

29 May 2024

ASX Announcement | Australasian AgFood Conference Presentation

GrainCorp Limited (ASX:GNC) (**Company**) wishes to advise that Robert Spurway, Managing Director & CEO, will deliver the attached presentation at the Australasian AgFood Conference today.

The presentation outlines GrainCorp's strategic initiatives and reaffirms GrainCorp's FY24 guidance as most recently stated to the ASX on 16 May 2024.

About GrainCorp

GrainCorp is an integrated grain and edible oils business with a market leading presence as the largest grain storage and handling business in ECA and the number one edible oil processor and oilseed crusher in Australia and New Zealand. Over its 100+ year history, GrainCorp has created a global supply chain with high quality infrastructure assets that store, process and facilitate the transportation of grains and edible oils. For future details, please visit the Investors & Media section of our website at www.graincorp.com.au

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Robert Spurway

Managing Director & CEO

22nd Australasian AgFood Conference
29 May 2024



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.

While GrainCorp believes that the expectations reflected in the forward looking statements in this presentation are reasonable, neither GrainCorp nor its directors or any other person named in the presentation can assure you that such expectations will prove to be correct or that implied results will be achieved. These forward looking statements do not constitute any representation as to future performance and should not be relied upon as financial advice of any nature. Any forward looking statement contained in this document is qualified by this cautionary statement.

Numbers throughout the presentation may not add up due to rounding.

Agenda

- 
- About GrainCorp
 - 1H24 results recap
 - Strategy
 - Outlook and conclusion



GrainCorp acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia and embraces the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

Our network of assets

GrainCorp is a leading Australian agribusiness and processing company, with integrated operations across four continents and a proud history of delivering for customers for more than 100 years

7

Ports across ECA

500+

Oilseed crush capacity (kmt)

>160

Receival sites throughout ECA

290

Oil refining, bleaching and deodorising (RBD) capacity (kmt)

12

Marketing offices globally

4

Grain elevators and one port in western Canada* ^

GrainCorp has the largest regional accumulation, storage and handling network on the east coast of Australia.

➔ See our network map grains.graincorp.com.au/locations



* Through GrainsConnect Canada, a 50-50 JV between GrainCorp and Zen-Noh

^ Fraser Grain Terminal owned through 50-50 JV between GrainsConnect Canada and Parrish & Heimbecker

How we operate

We partner with growers to maximise the value of their crops, connecting them to domestic and global marketplaces through our end-to-end supply chain and infrastructure assets.

We develop innovative solutions to create high quality and sustainable products across Human Nutrition, Animal Nutrition and Agri-energy for domestic and international customers.



International

- Global network of offices, originating grain, pulses and oilseeds from different regions.
- Delivering to 350+ customers in 50+ countries.
- Includes GrainsConnect Canada joint venture and Saxon Agriculture



East Coast Australia (ECA)

- Largest grain storage and handling network on ECA
- >160 regional receival sites and seven bulk ports, connected by road and rail infrastructure
- Import/export of other bulk materials, e.g. cement, woodchips and fertiliser

Human Nutrition

- One of Australia's largest refiners of edible fats and oils
- Products include blended and single oils, infant nutrition, bakery products, margarines and spreads and frying shortening
- One of Australia's largest importers of vegetable oils

Animal Nutrition

- One of Australia's largest canola meal producers, a by-product of canola seed crushing
- Supplier of vegetable oil and molasses-based feed supplements to enhance farm productivity
- Presence in Australia and NZ

Agri-energy

- One of Australia's largest collectors of Used Cooking Oil (UCO)
- Australia's largest exporter of tallow and UCO
- Access to the broadest network of liquid tank storage across Australia and New Zealand

1H24 highlights

Resilient performance as conditions normalise



Underlying net profit after tax¹

\$57m

(1H24: statutory NPAT: \$50m)

(1H23: statutory NPAT: \$200m)

Underlying EBITDA²

\$164m

(1H24: EBITDA: \$154m)

(1H23: EBITDA: \$383m)

