

HY14 Results

15 May 2014



GrainCorp



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Agenda & Contents



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Diversified earnings support challenging period for grains businesses



- HY14 earnings of \$166M EBITDA⁽¹⁾ and \$61M NPAT⁽²⁾.
- HY14 statutory NPAT of \$50M after significant items⁽³⁾.
- **Storage & Logistics** – earnings impacted by below average carry-in, below normal receivals and crop profile weighted to southern NSW and Victoria.
- **Marketing** – lower availability of grain and significant competition for grain in eastern Australia.
- **Malt** – consistent levels of high capacity utilisation.
- **Oils** – higher crushed volumes; refined volumes under pressure; high capacity utilisation at bulk liquid terminals; overall business performing in line with expectations.
- **Earnings growth initiatives** – all major projects underway including ~\$195M for Oils network optimisation and bulk liquid terminals projects announced during the half.
- **Outlook & Guidance** – consistent with AGM disclosure, including underlying NPAT range of \$80M to \$100M⁽²⁾.
- **Dividend** – fully franked HY14 interim dividend of \$0.15 per share.

1. EBITDA is a non IFRS measure representing earnings before interest, tax, depreciation and amortisation, before significant items.

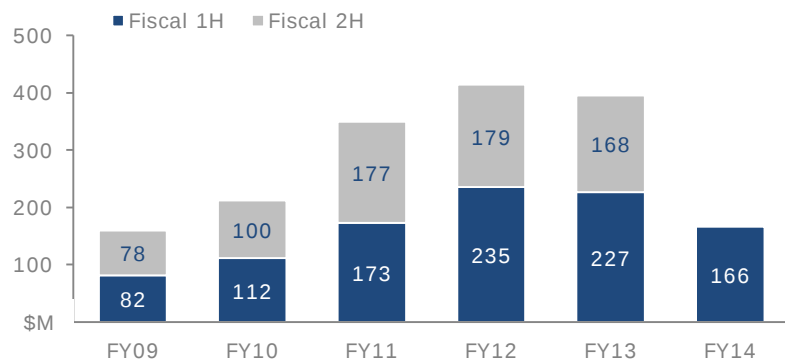
2. Net profit after tax and before significant items.

3. Significant items of \$11M (after tax) includes provisions relating to Oils network optimisation and costs for ADM's takeover proposal in 2013. See appendix for further detail. Expecting significant items (after tax) totalling ~\$20M for FY14.

Earnings profile delivering on corporate objectives

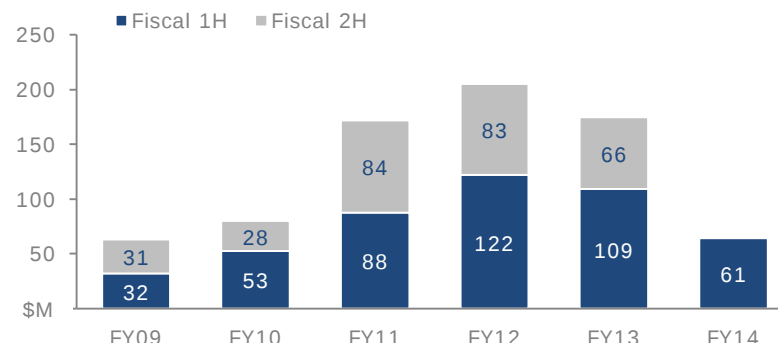


EBITDA⁽¹⁾



1H	82	112	173	235	227	166
2H	79	100	177	179	168	

NPAT⁽¹⁾



1H	32	53	88	122	109	61
2H	31	28	84	83	66	

Corporate Objectives

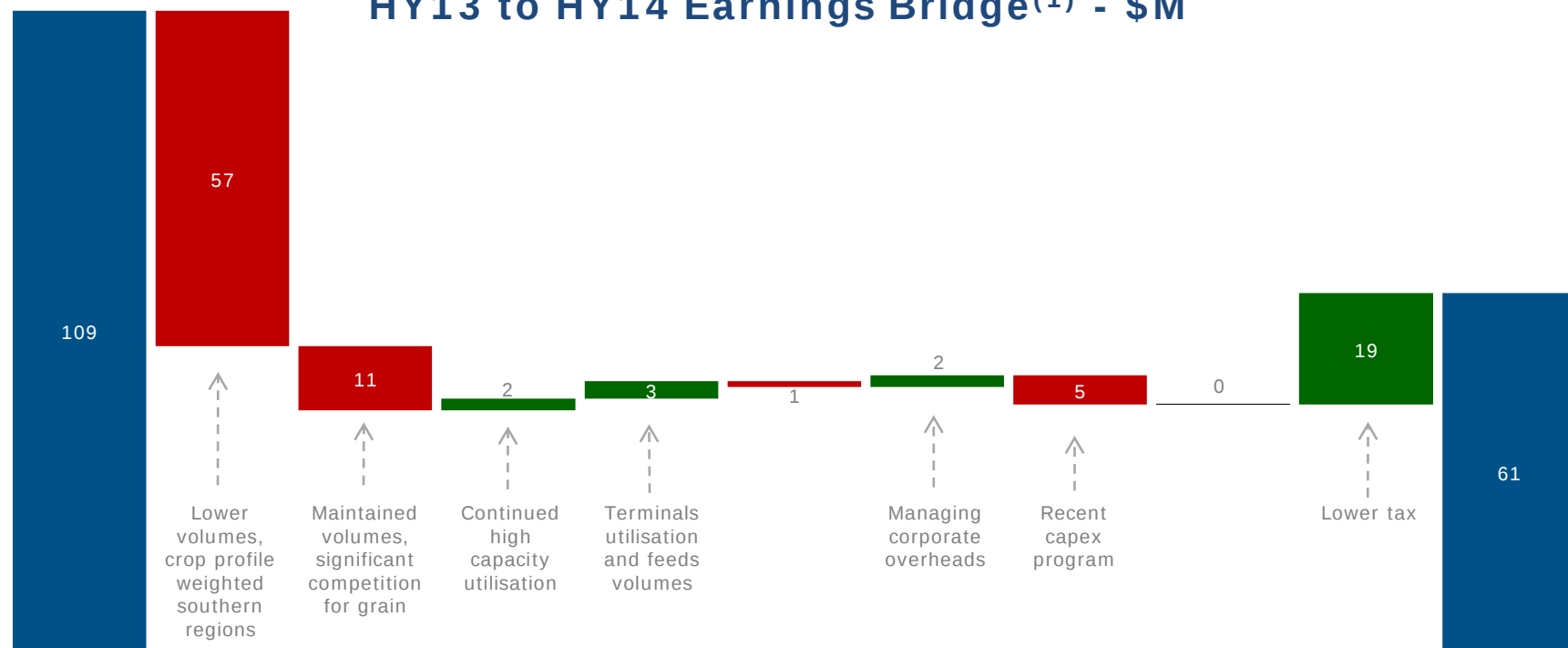
- **Improving shareholder returns** → returns benefitting from diversification; in a year with below normal grain production in eastern Australia, maintaining dividend payout ratio
- **Managing variability** → creation and development of GrainCorp Malt and GrainCorp Oils; strategic initiatives aimed at reducing variability within existing businesses
- **Delivering growth** → strategic initiatives underway to deliver significant increase in underlying earnings growth in non-S&L business

