Company announcement

GrainCorp Limited ABN 60 057 186 035

Date: 16 February 2012

To: The Manager
Announcements
Company announcements office

PUBLIC ANNOUNCEMENT

MANAGING DIRECTOR'S PRESENTATION TO GRAINCORP LIMITED'S ANNUAL GENERAL MEETING FOR THE 2011 FINANCIAL YEAR

Betty Ivanoff
General Counsel and Company Secretary

16 February 2012
Ms Alison Watkins
(Managing Director and CEO)

GrainCorp

MANAGING DIRECTOR’S PRESENTATION

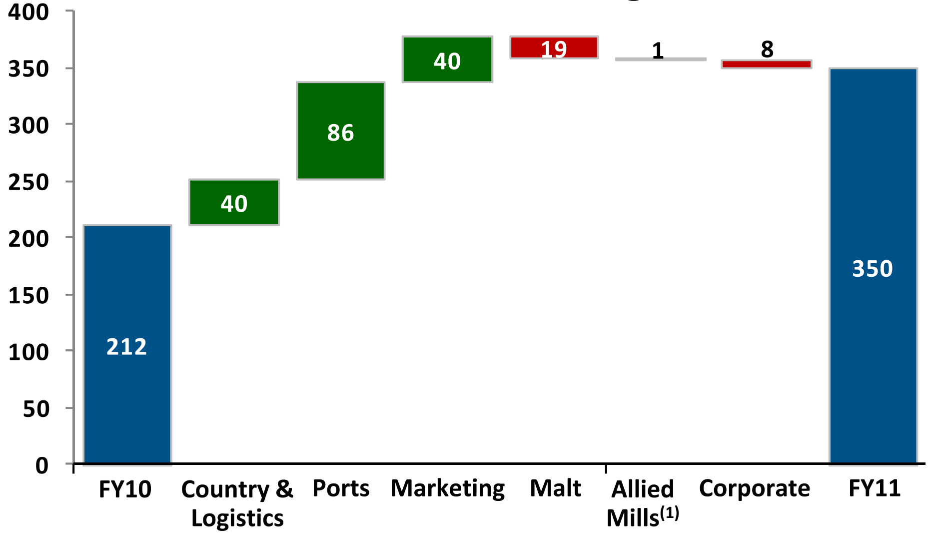
AGM – 2011 FINANCIAL YEAR

FY11 BUSINESS REPORT

GrainCorp

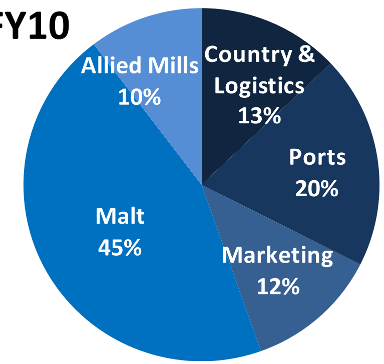
Higher earnings due to crop size and performance