Return on invested capital
(ROIC)³

7.4%

(1H23: 22.7%)



Total grain handled⁴

25.4mmt

(1H23: 34.8mmt)

Oilseed crush volumes⁴

282kmt

(1H23: 256kmt)

Core cash⁵

\$495m

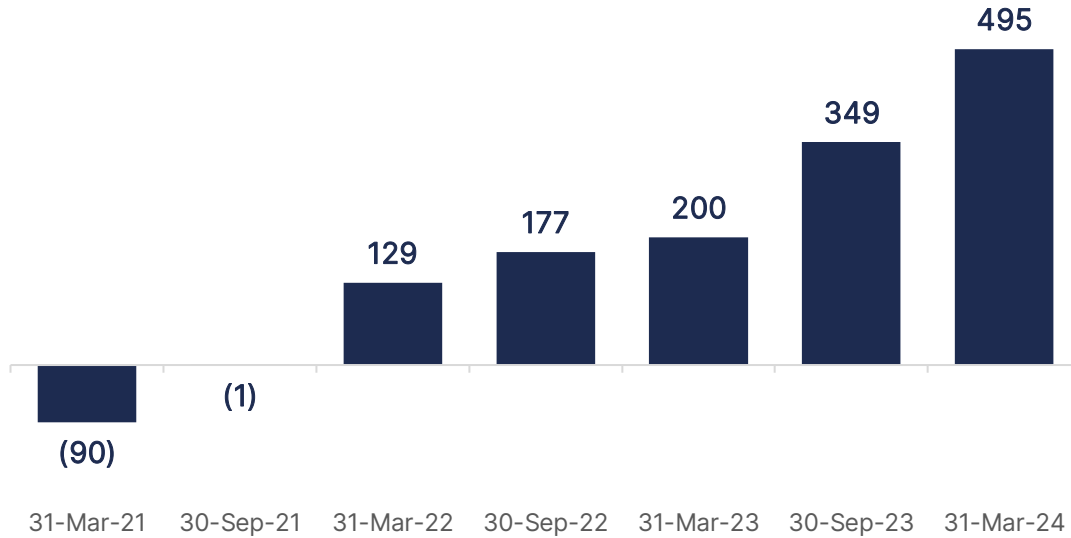
(FY23: \$349m)

1. Underlying NPAT is a non-IFRS measure representing statutory net profit after tax, excluding business transformation costs after tax (1H24: \$6.9m).
2. EBITDA is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation. Underlying EBITDA is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation and excludes business transformation costs (1H24: \$9.8m).
3. ROIC is a non-IFRS measure and is defined as Group net profit after tax less interest expense (after tax) associated with core debt / average net debt (excluding commodity inventory funding) + average total equity and excludes business transformation costs
4. mmt refers to million metric tonnes. kmt refers to thousand metric tonnes
5. Core cash / (debt) refers to net debt less commodity inventory

