

Company announcement

GrainCorp Limited ABN 60 057 186 035

Date: 26 July, 2012 To: The Manager

Announcements

Company Announcement Office Australian Securities Exchange

On Line Lodgement

GRAINCORP LIMITED (GNC)

INVESTOR PRESENTATION

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Company Secretary

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Today's presentation...



Our business model...

 Create and capture grain value by leveraging our integrated and international grain supply chain

Our strategic focus...

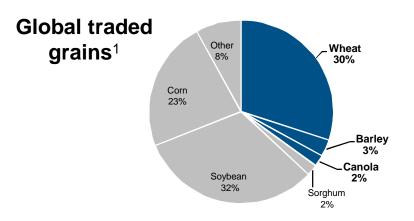
- 3 Corporate Objectives → improve shareholder returns, manage variability and grow as an international agribusiness
- Strategic Themes targeting \$40M additional underlying EBITDA

Global grain opportunities...

- Growth in global grain demand and grain trade
- Opportunities for GrainCorp

Three core grains – wheat, barley, canola

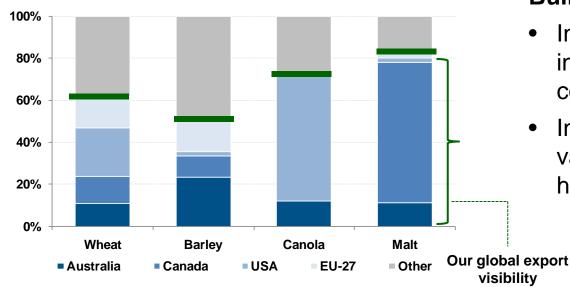




Our core grains

- Wheat, barley, canola → represent
 ~35% of global traded grains
- 'Drier climate' grains, where we have a comparative advantage

Global export share by commodity and region



Building our competitive difference

- International presence → insight into 50%+ of the export trade of our core grains and malt
- Integrated model → complementary value and insight from storage, handling and processing activities

1. Excludes rice

Three integrated grain activities – 'end to end' grain supply chain presence



- We create value through grain handling, ownership and processing
- We capture value through our asset intensive supply chain, grain processing insight, and local and international market insight



Marketing

Matches supply and demand

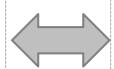
- Links the consumer to the grower
- Creates and captures value through procurement and risk management
- Drives grain through our assets



Storage & Logistics

Provides grain supply

- Competitive network and logistics capability to originate grain
- Adds value to grain through arbitrage opportunities



Processing

Provides grain demand

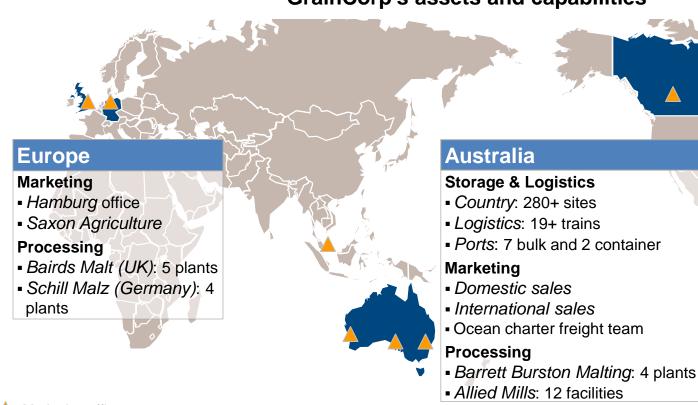
- Adds value to grain through processing and procurement
- Insight into grain characteristics and customer requirements

Three operating geographies – Australia, North America and Europe



- International insight, multi-origin capability and diversification in our core grains
- Close to supply fundamentals for our core grains and malt
- We have visibility across 50%+ global export trade of each of our core grains and malt

GrainCorp's assets and capabilities



North America

Marketing

Calgary office

Processing

- Canada Malting Co (Canada): 3 plants, 10 grain elevators, 1 bulk port
- Great Western Malting (US): 2 plants
- Country Malt (US): national warehouse and distribution network

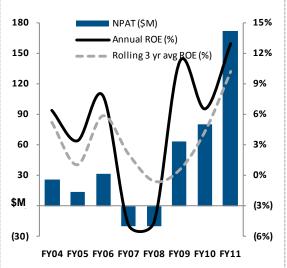
Three Corporate Objectives



Improve Returns

- Improve through the cycle shareholder return
- Focus on value creation from our suite of grain chain assets

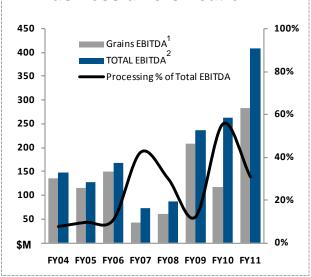
Improving ROE..