FY10-FY11 EBITDA Bridge – $M

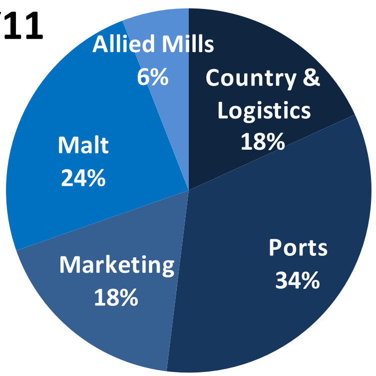


EBITDA(2) % contribution

FY10



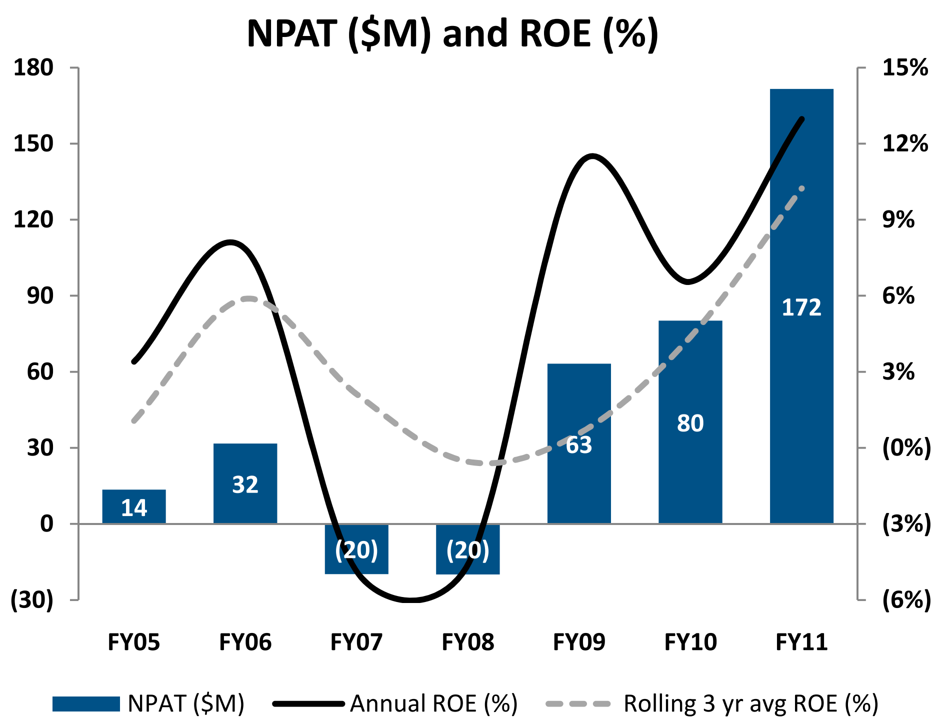
FY11



- FY11 earnings significantly higher
  - $350M EBITDA (up 65%)
  - $172M NPAT (up 114%)
- Driven by higher earnings from grain storage, handling and marketing activities
- Diversified earnings reducing volatility

(1) 60% of NPAT
(2) Includes 60% share of Allied Mills' EBITDA

Focus on improving Return on Equity

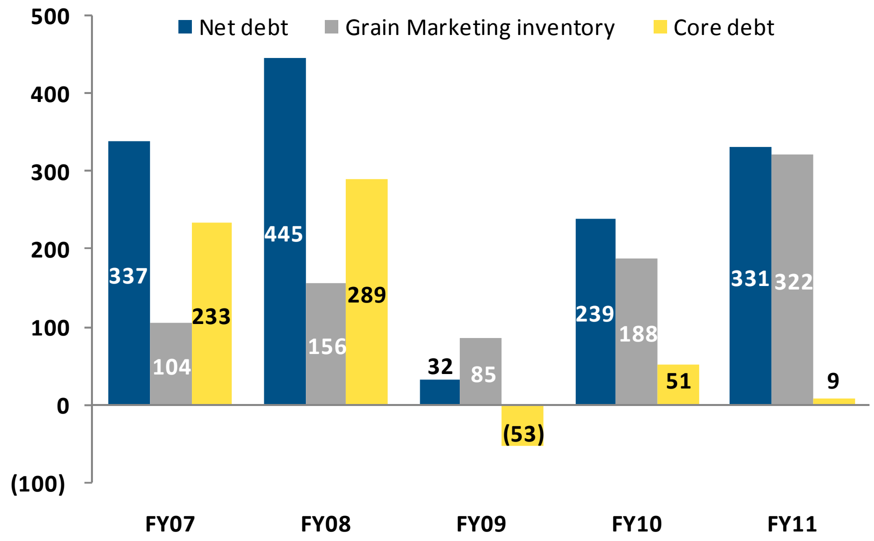


- Strong focus on improving Return on Equity (ROE) through the cycle
- Strategic initiatives underway to increase underlying earnings
- Rolling 3 year average ROE higher to 10.2%

