

NEWS RELEASE

GrainCorp Limited (ASX: GNC)



16 May 2013

Strong result supported by grain volumes and diversification strategy

GrainCorp has reported strong first half earnings of \$227 million EBITDA¹ (HY12: \$235 million) and net profit after tax (NPAT) of \$109 million² (HY12: \$122 million). After significant items, the company recorded a statutory NPAT of \$88 million.

GrainCorp Managing Director and Chief Executive Officer Alison Watkins said the result reflected the eastern Australian harvest returning to a more typical size, an above-average carry-in and a solid performance from the company's processing businesses, including GrainCorp Malt and the new GrainCorp Oils business.

"Another positive first half performance demonstrates the benefits of GrainCorp's diversification strategy, as grain receivals returned to more normal levels following two very large harvests," Ms Watkins said.

"I'm also pleased to report we continue to make good progress on the strategic initiatives we announced in November."

GrainCorp's Board has declared a fully franked interim dividend of 25 cents per share (cps) including a special dividend of 5cps, with a payment date of 19 July 2013³.

Business unit performance

Ms Watkins made the following comments in relation to the performance of GrainCorp's individual business units:

"On safety, while GrainCorp's lost-time injury performance is behind our target, we are seeing encouraging improvements in our lead indicators, particularly in our Storage & Logistics and Malt businesses. We are maintaining a substantial investment in safety and efficiency improvements over the year.

"Our Storage & Logistics team has maintained a firm market share of a smaller crop, with country receivals of 9.7 million tonnes for the half. Our substantial pre-harvest investment in mobile grain receivals equipment improved delivery and turnaround times at our sites and generated very positive grower feedback. GrainCorp's ports have also handled a significant export program, elevating 5.1 million tonnes of grain and other commodities during the half.

"GrainCorp Marketing's earnings are consistent with the crop size and include pleasing additional contributions from our international offices. It is good to see the sustainable performance delivered by this business through the cycle. Most of GrainCorp Marketing's business was conducted in its area of strategic focus – directly between growers and end users.

¹ Earnings before interest, tax, depreciation & amortisation and before significant items.

² Before significant items of \$20 million.

³ The HY13 interim dividend is included in the dividends totalling \$1.00 to be paid under the proposed offer from Archer Daniels Midland Company (ADM).

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“GrainCorp Malt’s high capacity utilisation remains above industry averages and demonstrates our compelling customer proposition and strong relationships. Last year’s Malt result included strong barley procurement gains that are not expected to be repeated this year.

“It’s also satisfying to see a strong first contribution from our new Oils business, which is in line with our expectations. The integration of these businesses into GrainCorp is on track to deliver approximately \$4 million in pre-tax synergies over the current financial year and approximately \$7 million per annum in ongoing synergies.

“Allied Mills continues to deliver improved performance, and is growing through the acquisition of new facilities in Tamworth and Melbourne. The new Tennyson mill expansion in Queensland is expected to be completed in mid-2013,” Ms Watkins said.

Outlook

Ms Watkins said the company’s outlook remained positive.

FY13 country receivals are expected to be 10-10.5 million tonnes, building on the above average carry-in of 4.3 million tonnes.

The strong export program should see grain elevations of between 8-8.5 million tonnes, which would contribute to the expected network carry-out of approximately 2 million tonnes.

GrainCorp Malt is expecting sales of around 1.3 million tonnes with an EBITDA margin of \$75-\$80 per tonne, while GrainCorp Oils forecasts crushing and refining sales of approximately 530,000 tonnes, in line with expectations.

FOR FURTHER INFORMATION

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