# FY13 Annual General Meeting

25 February 2014

GrainCorp

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# Agenda

- Chairman's Address (Mr Don Taylor)
- FY13 Operating & Financial Review (Mr Don Taylor)
- Business of the Annual General Meeting (Mr David Trebeck)
  - Resolutions
  - Shareholder Questions
  - Poll Voting
- Earnings Growth Initiatives Update (Mr Don Taylor)
- FY14 Outlook & Earnings Guidance (Mr Don Taylor)
- Results of Polls (Mr David Trebeck)
- Meeting Closed (Mr David Trebeck)

# Chairman's Address
## Mr Don Taylor

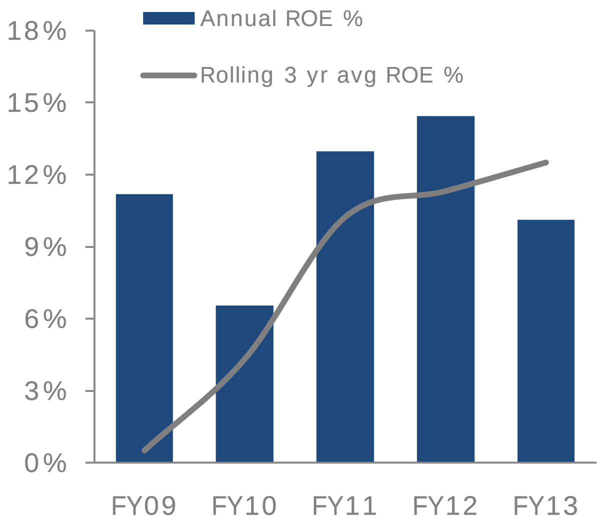
# Delivering on our corporate objectives

**1 Improving returns**

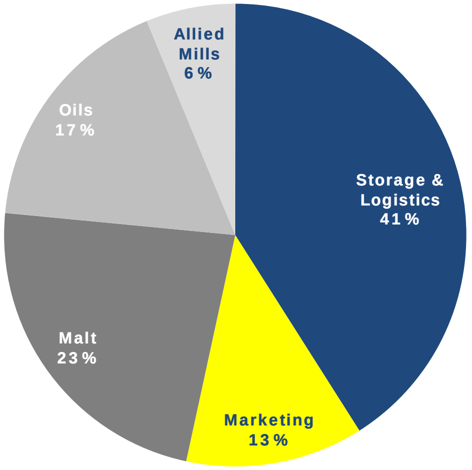
**2 Managing variability**

**3 Delivering growth**

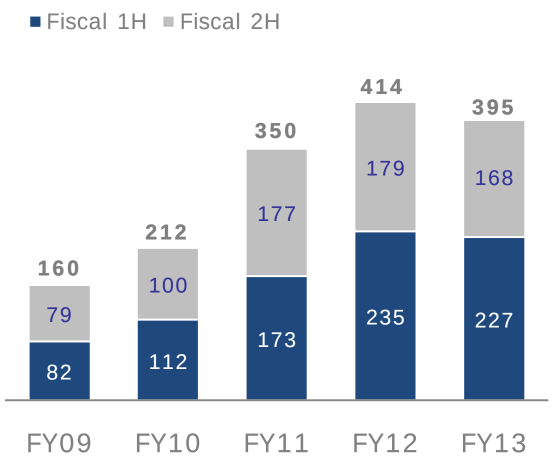
### Return on Equity %




### EBITDA by segment[1]




### EBITDA - $M



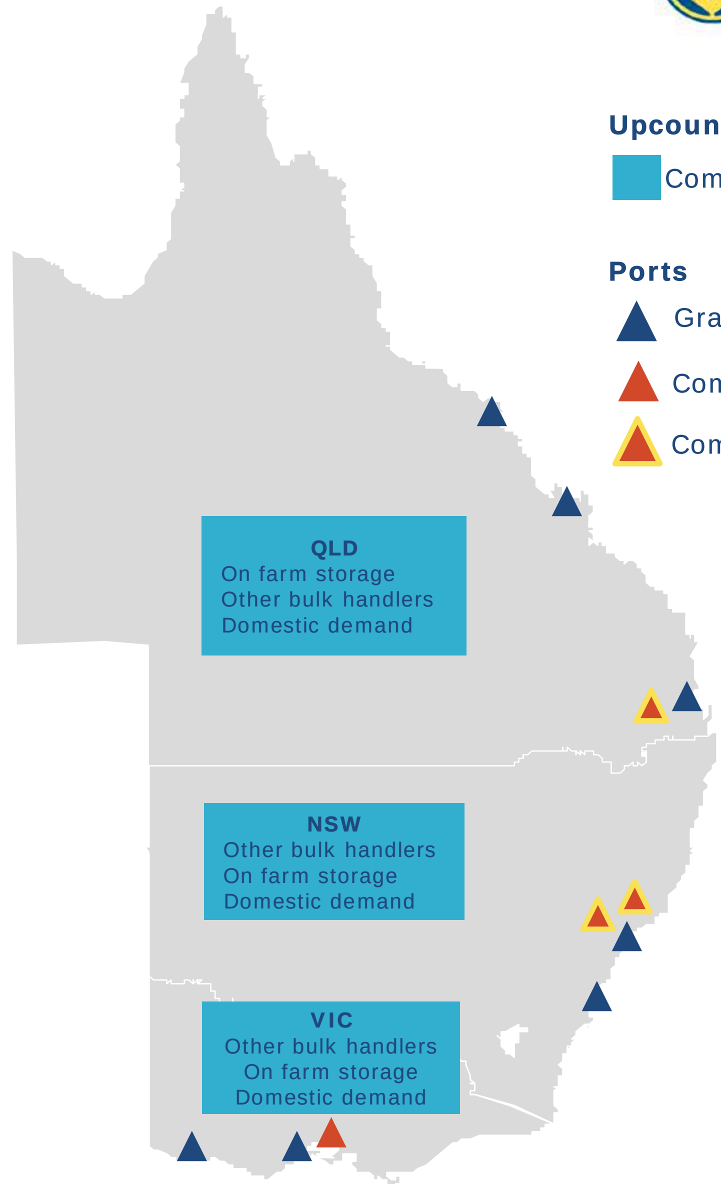

1. FY13 EBITDA

# Competitive landscape

| Upcountry Storage Capacity | |
|---|---|
| GrainCorp | ~20mmt |
| Competitors | ~10mmt |
| On-farm | ~10mmt |
| **Total** | **~40mmt** |