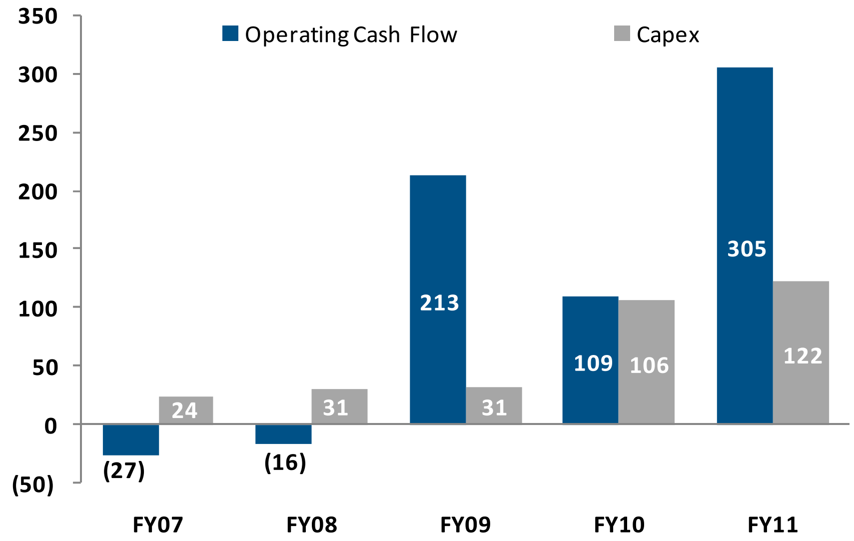
Low debt and strong cash flow

GrainCorp

Net[1]/Core[2] Debt and Grain Marketing Inventory – $M



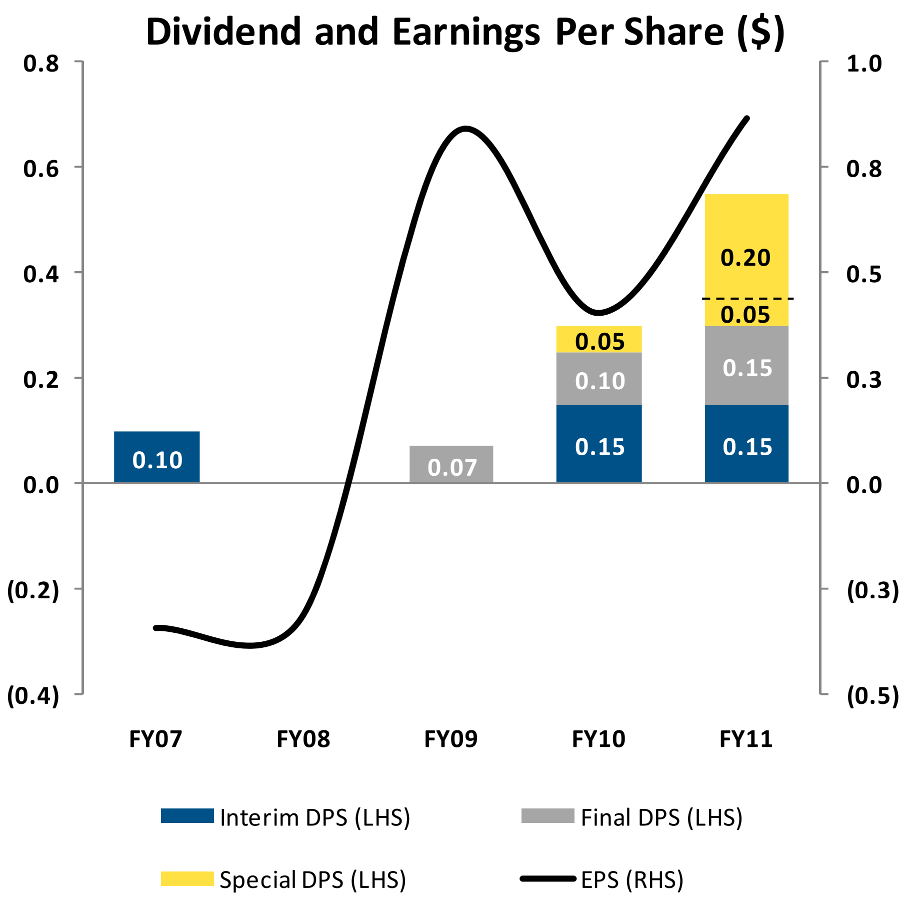
Operating Cash Flow and Capex – $M



- Net debt higher due to higher grain Marketing inventory held
- Core debt lower due to strong free cash flow
- ~$220M of cash payments early in FY12 including Schill Malz acquisition, tax payments and FY11 final dividends

(1) Net debt is Total debt less Cash
(2) Core debt is Total debt less Cash less grain Marketing inventory

