



Company announcement

GrainCorp Limited ABN 60 057 186 035

Date: 28 March, 2012
To: The Manager
Announcements
Company announcements office

PUBLIC ANNOUNCEMENT

GrainCorp Presentation to Investor Conferences

Ms Alison Watkins, GrainCorp's Managing Director and Chief Executive Officer, will deliver the following presentation at the Octa Phillip Agribusiness Conference on 28 March and the UBS Australian Emerging Companies Conference on 3 April.

A handwritten signature in black ink, appearing to read 'Betty Ivanoff', is displayed within a light gray rectangular box.

Betty Ivanoff
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March/April 2012
Ms Alison Watkins
(Managing Director and CEO)



GrainCorp

INVESTOR CONFERENCES

Octa Phillip Agribusiness – 28 March

UBS Australian Emerging Companies – 3 April

Focused strategy to drive growth

GrainCorp's business...

- Core grains → focus on wheat, barley and canola
- Business model → add value to these grains with our integrated business and international presence

GrainCorp's objectives...

- Improve shareholder returns through the business cycle
- Manage variability and maintain strong cash flow to fund dividends and growth

Well positioned to participate in growth opportunities...

- Growth in global grain demand and grain trade
- Opportunity for increased Australian participation
- Australia's policy priorities → ports and supply chain infrastructure

Our business model

- ✓ **Assets and capabilities**
 - Operating along the grain chain
- ✓ **Three interlinked grain businesses**
 - Storage & Logistics, Marketing and Processing
- ✓ **Three core grains**
 - Focus on wheat, barley and canola
- ✓ **Three grain export focused geographies**
 - Operating in Australia, North America and Europe



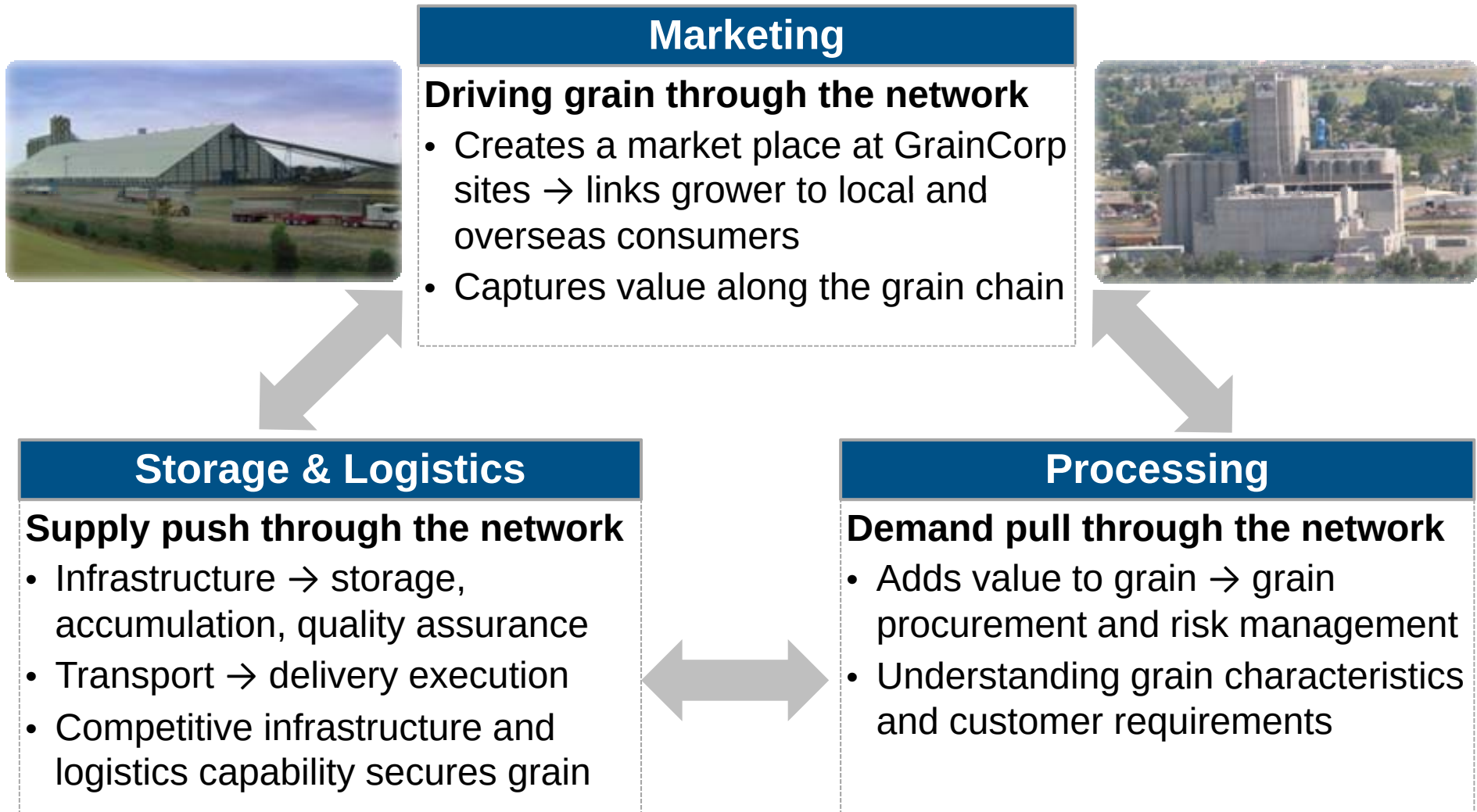
Assets and capabilities along the grain chain