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

Consistent performance from processing businesses



HY13 to HY14 Earnings Bridge⁽¹⁾ - \$M



← EBITDA →

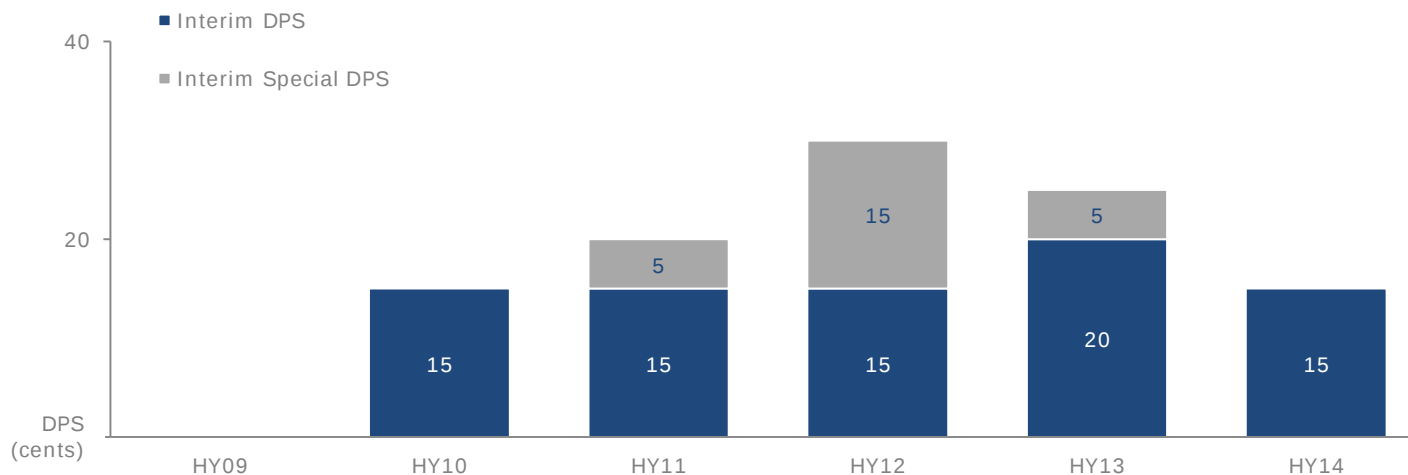
HY13 NPAT	Storage & Logistics	Marketing	Malt ⁽²⁾	Oils	Allied Mills ⁽³⁾	Corporate	D&A	Net Interest	Tax	HY14 NPAT
HY14 (\$M)	63	16	57	36	4	(10)	(61)	(20)	(24)	61
HY13 (\$M)	119	27	55	33	5	(12)	(56)	(20)	(43)	109

1. Excludes significant items - see appendix for further information.
2. Includes Port of Vancouver compensation receipts of \$4.6M in HY14 (\$4.0M in HY13).
3. 60% share of NPAT.