Higher dividends including Special



- Total FY11 fully franked dividends of $0.55, including $0.25 special
- Full year dividends represent 64% of FY11 NPAT
- Policy to pay 40-60% of NPAT through the business cycle
  - Targeting a dividend each year
  - Flex via Special dividend

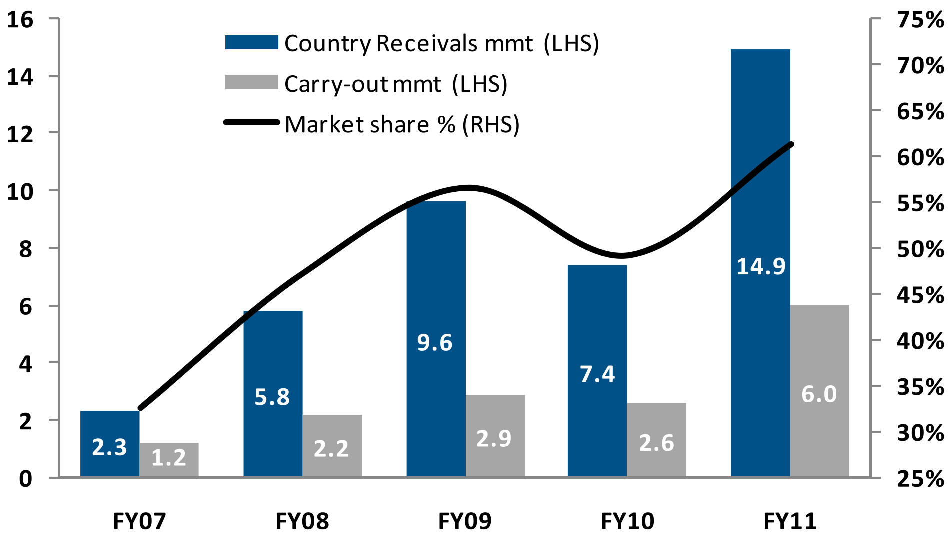
Historic dividends not adjusted for rights issue

Country & Logistics – higher volumes and earnings

GrainCorp

$ M	FY11	FY10
Revenue	523	340
EBITDA	74	34
EBIT	44	10
Capital Expenditure	38	27

Grain Receivals and Market Share[1]