	Country	Logistics	Ports	Processing
Australia	280+ sites in eastern Australia → 20mmt storage capacity serving 10,000 growers	- Manage 19+ trains → 5mmt capacity - Manage 1mmt+ road capacity	7 bulk elevators → 15mmt capacity 2 container facilities - Handle 2mmt non-grain commodities	Flour 8 mills → 0.8mmt produced Malt 5 plants → 0.3mmt capacity
International	Canada 10 sites for barley accumulation	In house ocean charter manager	Canada 1 bulk elevator 1 container facility	Malt 14 plants (Canada, US, UK, Germany) → 1.1mmt capacity - Distribution (North America)
	Marketing			

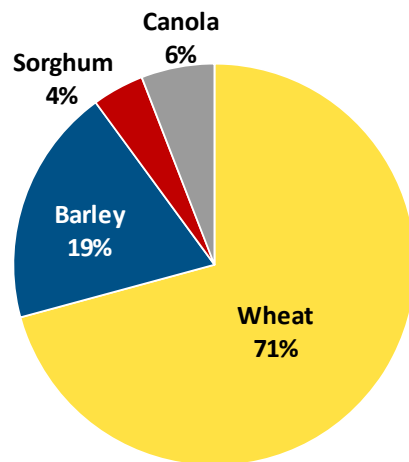
- Australia:** 3-4mmt including ~35% of grain elevated through GrainCorp ports
- International:** Sales to ~25 countries with offices in Europe (Hamburg and UK), Asia (Singapore and Beijing agency) and Canada (Calgary)

Integrated grain activities

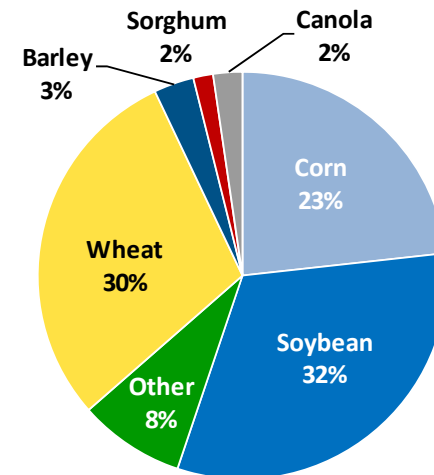


Focus on core grains

Australian Grain Exports⁽¹⁾ –
% by major grains



Rest of World Grain Exports⁽¹⁾ –
% by major grains



- GrainCorp participates in 'drier climate' grains → wheat, barley, canola, sorghum
- These grains represent ~40% of global export trade grains
- GrainCorp is building a competitive difference in these grains:
 - ✓ **International presence** → insight into ~60% of the export trade of these grains
 - ✓ **Integrated model** → complementary value and insight from storage, handling and processing activities (wheat and barley)

(1) Average of annual exports in the period 2007-2011. Source: USDA

International presence

- Malt business geographies → provides a platform in major grain exporting regions
- Grain business with international linkages → provides competitive insight



