



29 March 2017

The Manager  
Company Announcements Office  
ASX Limited  
20 Bridge Street  
**SYDNEY NSW 2000**

**GRAINCORP LIMITED: GNC  
INVESTOR PRESENTATION**

The attached Investor Presentation will be used by GrainCorp for the purpose of investor meetings at the Credit Suisse Asian Investment Conference in Hong Kong 29 – 30 March 2017.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Gregory Greer", written over a light blue horizontal line.

Gregory Greer  
Company Secretary

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# Investor Presentation

Credit Suisse Asian Investment Conference: 29-30 March 2017



GrainCorp



# Disclaimer



This presentation includes both information that is historical in character and information that consists of forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. The forward looking statements are subject to risks, stakeholder engagement, uncertainties and assumptions which could cause actual results, timing, or events to differ materially from the expectations described in such forward looking statements. Those risks and uncertainties include factors and risks specific to the industry in which GrainCorp operates, any applicable legal requirements, as well as matters such as general economic conditions.

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# Agenda



**1 Corporate overview**

**2 Financial results – year ended 30 September 2016**

**3 Strategy update**

**4 FY17 guidance**

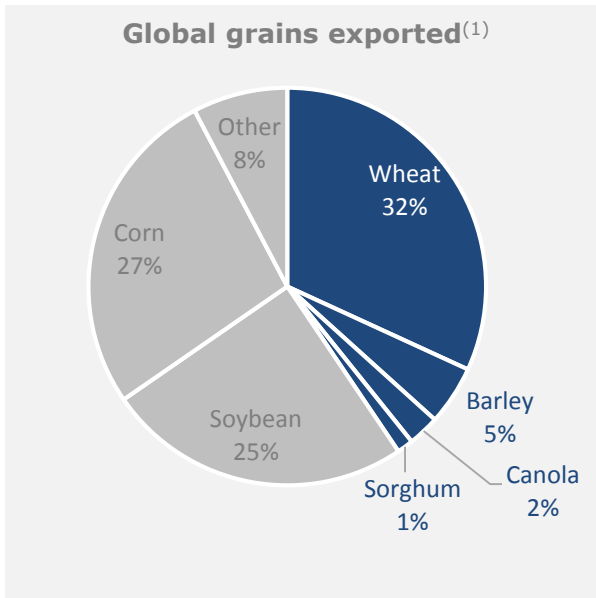
# Corporate overview



# Our business model → integrated approach

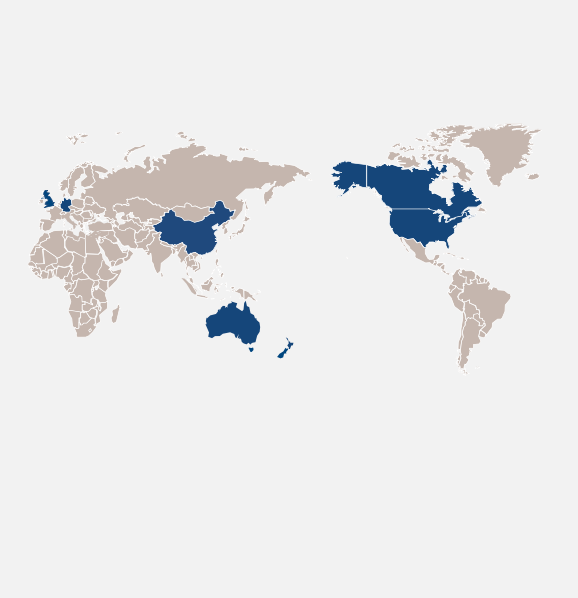


## Core grains



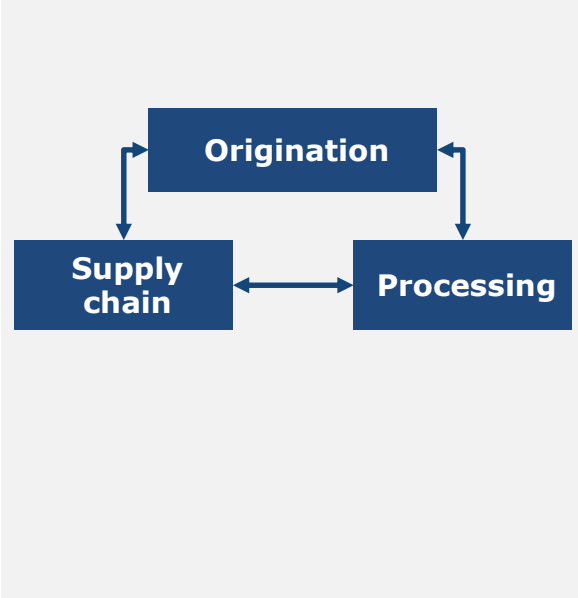
**Expertise in drier climate grains**

## Operating geographies



**Insight and visibility across core grains**

## Integrated activities



**Capture value along the grain chain**

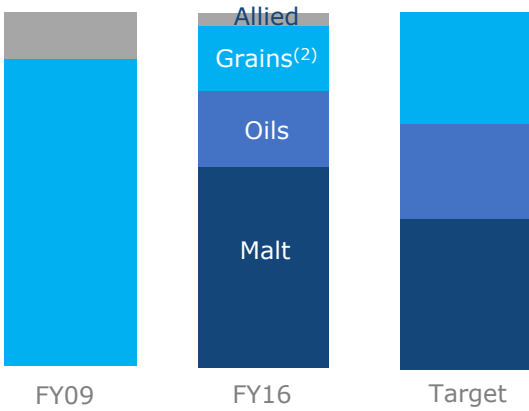
1. Excludes rice.