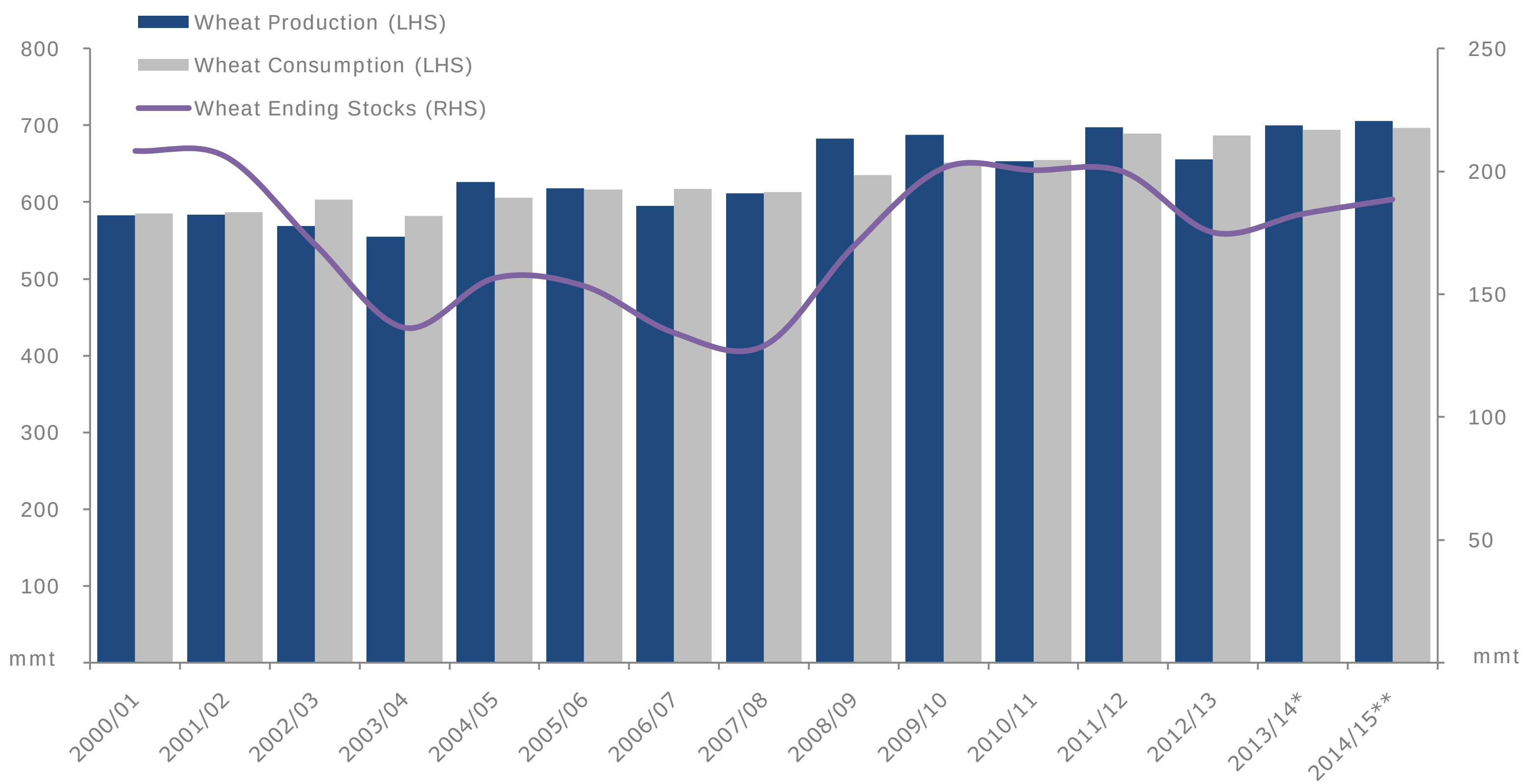
| Production / Exports | |
|---|---|
| Eastern Australia grain production | ~18mmt |
| Domestic demand | ~10mmt |
| **Exportable surplus** | **~8mmt** |

| Grain Export Capacity | |
|---|---|
| GrainCorp | ~15mmt |
| Competitors | ~3mmt |
| + | |
| Container exports | ~2.5mmt |
| **Total** | **~20.5mmt** |