Strategy driven by three corporate objectives



1 Improve Returns

Increase underlying shareholder return

2 Manage Variability

Manage earnings through the cycle and pay consistent dividends

3 Growth

Scale through accretive organic and acquisitive growth

Five strategic themes

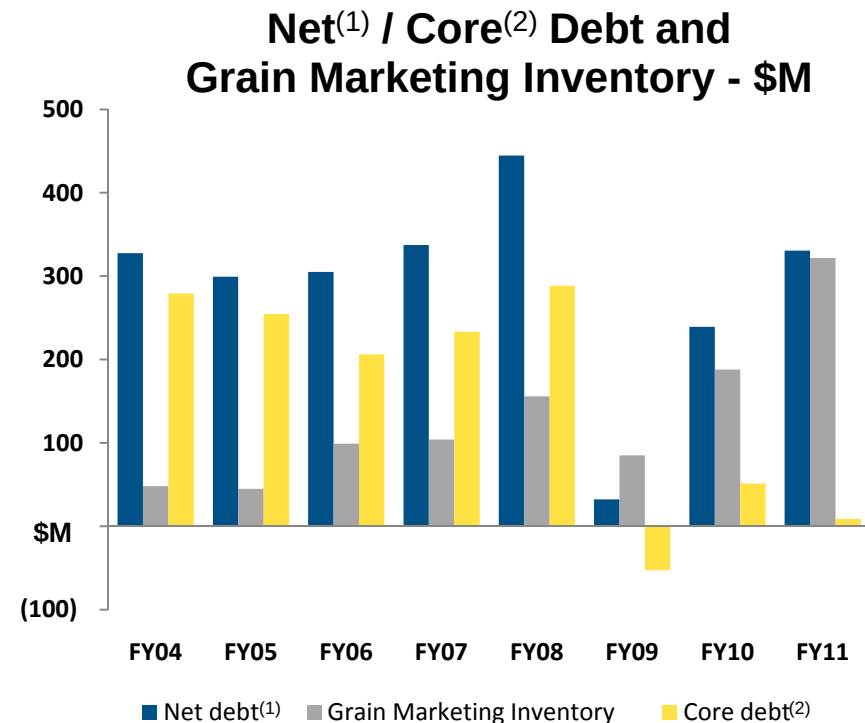
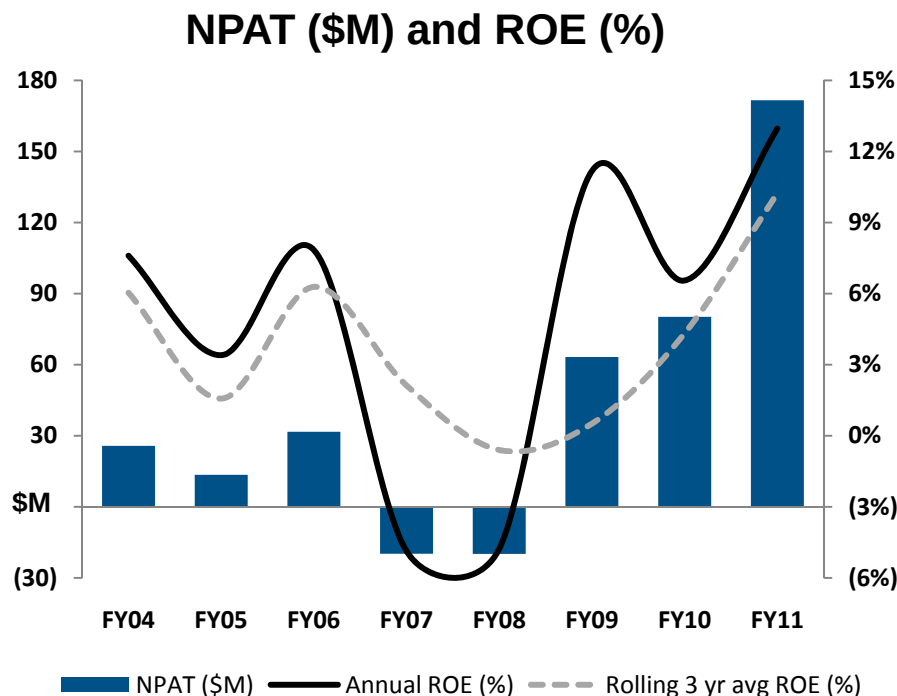
- 1 **Maintain a strong market presence** → leading grain supply chain service
- 2 **Operate along the grain chain** → “end to end” supplier
- 3 **Increase participation in grain processing** → (a) broader and competitive malt offering; (b) downstream opportunities in flour
- 4 **Grow as an international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

Targeting ~\$40M additional underlying EBITDA⁽¹⁾ over 3 years ending FY14

(1) Excluding acquisitions

Improve underlying shareholder return

- Broader grain business provides scale and diversified earnings
- Strategic initiatives underway to increase underlying EBITDA → targeting ~\$40M
- Conservative balance sheet → strategy to maintain core debt gearing <25%



(1) Net Debt is Total Debt less Cash

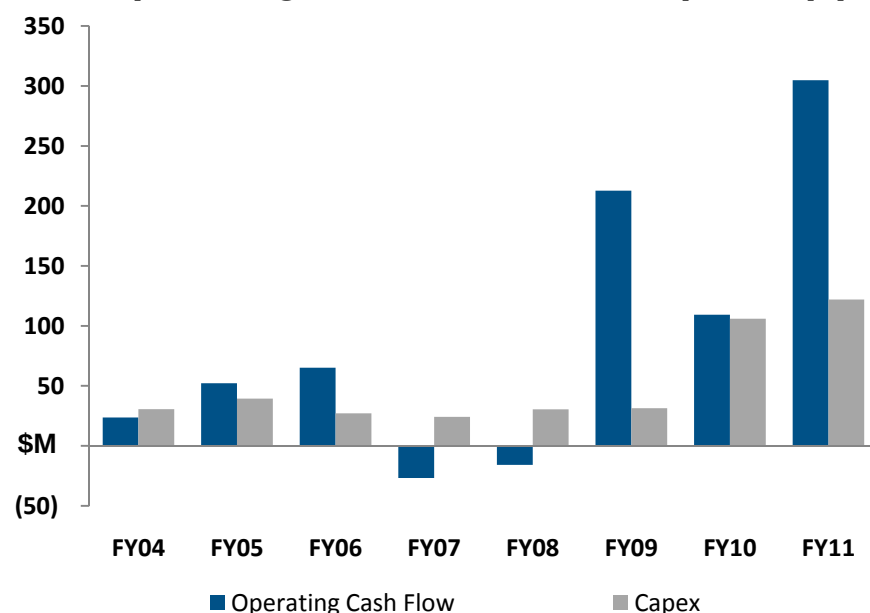
(2) Core Debt is Total Debt less Cash less Grain Marketing Inventory