# Our corporate objectives → aligned with shareholder interests



## Manage variability

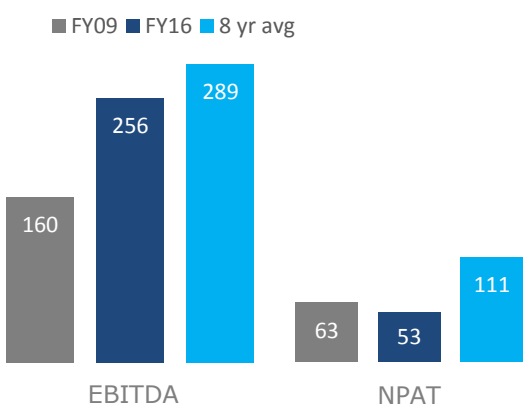
EARNINGS BY SEGMENT<sup>(1)</sup> \$M



Growth in Oils and Malt creating a balanced portfolio

## Deliver growth

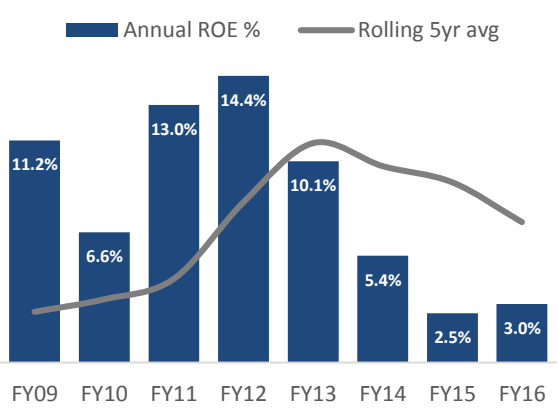
EBITDA & NPAT<sup>(3)</sup> \$M



Growth in earnings over longer term highlights importance of diversification

## Improve returns

RETURN ON EQUITY %



Some improvement through the cycle but greater reliability required

**Strategic initiatives underway to optimise and grow the business**

1. Malt, Oils and S&L EBITDA, Marketing PBTDA, Allied Mills 60% share of NPAT. Excludes corporate costs.  
 2. Grains includes Storage & Logistics and Marketing.  
 3. Underlying EBITDA and NPAT. Includes corporate costs.

# Global themes and industry trends in agribusiness and food



## Global themes

Global commodity markets operating in disinflationary pricing environment

Access to supply and food security

Increasing demand for food quality and transparency

Fragmenting of mass markets to better meet niche customer demands

Increasing competition → domestic and international



## Industry trends

Scale - supply chain investment and customisation

Diversification and consolidation

Customer relevance



# Financial results – year ended 30 September 2016



GrainCorp



# FY16: Solid performance in a challenging year



	FY16		FY15
Underlying EBITDA <sup>(1)</sup>	\$256 million	▲	\$235 million
Underlying NPAT <sup>(2)</sup>	\$53 million	▲	\$45 million
Statutory NPAT <sup>(3)</sup>	\$31 million	▼	\$32 million
Total Dividend (cents per share)	11	▲	10

- **Malt:** operational improvements, strong demand for specialty products
- **Oils:** challenging year, protracted commissioning of West Footscray
- **Storage & Logistics:** improved performance in low volume environment
- **Marketing:** competitive market - lower availability of grain, lower demand for eastern Australian grain

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.

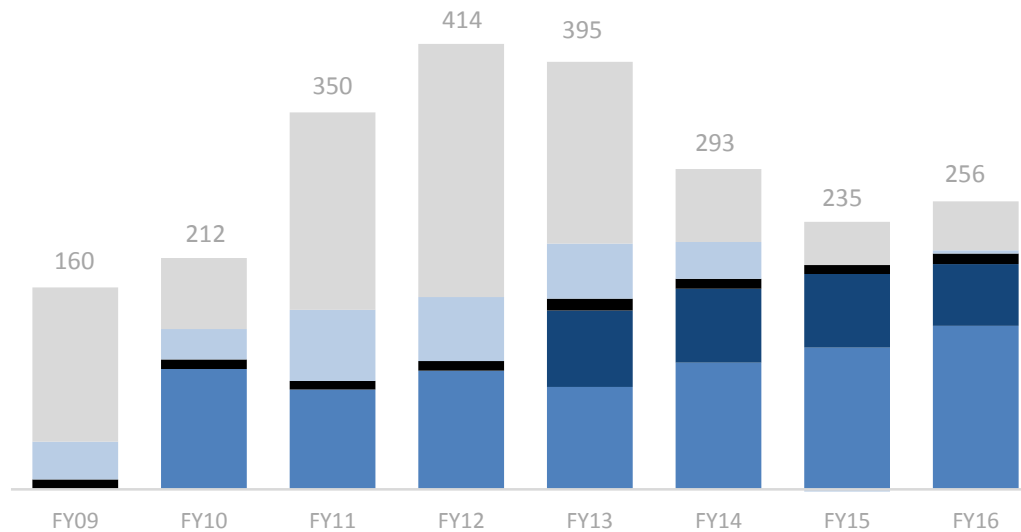
3. Net Profit After Tax and after significant items (FY16 significant items of \$22M after tax).

