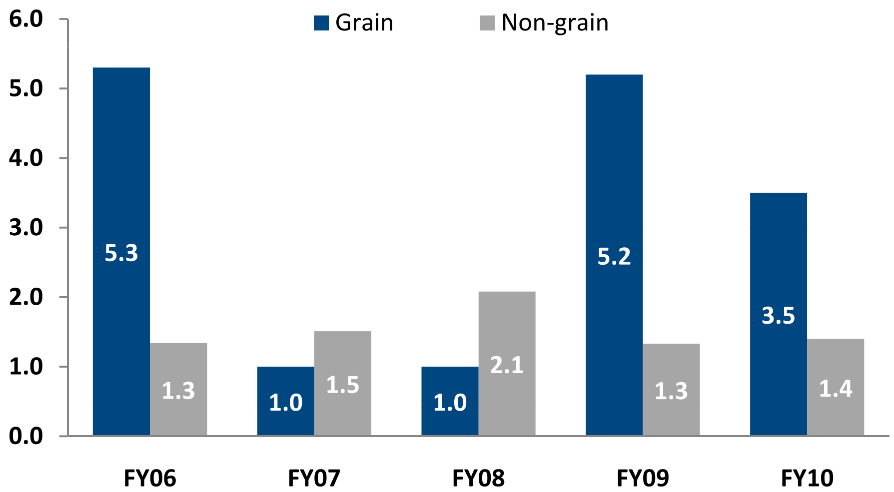
- Lower earnings per tonne received due to lower production
- Continued improvement with grower interface – increased 'front line' GMS accumulation team
- Improved rail transport capability and efficiencies
- Capital expenditure includes:
  - Increased repairs and maintenance (R&M) post removal of single desk export monopoly
  - 2010/2011 harvest preparation

(1) ABARE wheat, barley and sorghum
(2) mmt – million metric tonnes

Ports – grain export volumes lower

$ M	FY10	FY09
Revenue	104	130
EBITDA	52	78
EBIT	38	64
Capital Expenditure	15	7

GrainCorp Exports Handled – mmt

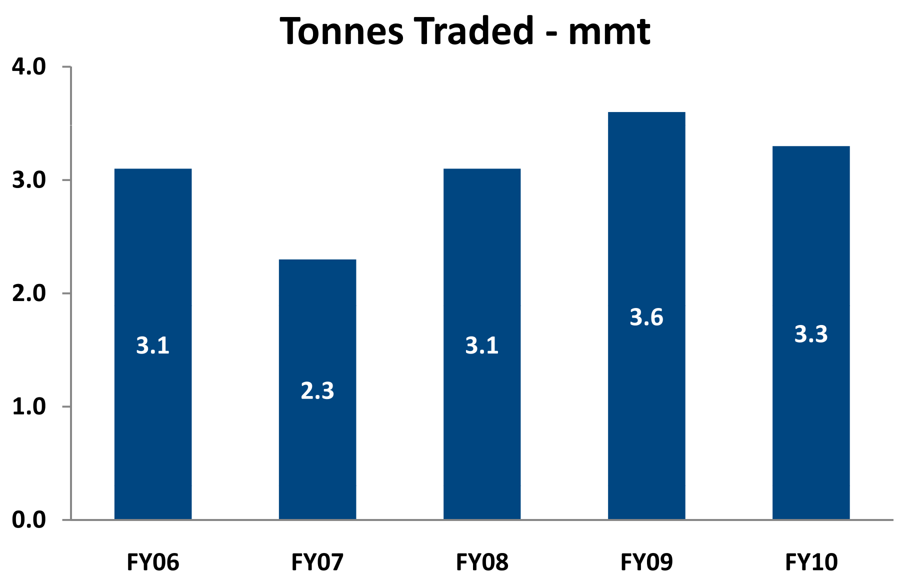


- 2 year agreements with all exporters
- 3 year renewal of ACCC Access Undertaking commenced
- Containerised exports 0.3mmt and increased asset utilisation
- Capital expenditure includes:
  - Portland woodchip expansion
  - Pinkenba barley silo refurbishment

(1) Includes bulk grain elevation and containers

Trading – improved market share

$ M	FY10	FY09
Revenue	924	1,346
EBITDA	32	39
PBT	20	26
Trading inventory held	188	85



- Revenue lower due to decrease in grain prices
- Large fall in eastern Australia grain production – tonnes traded only marginally lower
- GrainCorp exports 1.1mmt (incl. containers) → higher market share
- Higher sales to domestic stock feed sector