Strong cash flow, capex and dividends

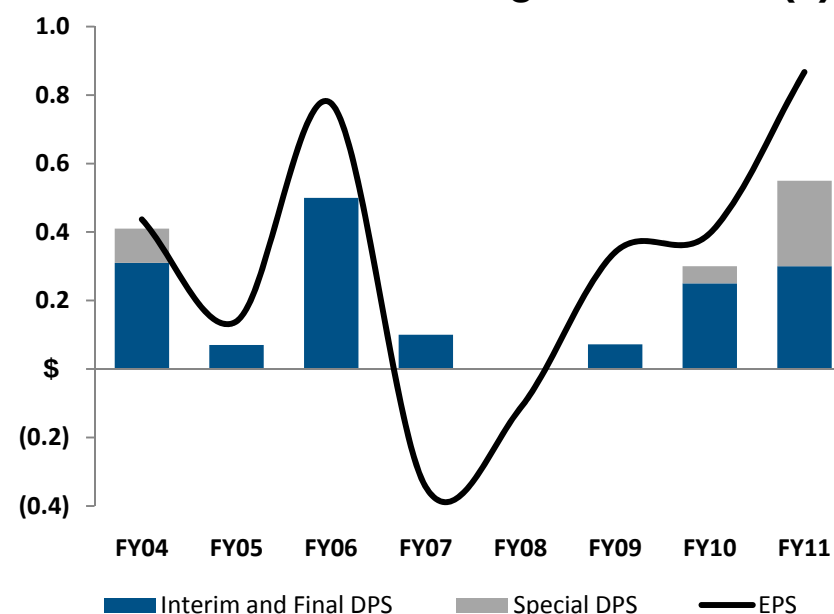


- Strong operating cash flow → fund capex (maintenance and growth) and dividends
- Growth capex (~\$60M) includes strategic initiatives to increase underlying EBITDA
- Dividend policy to pay 40-60% of NPAT through the business cycle
- Targeting to pay a dividend each year and flex via Special dividend → 74% and 64% payout ratios in FY10 and FY11 respectively

Operating Cash Flow and Capex⁽¹⁾ (\$)



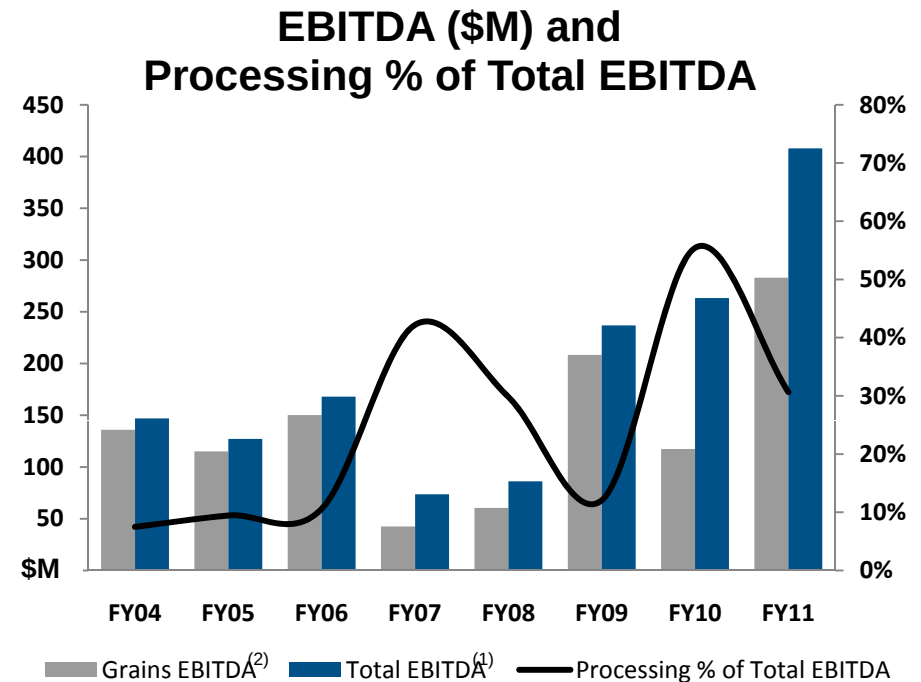
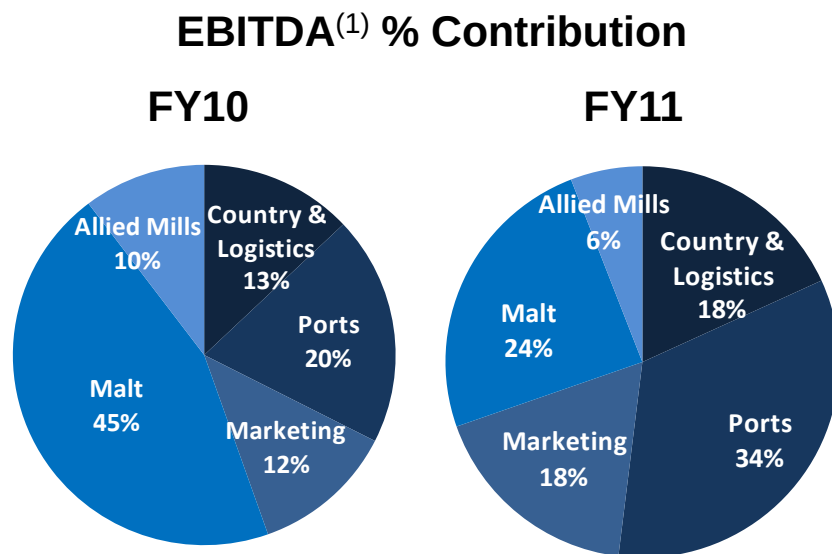
Dividend and Earnings Per Share (\$)