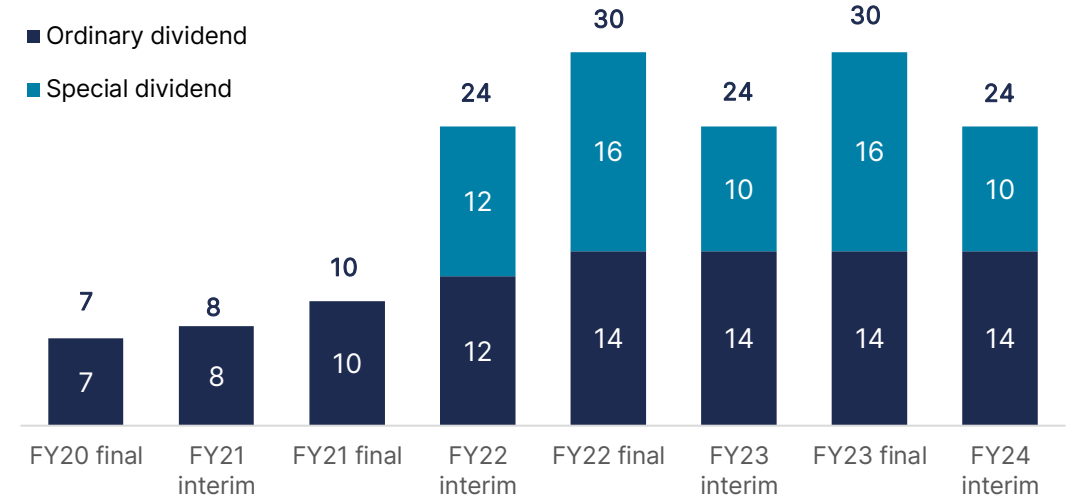
Balance sheet strength

Disciplined capital management; consistent dividend profile through-the-cycle

Core cash / (debt) (\$m)



Dividends (cents per share)



- Strong cash generation contributing to \$495m core cash balance
- 1H24 ordinary interim dividend of 14cps declared; special dividend of 10cps reflecting strength of our balance sheet
- Dividends are in addition to previously announced on-market share buy-back of up to \$50 million
- Capital management will continue to be assessed against growth opportunities

Strategy aligned to macro trends



Population growth / changing demographics

- Multi-origin strategy
- Leading position in ECA
- Proximity to growing Asian markets a competitive advantage



Decarbonisation and sustainability

- Sustainability and innovation embedded in our business and strategy
- Partnering with start-ups and growers, developing solutions to environmental challenges



Disrupted global supply chains

- Resilient, end-to-end supply chains
- Leading assets and capabilities
- Strong global customer network














Technology/digital acceleration

- Progressing digital capability through *CropConnect* platform, advanced analytics
- Supporting industry innovation and technology uptake through *GrainCorp Ventures*

GrainCorp strongly positioned as Food and Agricultural industries evolve

Executing on strategy; strengthening our integrated supply chain

| | | |
|--|--|---|
|  <p>Our vision</p> | <p>Our vision is to lead sustainable and innovative agriculture through another century of growth</p> | |
|  <p>Our purpose</p> | <p>Proudly connect with customers and rural communities to deliver value through innovation and expertise</p> | |
|  <p>Strategic priorities</p> | <p>Strengthen the core</p> | <p>Targeted growth opportunities</p> |
| | <p>Lift returns </p> <p>Drive existing assets </p> <p>Leverage capabilities </p> | <p>Agri-energy </p> <p>Animal Nutrition </p> <p>Grower Services </p> <p>Digital and AgTech </p> <p>Alternative Protein </p> |

Progress on strategic initiatives in 1H24 continues

Focus on improving our business and investing for growth

Strengthen the Core



Record oilseed crush

- 282kmt oilseed crush volumes largest delivered in a half
- Continuous improvements in operating environment driven by investments in advanced analytics



Bulk materials handling

- Continued diversification of commodities handled to increase utilisation of assets
- Increase in contribution margin from new customers offset by decline in overall volumes
- Assessing additional opportunities to grow volumes



Agri-energy growth

- Agri-energy sales volumes up 15% vs. 1H23; new customer wins in North America
- Used cooking oil collection supported by fresh oil sales

Targeted Growth Opportunities



Additional crush capacity assessment

- Feasibility study into additional crush capacity continues
- West Coast and East Coast Australia options being explored
- Joint study with IFM Investors ongoing



Programmatic M&A

- Closed the acquisition of XF Australia on 2 April 2024
- Continued strong performance of the business with integration and synergy realisation underway
- Further acquisition targets in pipeline



Continued investment in new technologies

- Investment in Peptobiotics, a startup that has developed antimicrobial peptides for livestock as an alternative to antibiotics
- Continued assessment of opportunities which are aligned to GrainCorp's products and customers