# Effectiveness of diversification



## UNDERLYING EBITDA<sup>(1)</sup> (\$M)

■ S&L   ■ Marketing (EBITDA)   ■ Allied Mills (NPAT)   ■ Oils   ■ Malt



<b>2H</b>	78	100	177	179	168	127	99	122
<b>1H</b>	82	112	173	235	227	166	136	134

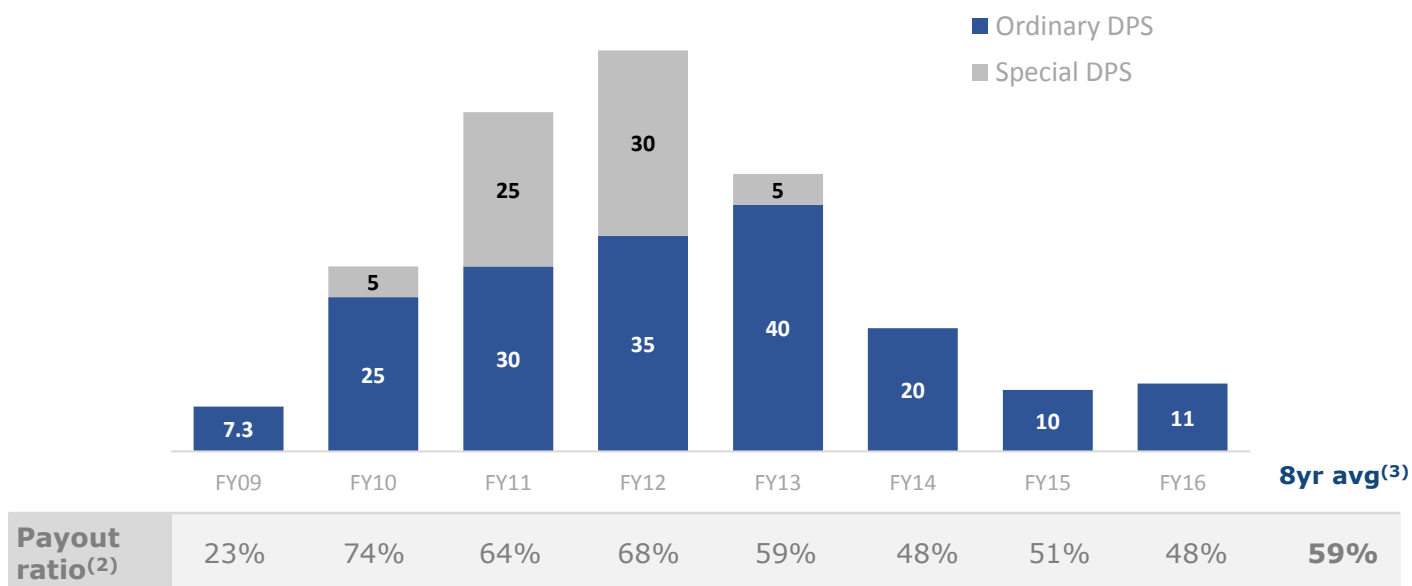
**Malt and Oils earnings platforms demonstrating the benefit of diversification**

1. Totals represent EBITDA before significant items (inclusion of Malt from FY10 and Oils from FY13). Bar chart reflects business unit proportions of EBITDA (i.e. excludes corporate costs)

# Dividend in line with policy



## DIVIDENDS PER SHARE (DPS)<sup>(1)</sup>



- **FY16 final dividend:** fully franked final dividend of 3.5 cents per share
- **FY16 total dividends:** total FY16 dividends of 11 cents per share
- **Payout ratio:** 48% of NPAT<sup>(2)</sup>
- **Dividend policy:** Payout 40-60% NPAT through the business cycle
- Targeting to pay an ordinary dividend each year

### FY16 Dividend Dates

- Record Date: 30 Nov 2016
- Payment Date: 14 Dec 2016

1. DPS is dividends per share shown in cents.  
 2. Payout ratio based on NPAT before significant items.  
 3. Eight year weighted payout ratio before significant items.