(1) Excludes acquisitions. Capex includes Maintenance and Growth

Manage earnings variability

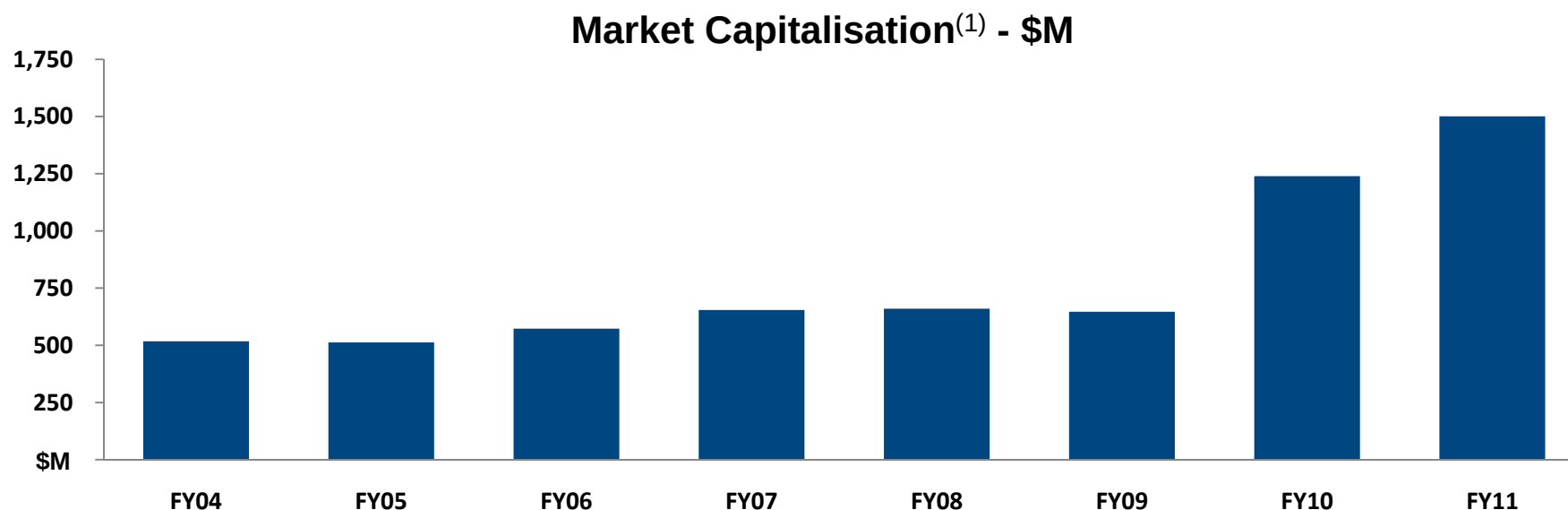
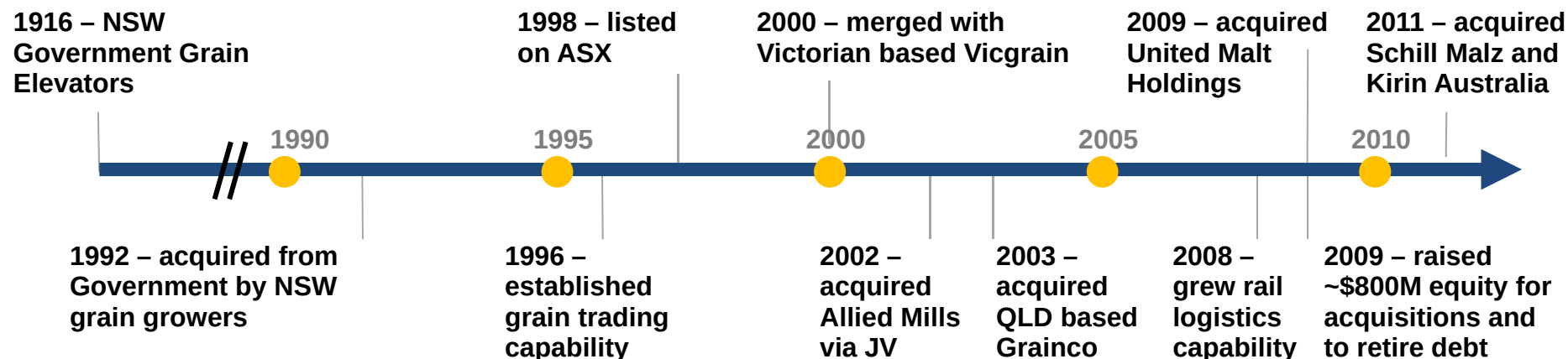
- An integrated grain chain strategy enables GrainCorp to manage earnings:
 - ✓ Exposure to different agribusiness cycles → reduce ROE volatility
 - ✓ Complementary activities leverage competitive advantages → apply grain origination and logistics capability in the marketing and processing of grain



