Chairman's Address
GrainCorp Limited Annual General Meeting

19 February 2020

Ladies and Gentlemen

Welcome to GrainCorp's 2020 AGM, our twenty first AGM since the company listed on the Australian Stock Exchange.

Introduction

This is an exceptional AGM as it will be the last meeting of shareholders before we seek shareholder approval to demerge our Malt business and create a new listed company - United Malt Group. The demerger proposal will be put before shareholders for their consideration at an Extraordinary General Meeting to be held at 10:00 am Monday, 16 March 2020 in this same venue.

The details of the proposed Scheme of Arrangement to demerge the Malt business are set out in a Scheme Booklet which was distributed to shareholders last week.

While this meeting does not consider issues relating to the demerger, several of the resolutions before the meeting need to be understood in the context of the proposed demerger.

Most shareholders will be familiar with the events of the past 12 months which involved a comprehensive review of GrainCorp's portfolio of businesses and an assessment of a range of strategies designed to create value for shareholders. This culminated in the Board's decision that it is in the best interests of shareholders to demerge the Malt business, thereby creating two high-quality ASX-listed agribusiness companies. We believe that the demerger has the potential to deliver greater value to GrainCorp shareholders over time than the alternatives considered.

I invite and encourage shareholders to read the Scheme Booklet and attend the Scheme meeting on 16 March. If the Scheme is approved by shareholders, it will proceed to a second court hearing on 20 March and will become effective on 23 March. Upon the demerger, eligible shareholders in GrainCorp will receive one share in United Malt for each share they hold in GrainCorp, while also retaining their share in GrainCorp. GrainCorp will also retain a minority 10% stake in United Malt, which will provide the Company with additional balance sheet resources and financing flexibility. Following the demerger, shareholders will be in a position to decide whether to hold or sell their shares depending on their interest in continuing as investors in either or both of the two companies.

2020 Annual General Meeting

This Annual General Meeting is the opportunity for your Board to report on the Company's results from the financial year to 30 September 2019, and I will now proceed to present a short report which will be followed by a presentation by our CEO, Mark Palmquist. Mark will elaborate on how the Company has responded to a very difficult year during which much of the grain growing regions of NSW and Queensland have been subject to another year of serious drought conditions.

__2019 Results__

The past year was an extremely challenging one for GrainCorp, resulting in disappointing financial results for the Company, for our people and for our shareholders.

Our results were seriously adversely affected by one of the worst droughts on record in substantial parts of eastern Australia, compounded by significant disruptions in global grain markets. The impact of the two successive years of drought was severe and is starkly illustrated by contrasting the crops of FY17 and FY19. The east coast Australia crop for FY19 came in at 7.7 million tonnes compared to 28.2 million tonnes in 2017. Receivals into GrainCorp's supply chain last year were 3.1 million tonnes, down from 15.0 million tonnes in 2017. Export tonnes last year were 0.3 million tonnes, well down from 7.2 million in 2017. We did however benefit from importing grains into eastern Australia from WA and SA. The disruption in trade flows led to a material decline in commodity values which negatively impacted our positions.

By contrast, our Malt business was relatively unaffected by these factors and continued to perform well, with solid demand from our global customer base.

For the year to 30 September 2019, GrainCorp reported underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of $69 million and an underlying net loss after tax of $82 million. On a statutory basis, GrainCorp reported a net loss after tax of $113 million. Our results were also adversely affected by costs associated with the proposal from Long-Term Asset Partners Pty Ltd and by restructuring costs arising from operational streamlining.

As a result of the financial performance, the Board determined, with regret, that GrainCorp could not pay a dividend for the period. This was a disappointing but necessary outcome given our operating loss.

The Group's safety performance improved considerably this year and I would like to compliment management on the improvements they have made to safety systems and processes in recent years culminating in a record low Recordable Injury Frequency Rate (RIFR) in FY19.