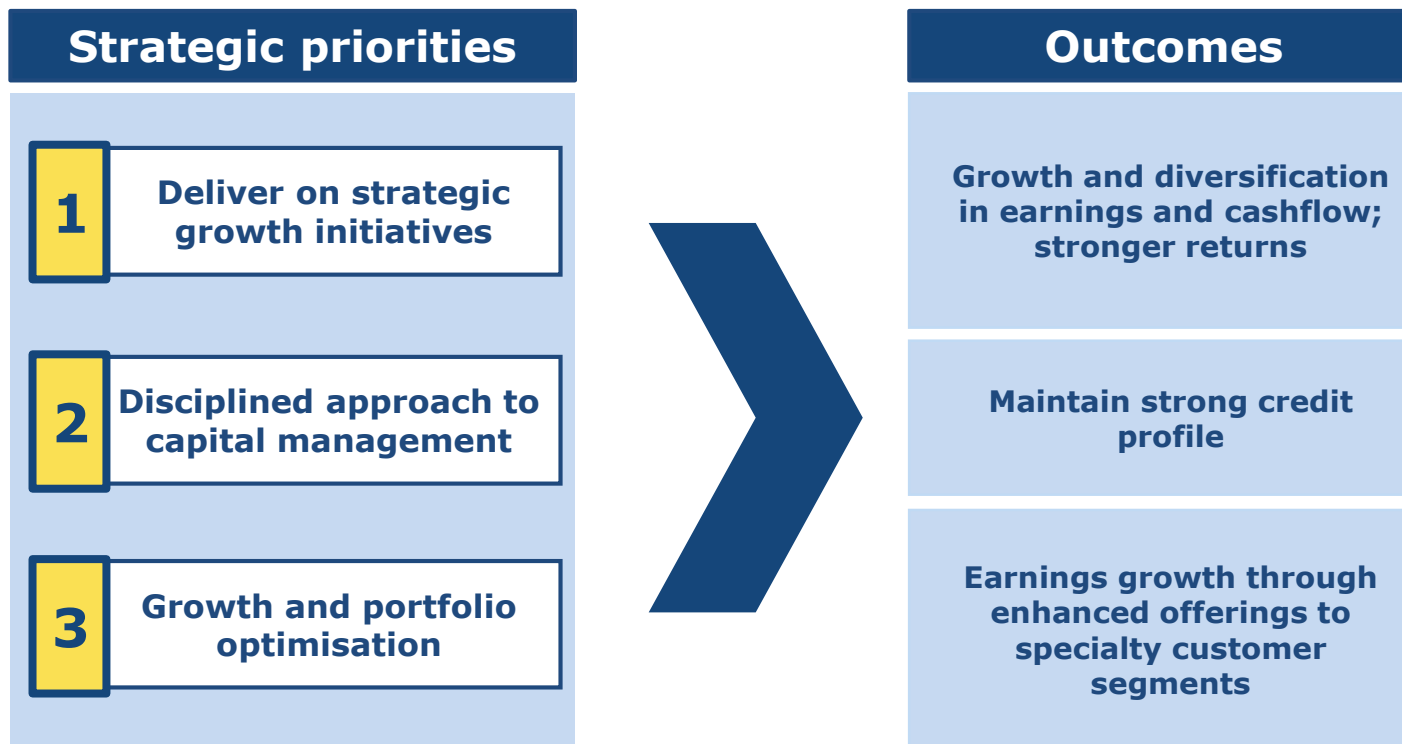
# Strategy update



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# Strategic priorities



# Delivering strategic growth initiatives



## Focus on successful execution of growth projects



**Oils**

**Oils**

**S&L**

**Malt**

**Marketing**

**Edible Oils network optimisation –  
Footscray and Numurkah, Victoria**

**Bulk liquid  
storage capacity  
expansion -  
Brisbane**

**Re-shaping of  
country network**

**Malt capacity  
expansion –  
Pocatello, Idaho**

**50-50 JV in  
Canada  
Growth in  
WA/SA  
origination**

**Q4 FY16 (West Footscray)  
Q3 FY16 (Numurkah)**

**Q2 FY16**

**FY17-18 in line  
with govt.  
support**

**Mid CY2017**

**FY16-FY18**

**TIMING**

- Improved ROE through the cycle
- Diversification of earnings and cash flow

# Growth & portfolio optimisation



- Sale of Allied Mills announced 31 January 2017:
  - GrainCorp 60% share of equity value: \$190 million<sup>(1)</sup>
  - Equates to Allied Mills enterprise value: \$455 million<sup>(2)</sup>
  - Subject to usual regulatory approvals
  - Expect to complete during 1H17
- Sale of malt plant in Clingen, Germany (capacity 15,000 tonnes) in second quarter of FY17
- Continue diversification with focus on core capabilities
- Balance sheet flexibility to pursue growth options
- Improving return on capital remains key focus

1. Pre tax and transaction costs

2. Based on an FY16 average level of working capital and grain inventory / prices



# Disciplined approach to capital management



- Majority of investment in processing businesses – more stable earnings, less dependent on grain production in Eastern Australia
- Focus is on completing the projects to generate cash flows and to reduce net gearing
- Net debt gearing ratio <sup>(1)</sup> expected to peak in mid 2017
- Net debt gearing targeted at <45% to remain strong credit within banking community
- Balance sheet currently designed for organic growth and improving ROE – ability to weather seasonal and market variability whilst preserving flexibility benefit of Common Terms Deed.



1. Quarterly rolling average  
 2. NPAT before significant items

# FY17 outlook and guidance



# Grains outlook: above-average harvest leading to strong FY17 export program



## Market fundamentals

### Storage & Logistics (S&L)

- Record Eastern Australian crop production estimate of 28.0mmt<sup>(1)</sup> for FY17 (FY16: 18.6mmt)
- 2017 sorghum crop impacted by poor seasonal conditions – current estimate 1.3mmt<sup>(2)</sup> (FY16: 1.9mmt)
- Strong export program
- Higher grain stocks on farm with low grain prices
- Good train utilisation and additional trains and trucks to support large export program (short-term)

### Marketing

- Global grain production has increased year on year with most major exporters increasing inventories
- Freight costs remain low – minimal freight advantage for Australia
- Strong Australian production has improved opportunities and increased competitiveness with higher exportable surplus from Australia

1. Eastern Australia's wheat, barley, canola, chickpeas and sorghum production estimates, using the average of the Australian Crop Forecasters' February 2017 Report (27.3mmt) and ABARES' February 2017 Report (28.8mmt).  
2. Eastern Australia's sorghum production estimate, using the average of the Australian Crop Forecasters' February 2017 Report and ABARES' February 2017 Report.

# Increased grain production driving higher S&L and Marketing volumes



	Drivers (mmt)	FY16	FY17	Comments
Storage & Logistics	Eastern Australia grain production <sup>(1)</sup>	18.6	28.0	<ul style="list-style-type: none"> <li>Wheat, barley, canola, chickpeas and sorghum (current FY17 sorghum production estimate 1.3mmt<sup>(2)</sup>)</li> </ul>
	Grain carry-in (1-Oct)	1.6	1.7	<ul style="list-style-type: none"> <li>Close to historically low levels</li> <li>Limited early season export program</li> </ul>
	Total receivals <sup>(3)</sup>	8.8	12.9 YTD	<ul style="list-style-type: none"> <li>Expecting additional grain after harvest</li> <li>Sorghum receivals impacted by dry conditions</li> </ul>
	Grain exports handled	3.0	2.2 YTD <sup>(4)</sup>	<ul style="list-style-type: none"> <li>Strong export demand</li> </ul>
	Grain carry-out (30-Sep)	1.7		<ul style="list-style-type: none"> <li>Expected to be higher than last year</li> </ul>
	Non-grain handled	3.0	~0.9 YTD	<ul style="list-style-type: none"> <li>Consistent with prior year</li> </ul>

**YTD reflects Year-to-Date (at 24 February 2017).**

1. Eastern Australia's wheat, barley, canola, chickpeas and sorghum production estimates, using the average of the Australian Crop Forecasters' February 2017 Report (27.3mmt) and ABARES' February 2017 Report (28.8mmt).
2. Eastern Australia's sorghum production estimate, using the average of the Australian Crop Forecasters' February 2017 Report and ABARES' February 2017 Report.
3. Total receivals includes country network grain receivals plus grain received at port (ex-farm and from other bulk handlers)
4. All grains exported year-to-date (bulk and containers).