Diversified earnings supporting ordinary dividend



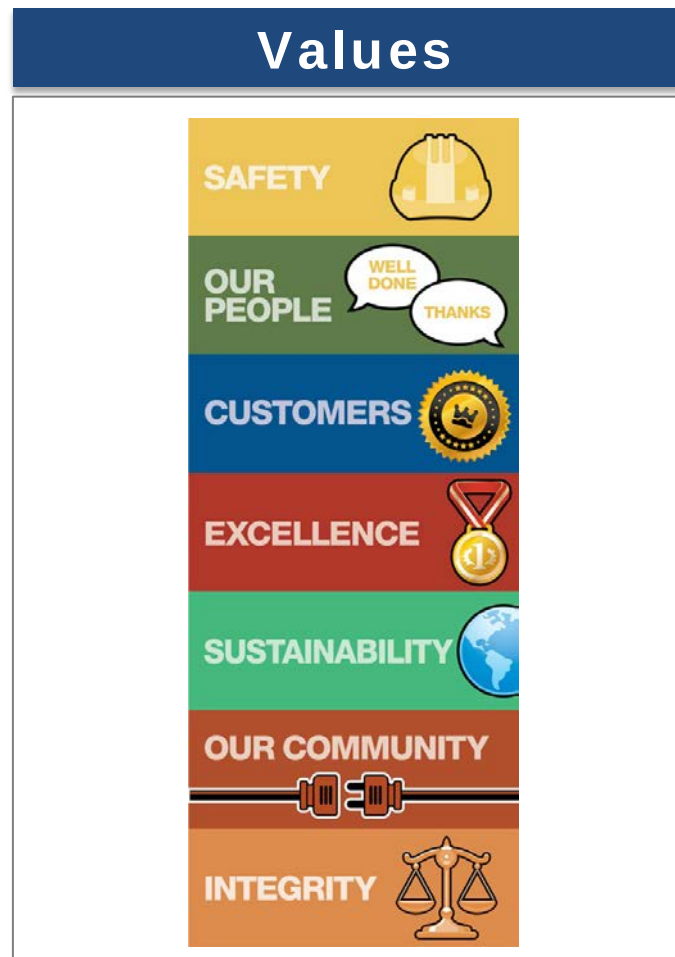
Dividends per share



- **HY14 Interim Dividend:** fully franked interim dividend of \$0.15 per share
- **HY14 Dividend Dates:**
 - Ex-dividend date: 2 July 2014
 - Record date: 4 July 2014
 - Payment date: 18 July 2014
- **Payout Ratio:** HY14 dividend of \$0.15 per share → 69% NPAT payout⁽¹⁾
- **Dividend Policy:** Payout 40 – 60% NPAT through the business cycle
- Targeting to pay an ordinary dividend each year.

1. Including significant items.

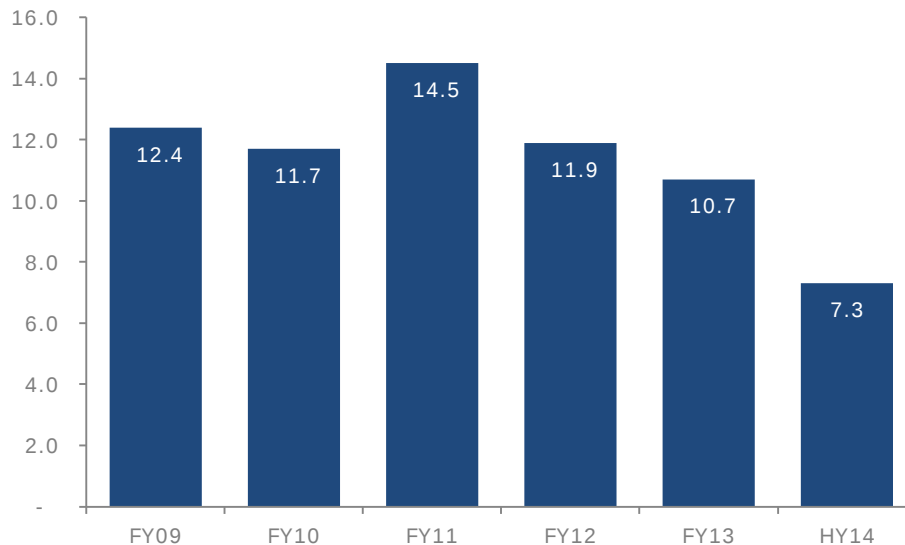
Our values



Driving change in safety culture



Lost Time Injury Frequency Rate⁽¹⁾



- Rolling 12 month average LTIFR⁽¹⁾ 43% lower than same time last year
- Lead indicators focusing on near miss reporting, line leadership reviews and significant risk reviews are improving for all business units

FY14 focus

- Reduce Significant Risks through physical, system and process improvements
- Make significant progress towards OHS accreditation
- Drive a change in safety culture through rollout of Sentis Zero Incident Process (“ZIP”) training
- Continue to rollout online safety modules
- Significant safety capex program being implemented in FY14

1. Lost Time Injury Frequency Rate calculated as the number of Lost Time Injuries per million hours worked. Includes permanent and casual employees and GrainCorp controlled contractors.

Segment Performance



Portfolio of grain businesses capture value along the grain chain



\$M	Revenue		EBITDA ⁽¹⁾	
	HY14	HY13	HY14	HY13
Storage & Logistics	280	385	63	119
Marketing ⁽²⁾	966	1,212	16	27
Malt ⁽³⁾	507	461	57	55
Oils	476	462	36	33
Allied Mills ⁽⁴⁾	-	-	4	5
Corporate Costs	-	-	(10)	(12)
Eliminations and other	(173)	(158)	-	-
Total	2,056	2,361	166	227

1. Before significant items – see appendix for further detail.
2. Marketing EBITDA.
3. EBITDA includes Port of Vancouver compensation receipts of \$4.6M in HY14 (\$4.0M in HY13).
4. Allied Mills 60% share of NPAT.

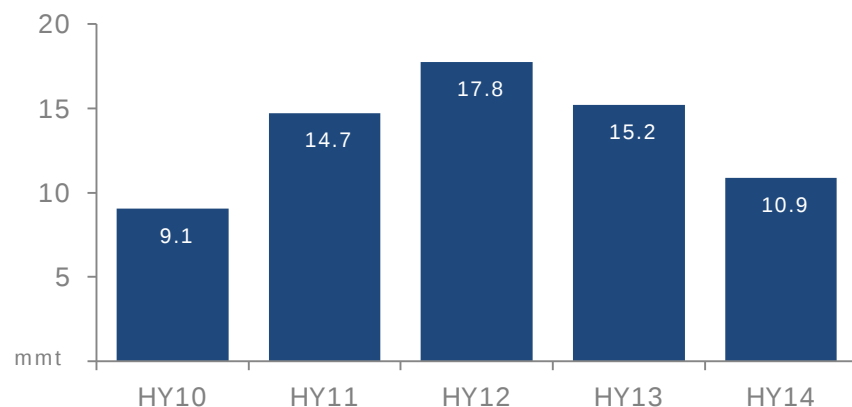
Storage & Logistics – lower volumes and crop profile weighted to southern zones