Manage Variability

- Manage through the cycle earnings
- Maintain strong cash flow and pay consistent dividends

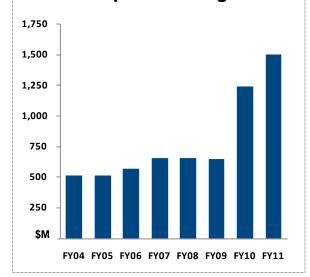
Business diversification...



3 Growth

- Grow business scale → organic and acquisitions
- Leverage capabilities
- Maintain strong balance sheet → low gearing

Market Capitalisation growth...



Country & Logistics, Ports and Marketing EBITDA

^{2.} Includes 60% share of Allied Mills EBITDA, excludes Corporate Costs and Merchandising EBITDA

Four Strategic Themes to meet Corporate Objectives



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

Strategic Themes

Strengthen our grain handling network

Grow our grain

Marketing business

Create and capture additional Malt value

Build on our leading flour position¹

Better capture synergies from our network and integrated grain businesses

Financial Targets

- ~\$40M additional underlying EBITDA by end FY14
- \$80-120M investment capex over 3 years end FY14
- Support ROE growth through the cycle
- Reduce earnings volatility

Strategic Themes supported by 11 "Gamechangers"



- Strengthen our grain handling network
- Drive supply chain efficiency
- Integrate customer offering
- Enhance value proposition for growers
- Grow complementary non-grain commodities

- Grow our grain

 Marketing business
- Enhance customerfocused growth
- Broaden origination footprint

Build on our leading flour position

Maximise milling value and pursue downstream growth

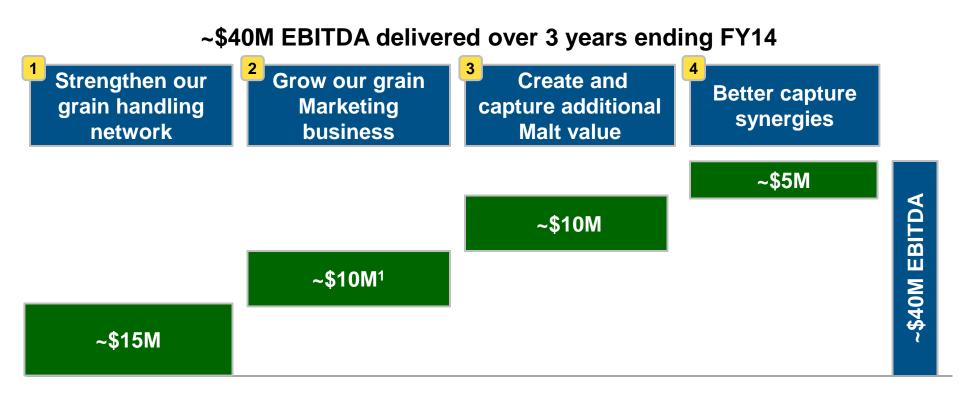
- Create and capture additional Malt value
- Optimise operational performance
- Develop global model and customer management
- Extend value beyond processing
- Better capture synergies from our network and integrated grain businesses
 - Integrate customer account and supply chain planning

Leverage our global grain and malt market insights

Strategy to capture ~\$40M additional underlying EBITDA



- In excess of \$40M additional underlying EBITDA from identified Gamechangers
- Supports the growth of ROE through the cycle



Capital investment for ~\$40M EBITDA growth



- \$80-120M capex to capture earnings growth → 3 years ending FY14
- Average ROCE of ~20% for investments → 2-3 years cash payback

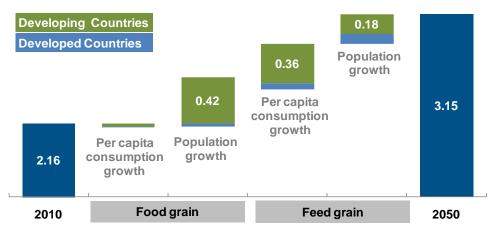
Example capex projects to achieve ~\$40M EBITDA

- Strengthen our grain handling network
- Online support → smartphone app and Grain Transact upgrade
- Receival site upgrades → e.g weighbridges and sample stands
- Equipment upgrades for ~20 key receival sites
- Grow our grain
 Marketing
 business
- Global trading and risk management system
- International capability → office and personnel
- Create and capture additional Malt value
- Sustainability initiatives → e.g waste water and heat recycling
- Global platforms and systems → procurement and sales
- Better capture synergies
- Customer and procurement planning

Global grain demand to increase by 50%



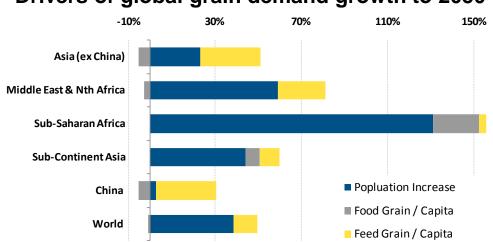
Grain consumption drivers to 2050 (bmt1)



Global grain demand

- Forecast to grow by 1bmt or 50% by 2050 due to:
 - 35% rise in population to 9.7 bn
 - 13% rise in per capita consumption of grain for animal feed (meat / dairy)