# Eastern Australia - Winter crop post harvest review



## Production and receivals

- Well above average grain production in eastern Australia with sound quality
- ~160 silos operated during harvest with average receivals per site of ~70,000mt; compared to ~180 sites in FY16 with ~40,000mt and ~300 sites in FY11 with ~50,000mt
- 30 silos achieved record and near-record receivals
- Significantly increased port elevation and rail bookings during the course of harvest
- Continued growth in on-farm storage

# Malt outlook – continued strong demand and high utilisation



	Market fundamentals	GrainCorp FY17 outlook
Malt	<ul style="list-style-type: none"><li>• Global barley crop production ~144.1mmt<sup>(1)</sup> (FY16: 148.7mmt)</li><li>• Beer demand in mature markets continues to soften; slower growth in developing markets</li><li>• Continued growth in North American craft beer segment but at slower rate than past five years</li><li>• Global shift in beer production from large brewers to smaller brewers</li><li>• Distilling demand steady</li></ul>	<ul style="list-style-type: none"><li>• Forward sales of 1.2mmt YTD<sup>(2)</sup></li><li>• Malt sales volume: ~1.3mmt (FY16: 1.3mmt)</li><li>• Expansion project at Pocatello, Idaho, from 100,000 tonnes to 220,000 tonnes, progressing well. Commissioning scheduled for Q3, operational in Q4.</li></ul>

1. World barley production estimates. Source: United States Department of Agriculture (January 2017)  
2. YTD reflects year-to-date (at 24 February 2017)

# Oils outlook – competitive food ingredients sector



	Market fundamentals	GrainCorp FY17 outlook
Oils	<ul style="list-style-type: none"><li>• Australian canola crop production estimate of 4.2mmt<sup>(1)</sup> (FY16: 2.9mmt) – favourable for crush margins</li><li>• Competitive crushing and refining marketplace</li><li>• Steady demand for bulk liquid storage</li><li>• Early signs of stabilisation in infant formula sector as brand rationalisation continues</li></ul>	<ul style="list-style-type: none"><li>• Strong competition across food ingredients sector – pressure on volume and margins in Foods</li><li>• High capacity utilisation for crushing operations</li><li>• High capacity utilisation across bulk liquid terminals</li><li>• Some stabilisation in NZ dairy sector – will help improve dry and liquid feed volumes in medium term</li><li>• Continued ramp-up of production at West Footscray; ongoing operational efficiency improvements</li></ul>

1. Australian canola production estimate, using the average of the Australian Crop Forecasters' February 2017 report and ABARES' February 2017 Report.

# FY17 Earnings Guidance



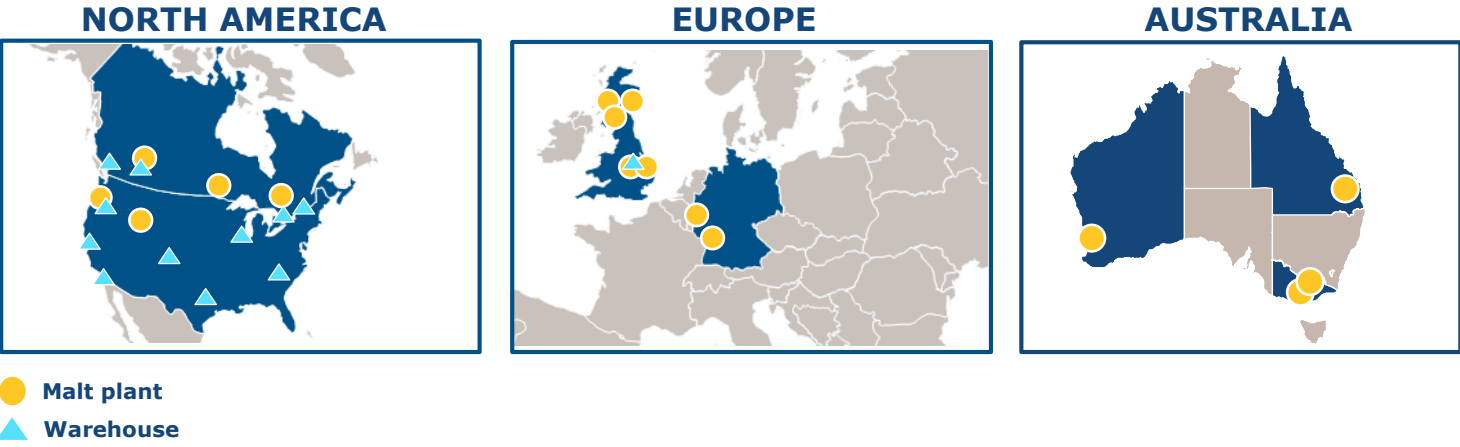
	EBITDA	NPAT
Guidance	<ul style="list-style-type: none"> <li>• <b>Underlying EBITDA</b> (before significant items): \$385M – \$425M</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Underlying NPAT</b> (before significant items): \$130M – \$160M</li> </ul>
Assumptions / Variables	<p><b>Variables</b></p> <ul style="list-style-type: none"> <li>• 2H17 volumes: sorghum receivals; direct to port receivals; port elevations</li> <li>• Impact of timing of grain export program and additional freight bookings</li> <li>• Global crush margins impact on edible oils margins</li> <li>• New season opportunities for Marketing in Q4</li> <li>• Level of AUD vs USD, CAD and GBP FX</li> <li>• Barley and oilseed procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Depreciation &amp; Amortisation: ~\$150M</li> <li>• Tax: ~30%</li> </ul>