\$M	HY14	HY13
Revenue	280	385
EBITDA	63	119
EBIT	38	94
Capital Expenditure	29	24

- Lower earnings due to lower volumes, lower carry-in and significant skew of grain production to southern zones
- **Carry-in:** 2.3mmt⁽¹⁾ (HY13: 4.3mmt)
- **Country receivals:** 7.6mmt (HY13: 9.7mmt) (including 0.1mmt summer crop); ~44% share of production⁽²⁾
- **Exports:** grain exports⁽³⁾ of 2.8mmt (HY13: 4.3mmt) ~85% from Port Kembla and Victorian ports; non-grain exports of 0.9mmt (HY13: 0.8mmt)
- **Throughput⁽⁴⁾:** reflecting lower volumes at 10.9mmt (HY13: 15.2mmt)
- Port Flexibility: LTAs introduced; uncertainty around design of mandatory ports code of conduct
- Draft ruling from ACCC on port undertaking supportive of reduced regulation of Newcastle port
- S&L FY14 earnings weighted to 1H14

Storage & Logistics Throughput⁽⁴⁾



1. mmt = million metric tonnes.

2. Based on eastern Australia's wheat, barley, canola and sorghum production estimates, using the average of Australian Crop Forecasters' May 2014 report and ABARES February 2014 report.

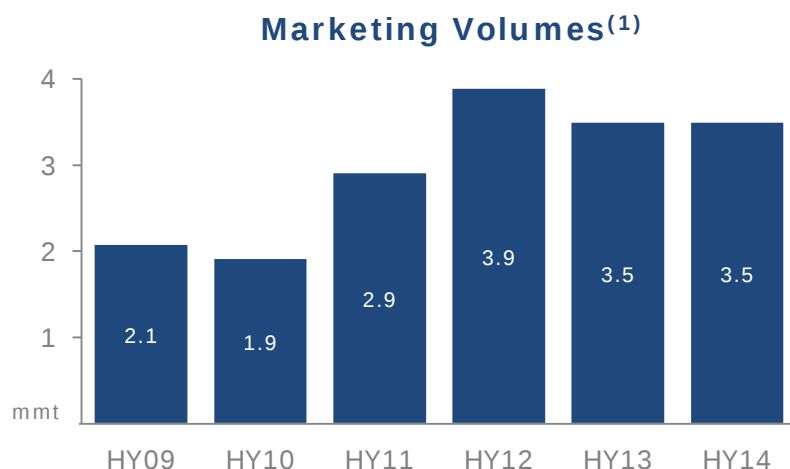
3. Grain exports includes bulk and containers.

4. 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 – significant competition for grain in eastern Australia



\$M	HY14	HY13
Revenue	966	1,212
EBITDA	16	27
Interest expense ⁽²⁾	8	10
PBTDA ⁽²⁾	8	17
Marketing inventory	711	396



- Earnings reflective of lower availability of grain and significant competition for grain in eastern Australia
- 3.5mmt delivered sales⁽¹⁾ (1.4mmt domestic, 2.1mmt export and international); similar 2H program
- Marketing inventory of \$711M⁽²⁾
- ~50% of marketed grain acquired from growers and ~85% sold to end users
- Increasing Western Australia and South Australia sales
- Global trading and risk management platform successfully deployed in Germany and Canada

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

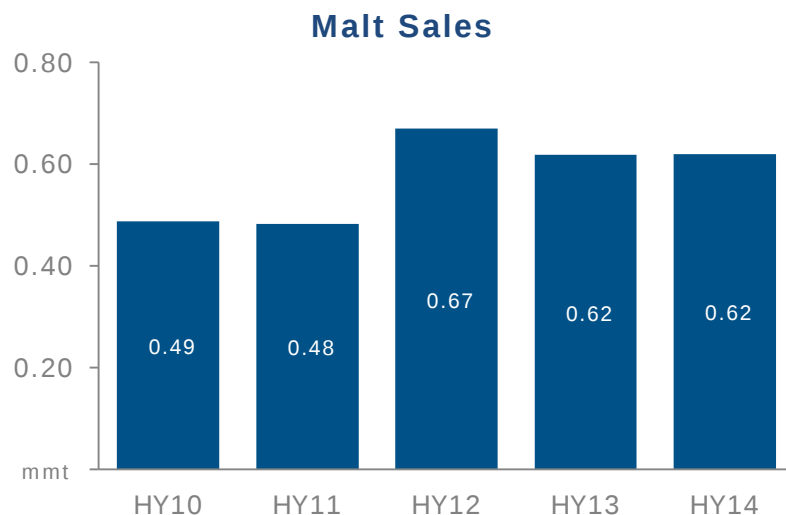
2. Marketing's grain inventory predominantly funded via separate short-term debt facilities. Interest expense treated as part of cost of goods sold. Marketing's performance measured as PBTDA .