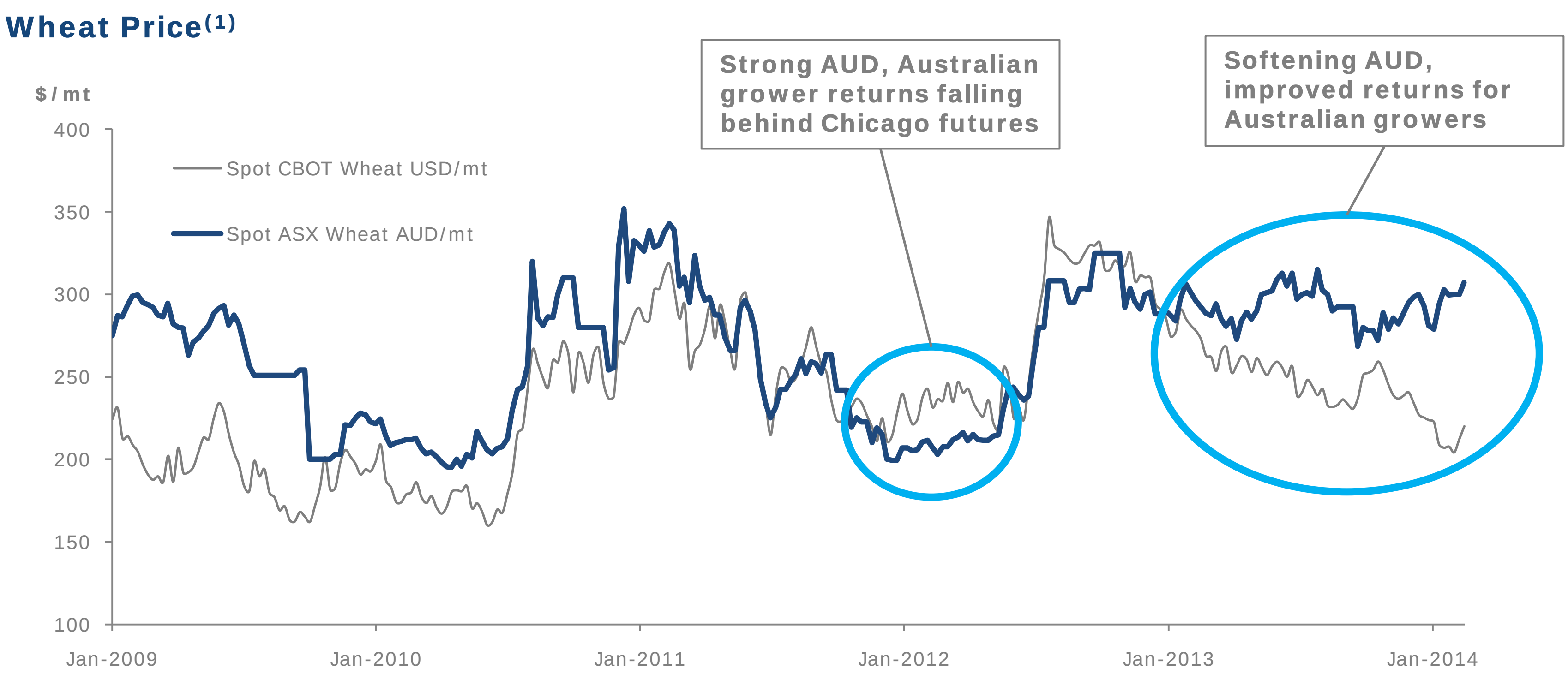
# Grain production

## Global Wheat – Production / Demand[1]




1. Source: USDA, GrainCorp

# Australian dollar influence on grower returns



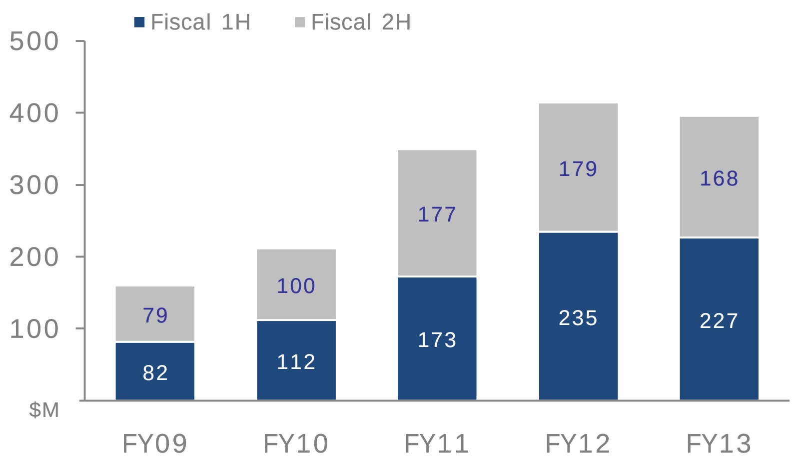

1. Source: Bloomberg

# FY13 Operating & Financial Review

## Mr Don Taylor

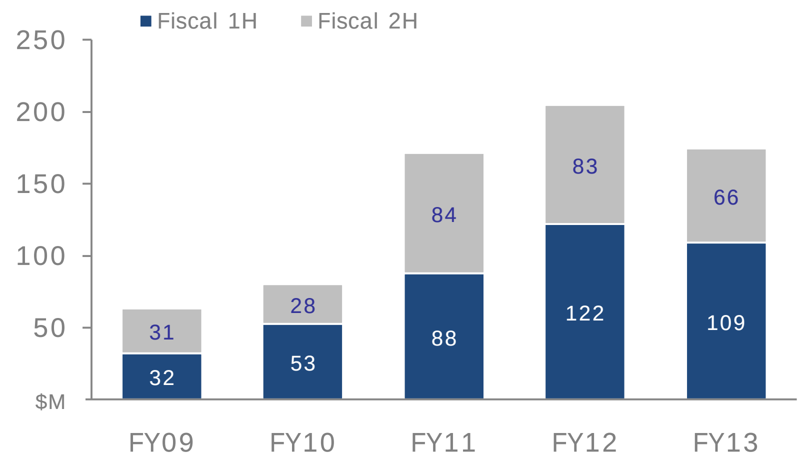
# Earnings profile delivering on corporate objectives

### EBITDA[1]




| EBITDA | 160 | 212 | 350 | 414 | **395** |
|---|---|---|---|---|---|

### NPAT[1]



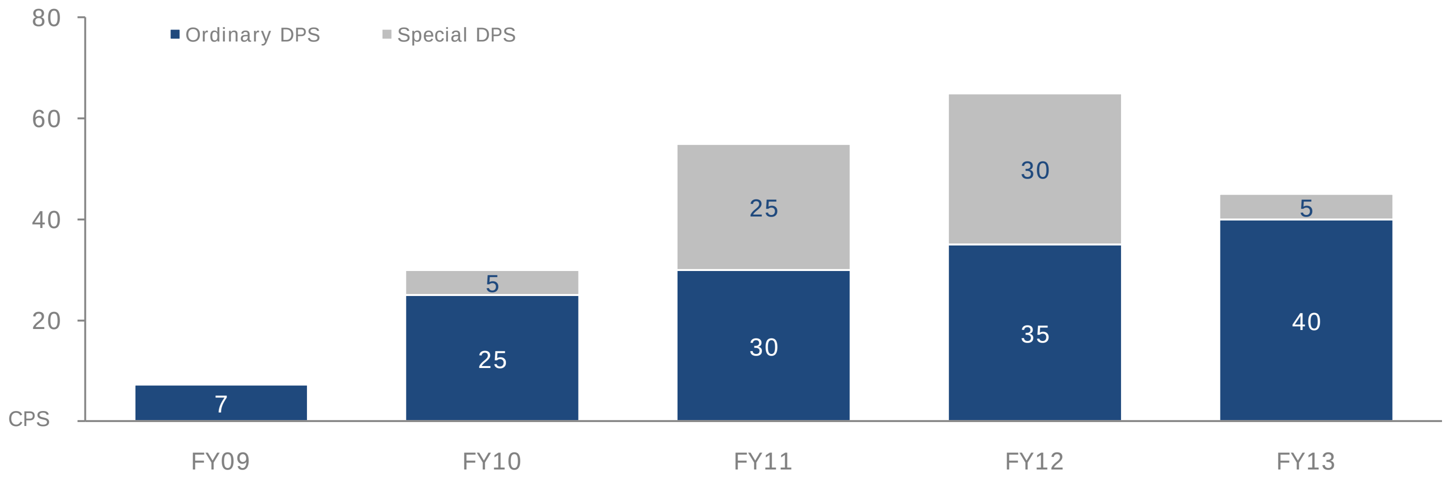

| NPAT | 63 | 80 | 172 | 205 | **175** |
|---|---|---|---|---|---|

- Improving shareholder returns → Delivered an average return on equity of 12.5% over the last three years[2]
- Managing variability → creation and development of GrainCorp Malt and GrainCorp Oils
- Delivering growth → growth across all segments organically and acquisitively