Feasibility study ongoing for new oilseed crush plant

Agri-energy remains a significant opportunity for Australian agriculture

| | |
|--|--|
| Attractive long-term fundamentals | <ul style="list-style-type: none"> • APAC renewable fuels demand forecast to grow at 19% CAGR through to 2050 to meet decarbonisation commitments • “Drop in” fuels compatible with existing infrastructure • Significant increase in feedstock production required to meet expected demand for renewable fuels |
| A significant opportunity for Australia and GrainCorp | <ul style="list-style-type: none"> • Australia’s feedstocks are exported and refined into renewable fuels in overseas markets currently • Significant national opportunity to onshore renewable fuels capability, creating jobs, fuel security and contributing to net zero targets • GrainCorp well positioned as a leading Australian supplier of renewable fuel feedstocks (used cooking oil, tallow and vegetable oil) |
| GrainCorp’s progress to date | <ul style="list-style-type: none"> • Locations for oilseed crush expansion on West and East Coast are being explored • Proximity to oilseed supply, fuel refining capacity, customer demand and export access for canola meal are critical considerations • Capital expenditure for a greenfield crush facility with capacity of 750kmt – 1mmt expected to be a minimum of \$500 million based on studies to date and subject to final design and location of plant • Continue exploring opportunities with upstream and downstream partners to develop a successful supply chain, including previously announced renewable fuels initiative with IFM Investors • Further dialogue with key Government and industry bodies in relation to regulatory framework supporting renewable fuels |

Federal Government Commitment to Net Zero

Australian Federal Government’s 2024-25 Budget to accelerate sustainable fuels industry:

\$1.7 billion

investment over the next decade in the Future Made in Australia Innovation Fund to support the Australian Renewable Energy Agency

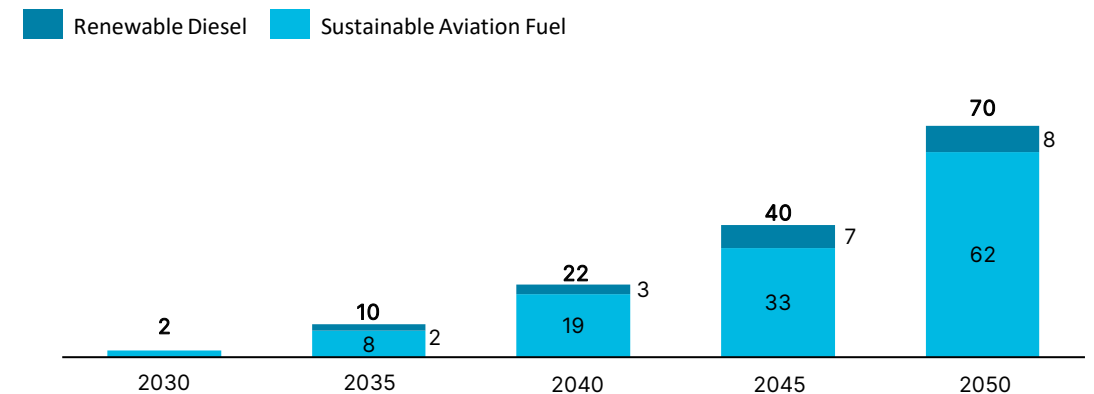
\$18.5 million

over four years to develop certification scheme for low-carbon fuels

\$1.5 million

over two years to undertake analysis on mandates and demand side measures

APAC Renewable Fuels Demand Forecast (m tonnes)¹



GrainCorp focused on balancing risk and return; welcomes Federal Government commitments to develop a low carbon liquid fuel future