Allied Mills – retail and food service innovation

$ M	FY10	FY09
EBITDA	45	48
Equity Profit (60% Joint Venture Share)	9	10
Net Asset Value	227	211
Capital Expenditure	10	11

- Retail sales pressure and competitive market
- Development at Yatala of
  - Par bake bread range
  - Frozen doughnut range

FY11 UPDATE AND GUIDANCE

Volume update and drivers

	Volume	Drivers
Country receivals	• YTD received 13.9mmt • FY11 guidance ~14.5mmt	• Ex-farm winter receivals • Sorghum harvest
Port grain elevations	• YTD elevated 1.9mmt • FY11 guidance 6.5-7.5mmt	• Rail and road freight availability
Malt sales	• Committed 1.0mmt • FY11 guidance 1.0-1.1mmt	• Foreign exchange

Earnings guidance

GrainCorp EBITDA(1)	$275-310M
GrainCorp NPAT(2)	$115-135M

(1) Excludes Trading interest expense and includes 60% share of Allied Mills NPAT
(2) Depreciation and Amortisation of ~$80M, and tax rate of ~31%

Challenging harvest impacts earnings

Harvest 4-6 weeks late & disrupted	• Labour costs – employing casuals during harvest delay • Storage fees forgone – delayed receivals • Managing mobile equipment – additional hire fees and transport
Record harvest	• R&M – recommission equipment, purchase new tarps / equipment • Segregation of ~220 grades (double 2009/2010 harvest) • Lower test weights
Rains and floods	• Facility infrastructure damage and R&M (roads, yards) • Minor volumes of damaged grain • Additional road freight to port
Higher carryover	• Outload deferred to FY12 – additional storage in FY11 but deferred outload revenues

R&M reflects business reinvestment

- FY11 R&M increasing to ~$30M to handle large FY11 harvest and improvements for FY12
- Ongoing R&M spend at a rate which
  – Improves levels of safety
  – Improves productivity and efficiency – equipment, IT, management
  – Better customer service – grain receival and outload

Outlook

Grains

- Price outlook for wheat and barley positive, despite high AUD
- Moisture profiles also a positive for planting intentions

Malt

- Sustained high AUD and CAD currencies continue to impact competitiveness of export sales from Australia and Canada
- Weak demand and excess capacity expected to continue in mature markets
- GrainCorp Malt plants have sound competitive positions

STRATEGY UPDATE

Operating along the grain chain

GrainCorp has assets and capabilities at every stage along the grain chain

Storage & Handling → **Transport** → **Ports** → **Processing**

Trading (grain ownership along the chain)

Storage & Handling

- 280+ sites serving ~10,000 growers
- Grain accumulation team
- 9 Canadian elevators
- Receiving ~9mmt and Trading ~2.5mmt

Transport

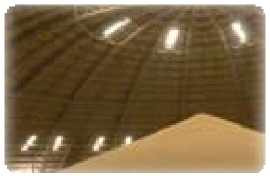
- Contract 15+ and own 4 trains with ~3mmt capacity
- Manage ~1mmt road capacity
- Ocean freight

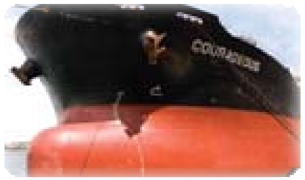
Ports

- 7 bulk export elevators and 2 container facilities
- Elevating ~4.5mmt and Trading ~1.5mmt
- Handling ~1.5mmt of non-grain

Processing

- ~1.1mmt of malt pa at 15 plants. World's 4th largest commercial maltster
- ~0.8mmt of flour and mixes pa at 9 mills. Australia's largest producer of flour for human consumption