1. Before significant items. EBITDA and NPAT reflect inclusion of Malt from FY10 and Oils from FY13.

# Diversified earnings supporting higher ordinary dividend

### Dividends per share

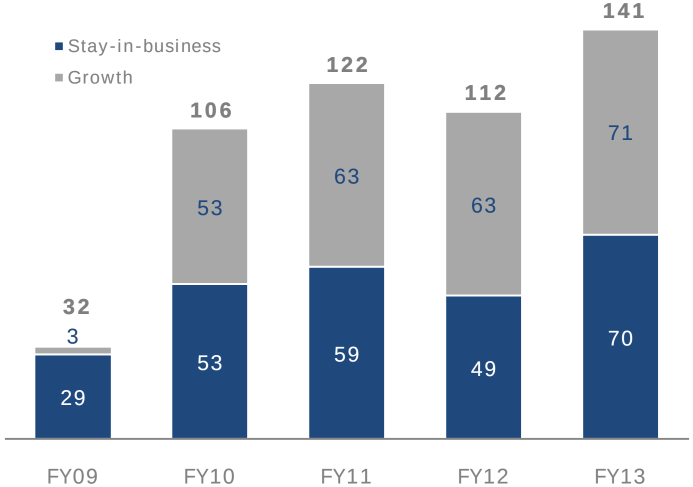



- **FY13 Payout Ratio:** Total FY13 dividends of $0.45, fully franked (including $0.05 special) → 59% NPAT payout[1]
- **Dividend Policy:** Payout 40 – 60% NPAT through the business cycle.
- Targeting to pay an ordinary dividend each year.

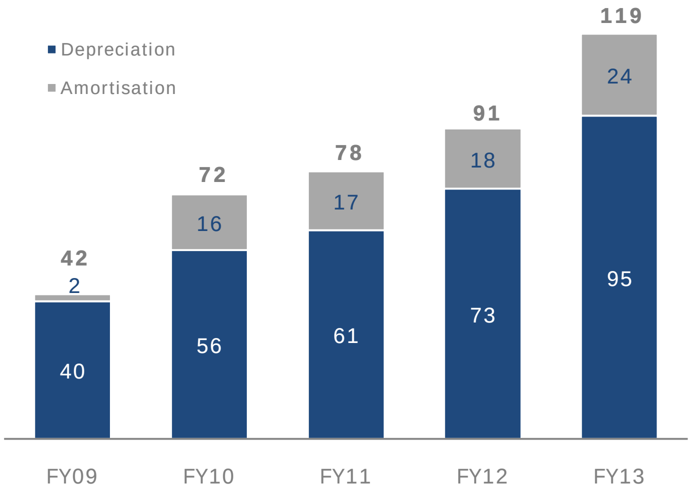
1. Before significant items.

# Capex supporting safety, network efficiencies and strategic initiatives

## Capex[1] – $M




## Depreciation & Amortisation – $M

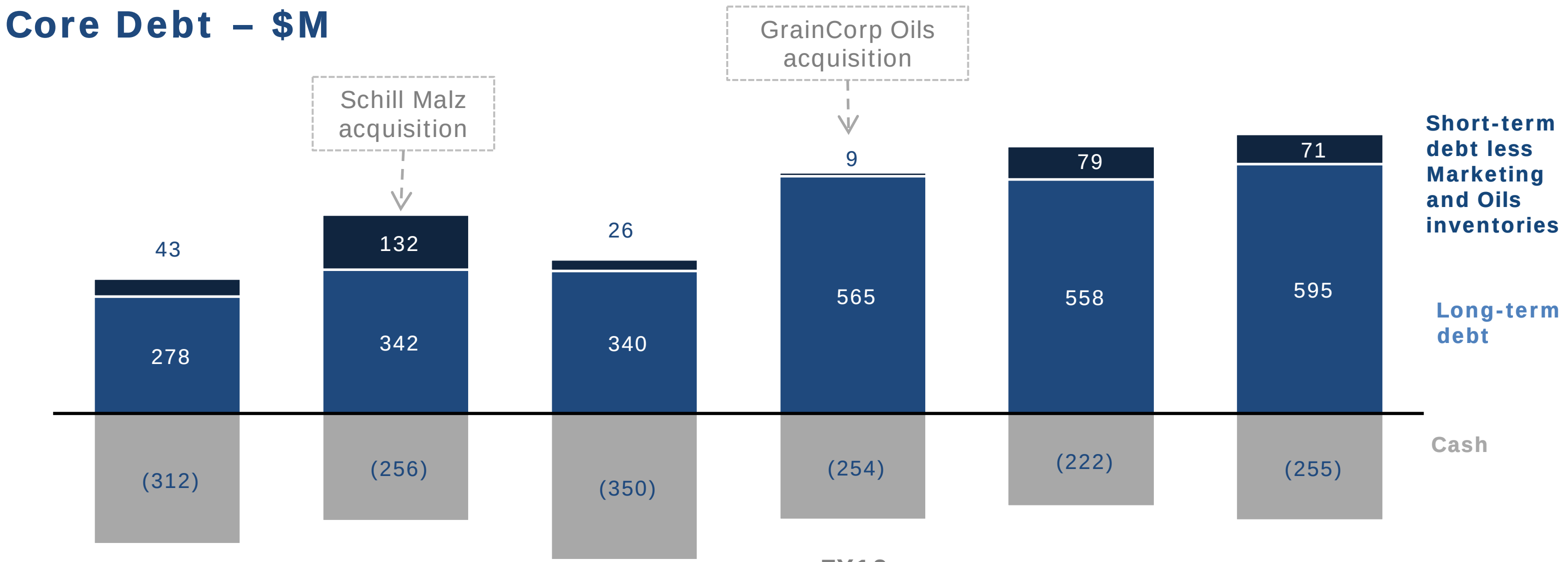



- Stay-in-business capex has increased from FY12 due to inclusion of Oils.
- Growth capex reflective of investment to progress growth initiatives.
- Depreciation & amortisation higher in FY13 due to inclusion of Oils and recent capex program.
- FY14 capex will include ~$90M to $110M growth capex associated with progressing our earnings growth initiatives (approximately half in oils network optimisation and bulk liquid terminals projects announced in February 2014).

1. Excluding acquisitions.

# Strong and flexible balance sheet

## Core Debt – $M




| | FY11 | HY12 | FY12 | FY12 Pro forma[3] | HY13[4] | FY13 |
|---|---|---|---|---|---|---|
| Core Debt[1] | 9 | 218 | 16 | 320 | 415 | 411 |
| Core Gearing[2] | 1% | 13% | 1% | 16% | 20% | 19% |
| Core Debt / EBITDA | 0.05x | 0.53x | 0.04x | 0.67x | 0.99x | 1.04x |

- FY13 Core Debt[1] of $411M
- Flexible balance sheet → FY13 Core Gearing of 19% (in line with strategic target of <25%), debt facilities matching with asset life

1. Core Debt = Total Debt less Cash less Marketing and Oils grain and oilseed inventory.
2. Core Gearing = Core Debt / (Core Debt plus Equity).
3. FY12 Pro forma Core Debt / EBITDA includes Oils acquisition debt and FY12 EBITDA as detailed in the ASX Announcement dated 28 August 2012.
4. HY13 EBITDA based on last twelve months (“LTM”) as at Mar-13. Includes Oils LTM.

