

14 May 2015

GrainCorp HY15 result

GrainCorp has recorded HY15 EBITDA of \$136 million (HY14: \$166 million) and operating NPAT of \$35 million (HY14: \$61 million). Statutory NPAT after significant items was \$30 million.

Managing Director & Chief Executive Officer Mark Palmquist said the business remained on track to report FY15 EBITDA in the range of \$240-\$270 million and operating NPAT of \$45-\$60 million, in line with the guidance provided in February 2015.

"Good performances by GrainCorp Malt and GrainCorp Oils have helped offset the leaner period for the grains businesses, highlighting the importance of our earnings diversification," Mr Palmquist said.

"GrainCorp Malt has contributed approximately half of our EBITDA for this period and continues to report high capacity utilisation. While favourable foreign exchange rates have assisted the result, this business has embedded significant cost reductions through strategic initiatives and is well positioned to convert opportunities arising from the sustained growth of the craft beer sector in North America.

"GrainCorp Oils has had a solid first half. There has been significant progress on the growth projects in the Liquid Terminals business and good sales volumes and margins for the oilseed crushing business. After a challenging period, GrainCorp Foods has stabilised its volumes, however there remains some way to go to returning this to a higher margin business.

"The smaller crop in eastern Australia last year means it's been a tougher period for Storage & Logistics and Marketing. Lower production translated to reduced grain throughput and exports. However, we are starting to see the improved efficiencies associated with Project Regeneration and expect these to show through when crops return to normal levels.

"While sales volumes for the Marketing business are comparable with this time last year, there has been greater margin pressure associated with the shorter supply. In addition, alternative origins have been competing strongly with Australian grain due to foreign exchange and reduced freight advantages for the eastern Australian crop. We have remained disciplined in our trading positions, but expect the strong competition from other origins to continue in the second half. It is pleasing to see an increasing proportion of grain sales originated from our international offices and we intend to continue the growth of our global presence," Mr Palmquist said.

GrainCorp has also reported a continued improvement in safety performance, with the rolling 12 month Lost Time Injury Frequency Rate (LTIFR) 14% lower than HY14.

Interim dividend and current seasonal conditions

GrainCorp's board has declared a fully franked interim dividend of 7.5 cents per share (cps), which represents a payout ratio of 49% of operating NPAT.

Commenting on current seasonal conditions, Mr Palmquist said:

"Plantings are well advanced in many growing areas, however progress has slowed substantially and further rain is needed across the grain belt to complete planting and help crops establish. Generally, conditions are looking more favourable in the eastern half of the eastern Australian grain belt; areas further inland remain very dry."

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Refinancing of term debt facilities

GrainCorp also advised it has refinanced and extended a number of existing term debt facilities with its Australian and international banking group.

While a number of the term debt facilities were not due to mature until July and October 2016, GrainCorp has taken advantage of favourable debt market conditions to extend the facilities on improved terms in the range of 4.5-7 years.

The average tenure of term debt has increased to 5.3 years.

"Facilities of this size and tenure will support the progress of our corporate objectives and growth initiatives, while maintaining an appropriate capital and liquidity structure," Mr Palmquist said.

Investor Day

GrainCorp will hold an investor day at its Geelong Port Terminal, Mackey Street Geelong on Thursday, 20 May 2015. Investors wishing to attend must register by emailing nattard@graincorp.com.au

FURTHER INFORMATION

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