(1) Includes 60% share of Allied Mills EBITDA, excludes Corporate Costs and Merchandising EBITDA

(2) Country & Logistics, Ports and Marketing EBITDA

A history of growth

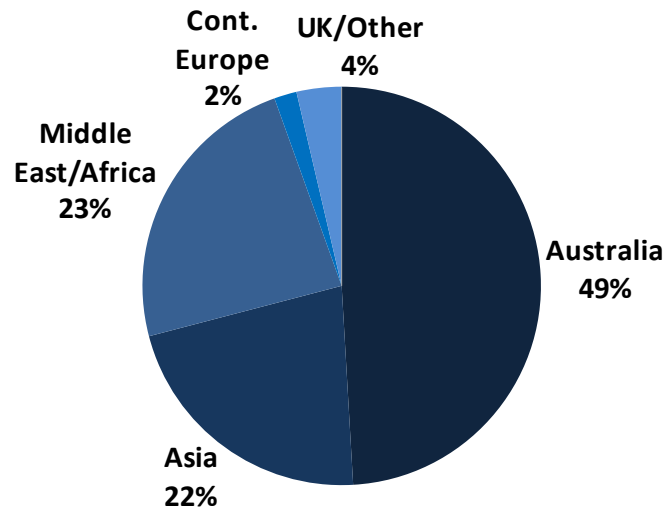


(1) Based on closing Shares on Issue and average daily closing share price over the financial year

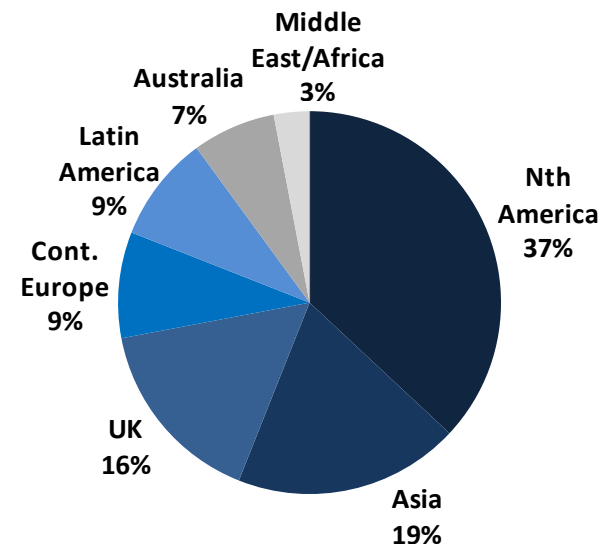
Pursuing international growth

- An international presence focused on three core grains improves GrainCorp's ability to grow earnings and manage variability through:
 - ✓ ~35% of assets⁽¹⁾ and >50% sales located outside of Australia
 - ✓ Access to markets in overseas countries secures demand for our businesses
 - ✓ Operations in overseas countries improves our customer offering