# Our values

## Values

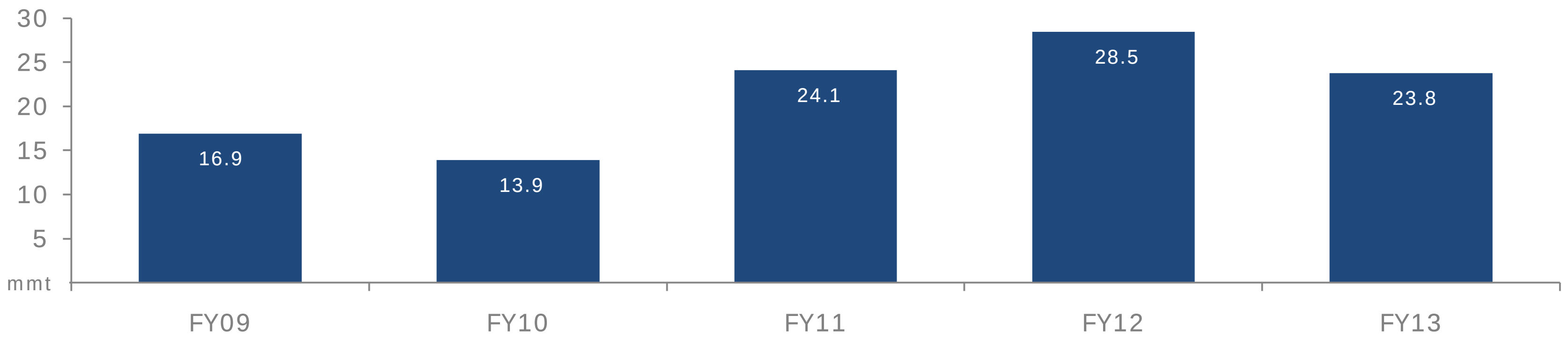
# Safety & Health, Environment & People

| | Safety & Health | Environment | People |
|---|---|---|---|
| **2013 Achievements** | • Achieved a 10.2% reduction in lost time injury frequency rate[1], moving from 11.9 to 10.7 in FY13<br>• Increased investment in plant and equipment including rectification of fixed and mobile equipment and ladders, dust prevention and changes to prevent trips and falls<br>• Enhanced systems through commitment to invest in a Health & Safety Quality incident and Reporting system | • Reduced hexane emissions in vent air from the Numurkah solvent extraction plant through improvements in the solvent recovery system, decreasing overall hexane usage<br>• Reduction of LPG usage due to improvements in the process steam system at the Millicent oilseed crushing plant | • Sustained engagement across the business at 60%<br>• Continued high engagement score for the GrainCorp Leadership Group<br>• A continued investment in the development of senior leaders and talent<br>• Implemented a global "Emerging Leaders" program<br>• Over $400,000 donated to community projects through GrainCorp Community Fund |

1. Lost Time Injury Frequency Rate calculated as the number of Lost Time Injuries per million hours worked.

# Storage & Logistics

## Storage & Logistics Throughput [1,2]




### FY13

- Strong earnings in FY13 from significant grain export program and higher than average carry-in.
- Higher than average carry-in of 4.3mmt; country receivals of 10.4mmt (~55% market share); above normal grain exports of 8.3mmt.

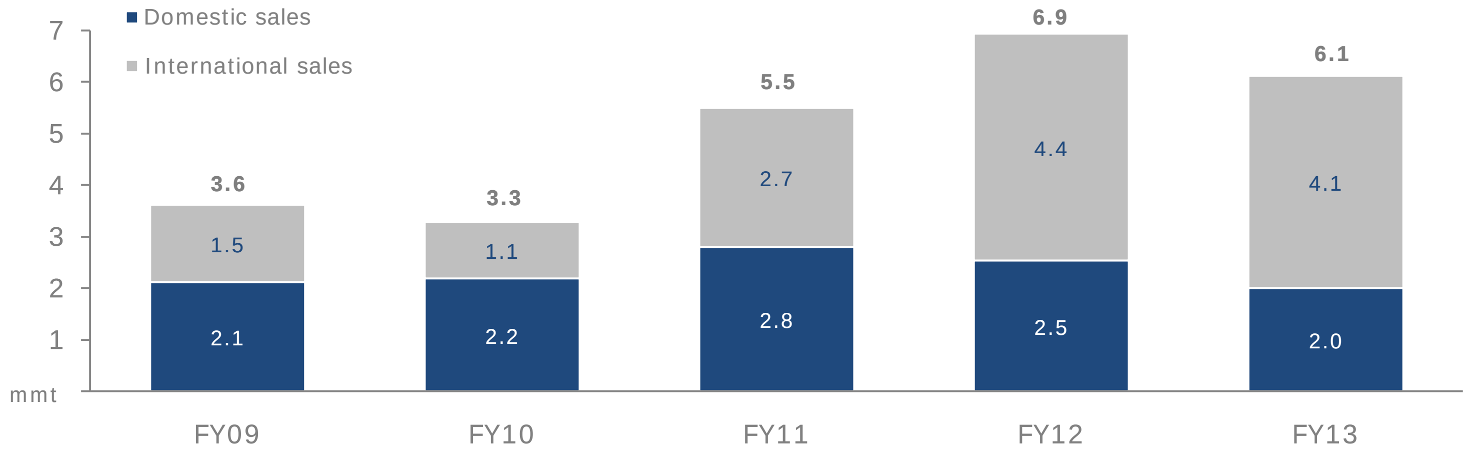
### Strategic Earnings Initiatives

- **Gamechangers**: Delivery of additional stackers; weighbridge upgrades (~40 sites); roadway and stacker lane improvements (~20 sites); new sample stands and upgrades (~20 sites); development of new stock system for efficient scheduling of orders for customers.
- **Asset Optimisation**: Progress in developing non-grain export capabilities → increased fertiliser, fumigation and container capacity at Geelong; continuous improvement in country and ports ongoing.
- **Port Flexibility**: 1.9mmt of export capacity booked under 3 year long term agreements by third party exporters (3.8mmt including GrainCorp); Uncertainty around mandatory ports code of conduct.

