



Media Release

22 May 2012

STRONG 2012 HALF YEAR RESULT UNDERPINNED BY GRAINS EARNINGS

GrainCorp has announced an improved first half result, driven largely by higher earnings from storage, handling and ports activities.

1H12 RESULT HIGHLIGHTS

- **EBITDA: up 36% to \$235 million (HY11: \$173m)**
- **NPAT: up 39% to \$122 million¹ (HY11: \$88m)**
- **Fully franked interim dividend of 15 cents per share (cps) plus 15cps special dividend**
- **Grain receivals: 11.6 million tonnes (HY11: 14.4mt)**
- **Grain exports handled: 5.0 million tonnes (HY11: 3.2mt)**
- **FY12 guidance revised up to EBITDA of \$385-\$415 million (previously \$350-\$380m) and NPAT of \$185-\$205 million² (previously \$165-\$185m).**
- **FY12 carry-out expected to be around 4.5 million tonnes**

“This is a strong result with good contributions from all parts of our business,” GrainCorp Chief Executive Officer Alison Watkins said today.

“Our performance during the half has benefited from higher earnings from both our grains and processing businesses, demonstrating the benefits of our strategic focus on deriving value from all points along the grain chain.” Ms Watkins said.

“Our Country and Logistics business nearly doubled its EBITDA, despite a smaller crop than last year’s record. The business recorded a \$34 million EBITDA uplift due to record 6 million tonne carry-in, higher storage and out-load revenues, and effective customer service in the face of 11.6 million tonnes of receivals. Our harvest-related operating costs were also lower due to a more straightforward harvest period.

“GrainCorp’s ports benefited from handling record grain exports of 5 million tonnes during the half. This is an excellent outcome in challenging circumstances, considering the disruption to rail and accumulation caused by the significant flooding across NSW in February and March.

“Marketing reported a strong first half, with higher revenue driven through the execution and delivery of almost 4 million tonnes of grain. We also grew our international presence into Europe and Canada, providing us with valuable market intelligence, insight into global grain flows and important multi-region procurement capability.

“In Malt, we continue to be encouraged by the increased evidence of brewers appreciating our global footprint. Malt continues to experience processing margins below the long term industry average, driven by the ongoing tough environment in mature beer markets. However, EBITDA was in line with the same period last year as a result of higher sales volumes and a continued focus on capturing value through barley procurement and cost saving initiatives.”

¹ Statutory NPAT of \$134 million includes \$12 million Significant Item for defined benefit plan adjustment.

² Statutory NPAT guidance of \$200-\$220 million includes ~\$17 million Significant Items for defined benefit plan adjustment plus Allied Mills insurance proceeds

GrainCorp also reported a lower Lost Time Injury frequency rate for the half of 10.2 (FY11: 14.5).

Interim dividend

GrainCorp's board has confirmed an interim dividend of 15cps and a special dividend of 15cps.

"Across the cycle our dividend policy is to pay between 40-60% of NPAT. In strong performance years we are able to 'flex up' and return some additional capital to our shareholders through a special dividend," Ms Watkins said.

"As a business we are targeting a dividend for shareholders each year, due to the earnings contributions we now have outside our cyclical storage and export activities."

FY12 guidance upgrade

Ms Watkins said the strong forward program of export bookings at GrainCorp's ports, coupled with improving malt sales and expected earnings, gives the company sufficient confidence to upgrade the earnings guidance provided to the market in February.

GrainCorp now expects to report EBITDA of \$385-\$415 million (up from prior guidance of \$350-\$380m) and NPAT of \$185-\$205 million for the full year, excluding Significant Items, (up from \$165-\$185m).

"The large grain carry continues to drive storage and export volumes and we are planning on handling a significant export task of around 10 million tonnes for the year.

"In addition we are anticipating slightly stronger malt sales of 1.35 million tonnes and malt margins of approximately \$80 EBITDA per tonne across the full year. Our marketing business' domestic and export programs are in line with expectations," she said.

FY13 outlook

Looking beyond the current year, Ms Watkins said:

"In Country and Logistics we are accelerating our program of safety expenditure and equipment upgrades, to ensure we are prepared for another potentially large harvest.

"While the crop forecasts are generally positive and planting is underway in many areas, most growers in eastern Australia would like good rains in the next few weeks to ensure their crops have a positive start so as to make use of the good subsoil moisture already present."

The continued busy export program means GrainCorp expects FY13 carry-in to be about 4.5 million tonnes, compared with 6.0 million tonnes at the beginning of the current financial year.

GrainCorp has sought to provide a greater level of certainty for its export customers by opening the shipping stem early for the first quarter of the 2013 shipping year.

"Demand for elevation capacity is very strong, as customers seek to meet international demand," Ms Watkins said.

"We will continue to work with our customers to identify ways to plan their export programs further in advance, encourage supply chain flexibility, and to build the competitiveness of Australian grain exports."

Contact: Angus Trigg – 0413 946 708 or atrigg@graincorp.com.au