Malt – continued high capacity utilisation



\$M	HY14	HY13
Revenue	507	461
EBITDA ⁽¹⁾	57	55
EBIT ⁽¹⁾	35	37
Capital Expenditure	13	22

- Sales of 0.62mmt
- 1.28mmt sold for FY14 including forward sales
- Continued high capacity utilisation above 90%
- Gamechanger initiatives on track including implementation of operational excellence initiatives with additional sustainability benefits
- Favourable impact from foreign exchange rates in 1H



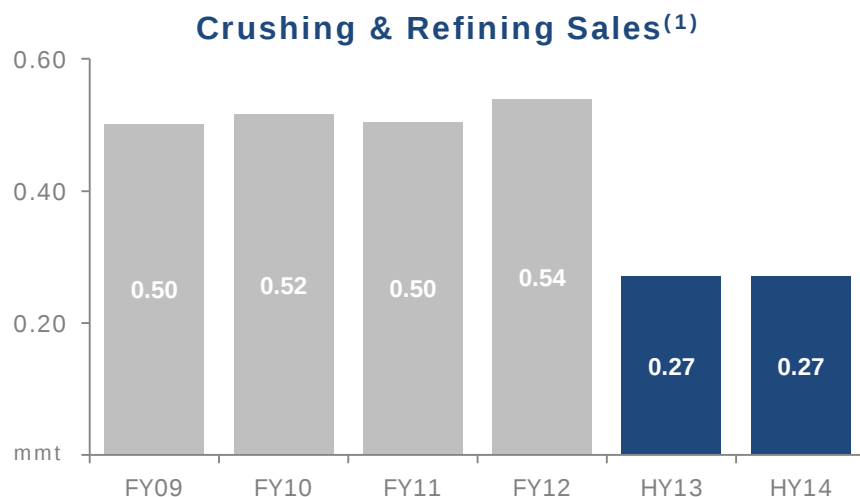
1. Includes Port of Vancouver compensation receipts of \$4.6M in HY14 (\$4.0M in HY13).

Oils – pressure on refined volumes, strategic initiatives on track



\$M	HY14	HY13
Revenue	476	462
EBITDA	36	33
EBIT	24	22
Capital Expenditure	21	9

- **Crushing & Refining:** sales of 0.27mmt; slightly higher crushed volumes; pressure on refined volumes and sales mix (expected to continue in 2H14)
- **Liquid Terminals:** continued high capacity utilisation of storage
- **Complementary businesses:** performing in line with expectations and a strong performance in Australian liquid feeds business
- **Integration:** on track
- **Asset Optimisation:** network optimisation initiative announced and underway, bulk liquid terminals expansion projects underway



1. Sales volumes for GrainCorp Oilseeds (crushed oil and meal) and GrainCorp Foods (refined oil products). FY09 to FY12 includes GrainCorp Oilseeds' sales volumes for each 12 months ended 31 March and GrainCorp Foods' sales volumes for each 12 months ended 30 June.

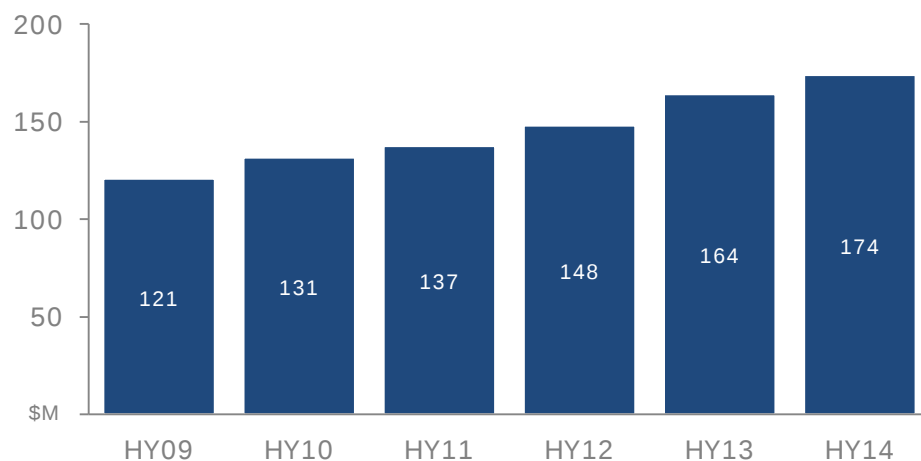
Allied Mills – challenging milling market conditions



\$M (60 %) JV Share	HY14	HY13
EBITDA	12	13
Equity profit ⁽¹⁾	4	5
Shareholder loan interest received	1	1
Net Asset Value ⁽²⁾	174	164

- Contributions from value add product initiatives
- Challenging milling market conditions
- To support value add product strategy, acquired The Pastryhouse in New Zealand → a leading international brand in frozen pastry products

60 % Net Asset Value - \$M



1. Allied Mills 60% share of NPAT. Excludes shareholder loan interest received.
 2. HY14 includes 60% of Shareholders Equity (\$155M) and Shareholder Loan (\$19M).

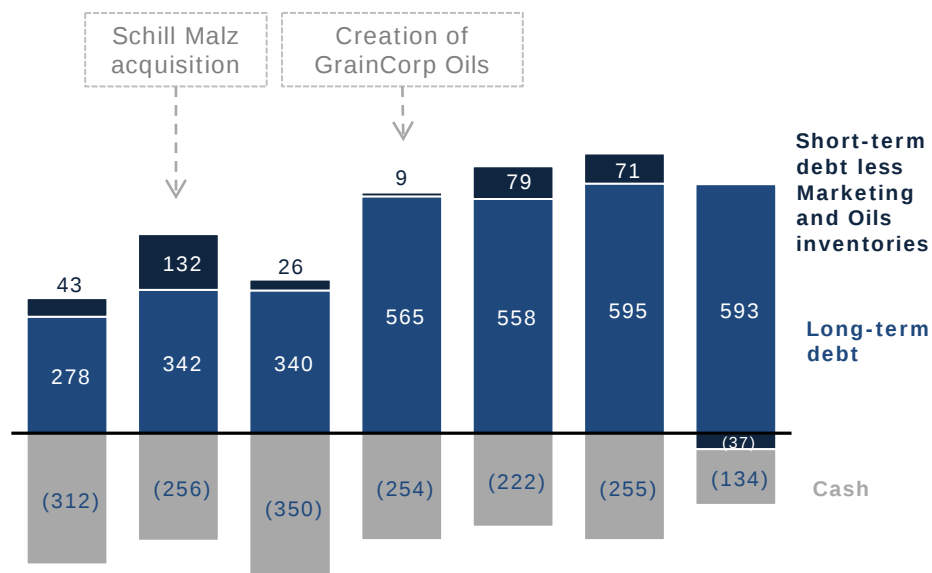
Balance Sheet and Capex



Strong and flexible balance sheet



Core Debt – \$M



- HY14 Core Debt⁽¹⁾ of \$422M
- Flexible balance sheet → FY14 Core Gearing of 19% (in line with strategic target of <25%), debt facilities matching with asset life
- Marketing inventory funding supplemented with cash