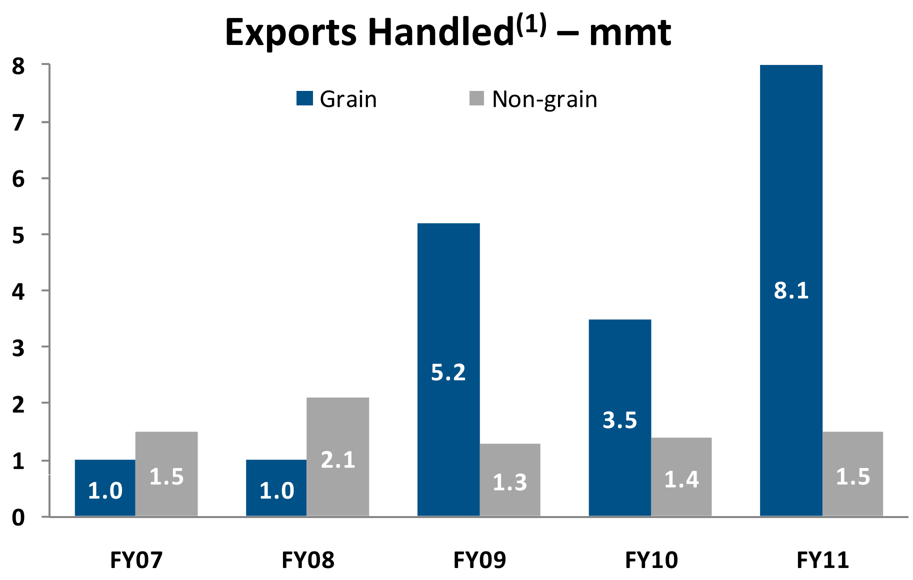


- Higher receivals
  - 13.9mmt winter
  - 1.0mmt summer
- Strong operational performance
  - Higher receivals share and grain throughput
  - Effective customer focus and response to challenging harvest characterised by record volumes, lower crop quality and disrupted logistics task
- Record carry-out of 6.0mmt benefiting FY12

(1) Receivals market share calculated as % of ABARES' eastern Australia wheat, barley, canola and sorghum production estimates

Ports – higher elevations and earnings

$ M	FY11	FY10
Revenue	220	104
EBITDA	137	52
EBIT	123	38
Capital Expenditure	13	15

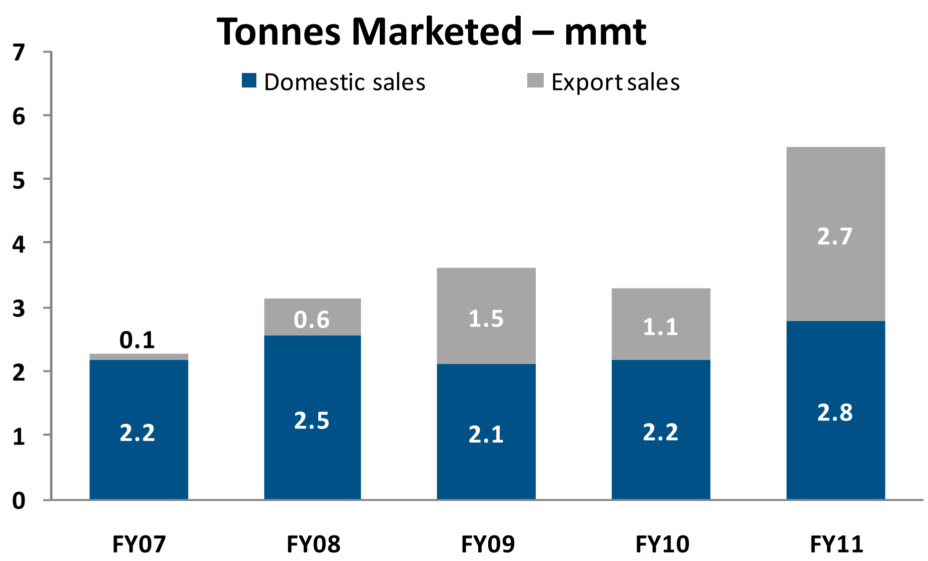


(1) Includes bulk grain elevation and containers

- Higher port activity
  - 8.1mmt grain exports (7.7mmt bulk and 0.4mmt containers)
  - 1.5mmt non-grain exports
  - 0.3mmt non-grain imports
- Strong operational performance and customer focus
  - Managed large shipping program despite disruptions from flood induced rail infrastructure outage
  - Increased road intake capability

Marketing – higher volumes and earnings

$ M	FY11	FY10
Revenue	1,406	924
EBITDA	72	32
Interest expense	(25)	(12)
PBT	47	20
Marketing inventory	322	188