# Appendices



# Malt assets and capabilities



Region	North America	Europe	Australia	Total
Plants	<b>Canada:</b> Montreal, Thunder Bay, Calgary <b>USA:</b> Pocatello, Vancouver	<b>UK:</b> Witham, Grantham, Arbroath, Pencaitland, Inverness <b>Germany:</b> Worms, Mulheim	Perth, Brisbane, Melbourne, Geelong	<b>16 plants</b>
Production capacity	<b>0.75mmt<sup>(1)</sup></b>	<b>0.40mmt</b>	<b>0.26mmt</b>	<b>1.41mmt</b>
Warehouses	<b>Canada:</b> Calgary, Toronto, Vancouver <b>USA:</b> Vancouver, San Francisco, Denver, Chicago, Hickory, Champlain, San Diego, Dallas	<b>UK:</b> Peterborough	-	<b>12 warehouses</b>

1. Including Pocatello expansion

# Malt – value proposition



<b>Capability</b>	<ul style="list-style-type: none"> <li>• Access, pricing and position management.</li> <li>• Global footprint.</li> <li>• Elevation, storage and drying services.</li> </ul>	<ul style="list-style-type: none"> <li>• Production of a range of specialty malts.</li> <li>• Continued development of supply chain costs</li> </ul>	<ul style="list-style-type: none"> <li>• Bagging, warehouse and distribution network.</li> <li>• Third party product offering.</li> </ul>	<ul style="list-style-type: none"> <li>• Support services to craft market.</li> <li>• Brewing supplies.</li> <li>• Technical expertise.</li> </ul>
<b>Customers</b>	Global brewers, regional brewers, microbrewers, distillers.			
<b>Earnings drivers</b>	Supply chain expertise, malt processing techniques, energy efficiency, warehousing and distribution processes.			
<b>Customer value</b>	<ul style="list-style-type: none"> <li>• Barley quality.</li> <li>• Competitive pricing.</li> <li>• Consistent, secure supply.</li> <li>• Product Innovation.</li> </ul>	<ul style="list-style-type: none"> <li>• Malt quality, consistency.</li> <li>• Broad range of specialty malts.</li> </ul>	<ul style="list-style-type: none"> <li>• Speed of delivery.</li> <li>• Quality and consistency.</li> </ul>	<ul style="list-style-type: none"> <li>• 'One-stop-shop' – full service.</li> </ul>

# Malt capacity expansion – Pocatello, Idaho



## Opportunity

- Increasing production capacity at GrainCorp's malting plant in Pocatello, Idaho by 120kmt (total plant capacity 220kmt after expansion)
- Scheduled for completion in mid 2017

## Rationale

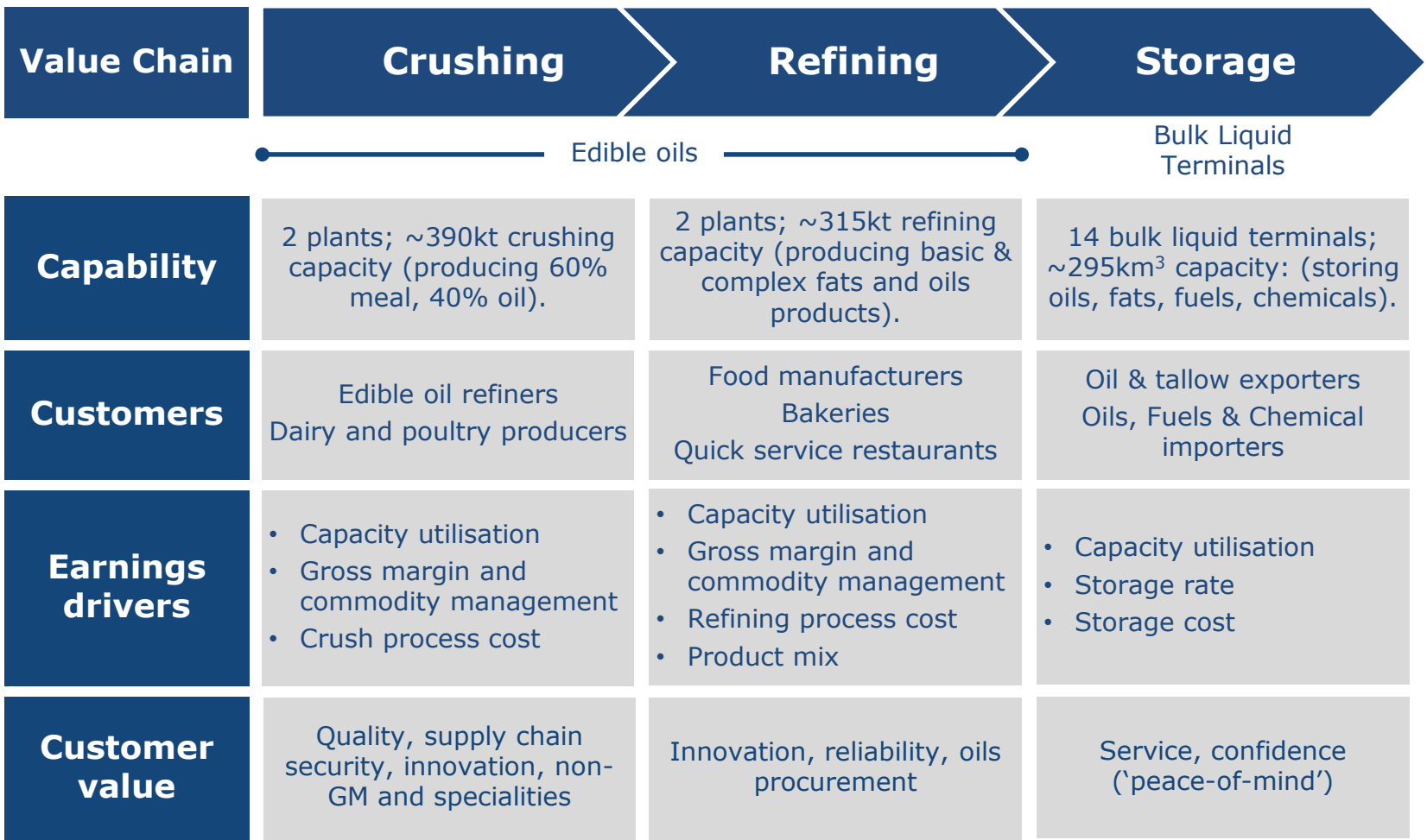
- Reliable barley production region
- Low cost supply chain
- Good transport routes
- Improve production efficiency on existing capacity
- Engaged workforce
- Supportive community