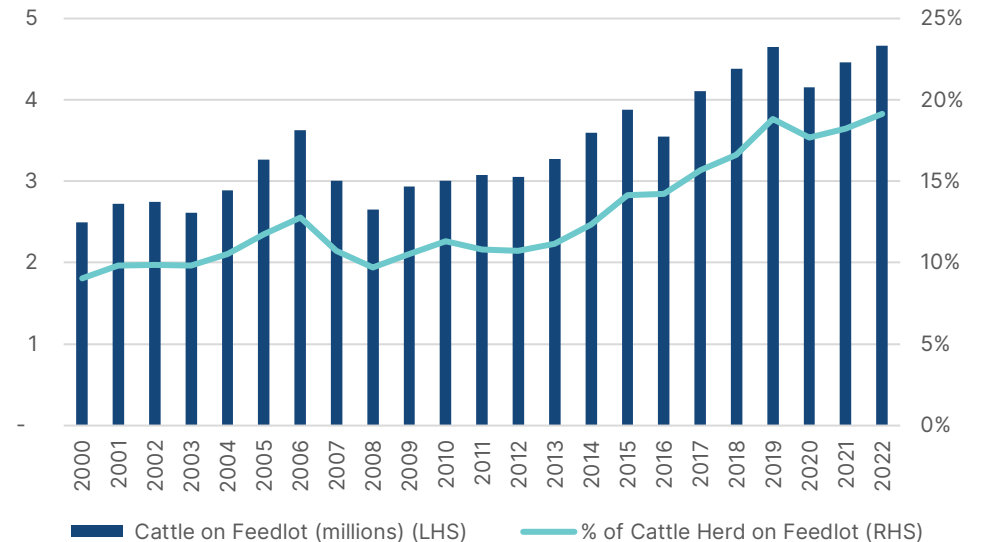
1. Source: McKinsey Energy Insights Global Energy Perspective

Acquisition of Performance Feeds and Nutrition Service Australia

Enhancing GrainCorp’s capabilities in Animal Nutrition

- Closed acquisition of XF Australia¹ on 2 April 2024; financial contribution from 2H24
- XF Australia continues to grow, generating EBITDA of \$9.5 million² for the 12 months to 31 March 2024 (pre-acquisition)
- Medium-term focus on successful integration and synergy rationalisation
- Positive industry dynamics supporting demand for feed supplement products
- Further opportunities to grow methane reducing feeds across GrainCorp’s Animal Nutrition platform
- Consulting services to expand GrainCorp’s Animal Nutrition offering

Cattle on feedlot as proportion of total cattle herd size is growing³



Performance Feeds

Manufactures a range of liquid and loose lick nutrition supplements to boost production and performance, and optimise the all-round health of sheep, beef and dairy cattle.

Nutrition Service Australia

A feedlot performance and nutritional consulting business providing both independent advice and trace mineral premix production services.

1. XF Australia Pty Ltd trades as Performance Feeds and Nutrition Service Australia (NSA)
 2. Management accounts (unaudited)
 3. Sources: ABS, MLA

GrainCorp Ventures

Recently expanded portfolio of Digital and AgTech investments to include Peptobiotics

Four key investment areas

Analytics and optimisation

Optimising the value and quality of agricultural commodities

Smart supply chains







Driving increased value across the agricultural supply chain

Biotechnology

Improving crop production and sustainability outcomes

Sustainability & circular economy

Reducing the carbon footprint of agricultural commodities from the farmgate to point of consumption

| Our portfolio | About | First invested |
|--|---|----------------|
|  | Developed antimicrobial peptides for livestock, as an alternative to antibiotics. Peptides seek to prevent disease and support growth, providing a humane, sustainable and productive alternate to antibiotics in feed rations | 2024 |
|  | Developed microbial technology to capture and store carbon in agricultural soils, with a specific focus on broadacre cropping products across Australia, US and LATAM | 2023 |
|  SMART AG SUPPLY CHAIN | Solution for testing, inspection and certification of agricultural commodities, combining computer vision, machine learning and IoT to assess varietal purity and conduct physical quality determination of grains and oilseeds | 2023 |
|  | Last mile connectivity solution for vehicles, machinery and businesses, leveraging multi carrier capabilities through hardware backed solutions to provide connectivity in rural and remote areas | 2022 |
|  | Leverages spectroscopy technology and machine learning algorithms to test traits of both solids and liquids through a handheld device such as grains, oilseeds, oils and dry matter | 2021 |
|  Nature. Science. You. | Established by CSIRO, FutureFeed holds the global IP for the use of Asparagopsis seaweed in animal feed formulations to reduce methane emissions in livestock | 2020 |