Drivers of global grain demand growth to 2050



Global grain demand growth

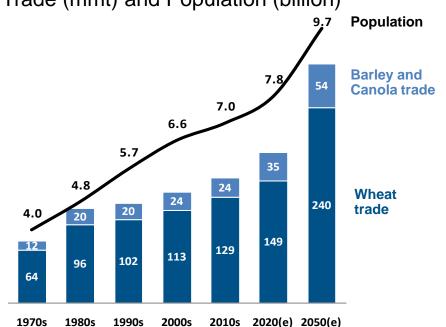
- Driven by demand in import dependent regions, specifically:
 - Existing markets → Asia, Middle
 East and North Africa
 - New markets → Sub-Saharan
 Africa and Sub-Continent Asia

Global grain trade to increase by 100%

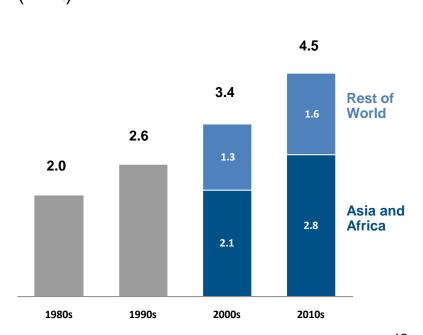


- Global wheat and malt export trade has doubled in the past 40 years
- Driven by demand in import dependent regions, global trade of our core grains forecast to rise ~155mmt to ~300mmt pa by 2050
- Forecast ~2% pa global malt demand growth → driven by beer demand growth regions (Asia and Africa) and niche sectors (whisky and craftbeer)

Global core grain trade and population Trade (mmt) and Population (billion)



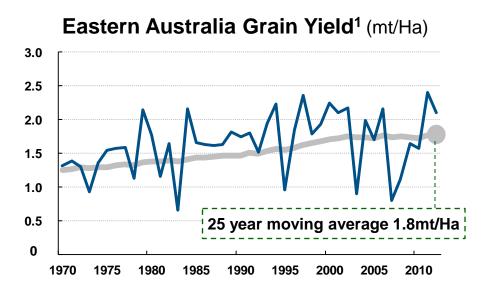
Past global malt trade (mmt)



- 12 -Source: USDA and IGC

Opportunities for GrainCorp...





Increased grain supply

- Grain handling → higher grain prices will support increased grain yields
- Grain exports → if supply growth in eastern Australia exceeds domestic demand
- Grain Marketing → growth in global grain trade

Freight advantages to grain growth markets

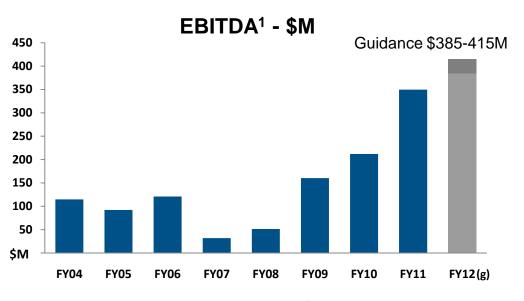


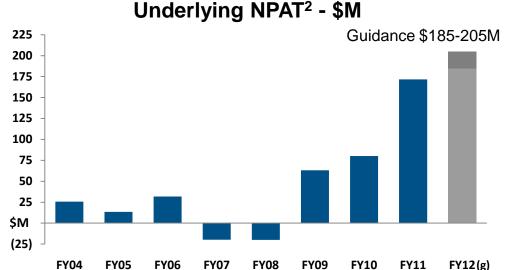
Demand growth in proximate regions

- Australia is freight advantaged to Middle East, Asia and eastern Africa
- Our presence in Europe and Canada complements our Australian freight advantage

FY12 guidance – earnings higher







- Volume guidance:
 - Country receivals ~12.0mmt
 - Grain exports ~10.0mmt
 - Carry-out ~4.5mmt
 - Malt sales ~1.35mmt
- Main variables:
 - Central QLD sorghum crop
 - Rail and road freight to port
 - Marketing margins and year end mark to market accounting
 - Malt foreign exchange impact

^{1.} Excludes Marketing interest expense of ~\$20M and includes 60% share of Allied Mills' NPAT

FY13 outlook – Grains and Malt update



Grains

- Forecast ~4.5mmt grain carry-in
- Additional rail capacity maintained and 0.6mmt export capacity added
- FY13 Shipping Stem open → ~9.0mmt booked
- Eastern Australian winter crop production forecast range 16.0-18.0mmt¹

Malt

- USDA² world barley production forecast at 135mmt, 1% higher year on year
- Forward sold GrainCorp malt volumes of ~0.7mmt, ~50% of production capacity
- Softening beer demand and excess malting capacity to continue in mature markets
- Some rationalisation of excess global malt capacity expected

^{1.} Wheat, barley, canola production in Queensland, NSW and Victoria. ABARES June 2012 Crop Report at 16.0mmt and Australian Crop Forecasters Jun-12 report at 18.0mmt

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