A key objective in recent years has been to improve our ability to manage year-by-year grain production volatility. Extreme variability in seasonal conditions requires GrainCorp to continually adapt our operations in order to serve our grower customers profitably. We have done this by streamlining our country receival and storage network, investing to improve efficiency at key sites, reducing fixed costs and negotiating more flexible rail transport contracts.

In June this year, we announced an important development that will help to smooth cash flow through the cycle. Our Crop Production Contract with White Rock Insurance (SAC) Ltd is a significant innovation and will strengthen the long-term sustainability of the Company. Based on ABARES' February winter crop production estimate of 11.44 million metric tonnes, which was announced yesterday, GrainCorp will receive a gross payment of $57.9 million for the 2020 financial year.

__Strategic direction__

Another key priority in recent years has been to improve GrainCorp's return on capital employed by strengthening our core businesses and maintaining a disciplined approach to capital management.

During 2019, we continued to improve the efficiency of our network of storage sites across Australia's eastern grain belt through targeted investment and improved supply chain processes. Internationally, we expanded our origination network by opening a trading office in India to manage the importation of Australian pulses. We also progressed our supply chain infrastructure in western Canada by starting construction of a new port facility in Vancouver through our 50-50 joint venture, GrainsConnect Canada.

GrainCorp Malt continues to focus on high value growth markets driven by demand for premium beer, craft beer and Scotch whisky. The planned expansion of our malting capacity in Scotland, to serve the growing distilling industry, is expected to complete in calendar year 2021.

LTAP Proposal

As I believe all investors will know, on 3 December 2018 GrainCorp received a non-binding, indicative proposal from a recently formed company called Long Term Asset Partners Pty Limited (LTAP) to acquire 100 percent of the shares in GrainCorp. The proposal was unusual in that the company was highly geared and with a complex capital structure.

GrainCorp engaged extensively with LTAP over the following five months, at not inconsiderable cost and absorption of management time, to assist LTAP to undertake due diligence to see whether it could develop a binding offer capable of consideration by your Board of directors. Given the unusual nature of this proposal, LTAP was unable to come forward with a formal offer and it withdrew its proposal on 6 May 2019.

Portfolio review

As I discussed earlier, the Board and management undertook a comprehensive review of the Company's portfolio of assets during the year, to assess a range of strategies to create improved value for shareholders.

As one outcome of the review, in March, we announced the sale of our Australian Bulk Liquid Terminal assets. Following ACCC approval, all our terminals except Port Kembla were sold for a total enterprise value of $333 million. This transaction was completed on 31 December 2019, unlocking significant value for shareholders and releasing capital to strengthen our balance sheet.

In April, we announced that, as a further outcome of the portfolio review, we would integrate our Grains and Oils businesses into a single business unit and, subject to shareholder and other approvals, demerge our Malt business. I confirm that the Grains and Oils integration is now complete and, of course, the demerger is well advanced.

Board and management

During the year, we announced several Board and management changes that will take effect subject to approval of the proposed demerger.

I would like to outline those changes and the implications of the potential demerger because they provide important background and context to the resolutions before this meeting.

Two new directors were appointed to the GrainCorp Board in the closing months of 2019 – Ms Jane McAloon and Ms Kathy Grigg. I am delighted that both talented individuals have agreed to join as directors. If successfully elected at this meeting, it is proposed that Ms McAloon will transition to the United Malt board post-demerger and will not continue as a director of GrainCorp. Ms Grigg will continue as a GrainCorp director after the demerger and it is proposed that, following this AGM, she will assume the chair of the Company's Audit & Risk Committee. This follows the retirement of Mr Peter Housden who has served the Board with dedication for the past 11 years and has, throughout that time, been the chair of the Company's Audit Committee. Post-demerger, GrainCorp proposes to amalgamate the roles of its current Audit Committee and Risk Committee into a single Audit & Risk Committee as one of its streamlining initiatives.