Investing in opportunities that support the long-term sustainability and productivity of the agriculture industry

FY24 outlook

Challenging margin environment for FY24; positive conditions for 2024/25 winter plant

- Previously announced FY24 guidance
 - Underlying EBITDA of \$250-280 million
 - Underlying NPAT of \$60-80 million
 - Excludes business transformation costs

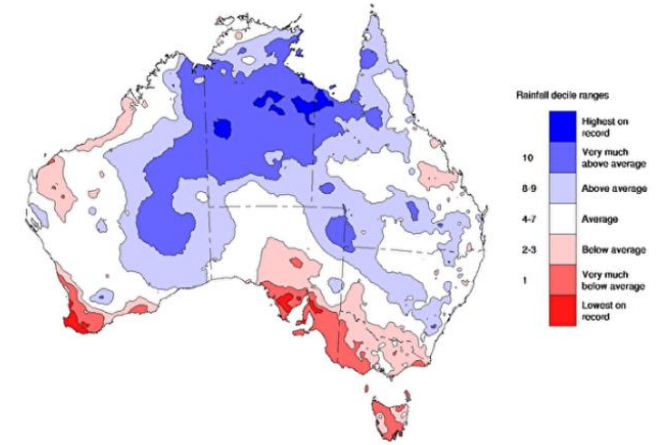
Market outlook

- Grain and oilseed margin environment expected to remain challenging for FY24
- Dry conditions in Western Australia impacting exportable volumes and margins
- Crush volumes expected to remain strong

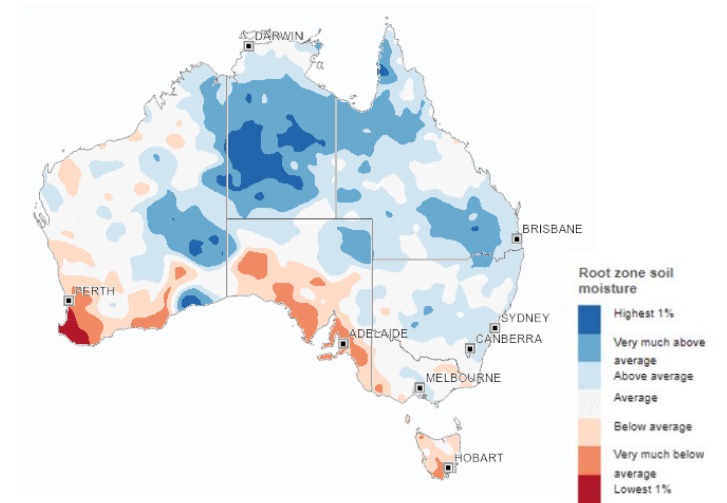
2024/25 winter plant

- Rainfall in 1H24 has set up much of ECA for a strong winter plant; in contrast to dry conditions in Western Australia
 - Production in northern ECA regions expecting to rebound from 2023/24 levels
- Positive soil moisture profile