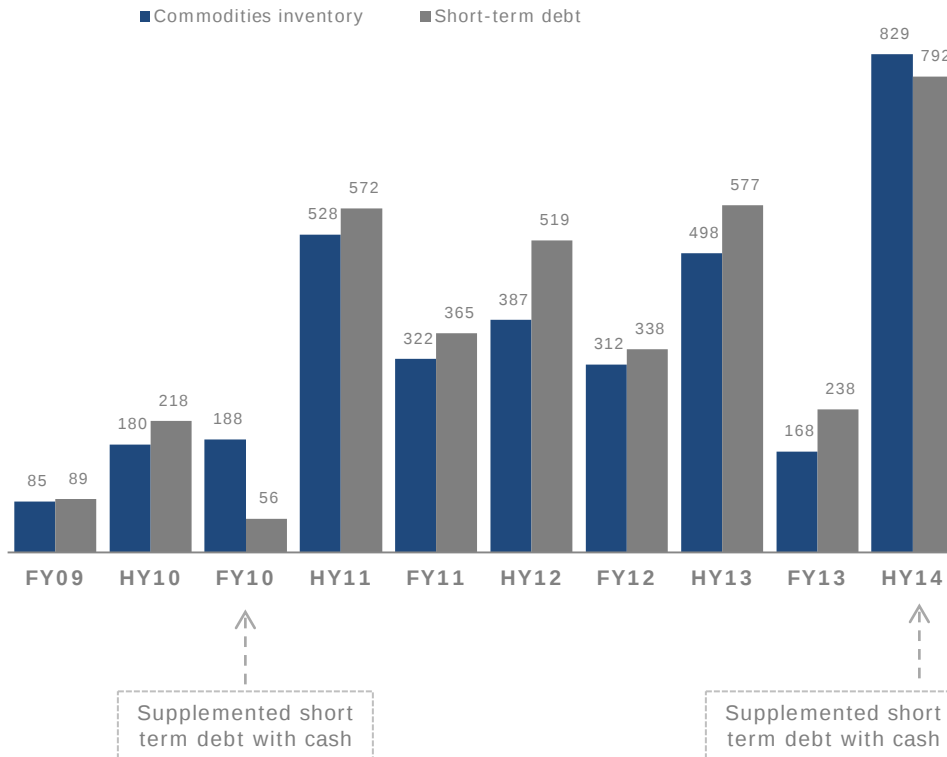
FY11	HY12	FY12	FY12 Pro forma ⁽³⁾	HY13 ⁽⁴⁾	FY13	HY14 ⁽⁴⁾	
9	218	16	320	415	411	422	Core Debt ⁽¹⁾
1%	13%	1%	16%	20%	19%	19%	Core Gearing ⁽²⁾
0.05x	0.53x	0.04x	0.67x	0.99x	1.04x	1.26x	Core Debt / EBITDA

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. HY EBITDA based on last twelve months ("LTM") ending 31-Mar. Includes Oils LTM.

Commodities inventory funded with specific commodity inventory facilities



Commodities inventory⁽¹⁾ - \$M



Marketing and Oilseed funding strategy

- Marketing's grain trading activities and Oils' oilseed and tallow positions are predominantly funded with specific short term commodity inventory debt facilities:
 - Match debt with asset life
 - Fluctuates with seasonal grain purchases and underlying soft commodity prices

Treatment

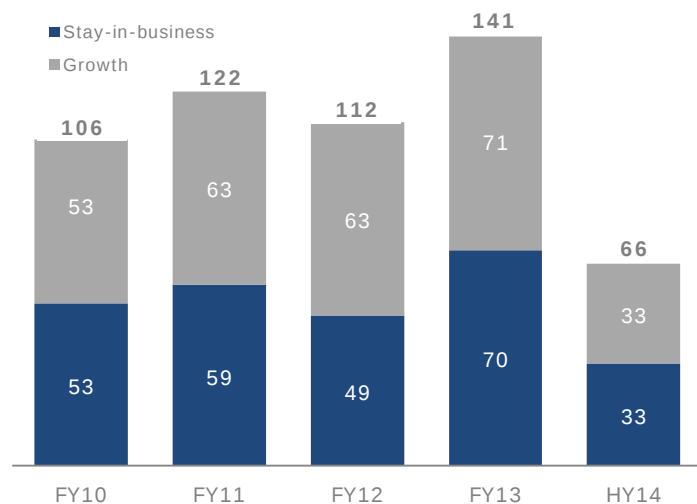
- Marketing's performance measured as PBTDA → interest treated as part of cost of goods sold
- Commodity inventory funding recognised as Operating Cash Flow → match funding purpose

1. Commodities inventory excludes Malt barley and Malt inventory held for processing activities. Variance between commodities inventory and short-term debt reconciles with "Short-term debt less Marketing and Oils inventories" on prior slide.