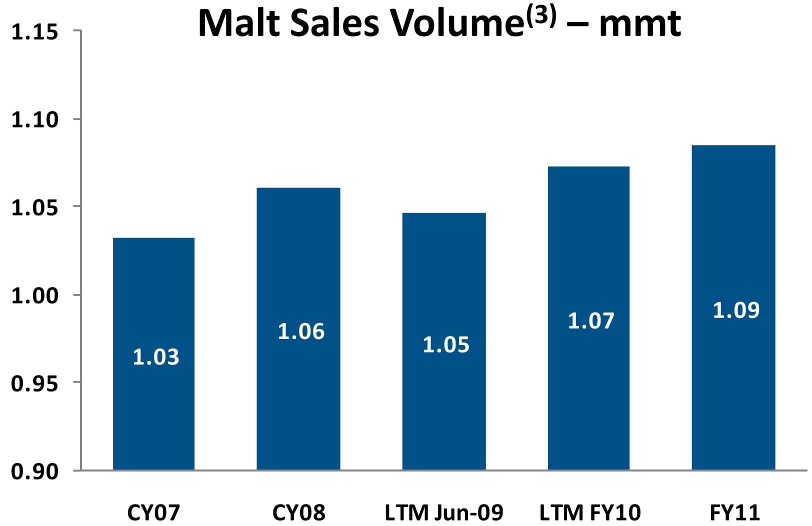


- Increased earnings
  - Higher delivered sales volumes including exports of 2.7mmt
  - Ability to create and capture value by leveraging GrainCorp's integrated supply chain
- 65% of marketed grain acquired from growers and >90% sold to end users
- Higher Marketing inventory held due to large harvest volume and record Country & Logistics grain carry-out

Malt – sound performance in a challenging market

$ M	FY11	FY10[1]
Revenue	868	796
EBITDA[2]	99	119
EBIT	68	89
Capital Expenditure	66	54

Malt Sales Volume[3] – mmt



- Lower earnings due to cyclical margin pressure and strong AUD and CAD
- ~300kt malt capacity added for FY12
  - Schill Malz (190kt), Pinkenba (86kt), Perth (46kt), partially offset by closure of Toowoomba (26kt)
- New roast house development (Port of Vancouver) and water and energy sustainability initiatives (Calgary, Pocatello and Geelong) on track

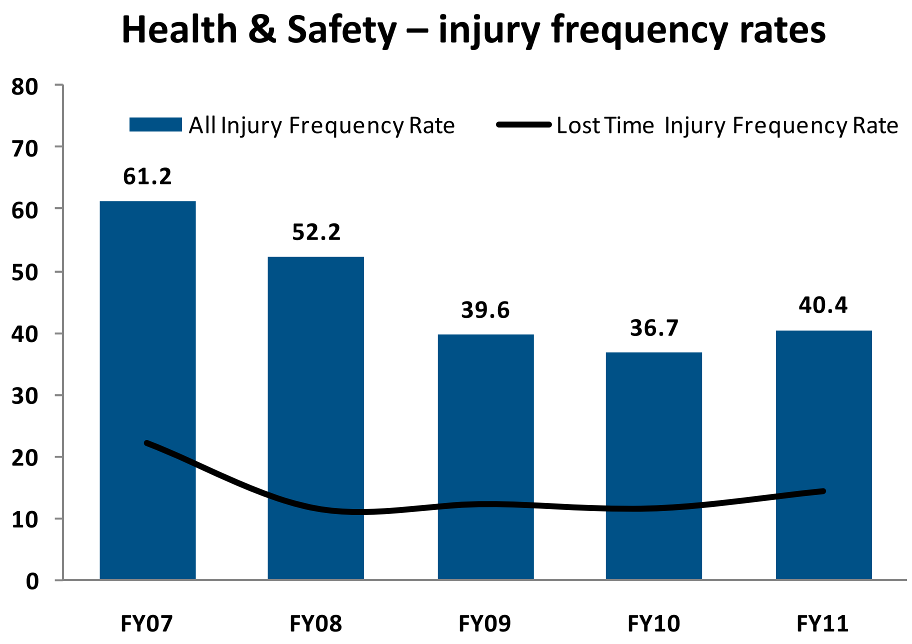
(1) 10½ months trading only
(2) Includes FY11 $7.1M and FY10 $9.3M Port of Vancouver compensation payments received. At acquisition FX, Malt EBITDA margin/t rises from $91 to $107
(3) CY – Calendar Year. LTM – Like Twelve Months