## Customer support

- Expansion backed by existing customers, with considerable offtake already signed.
- Increasing craft interest



# Oils – value proposition



# S&L – value proposition



## Network Scale

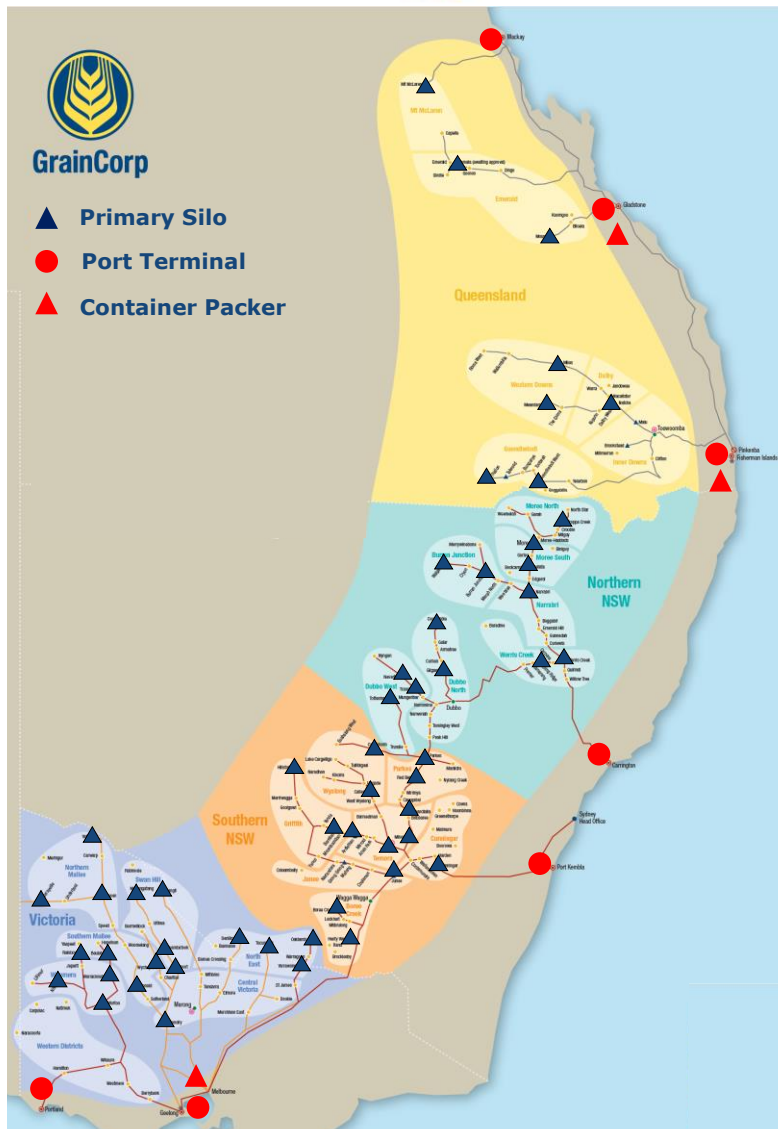
Capability	Business value	Customer value
<ul style="list-style-type: none"> <li>• 175 country silos</li> <li>• 7 port terminals</li> <li>• 3 box packers</li> </ul>	<ul style="list-style-type: none"> <li>• Scale economies</li> <li>• Geographic coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Manage variability</li> <li>• Access to grain</li> </ul>

## Integrated Network

Capability	Business value	Customer value
<ul style="list-style-type: none"> <li>• 3Mt rail freight</li> <li>• 2Mt road freight</li> </ul>	<ul style="list-style-type: none"> <li>• Links network</li> <li>• Optionality</li> </ul>	<ul style="list-style-type: none"> <li>• Flexible solutions</li> </ul>

## Open Access and Grain Integrity

Capability	Business value	Customer value
<ul style="list-style-type: none"> <li>• Warehousing</li> <li>• Multiple buyers</li> <li>• Grain quality</li> </ul>	<ul style="list-style-type: none"> <li>• Access markets</li> <li>• Market insight</li> </ul>	<ul style="list-style-type: none"> <li>• Optionality</li> </ul>



# Marketing – value proposition



Marketing – value proposition	
<b>Capabilities</b>	<ul style="list-style-type: none"> <li>• Origination, marketing and delivery of grains, pulses and oilseeds to customers globally – through both bulk and container shipments.</li> <li>• Eight offices in Australia, the UK, Germany, China, Singapore and Canada.</li> <li>• Global intelligence, access to diversified supply sources, risk management, technical expertise (particularly dry grains), independent alternative.</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Australian end-users - human consumption, feedlot and stockfeeders.</li> <li>• International end-users - over 90 international customers across more than 30 countries.</li> </ul>
<b>Earnings drivers</b>	<ul style="list-style-type: none"> <li>• Effective price risk management / forward sales contracting.</li> <li>• Supply chain efficiencies – diversification of origination, logistics solutions.</li> <li>• Strong customer relationships.</li> </ul>
<b>Customer value</b>	<ul style="list-style-type: none"> <li>• Access to quality grains at competitive pricing.</li> <li>• Consistent, reliable supply.</li> <li>• Diversified supply origination.</li> <li>• Technical support to help with procurement strategies.</li> </ul>