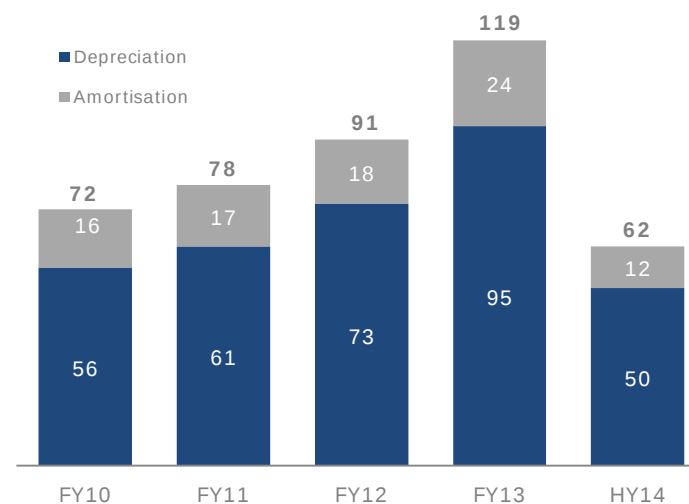
Capex supporting safety, network efficiencies and strategic initiatives



Capex⁽¹⁾ – \$M



Depreciation & Amortisation – \$M



- Stay-in-business capex increased from FY12 due to inclusion of Oils
- Growth capex reflective of investment to progress growth initiatives
- Depreciation & amortisation higher from FY12 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.

Additional Updates



Additional Updates



CEO Search

- CEO search is progressing well and continue to expect announcement around the middle of the calendar year.

S&L Network Optimisation

- Network improvement plan currently in development.
- Approximately 90% of GrainCorp's receivables are received into 180 sites.

Ports updates

- Draft ruling regarding GrainCorp's Newcastle grain port released by the ACCC in April. A final ruling is expected to be released shortly.
- New competing bulk grain terminal at Port Kembla announced in March.
- Uncertainty around design of ports mandatory code of conduct.

Outlook, Guidance & Next Winter Crop

- Outlook and guidance consistent with AGM disclosure, including underlying NPAT range of \$80M to \$100M⁽¹⁾.
- Reasonable rain has fallen across eastern Australia in late April / early May with planting occurring during this period and progressing in the southern zones. Follow up rain will be required post planting and again in spring.

1. Net profit after tax and before significant items.

Questions



Appendix



Significant items



\$M	Segment	EBITDA	Net Interest	D&A	Tax	NPAT	Details
Underlying		166.1	(20.1)	(61.4)	(23.4)	61.2	
Oils network optimisation	Oils	(15.5)	-	-	4.7	(10.8)	Provisions for restructuring relating to oils network optimisation announced in February
Takeover response costs	Corporate	(0.5)	-	-	0.1	(0.4)	M&A costs in relation to ADM's takeover proposal in 2013
Statutory		150.1	(20.1)	(61.4)	(18.6)	50.0	

Grain volumes



Volume driver (mmt)	HY14	HY13	Comments
Grain carry-in (1-Oct)	2.3	4.3	- Grain stored at start of period - HY13 carry-in below average of ~3mmt
Country network receivals	7.6	9.7	~44% share of production⁽¹⁾ - Lower receivals versus prior year due to smaller crop and crop profile weighted to southern NSW and Victoria
Grain exports handled	2.8	4.3	Including bulk and containers
Non-grain exports	0.9	0.8	- Exports include woodchips and cottonseed and mineral sands. - Imports include orange juice, meals and fertiliser.
Grain carry-out (31-Mar)	5.4	7.8	- Grain stored at period end - FY14 grain carry-out expected to be ~1.4mmt
Throughput⁽²⁾	10.9	15.2	Average of country sites in and out, and ports grain and non-grain exports handled
Domestic grain outload	2.7	3.0	Higher proportion grain direct to domestic consumers
Grain received at port	1.0	1.1	Grain received direct at port ex-farm and other bulk handlers

1. Based on eastern Australia's wheat, barley, canola and sorghum production estimates, using the average of Australian Crop Forecasters' May 2014 report and ABARES February 2014 report.

2. Average country grain inload (carry-in + receivals) and outload (carry-in + receivals – carry-out) + ports grain and non-grain exports handled.

