

NEWS RELEASE

GrainCorp Limited (ASX: GNC)

11 February 2014



GrainCorp

\$125 million investment to strengthen Australian edible oils manufacturing operations

GrainCorp Oils has announced an investment of \$125 million to secure the long-term viability of its integrated edible oils and spreads manufacturing operations in Australia.

The investment will boost the competitiveness of locally produced food and food ingredients against imported products and deliver significantly improved environmental performance.

"This project involves creating a strategic hub within Victoria that is located far closer to key oilseed growing regions," Group General Manager, GrainCorp Oils Sam Tainsh said.

"It delivers a logical and more efficient focal point for the sourcing, crushing, refining and distribution of our locally produced edible oils and food ingredients. This is our \$125 million vote of confidence in Australian food manufacturing at a time of uncertainty for many manufacturers in the country."

The consolidation of edible oils refining and packing operations involves:

- Expansion and upgrade of the GrainCorp Oilseeds operations in Numurkah and the GrainCorp Foods facility in West Footscray, Victoria.
- GrainCorp Foods' operations in Murarrie, Queensland will be relocated to these larger locations. As a result, the Murarrie site will progressively cease operations from early 2016.
- GrainCorp Oilseeds' Numurkah capabilities will be expanded to add vegetable oil processing capabilities.
- GrainCorp Foods' West Footscray operations will be upgraded to deliver a world-class food processing plant with additional capability including retail spreads, bakery fats and shortenings.

In addition to improving the competitiveness of Australian-produced food ingredients, the project:

1. Ensures there is ongoing strong domestic demand for Australian canola and other oilseeds by delivering world-class food manufacturing facilities in Victoria.
2. Allows much greater integration of refining and packing operations to where canola is grown and crushed. The Murarrie plant is isolated from the major oilseed growing regions and crush plants. This means crushed canola oil can require a round trip of up to 3,000km up from crush plants, then back to end customers who are largely located in Sydney and Melbourne. This isolation has become increasingly significant as the type of oils used in the food industry has changed. Consumers now prefer healthier products from Australian-grown canola.
3. Delivers improved environmental performance, through substantial net reduction in carbon emissions of 25,000 tonnes per annum due to the replacement of outdated coal-fired equipment¹, which is currently used to generate steam. The investment in other

¹ This estimate does not include additional greenhouse reductions from reduced freight distances.

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sites will eliminate this need and provide the opportunity to invest in more efficient and environmentally friendly technology.

Mr Tainsh said the decision meant that approximately 130 roles at the Murarrie plant would be affected from early 2016, but that 44 new roles will be generated at the expanded plants in Numurkah and West Footscray. It is expected the additional economic activity in these regions will also account for up to 400 new indirect jobs.

“The priority for us is giving our people in Murarrie as much certainty and ability to plan ahead as possible. That’s why we have informed our people over two years in advance. Where possible, we will seek to redeploy affected staff to other parts of our business. Where redeployment is not possible, we will provide comprehensive training and assistance to find new employment,” Mr Tainsh said.

All affected roles will receive their full entitlements. These include redundancy pay based on length of service, any outstanding annual and long service leave, and other entitlements.

Project information

The project forms part of GrainCorp’s program of strategic initiatives to deliver an additional \$110 million per annum of incremental underlying EBITDA by end FY16. It is a significant component of the *Asset Optimisation* initiatives and is expected to contribute approximately \$22 million per annum of underlying EBITDA once commissioned.

The capital commitment will be funded with existing cash and debt facilities.

There is an associated restructuring cost of \$20 million² which is expected to be reported as a significant item in GrainCorp’s earnings, principally in FY14.