Allied Mills – earnings maintained

$ M (60% JV share)	FY11	FY10
EBITDA	26	27
Equity Profit	8	9
Shareholder loan interest received	1.4	1.2
Net Asset Value[1]	144	136

- Earnings maintained in a competitive environment
- Toowoomba mill closed due to flooding
  - All customer orders met due to business flexibility and national footprint
  - Business interruptions and capital costs in FY11 largely covered by insurance
  - Strategy to reinstate capacity under consideration

Safety – targeting a zero harm work environment



- Challenging Country & Logistics safety environment
  - 3,000 harvest casual employees
  - Large and disrupted harvest
- Step Change Strategy developed
- Safety behaviours a major focus
  - ~20,000 Safety Toolbox talks
  - New mandatory training programs to be rolled out globally

FY12 UPDATE AND GUIDANCE

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FY12 operational update

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Country & Logistics

- Record 6.0mmt carry-in → benefit FY12 storage and handling fees
- Year-To-Date receivals 10.9mmt → maintained ~60% share despite softer grain prices
- ~5.0mmt[(1)] carry-out expected → benefit FY13 storage and handling fees
- Improved weather conditions and crop quality → more cost effective harvest
- Additional rail capacity → rail and road logistics task in line with expectation
- Accelerating safety expenditure and additional network upgrade
- Favourable FY13 winter crop planting prospects across majority of the network

Ports

- Year-To-Date grain elevations 3.2mmt → continued effective customer focus
- Year-To-Go Shipping Stem 7.0mmt[(2)] → higher vs same time last year

Marketing

- Domestic and export sale programs in line with expectation

(1) Assumes Country receivals 11.5-12.5mmt, Direct to Port receivals ~1.5mmt, Domestic outload 5.0-6.0mmt and Port grain elevations 8.8-9.8mmt
(2) Wheat, barley, canola and sorghum

FY12 operational update (continued)

Malt

- Subdued demand and excess capacity expected to continue in developed markets
- Committed YTD sales 1.25mmt → ~95% of FY12 sales guidance and strong capacity utilisation of >90%
- Benefits emerging from:
  - Integrated global portfolio, strong export sales program and customer mix
  - Production efficiencies and utility cost savings
  - Barley procurement capability

Corporate

- Decentralised organisation model → ~50% of total FY11 Corporate support service costs ($41M) apportioned across GrainCorp's segments in FY12

FY12 volume and earnings guidance

GrainCorp

	Volume / Earnings Guidance	Guidance Variables and Assumptions
Storage & Logistics	**Country grain receivals** • 11.5-12.5mmt **Port grain elevations** • 8.8-9.8mmt **Grain carry-out** • ~5.0mmt(1)	• Ex-farm post harvest receivals upcountry and at port • Sorghum receivals commence in March • Rail and road freight availability for export • Additional safety spend and network improvement
Malt	• Sales ~1.3mmt • EBITDA per tonne(2) ~$70	• Level of AUD and CAD FX
GrainCorp	**FY12 earnings** • EBITDA(3) $350-380M • NPAT $165-185M	• Depreciation & Amortisation ~$85M • Tax ~30%

(1) Assumes Country receivals 11.5-12.5mmt, Direct to Port receivals ~1.5mmt, Domestic outload 5.0-6.0mmt and Port grain elevations 8.8-9.8mmt
(2) Excludes ~$5M Port of Vancouver compensation receipt
(3) Excludes Marketing interest expense of $15-20M and includes 60% share of Allied Mills' NPAT