Competitive landscape

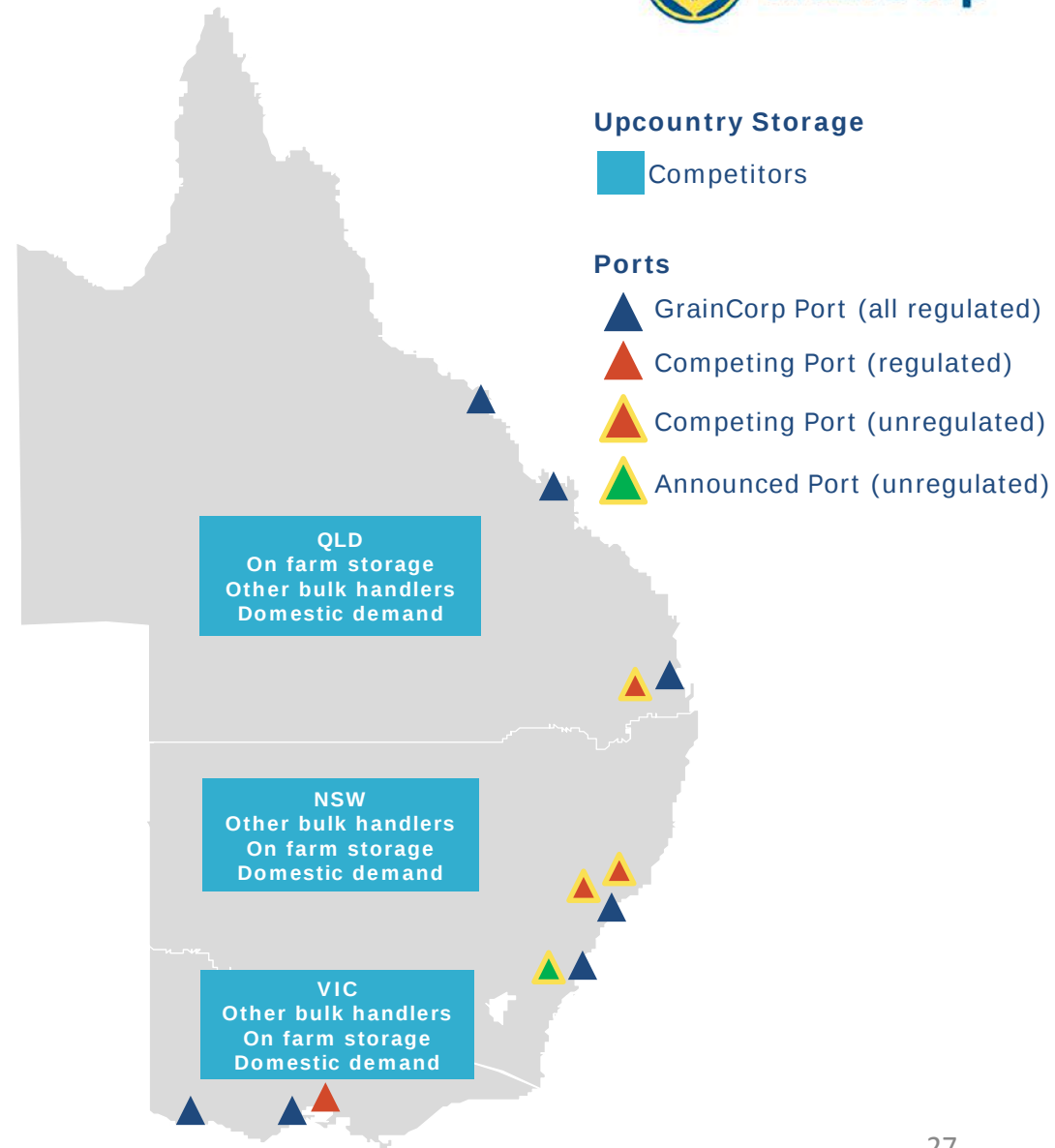


Upcountry Storage Capacity	
GrainCorp	~20mmt
Competitors	~10mmt
On-farm	~10mmt
Total	~40mmt

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

Grain Export Capacity	
GrainCorp	~15mmt
Competitors ⁽¹⁾	~4.5mmt
+	
Container exports	~2.5mmt
Total	~22mmt

1. Including competing port announced at Port Kembla.



Grains outlook – lower volumes, competitive landscape



	Market fundamentals	GrainCorp FY14 outlook
Storage & Logistics	• Eastern Australian crop production estimate of 17.2mmt⁽¹⁾ (including 1.2mmt summer crop) • Crop profile weighted to southern NSW and Victoria given unfavourable weather conditions during winter and spring in Queensland and northern NSW • Drought conditions in Queensland and northern NSW severely impacted sorghum crop planting and yields • Strong domestic demand with minimal exports in northern regions contrasting to exportable surplus in southern regions • Bulk grain export program in southern NSW and Victoria is skewed to 1H14	• Carry-in: 2.3mmt (FY13: 4.3mmt) • Country receivals: ~7.7mmt (FY13: 10.4mmt); 7.6mmt receivals year-to-date • Grain exports: 4.0mmt – 5.0mmt⁽²⁾ (FY13 8.3mmt); bulk grain exports YTD 3.1mmt and stem bookings year-to-go 2.5mmt (expecting low execution rate) • Non-grain exports: ~2.0mmt (FY13: 1.9mmt) • Carry-out: ~1.4mmt (FY13: 2.3mmt) • Crop skew to southern NSW and Victoria → significant competition for grain impacting volumes, margins and rail utilisation • Earnings skewed to 1H14 due to strong domestic and export outturn and below normal summer crop receivals
Marketing	• Continuing strong international grain demand • Lower eastern Australia production volumes • Strong domestic feed demand driven by drought conditions in Queensland and northern NSW	• Margins impacted by significant competition for grain in eastern Australian • Increased volumes from South Australia and Western Australia • 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 average of Australian Crop Forecasters' May 2014 report and ABARES 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 - Slightly lower barley prices - Beer demand in mature markets continues to soften and slower than expected growth in developing markets - Growth in niche segments	- Forward sales of 1.28mmt YTD Malt sales volume: ~1.28mmt EBITDA per tonne⁽²⁾: \$87 – \$92 - Australian dollar strengthening again, unlikely to benefit earnings translation and exports from Australia - Level of AUD and CAD foreign exchange - Barley procurement
Oils	- Australian canola crop production estimate of ~3.6mmt⁽³⁾ (compared to 4.1mmt in 2013) - Growing domestic and international demand for canola oil - Increasing crushing and refining competition - Continued demand for bulk liquid terminals capacity	Oils sales volume⁽⁴⁾: ~0.52mmt consistent with FY13 - Refining volumes facing increased pressure - Consistently high capacity utilisation across bulk liquid terminals - Strong contribution from commodity management

1. World barley production estimates using the United States Department of Agriculture's November 2013 report.

2. Excludes \$4.6M Port of Vancouver compensation receipt.

3. Australia's canola production estimates, using the average of the Australian Crop Forecasters' May 2014 report and ABARES February 2014 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 • Statutory NPAT (after significant items): \$60M – \$80M
Assumptions / Variables	• Excludes Marketing and Oils interest expense of ~\$18M (ie guidance reflects Statutory EBITDA) • Includes 60% share of Allied Mills NPAT Variables • 2H14 volumes: sorghum receivals; direct to port receivals; port elevations • Drought effect on domestic demand and associated stock movements • New season opportunities for Marketing in Q4 • Level of AUD and CAD FX • Barley and oilseed procurement	• Depreciation & Amortisation: ~\$125M • Tax: ~30% • Significant items (after tax) totalling ~\$20M including Oils network optimisation and costs in relation to ADM's takeover proposal in 2013.