

15 November 2019

## ACCC will not oppose proposed sale of Australian Bulk Liquid Terminals

GrainCorp Limited (“**GrainCorp**” or “the **Company**”) welcomes the decision of the Australian Competition and Consumer Commission (“**ACCC**”) that it will not oppose the proposed sale of GrainCorp’s Australian Bulk Liquid Terminals business to ANZ Terminals Pty Ltd (“**ANZ Terminals**”) (“**Proposed Transaction**”). The ACCC announced its decision earlier this morning – a copy of the ACCC’s media release is attached to this announcement.

The ACCC’s decision is subject to an undertaking from ANZ Terminals under which it has agreed to divest its terminal at Osborne, South Australia, and to seek ACCC clearance of any future land acquisition it proposes at Coode Island, Melbourne. The Proposed Transaction also excludes the business and assets of GrainCorp’s bulk liquid storage facility at Port Kembla, New South Wales (**Port Kembla Terminal**) to address potential competition concerns the ACCC had about port-side bulk liquid storage in NSW. As a result, GrainCorp will retain the Port Kembla Terminal and the purchase price payable by ANZ Terminals on completion of the Proposed Transaction (which GrainCorp previously advised was approximately \$350 million) will be reduced by \$18 million.

GrainCorp CEO Mark Palmquist says:” We are pleased with the outcome of the ACCC review, which represents a significant step towards completing the sale of our Australian Bulk Liquid Terminals business. In relation to the retention of the Port Kembla Terminal, this terminal is a unique asset, in that it is the only bulk liquid terminal which is co-located in one of GrainCorp’s core grain terminals and operated by Grains terminal staff. It will continue to be an important part of GrainCorp’s grain ports strategy to diversify into non-grain activities and is expected to continue to deliver positive EBITDA results.”

The Proposed Transaction remains subject to other conditions, including Foreign Investment Review Board approval. GrainCorp and ANZ Terminals are working productively towards the satisfaction of these remaining conditions. If these conditions are satisfied or, if applicable, waived, GrainCorp expects that the Proposed Transaction will complete on or about 31 December 2019.

### Update on proposed demerger of GrainCorp’s Malt business

GrainCorp is completing preparations for the proposed demerger of GrainCorp’s Malt business and will keep its shareholders and the market informed in accordance with GrainCorp’s continuous disclosure obligations.

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# MEDIA RELEASE



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## ANZ Terminals, GrainCorp deal not opposed with divestments

The ACCC has decided that it will not oppose ANZ Terminals Pty Ltd's proposed acquisition of GrainCorp Bulk Liquid Terminals (ASX:GNC).

The ACCC's review focused on competition for the supply of port-side bulk liquid storage services in South Australia, Victoria and New South Wales, where ANZ Terminals and GrainCorp both provide storage of base oils, chemicals and edible oils/fats.

The decision not to oppose the acquisition follows ANZ Terminals providing a court-enforceable undertaking to divest its Osborne facility in South Australia to a purchaser to be approved by the ACCC. In addition, GrainCorp's bulk liquid facility at Port Kembla has been excluded from the transaction and will remain part of GrainCorp.

"The divestment of the Osborne facility and exclusion of the Port Kembla facility alleviate our competition concerns in New South Wales and South Australia, as the competitive structure in these markets will be maintained," ACCC Commissioner Stephen Ridgeway said.

The transaction had initially raised significant competition concerns, particularly in NSW and South Australia, which are highly concentrated markets. The ACCC had [published a statement of issues seeking further submissions](#) from interested parties in July.

ANZ Terminals and GrainCorp also operate in Melbourne, where they are the two largest providers of non-fuel bulk liquid storage in the Port of Melbourne.

"Customer switching between ANZ Terminals and GrainCorp in Melbourne is quite limited because of the lack of available storage capacity for third parties. GrainCorp in particular reserves a significant portion of its capacity for its oils business. We found that a critical driver of competition was not incumbency, but the ability to expand and win contracts based on new tanks being built," Mr Ridgeway said.

The ACCC found that ANZ Terminals had no ability to expand easily on Coode Island at the Port of Melbourne while others had more options to expand.

The ACCC consequently accepted an obligation in the undertaking from ANZ Terminals that it will not lease any more of the limited land remaining at the Port of Melbourne's Coode Island without receiving ACCC clearance to do so.

"This obligation will allow the ACCC to assess any future land acquisitions by ANZ Terminals on Coode Island. It will assist in ensuring that competitive tension from the threat of new tanks being built by competitors is likely to continue into the future" Mr Ridgeway said.

"After a detailed examination and taking into consideration of the Melbourne remedy, we determined that, with the Melbourne remedy, a substantial lessening of competition is unlikely in Melbourne."

Further information is available on the ACCC website.

## **Background**

Port side bulk liquid storage is used to house large volumes of liquids that are imported to and/or exported from Australia, including fuels, base oils (used for manufacturing lubricants), chemicals (such as various solvents, acids and resins) and edible oils and fats.

Different liquids require different sized tanks and infrastructure, so that products are not necessarily interchangeable between tanks.

Containerised storage includes ISO-tanks, flexi-bags and drums. ISO-tanks, also known as ISO-tainers, are large stainless steel pressure vessels held within rectangle frames and used for the transportation of liquids. Flexi-bags are liquid bladders inserted into standard sized shipping containers and have a similar storage capacity to ISO-tanks.

GLT is a wholly owned subsidiary of GrainCorp Limited (GNC), an international food ingredients and agribusiness company, which deals in edible oils and fats. GLT currently operates as part of GNC's integrated edible oils and fats supply chain. GLT stores and handles bulk liquids, including fats and edible oils, chemicals and petroleum.

After the proposed transaction is completed, GLT's Port Kembla facility will be operated by GNC.

ANZ Terminals is a wholly owned subsidiary of Helios Investments Australia Pty Limited, which is a wholly owned subsidiary of Hyperion Investments Australia Pty Ltd.

ANZ Terminals offers storage and handling services in Australia for a range of liquid products, including industrial chemicals, petroleum fuels, bitumen, marine fuels, aviation fuels, base oils and edible oils and fats.

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