1. mmt = million metric tonnes.
2. Average of country grain inload (carry-in + receivals) and outload (carry-in + receivals – carry-out) + ports grain and non-grain. exports handled. See appendix for further detail.

# Marketing

### Marketing Sales Volumes[1]




### FY13

- Reflective of 17% lower eastern Australian grain production volumes with 6.1mmt delivered sales[1] (2.0mmt domestic and 4.1mmt exports and international).
- ~50% of marketed grain acquired from growers and ~85% sold to end users.

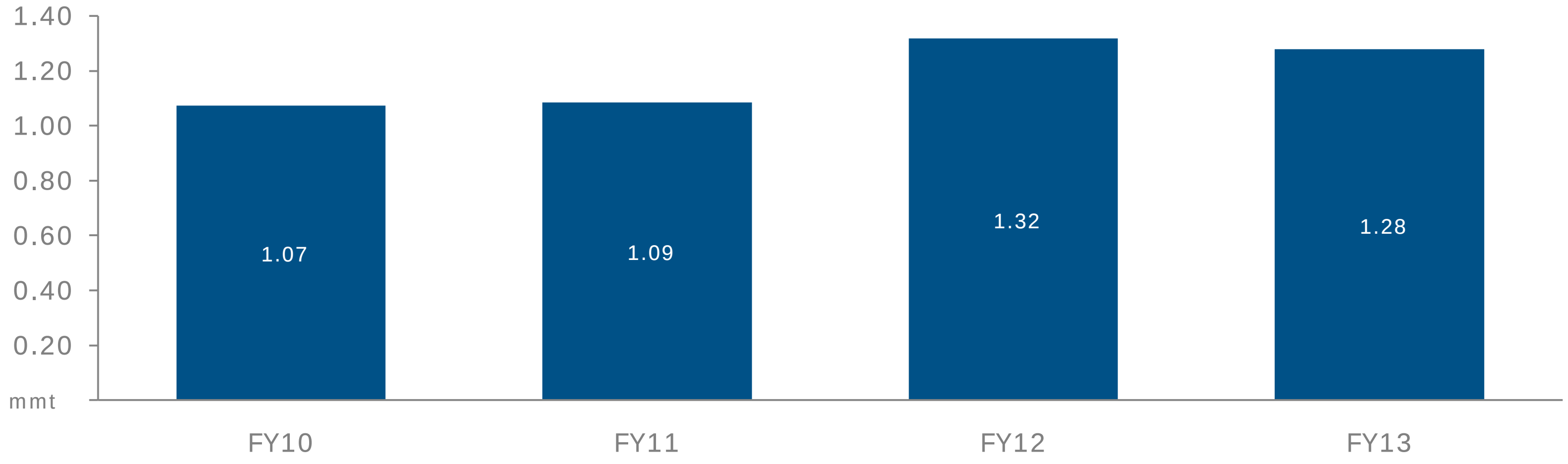
### Gamechangers – Marketing

- Global trading and risk management platform successfully deployed in Sydney and Calgary; Hamburg on track in 1H14.
- Increasing volumes from Western Australia and South Australia.

1. Delivered tonnes including bulk and container sales, Pools and UK's Saxon Agriculture.

# Malt

## Malt Sales Volumes




### FY13

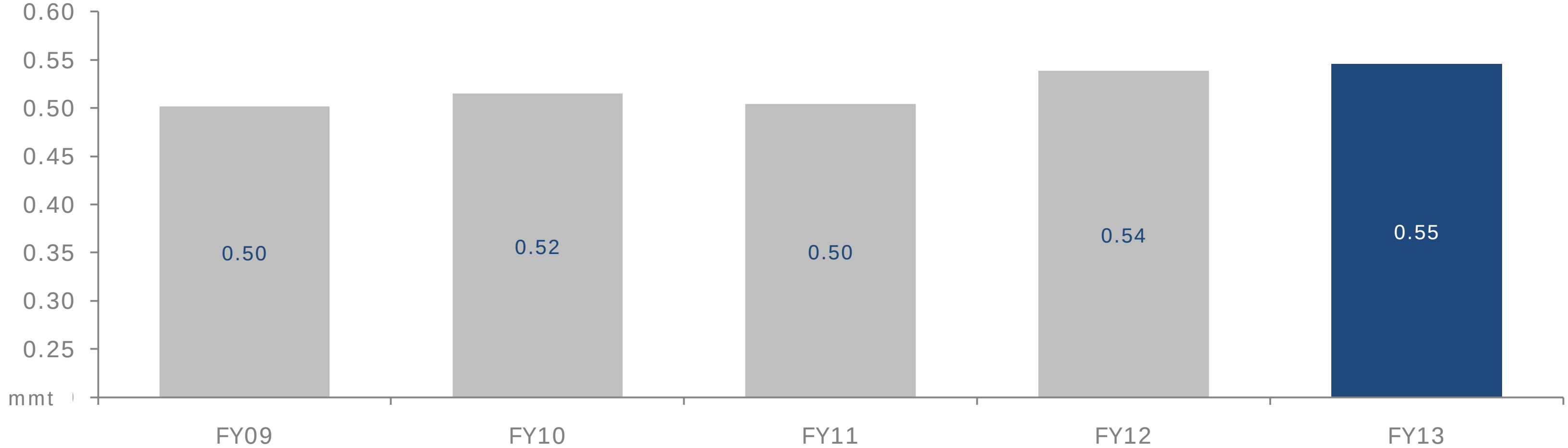
- Sales of 1.28mmt and earnings reflective of continued high capacity utilisation above 90% with margins in line with expectations.
- Effective margin management but lower barley procurement gains than FY12.

### Gamerchangers – Malt

- Progress on a number of operational excellence initiatives with sustainability benefits.
- Continued growth from malt portfolio position (eg distillers, craft).
- Launch of Brewers Select in UK → access to growing UK craft beer market.

# Oils

## Crushing & Refining Sales Volumes[1,2]




## FY13

- Consistent crushing and refining sales and high capacity utilisation at bulk liquid terminals.
- Complementary businesses performing in line with expectations and a strong performance in commodity management.

## Strategic Earnings Initiatives

- **Oils Synergies**: achieved FY13 synergies target and on track to deliver $7.0M of synergies p.a. ongoing.
- **Asset Optimisation**: Network optimisation project underway; bulk liquid terminals capacity expansions underway.

1. FY12 figures for Gardner Smith and Integro under different ownership.
2. Includes sales volumes for GrainCorp Oilseeds (oil and meal) for each 12 months ended 31 March and GrainCorp Foods for each 12 months ended 30 September 2013.