Following the demerger, I will step down as Chairman of GrainCorp and assume the role of Chairman of United Malt. I will be joined on the Board of United Malt by Ms Barbara Gibson and Mr Simon Tregoning, who offers himself for re-election at this AGM, together with Ms McAloon. We will also be joined by a new director following the demerger, Mr Terry Williamson. Mr Williamson is not currently a GrainCorp director and is not proposed for election at this meeting. Mr Williamson will be the future chair of the Audit & Risk Committee of United Malt.

Our current CEO, Mark Palmquist, stepped down as a Director of the GrainCorp Board in April 2019 to ensure appropriate probity and avoid conflict of interest in the period leading up to the demerger, while continuing to lead the Company as CEO. He will assume the role of Managing Director and CEO of United Malt. following the demerger. Mr Palmquist has done a fine job as our CEO for the past five years and, on behalf of all shareholders, I want to thank him for his commitment and dedication throughout that period. He is a US-citizen and has significant experience in the malt industry, not only during his time as CEO of GrainCorp but previously as a director of Rahr Malting, a leading US-based maltster. The Board is delighted that Mr Palmquist will assume this new role and will relocate to Vancouver, Washington in the United States which will be the operational headquarters of United Malt; although the Company will remain listed on the Australian Securities Exchange.

For my part, and following consultation with my Board colleagues, I believe that I can make my best contribution to the future success of our demerged companies by chairing the United Malt Group. I have significant international experience, having chaired ASX-listed companies with international and US-based operations in the past. I believe that I will bring that experience to United Malt to assist it in establishing it as an independent entity listed in Australia.

Following the demerger, Peter Richards, GrainCorp's deputy chairman, will take on the role of chair of GrainCorp. As shareholders will know, Peter is a highly experienced public company director, having chaired numerous ASX companies and also led major companies in executive leadership roles in recent years. Peter will be joined on the future GrainCorp board by Dan Mangelsdorf, Donald McGauchie and, subject to her election today, Kathy Grigg.

As shareholders will be aware, following an extensive local and international search, we recently announced the appointment or Robert Spurway as the Managing Director and CEO of GrainCorp post demerger. The Board is delighted to have secured Robert for this position. He has more than 25 years' experience in the food and food-processing industries, including a long period as Chief Operating Officer, Global Operations for Fonterra Co-operative Group, New Zealand's largest company. He has a deep understanding of the Australian and New Zealand agricultural industries, which will serve GrainCorp well as the business continues to evolve its strategy and customer offering.

It is proposed that the boards of the two demerged companies will be smaller in terms of number of directors than the current GrainCorp Board, reflecting the smaller market capitalisation of each company. However, each board will continue to manage its membership and monitor and develop the range of expertise and skills available on the Board and to facilitate an orderly succession for long-serving directors.

At this point I would like to pay special tribute to our two directors who are retiring here today, Rebecca Dee-Bradbury and Peter Housden. Rebecca has served on the board for the past five years and has done an outstanding job both as a director and as chair of People, Remuneration & Nominations Committee. This has been a particularly challenging task in the preparation for the demerger Scheme of Arrangement. Peter Housden also deserves the thanks and appreciation of all shareholders. He has done a truly outstanding job during the past 11 years, including assisting the company by chairing the Audit Committee with great effectiveness and ensuring that the company's internal control systems and finance and accounting policies were best practice.

Conclusion

I would like most sincerely to thank all of our people for their enormous commitment during a very challenging period for the Company. I also wish to thank our customers and our shareholders for their continued support.

I want to conclude with a special word of thanks to my Board colleagues. The Board met over 20 times in both formal and informal meetings during the past year, often called at short notice. Directors have also been heavily involved in the due diligence process in preparing the demerger Scheme Booklet. Our Directors made extraordinary contributions to address the LTAP proposal, the portfolio review, the proposed demerger and our planning for the future. I sincerely thank each and every one of them.

Graham Bradley AM

Chairman

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