



11 May 2017

Positive first half results and on track for strong full year

GrainCorp has reported HY17 EBITDA¹ of \$236 million (HY16: \$134 million) and underlying NPAT² of \$100 million (HY16: \$32 million). Statutory NPAT was \$90 million.

Managing Director & Chief Executive Officer Mark Palmquist said the result is consistent with full year earnings guidance provided in February 2017 of \$385 million-\$425 million EBITDA (FY16: \$256 million) and \$130 million-\$160 million underlying NPAT (FY16: \$53 million).

"GrainCorp's strong first half performance benefited from the large Australian grain harvest and higher export volumes, combined with our intense focus on improving network efficiency and managing costs," Mr Palmquist said.

"Our Storage and Logistics team performed very well in response to the significant challenges of the record harvest and compressed export program. We provided a high level of service to growers and efficiently managed our supply chain labour costs.

"This has been achieved through our strategy of developing a modern, efficient network through Project Regeneration which resulted in average receivables per site rising to 70,000 tonnes from 40,000 tonnes last harvest.

"Following harvest, our grains businesses and the broader industry are contending with significant supply chain disruptions, due to an extended industrial dispute affecting our Victorian rail provider and earlier bad weather. Nonetheless, it is pleasing to see a stronger result from GrainCorp Marketing which has also benefited from increased exports from the east coast and Western Australia.

"GrainCorp Malt has continued to perform strongly, despite an unfavourable foreign exchange impact. We expect the expansion of our malt plant in Pocatello, Idaho to come online in July this year, which will more than double available capacity at the site. The group is also improving its sales mix with a focus on higher margin products.

"GrainCorp Oils did benefit from increased canola supply, which drove down procurement costs, as well as stronger demand for meal and continued high utilisation at GrainCorp Liquid Terminals. There has been continued pressure on margins in GrainCorp Foods, with the business focused on improving production efficiency at West Footscray."

GrainCorp's Board has declared an interim dividend of 15 cents per share (cps) (HY16: 7.5 cps). GrainCorp anticipates its full year dividend will be 40-60% of underlying NPAT, in line with the Company's policy.

Mr Palmquist said GrainCorp remained committed to strengthening its core business by improving the underlying performance of its business units.

"GrainCorp is currently in a very favourable strategic position. Our program of major capital works projects is largely due for completion over the next 12 months and we will enjoy the benefits in coming periods. In addition, strong volumes and cashflow, combined with the sale of Allied Mills and a German malt house, provides balance sheet flexibility that will allow us to consider growth options in line with our strategic priorities," Mr Palmquist said.

¹ Earnings Before Interest, Tax, Depreciation and Amortisation (before significant items)

² Net Profit After Tax (before significant items)

FURTHER INFORMATION

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