# Allied Mills (60% JV share)

**FY13**

- Improved earnings from value add product initiatives (eg frozen bakery products).

**Increased capacity**

- Completed new Tennyson mill expansion in Queensland in mid-2013.
- Acquired Tullamarine bakery facility in Melbourne to support strategy.
- Acquired Tamworth starch / food ingredients facility in New South Wales.
- Acquired The Pastryhouse in New Zealand in early FY14.
- Funded within Allied Mills.

# Business of the AGM
# Slides 21 – 33: Procedural Instructions & Voting
## Mr David Trebeck

GrainCorp

# Earnings Growth Initiatives

## Mr Don Taylor

GrainCorp

# Earnings growth initiatives targeting ~$110M EBITDA by end of FY16

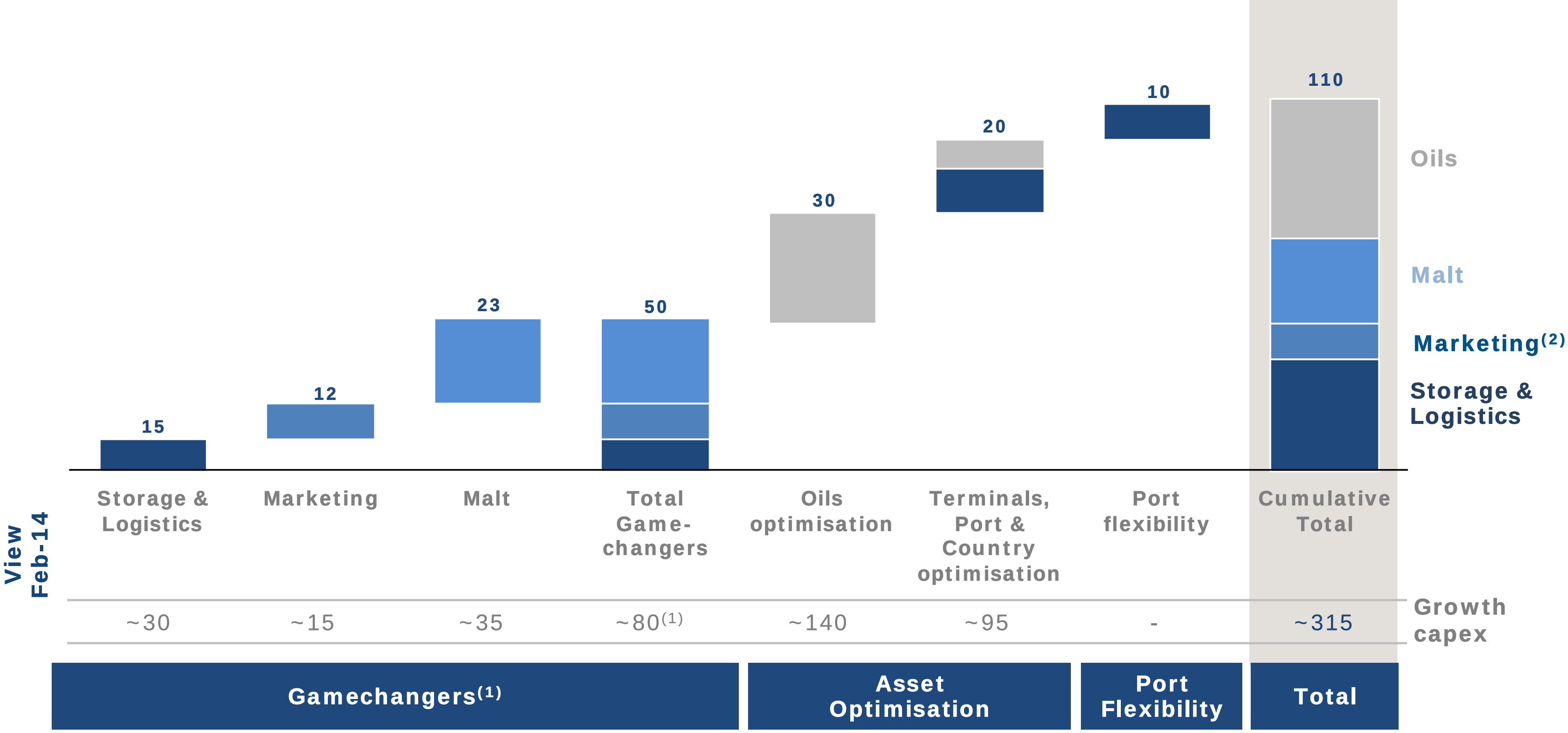
GrainCorp

| | Gamechangers | Asset Optimisation | Port Flexibility |
|---|---|---|---|
| Initiatives | Storage & Logistics | Oils Synergies & Optimisation | 3 Year Port Protocol |
| | Marketing | Ports & Terminals Growth & Efficiencies | Ports Code of Conduct |
| | Malt | Continuous Improvement | |
| View Nov-12 | ~$45M EBITDA<br>*~$70M capex[1]* | ~$45M EBITDA<br>*~$180M capex* | ~$20M EBITDA<br>*minimal capex* |
| View Feb-14 | Good progress on Gamechangers; Oils synergies on track; Oils network optimisation and bulk liquid terminals projects underway | | LTAs introduced; Uncertainty around timing and design of mandatory ports code of conduct |
| | **~$50M EBITDA**<br>***~$80M capex[1]*** | **~$50M EBITDA**<br>***~$235M capex*** | **~$10M EBITDA**<br>***minimal capex*** |

1. Excludes ~$20M capex spent in FY12 on Gamechangers.

# Earnings growth initiatives targeting ~$110M EBITDA by end of FY16

## Incremental underlying EBITDA and Capex ($M) from FY13




1. Excludes $20M capex spent in FY12.
2. Marketing represents Profit Before Tax, Depreciation and Amortisation.

# Gamechangers

GrainCorp

| Storage & Logistics | Marketing | Malt |
|---|---|---|
| **Improved customer service**<br>• Delivery of additional stackers;<br>• Weighbridge upgrades (~40 sites)<br>• Roadway and stacker lane improvements (~20 sites)<br>• New sample stands and upgrades (~20 sites)<br>• Development of new stock system for efficient scheduling of orders for customers<br>**Rail optimisation**<br>• Load optimisation driving increased train productivity<br>• Network review to improve train cycle times<br>• Active stock management to optimise outloading on track | • Global trading and risk management platform successfully deployed in Sydney and Calgary and on track for deployment in Hamburg in 1H14<br>• Increasing contribution from Calgary and Hamburg offices<br>• Strengthening customer relationships through increased offering to customers globally<br>• Regional and global customer strategies further developed | • Progress on a number of operational excellence initiatives with sustainability benefits<br>• Port of Vancouver project completed with new speciality capacity on line in 2013, servicing growing craft brewing sector<br>• Calgary and Witham water recycling facilities completed in 2013, reducing effluent discharge costs<br>• Launched Brewers Select in April 2013 → access to growing UK craft beer sector |
| **~$15M EBITDA**<br>***~$30M capex(1)*** | **~$12M EBITDA**<br>***~$15M capex(1)*** | **~$23M EBITDA**<br>***~$35M capex(1)*** |