Grain Sales by Geography



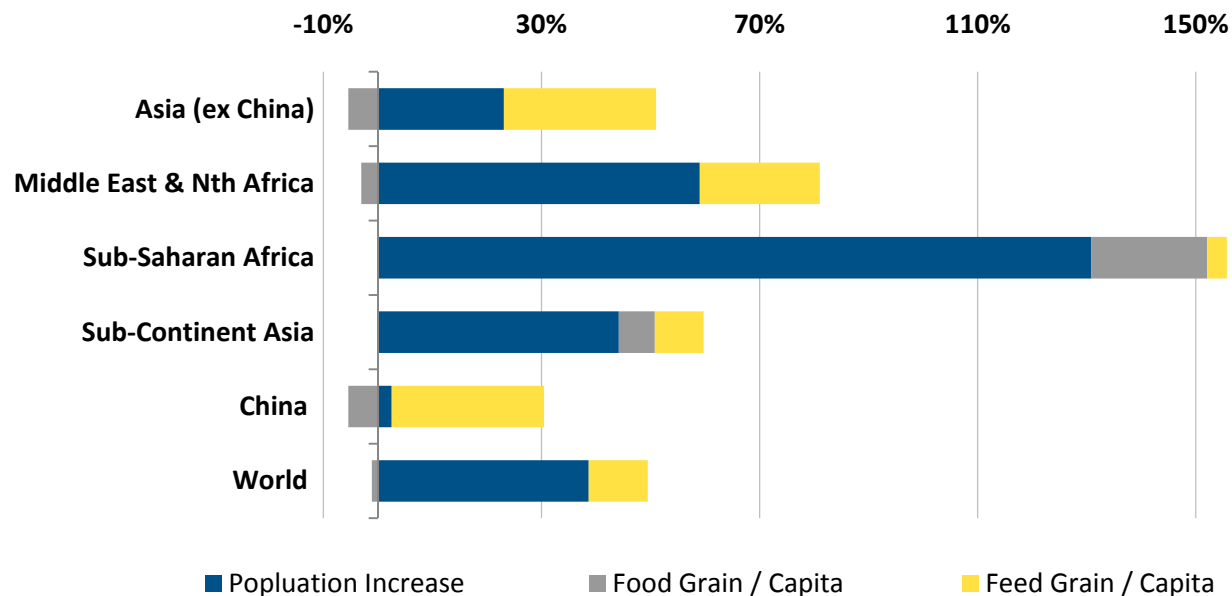
Malt Sales by Geography



(1) Non-current assets including 60% share of Allied Mills

Australia's global grain opportunity

Drivers of Global Grain Demand Growth to 2050⁽¹⁾

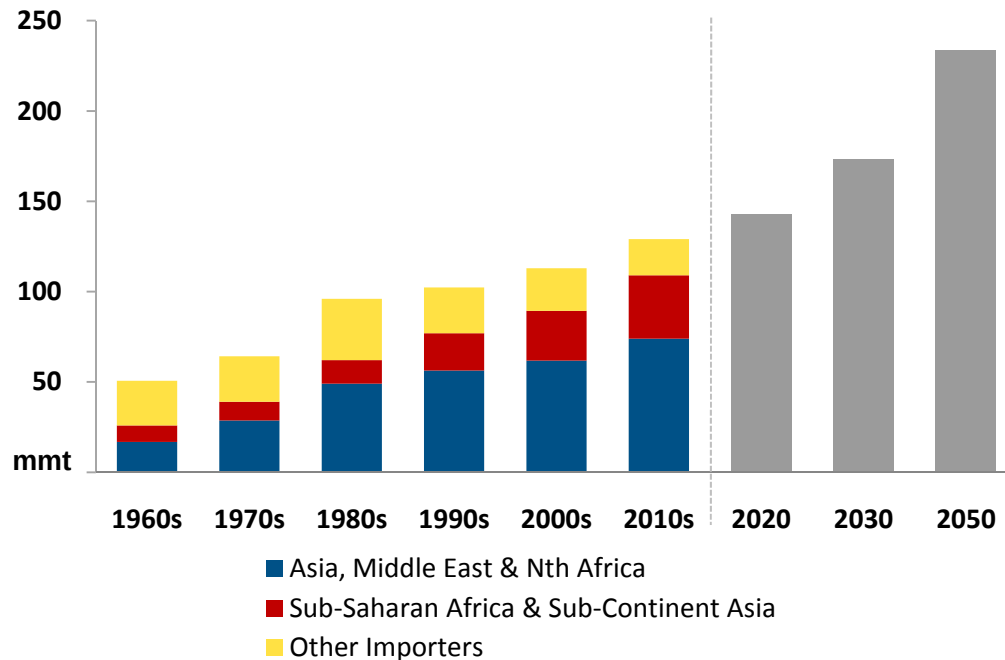


- Global grain demand to increase by 1 billion tonnes or 50% by 2050, driven by:
 - ✓ Population growth
 - ✓ Increased demand for animal protein (meat and dairy) requiring feed grains
- This growth will be concentrated in developing countries, who are currently import dependent for their grain supply

(1) Source – Forecasts from UN and FAO

Australia's global grain opportunity

Global Wheat Trade to 2050⁽¹⁾ – mmt



- Export trade wheat volumes to double to >225mmt by 2050, driven by demand growth in:
 - Australia's traditional markets in Asia, Middle East & Nth Africa → already import >50% of grain requirements
 - New markets in Sub-Saharan Africa and possibly Sub-Continent Asia

GrainCorp is well positioned to benefit from increased global grain trade

- ✓ Capability → origination and marketing with international presence
- ✓ Well located → competitive freight rates into major growth markets

(1) Source – USDA and Forecasts from US Wheat Associates 2011

Australian public policy priorities

- For Australia to best participate in global grain trade growth opportunities, the country's grain supply chain must be free of regulation and bottlenecks:
 - ✗ Bottlenecks limit ability to service increased export demand
 - ✗ Supply chain regulation limits operational flexibility and incentive to innovate

Country to port rail bottlenecks limit our export service...