STRATEGY UPDATE

Five themes underpin strategy

GrainCorp

1. Improve ROE
2. Manage Variability
3. Grow the Business

Corporate Objectives

Strategic Themes

1. **Maintain a strong market presence** → leading grain supply chain service
2. **Operate along the grain chain** → "end to end" supplier
3. **Increase participation in grain processing** → (a) broader and competitive malt offering; (b) downstream opportunities in flour
4. **Grow as an international agribusiness** → organic and acquisitions
5. **Build supporting capabilities** → capital and organisation model

Mission and Vision

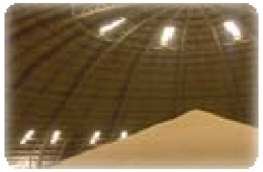
Mission – An international agribusiness creating value by connecting consumers to growers along the grain chain

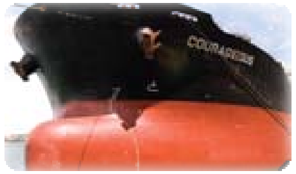
Vision – Grow as our grain customers' preferred partner – driven by our passionate people and assets around the world

Strategy leverages and builds on existing capability

Leverage and build on GrainCorp's existing **competitive position...**

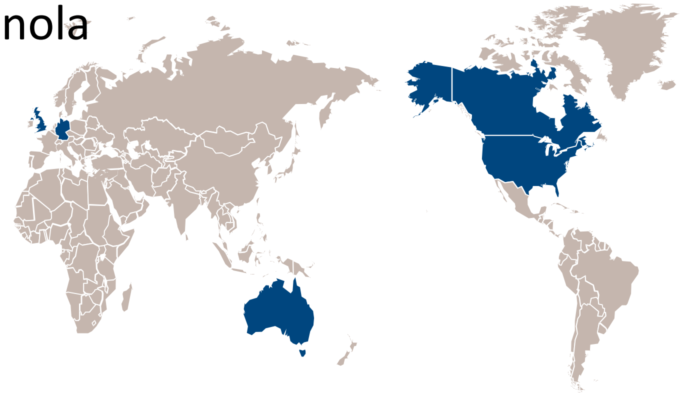
- **End to end business** → capabilities and infrastructure along the grain chain
- **International presence** → 50% of grain sales and 90% of malt sales outside of Australia



Platform to grow and **capture value by linking...**

- **Three operating geographies** → Australia, North America and Europe
- **Three core grains** → wheat, barley, canola



- **Three integrated grain activities** → Storage & Logistics (Country & Logistics and Ports), Processing (Malt and Allied Mills) and Marketing (domestic and export sales)

FY12 strategic focus

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1 Maintain a strong market presence

- Handle large carry-in and FY12 harvest
- Create a strong market place for buyers and sellers
- Improve rail and road freight productivity
- Expand non-grain port activity, and container packing activity

2 Operate along the grain chain

- Strong domestic and international sales
- Commence Hamburg trading activity and leverage UK merchanting
- Develop new global trading system
- Assess market opportunities in Canada

3a Increase participation in grain processing

Malt

- Integrate Schill Malz
- Sustainability and efficiency initiatives
- Develop integrated global Malt and Marketing solution
- Utilise all Malt network assets and capabilities

FY12 strategic focus (continued)

GrainCorp

3b Increase participation in grain processing

Allied Mills

- Grow value add activity through pursuit of opportunities in other flour products
- Decide on reinstating lost Toowoomba milling capacity

4 Grow as an international agribusiness

- Maintain strong offshore malt and grain sales
- Leverage Malt to increase activity in Canadian grain market

5 Build supporting capabilities

- Maintain conservative gearing
- Manage capital to support increased grain Marketing inventory and business growth
- Strengthen organisation capability and cost effectiveness through decentralised organisation model

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