Australian rainfall deciles - 3 months to 30 April 2024¹



Root zone soil moisture at 30 April 2024¹

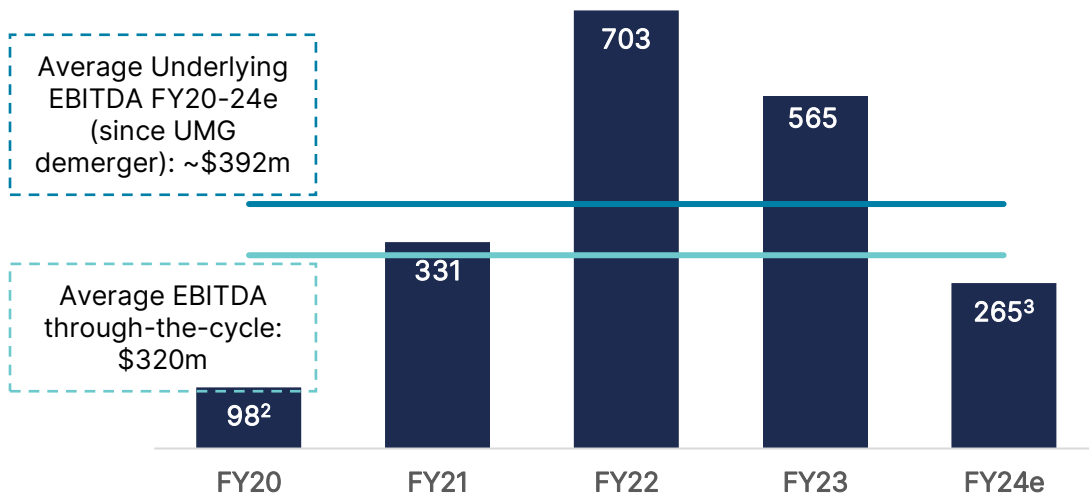


1. Source: Bureau of Meteorology ('Three-monthly rainfall deciles for Australia' 8 May 2024; 'Root zone soil moisture' 8 May 2024)

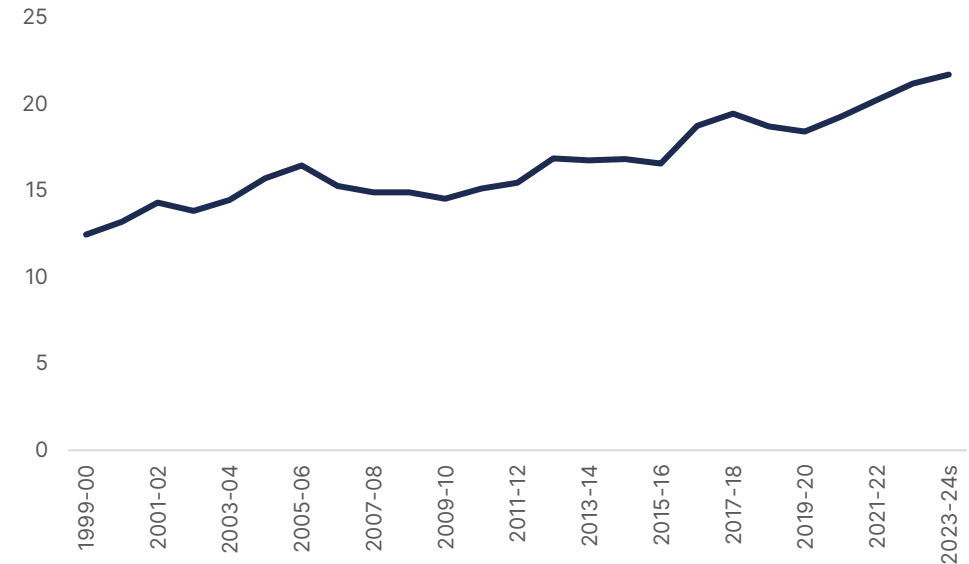
Significant operating leverage in large ECA crop years

Confidence in through-the-cycle average earnings as long-term crop production improves

EBITDA (\$m)¹



10-year rolling average of Total ECA Winter Crop Production⁴



- Operating initiatives and the Crop Production Contract have been effective at supporting earnings in small ECA crop years, as demonstrated in FY20, a severe drought year
- Average ECA grain production continues to improve; 10 year rolling average CAGR of 2.3%

1. FY20-24 represents period post demerger of malt business and introduction of Crop Production Contract
 2. Includes proforma adjustment – removal of earnings from Australian Bulk Liquid Terminals
 3. FY24e EBITDA of \$265m represents midpoint of FY24 guidance range of \$250-280m, announced on 6 May 2024
 4. ECA production represents total ECA winter + ECA sorghum production (source: ABARES). FY24 production is based on ABARES estimate

Investment proposition

Positive long-term macroeconomic fundamentals

Strong operational execution across our integrated network

Increased through-the-cycle average EBITDA to \$320m

Continued assessment of growth opportunities

Balance sheet with significant flexibility

Track record of strong returns to shareholders





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