

NEWS RELEASE



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Diversification strategy supports solid FY13 result

GrainCorp has reported EBITDA of \$395 million (FY12: \$414 million) and NPAT of \$175 million (FY12: \$205 million) for the financial year ended 30 September 2013. The statutory NPAT of \$141 million includes significant items relating to the GrainCorp Oils acquisition and integration, as well as the response to takeover proposals made by Archer Daniels Midland Company (ADM).

GrainCorp CEO and Managing Director Alison Watkins said that the result reflects strong grain volumes with above average grain exports and carry-in (4.3 million tonnes; FY12: 6.0 million tonnes). The result also reflects the benefits of the company's diversification strategy, with the Marketing business delivering sustained performance, high capacity utilisation in GrainCorp Malt and GrainCorp Oils performing ahead of expectations.

The eastern Australian crop was approximately 17% smaller than the previous year. While grain volumes were still strong, the smaller crop translated into lower receivals of 10.4 million tonnes (FY12: 12.2 million tonnes); lower grain exports of 8.3 million tonnes (FY12: 10.6 million tonnes); and a 17% reduction in grain throughput to 23.8 million tonnes (FY12: 28.5 million tonnes).

"It is pleasing to see the positive contribution from GrainCorp Oils in its first full year and the returns from our other downstream businesses," Ms Watkins said.

Business unit performance

"I am particularly encouraged to report the substantial increase in focus and investment in safety is resulting in improved performance, with an improvement of over 10% in our lost time injury frequency rate," Ms Watkins said.

"Storage & Logistics' result is historically strong, however it is lower than last year's, reflecting a 28% decrease in residual grain in the network at the start of the year than when compared with 12 months prior and, a return to a more 'normal' crop size. These factors were partially offset by operational benefits from our strategic initiatives to improve customer service, including faster stackers to improve site turnaround, rail optimisation and other measures.

"GrainCorp Marketing's earnings are likewise reflective of lower grain production volumes, however we are pleased that the business recorded 6.1 million tonnes of grain sales and has successfully deployed its global trading and risk management platform in Australia: FutureGrain.

"GrainCorp Malt continues to enjoy one of the highest levels of capacity utilisation in the industry at over 90% and has effectively maintained margins in the face of lower barley procurement gains, which were a feature of last year's result. The business continues to benefit from strong penetration in the growing distillery and craft beer segments.

"GrainCorp Oils' solid performance is ahead of our expectations and the integration is proceeding well. I'm pleased to report we have achieved our FY13 pre-tax synergies target of \$4 million and remain on track to deliver \$7 million of annual synergy savings.

GrainCorp Limited

Level 26, 175 Liverpool Street
Sydney NSW 2000

PO Box A268
Sydney South NSW 1235

T 02 9325 9100
F 02 9325 9180

graincorp.com.au

“Our joint venture, Allied Mills, continues to grow its business, completing its new Tennyson mill expansion in Queensland as foreshadowed and improving earnings from its specialty bakery products range.”

Dividend & AGM date

GrainCorp's Board has declared a fully franked final dividend of 20 cents per share (cps), payable on 16 December 2013.

This brings total FY13 dividends to 45cps (inclusive of special dividends of 5cps).

Under the ADM Offer, Permitted Dividends of up to \$1.00 per share can be paid. Permitted Dividends include the interim and full year dividends for FY13, meaning that the balance remaining on Permitted Dividends is 55cps.

It is expected that the balance of the Permitted Dividend (55cps) will be declared and announced by the GrainCorp Board shortly before the ADM Offer becomes unconditional.

GrainCorp also advised that its Annual General Meeting is now scheduled to be held in Sydney on Tuesday, 25 February 2014.¹

Harvest update & outlook

Ms Watkins said the current 2013-14 winter harvest was well underway, although conditions had been challenging for many growers.

“Drought conditions in Queensland and Northern NSW have negatively impacted yields in those regions, while recent frosts have affected many areas further south,” Ms Watkins said.

“Crops further south still look larger than average, and we are hopeful of favourable weather conditions as headers are in the paddocks over the next few weeks.”

In relation to the outlook for FY14, GrainCorp expects a below average carry-in of 2.3 million tonnes and the potential for Storage & Logistics' margins to be further impacted by the crop profile, with grain production for the current harvest concentrated in southern NSW and Victoria, where margins are lower and competitive intensity is greater.

“After a couple of big years, GrainCorp's storage and logistics network must be well prepared for the much tougher period ahead,” Ms Watkins said.

GrainCorp expects its diversification strategy to be important during this period, in particular leveraging the insights of its international network of marketing offices, GrainCorp Malt's ongoing exposure to the attractive growth of the craft brewing sector, and growth opportunities for GrainCorp Oils' liquid terminals business.

GrainCorp remains on track to deliver the \$110 million in incremental underlying uplift announced in November last year by the end of FY16, although progress to date on the industry Ports Code of Conduct has been limited.

FOR FURTHER INFORMATION

MEDIA:

Angus Trigg
Director, Government & Media Relations
+61 2 9325 9132
+61 413 946 708
atrigg@graincorp.com.au

INVESTORS:

David Akers
Investor Relations Manager
+61 2 9266 9217
+61 412 944 577
dakers@graincorp.com.au

¹ Previously advised date was Thursday, 27 February 2014.