View Feb-14

1. Excludes ~$20M capex spent in FY12 on Gamechangers.

# Asset Optimisation & Port Flexibility

GrainCorp

| Oils | Terminals, Ports, Country | Port Flexibility |
|---|---|---|
| **Capture Synergies**<br>• FY13 integration milestones achieved including corporate office co-location and IT and systems changeover<br>• On track to deliver total synergies of $7M p.a. (ongoing) in FY14<br>**Strengthen and optimise capability**<br>• Optimisation of GrainCorp Oils' capacity announced February 2014 | **Bulk liquid terminals opportunities**<br>• Capacity expansions at Fremantle, Pinkenba and Port Kembla → announced in February 2014; development underway<br>**Ports non-grain volumes**<br>• Progress on increasing non-grain volumes → increased fertiliser, fumigation and container capacity at Geelong<br>**Continuous improvement**<br>• Rollout of process improvement plan in grain port terminals<br>• Country & Logistics → time and attendance system on track for deployment in FY14 | **3 Year Port Protocol**<br>• 3 year long term agreements for grain exporters introduced<br>• 1.9mmt p.a. under LTAs confirmed by third parties from FY14 to FY16 (3.8mmt including GrainCorp Marketing)<br>**Ports Code of Conduct**<br>• Industry in consultation with Federal Government<br>• Uncertainty around timing and design of mandatory ports code of conduct |
| **~$30M EBITDA**<br>***~$140M capex*** | **~$20M EBITDA**<br>***~$95M capex*** | **~$10M EBITDA**<br>***minimal capex*** |

View Feb-14

# FY14 Outlook & Earnings Guidance

## Mr Don Taylor

# Grains outlook – lower volumes, lower margins

| | Market fundamentals | GrainCorp FY14 outlook |
|---|---|---|
| **Storage & Logistics** | • Most recent Eastern Australian crop production estimate of 17.2mmt[1] (including 1.5mmt summer crop)<br>• Crop profile weighted to southern NSW and Victoria given unfavourable weather conditions during winter and spring in Queensland and northern NSW<br>• Drought conditions in Queensland and northern NSW severely impacted sorghum crop planting and possible yields<br>• Strong domestic demand with minimal exports in northern regions contrasting to likely exportable surplus in southern regions<br>• Bulk grain exports program in southern NSW and Victoria is skewed to 1H14 | • **Carry-in:** 2.3mmt (FY13: 4.3mmt)<br>• **Country receivals**: ~7.7mmt (FY13: 10.4mmt); 7.6mmt receivals year-to-date<br>• **Grain exports**[2]: 4.0mmt – 5.0mmt (FY13 8.3mmt); 1.7mmt YTD; stem bookings year-to-go 4.0mmt<br>• **Non-grain exports**: ~2.0mmt (FY13: 1.9mmt)<br>• **Carry-out**: 1.5mmt – 2.0mmt (FY13: 2.3mmt)<br>• Crop skew to southern NSW and Victoria → significant competition for grain impacting volumes, margins and rail utilisation<br>• Earnings skewed to 1H14 as limited additional receivals in 2H14 |
| **Marketing** | • Continuing strong international grain demand<br>• Lower eastern Australia production volumes<br>• Increasing international reach<br>• Strong domestic feed demand driven by drought conditions in Queensland and northern NSW | • Volumes likely to be impacted by lower than average eastern Australian crop<br>• Increased volumes from South Australia and Western Australia<br>• Increased domestic and export sale opportunities targeted in each core international region |

1. Eastern Australia's wheat, barley, canola and sorghum production estimates, using the Australian Crop Forecasters' February 2014 report.
2. Bulk and containers.

# Processing outlook – well placed through strong competitive position

| | Market fundamentals | GrainCorp FY14 outlook |
|---|---|---|
| **Malt** | • Global barley crop production ~141mmt[1] (compared to 130mmt in 2013) and good quality in northern hemisphere<br>• Slightly lower barley prices<br>• Beer demand in mature markets continues to soften and slower than expected growth in developing markets<br>• Excess global malting capacity | • Forward sales of 1.2mmt YTD<br>• **Malt sales volume**: ~1.28mmt<br>• **EBITDA per tonne**[2]: \$87 – \$92<br>• Lower Australia dollar to benefit earnings translation and exports from Australia<br>• Level of AUD and CAD foreign exchange<br>• Barley procurement |
| **Oils** | • Australian canola crop production estimate of ~3.7mmt[3] (compared to 4.1mmt in 2013)<br>• Growing domestic and international demand for canola oil<br>• Increasing crushing and refining competition<br>• Continued demand for bulk liquid terminals capacity | • **Oils sales volume**[4]: ~0.53mmt consistent with FY13<br>• Refining volumes facing increased pressure<br>• Consistently high capacity utilisation across bulk liquid terminals<br>• Modest contribution from commodity management<br>• On track to deliver total synergies of \$7M p.a. (ongoing) in FY14 |

1. World barley production estimates using the United States Department of Agriculture's November 2013 report.
2. Excludes \$4.0M Port of Vancouver compensation receipt.
3. Australia's canola production estimates, using the Australian Crop Forecasters' February 2013 report.
4. Sales of crushed and refined oils and meal.

# FY14 Earnings Guidance

| | EBITDA | NPAT |
|---|---|---|
| Guidance | • **EBITDA**: $275M – $315M | • **Underlying NPAT** (before significant items): $80M – $100M<br>• **Statutory NPAT** (after significant items): $60M – $80M |
| Assumptions / Variables | • Excludes Marketing and Oils interest expense of ~$16M (ie guidance reflects Statutory EBITDA)<br>• Includes 60% share of Allied Mills NPAT<br>**Variables**<br>• 2H14 volumes: sorghum receivals; direct to port receivals; port elevations<br>• Drought effect on domestic demand and associated stock movements<br>• New season opportunities for Marketing in Q4<br>• Level of AUD and CAD FX<br>• Barley and oilseed procurement | • Depreciation & Amortisation: ~$125M<br>• Tax: ~30%<br>• Significant items totalling ~$20M including oils network optimisation and costs in relation to ADM's proposed takeover in 2013. |