# Broadening our grain origination



## Europe

- Diversified sourcing of barley and wheat

## Canada

- Joint venture with Zen-Noh
- Increasing exposure to SE Asian customers

## WA & SA

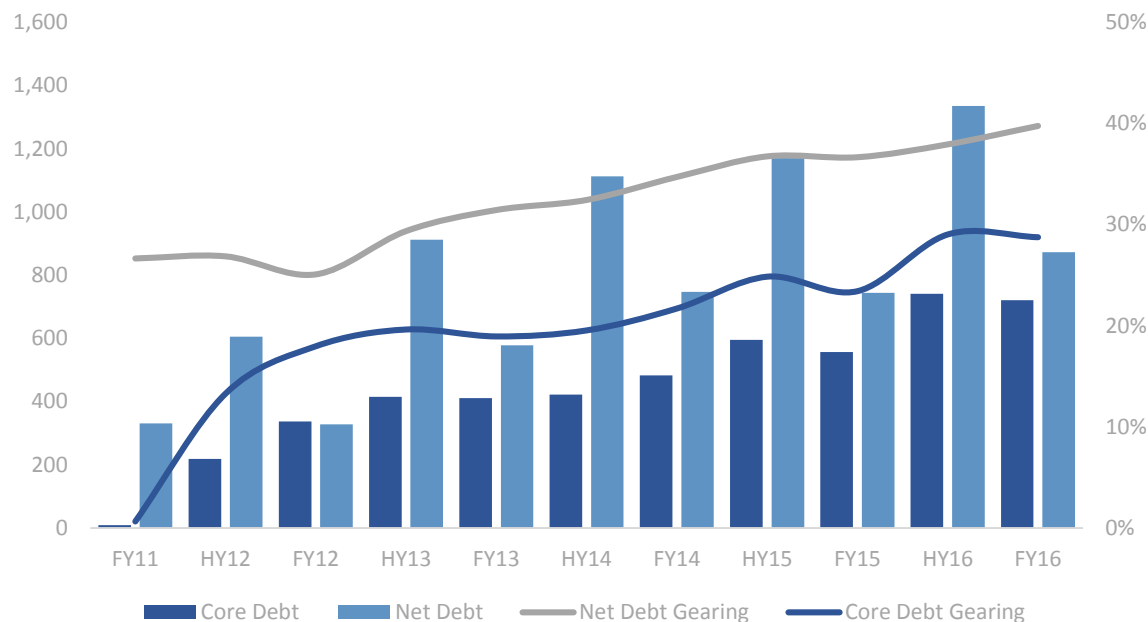
- Increasing origination and exports
- Enhanced service offering to existing customers



# Increase in gearing in line with capital expenditure and seasonal turnover



## CORE DEBT<sup>(1)</sup> AND NET DEBT<sup>(2)</sup> (\$M)



- Core debt at \$721M<sup>(3)</sup> and net debt at \$872M<sup>(3)</sup>.
- Core debt gearing<sup>(4)</sup> at ~29% (or ~24% excluding barley inventory) and net debt gearing<sup>(5)</sup> at ~40% (rolling quarterly average).
- Net debt gearing<sup>(5)</sup> expected to peak in mid 2017 – remaining below target of 45%.
- Increased debt capacity – barley inventory facility now established for Malt - \$156M included in core debt.
- Range of maturities on term debt from November 2019 to April 2022, with average term debt of 4.0 years<sup>(6)</sup>.

1. Core Debt = total debt less cash less Commodities Inventory (Marketing, Oils).  
 2. Net Debt = total debt less cash.  
 3. At 30 September 2016  
 4. Core Debt Gearing = Core Debt / (Core Debt + Equity)  
 5. Net Debt Gearing = Net Debt / (Net Debt + Net Assets) as quarterly rolling average.  
 6. At 30 September 2016.

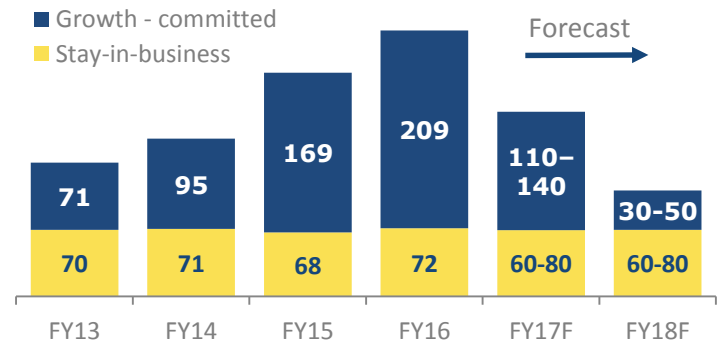
# Strategic initiatives implementation and associated capex



Business Unit	Project	FY14	FY15	FY16	FY17	FY18
Oils	Integration	Underway	Operational	Operational	Operational	Operational
	Oils refining/packing relocation	Planning	Underway	Operational	Operational	Operational
	Bulk Liquid Terminals expansion	Planning	Underway	Operational	Operational	Operational
	Port Kembla Terminal development	Planning	Underway	Operational	Operational	Operational
	Numurkah crush expansion		Planning	Underway	Operational	Operational
Malt	Project operational excellence	Underway	Operational	Operational	Operational	Operational
	Pocatello malt plant expansion		Planning	Underway	Operational	Operational
S&L	Network revitalisation	Planning	Operational	Operational	Operational	Operational
Marketing	GrainsConnect JV - Canada		Planning	Underway	Operational	Operational



## CAPEX (\$M)



# Investor Presentation

Credit Suisse Asian Investment Conference: 29-30 March 2017



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