- Track requires investment to increase capacity / productivity
- Recent Government policies have skewed investment to road
- Rainbow line upgrade an example of appropriate investment

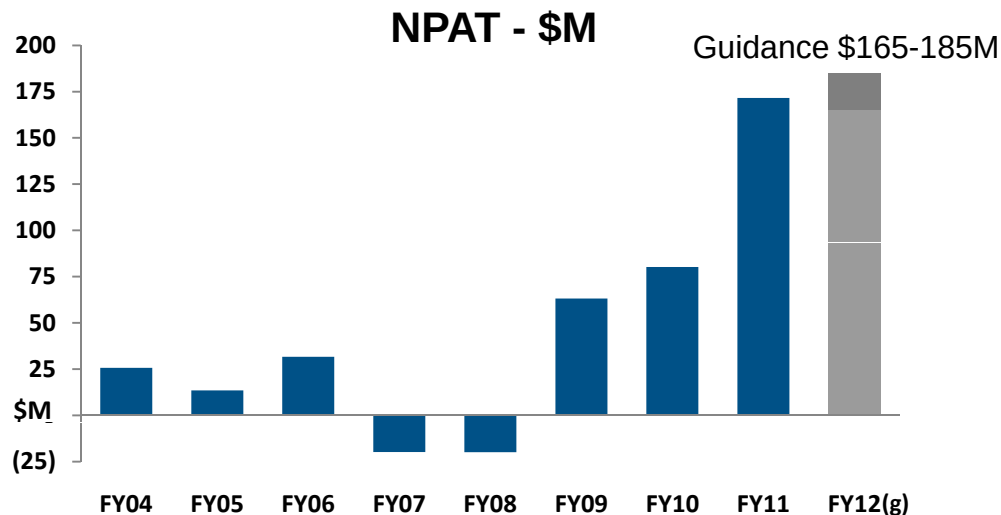
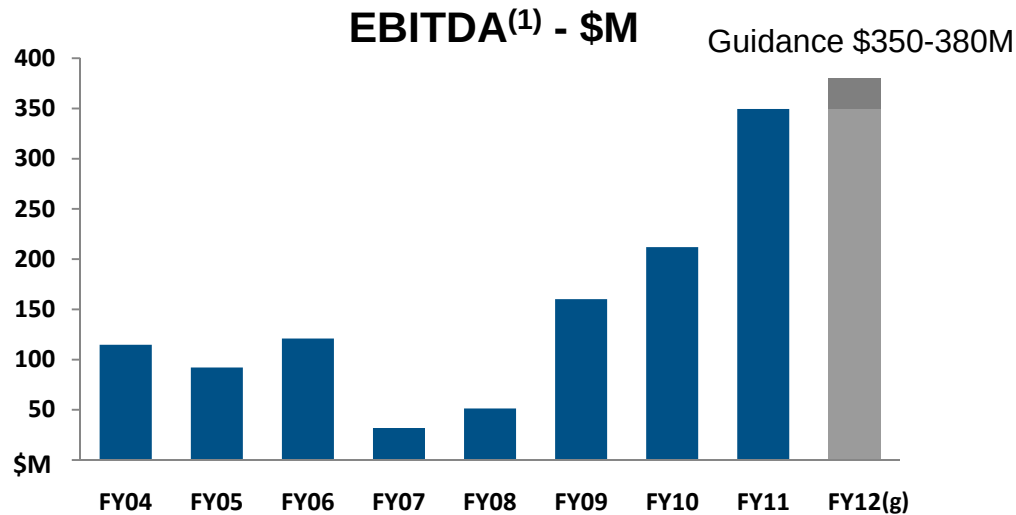


Port regulation is a competitive disadvantage...

- Peculiar to the grain industry and to this country
- GrainCorp is committed to open access service → in our and Australia's best commercial interest
- Government supports Productivity Commission⁽¹⁾ findings and GrainCorp is working with industry on a Voluntary Code



Strong FY12 earnings guidance



- Record carry-in, large receival and export tasks and sound Malt contribution
- Volume guidance:
 - Country receivals 11.5-12.5mmt
 - Grain exports 8.8-9.8mmt
 - Malt sales ~1.3mmt
- Main variables:
 - Sorghum receivals
 - Rail and road freight availability to port
 - Marketing margins and year end mark to market adjustments
 - Malt foreign exchange impact

(1) Excludes Marketing interest expense of \$15-20M and includes 60% share of Allied Mills' NPAT



GrainCorp

FY12 strategic focus

1

Maintain a strong market presence

Storage & Logistics

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

2

Operate along the grain chain

Marketing

- ✓ Deliver strong domestic and international sales
- ✓ Commence Hamburg trading activity
- ✓ Leverage UK merchanting business
- ✓ Develop new global trading system
- ✓ Assess market opportunities in Canada

3

Increase activity in grain processing

Processing

- ✓ Integrate Schill Malz
- ✓ Identify and progress sustainability and efficiency initiatives
- ✓ Develop integrated global Malt and Marketing solution
- ✓ Grow Allied Mills value add activity
- ✓ Decide on reinstating lost Allied Mills Toowoomba capacity

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Grow as an international agribusiness

GrainCorp

- ✓ Maintain strong offshore sales
- ✓ Leverage Malt network and assets
- ✓ Strengthen organisation model
- ✓ Maintain conservative gearing
- ✓ Support grain Marketing growth

Disclaimer



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