



31 January 2017

## Sale of Allied Mills

GrainCorp today announced the sale of its 60% investment in Allied Mills Australia Pty Ltd ("Allied Mills") to funds advised by Pacific Equity Partners "PEP" for a consideration of \$190 million (pre-tax and transaction costs). PEP has agreed to acquire all of the businesses of Allied Mills and GrainCorp's joint venture partner Cargill Australia has also sold its 40% interest to PEP.

This consideration represents GrainCorp's 60% share of the equity value of Allied Mills and equates to an enterprise value of Allied Mills of \$455 million<sup>1</sup>. In addition to the consideration, there is also the benefit of \$35 million of franking credits being distributed to GrainCorp.

The sale is subject to usual regulatory approvals.

Commenting on the sale, GrainCorp Managing Director & CEO Mark Palmquist said:

"This transaction is consistent with our strategy to proactively manage our portfolio to improve returns. The interest shown by PEP to acquire full control of Allied Mills provided us with an excellent opportunity to realise the value in Allied and create balance sheet flexibility for the future.

"Along with Cargill Australia, we have been joint investors in Allied Mills for over 15 years. We would like to thank the management and employees of Allied Mills for our successful relationship over such a long period. GrainCorp wishes Allied Mills, its customers and new owners all the best and we look forward to maintaining our positive relationship into the future."

Alistair Bell, Group Chief Financial Officer, commented: "over a number of years GrainCorp has been investing in a series of capital projects and as these projects are completing, our focus has been on maintaining a disciplined approach to capital management and portfolio optimisation. This sale of an equity investment in Allied Mills creates an opportunity to realise value, reduce gearing and improve our returns. The funds of \$190 million will provide flexibility as we approach our peak gearing and remain available for other redeployment opportunities."

GrainCorp's share in Allied Mills was acquired from Goodman Fielder in 2002 and has a book value at 30 September 2016 of \$178 million.

Credit Suisse acted as financial advisor to GrainCorp and Cargill on the sale and Gilbert + Tobin provided legal advice to GrainCorp.

## FURTHER INFORMATION

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<sup>1</sup> Based on an FY16 average level of working capital and grain inventory / prices