FOR FURTHER INFORMATION

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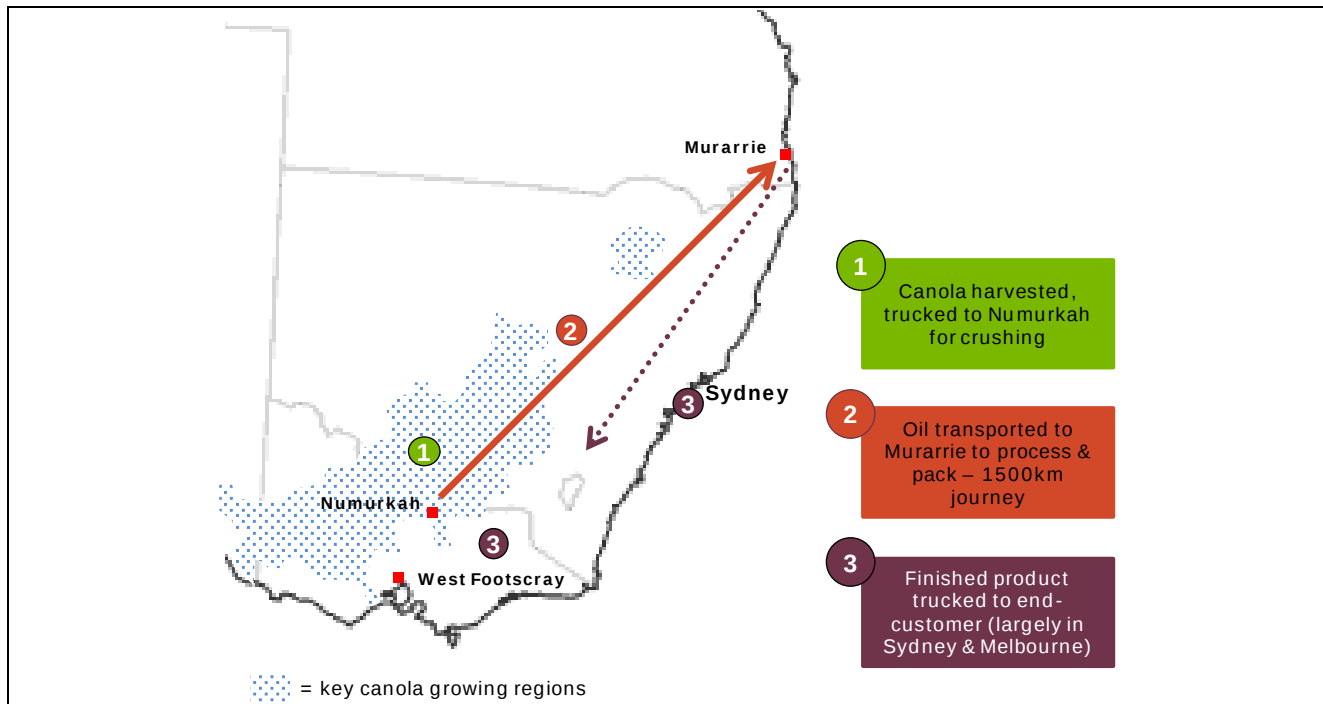
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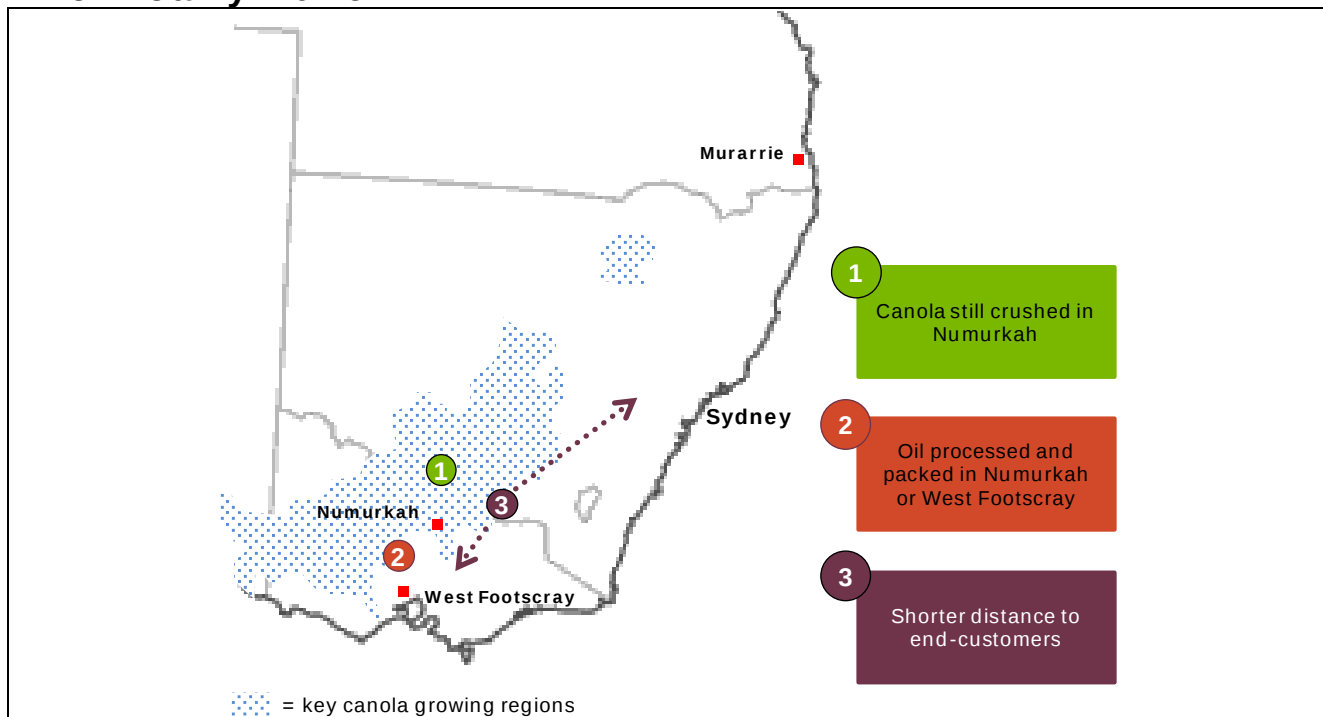
² After tax.

BACKGROUND INFORMATION

Current situation



From early 2016



- Over 550,000km of truck journeys removed from roads each year due to reduction of 2 and 3
- 25,000t net annual greenhouse gas reduction through removal of coal boiler at Murarrie plant (plus additional benefits due to freight reduction)