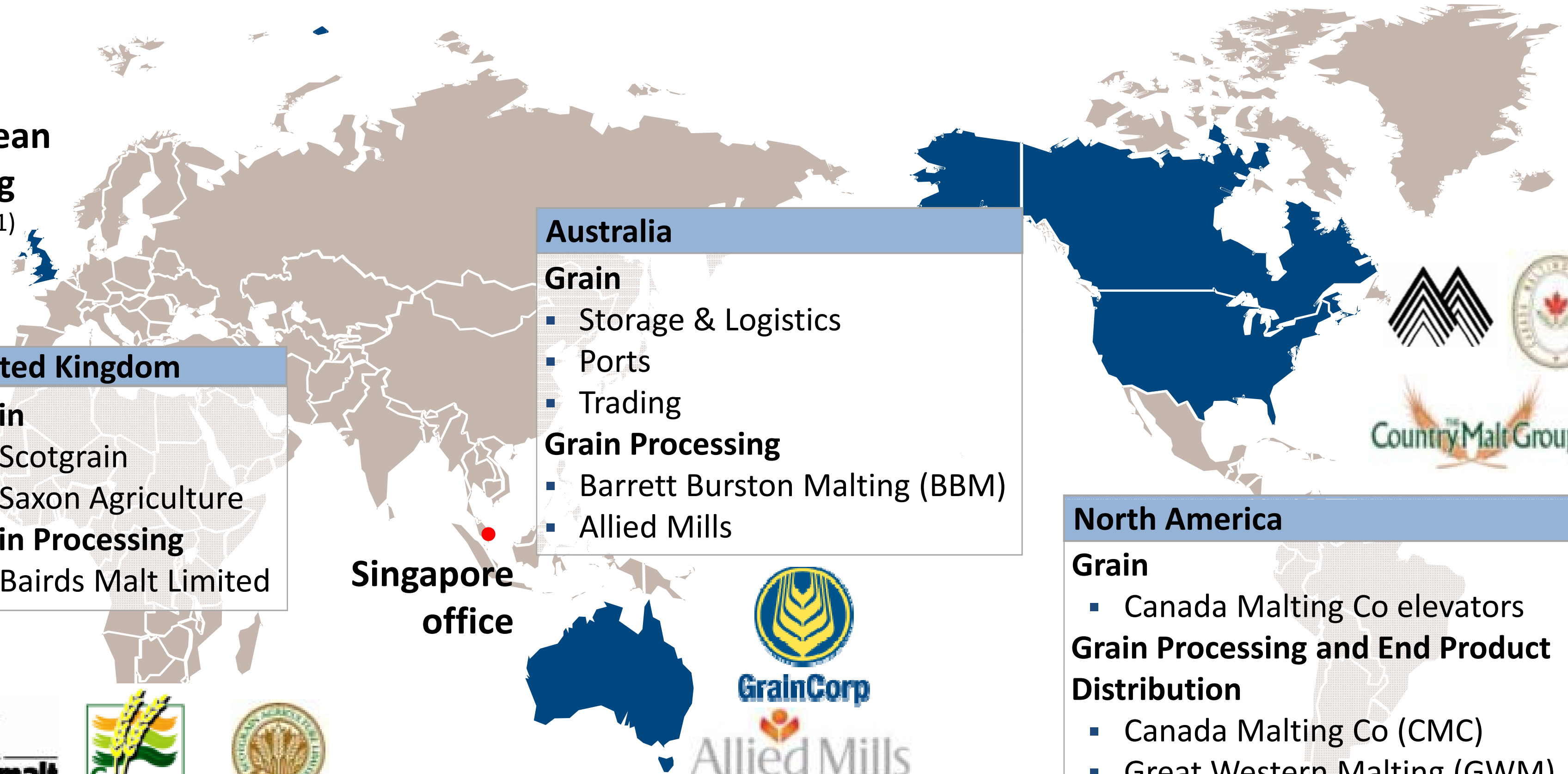


Volumes reflect a normal 12 month period

An increasing international presence

International operations provide a platform for global reach



United Kingdom

Grain
- Scotgrain
- Saxon Agriculture

Grain Processing
- Bairds Malt Limited

Australia

Grain
- Storage & Logistics
- Ports
- Trading

Grain Processing
- Barrett Burston Malting (BBM)
- Allied Mills

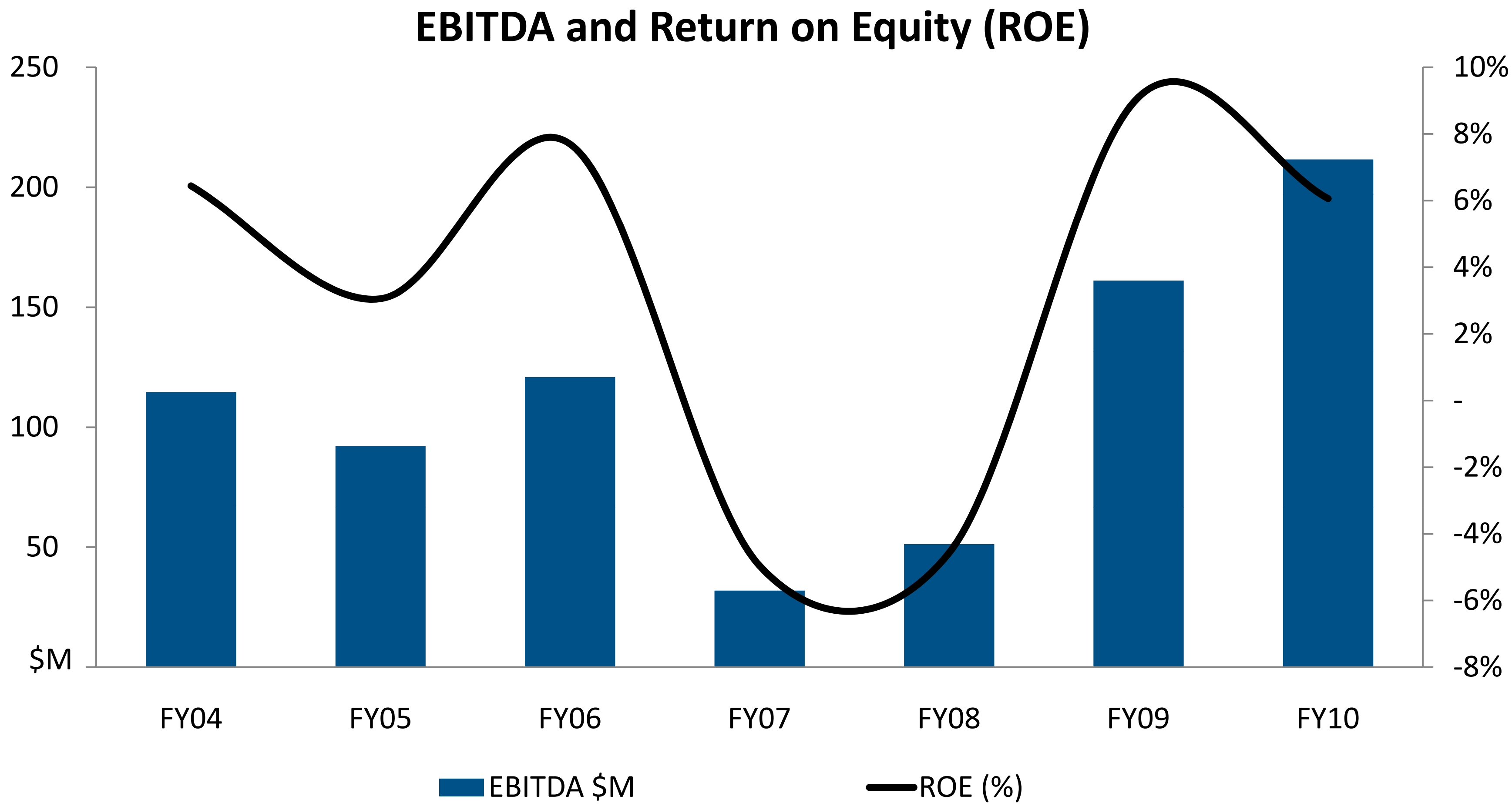
North America

Grain
- Canada Malting Co elevators

Grain Processing and End Product Distribution
- Canada Malting Co (CMC)
- Great Western Malting (GWM)
- Country Malt and Brewcraft USA

(1) Being established

Strong focus on improving ROE



Five strategies

1. Maintain a strong market presence

→ Leading provider of grain supply chain services

2. Operate along the grain chain

→ 'End to end' supplier of grain to domestic and international consumers

3. Increase participation in grain processing

→ Broader and competitive malt offering

→ Downstream opportunities in flour

4. Grow as an international agribusiness

→ Organic growth and accretive acquisitions

5. Build supporting capabilities

→ Capital structure to support grain inventory and growth

→ International and decentralised organisation model

Grow as an integrated international agribusiness

1

Maintain a strong market presence

- Increase container packing
- Pursue non grain products (imports/exports) at GrainCorp ports
- Rail interface and coordination improvement
- Create a strong market place for buyers and sellers

2

Operate along the grain chain

- Domestic – develop new channels for growers and consumers to access GrainCorp's network and capabilities
- International – expand Trading presence including multi-origin grain sourcing

3a

Increase participation in grain processing

Malt

- Retain and expand customer base
- Diversify products and range
- Sustainability and efficiency initiatives
- Utilise all Malt network assets and capabilities

Grow as an integrated international agribusiness

3b **Increase participation in grain processing**

Allied Mills

- Reliable service based on quality, Research & Development and distribution
- Pursue opportunities in other flour products

4 **Grow as an international agribusiness**

- Organic and non-organic growth in grain and grain processing
- Australia, grain chain and other commodities at ports
- Overseas, malt and complementary grain businesses

5 **Build supporting capabilities**

- Modest gearing
- Manage capital to support increased grain trading inventory and business growth
- Strengthen organisation capability and cost effectiveness