

2 August 2019

FY19 earnings guidance

GrainCorp announces that it now expects to report underlying EBITDA¹ for FY19 in the range of \$65-85 million and an underlying net loss after tax² in the range of \$70-90 million.

GrainCorp expects the full year negative EBITDA impact arising from the ongoing disruption of international grain trade flows and Australian wheat markets to increase to \$60-70 million (up from \$40 million, reported on 18 April 2019). While the Company has substantially executed its old crop position, new crop trading opportunities in Q4 are no longer expected to materialise due to reluctance from international market participants to consider new season contracts.

Independent crop forecasters are predicting another below-average production year in 2019/20. ABARES' June 2019 winter crop production forecast for FY20³ was 14.4mmt, 22 per cent below the 10-year average to 2018/19. On 7 June 2019, GrainCorp announced it entered into a 10-year contract to manage eastern Australian grain production risk. This contract takes effect for FY20 and will have material benefits including reducing volatility in cash flow and earnings in lower production seasons.

Trading conditions for the remainder of the business, including Malt, are tracking in line with expectations.

GrainCorp Chief Executive Officer Mark Palmquist said: "This is an extremely difficult year for GrainCorp due to the significant disruptions we've seen in global grain markets, compounded by the drought in eastern Australia. The extraordinary circumstances in eastern Australia are highlighted by the fact we expect to ship 2.3 million tonnes of grain from South and Western Australia to meet east coast domestic demand."

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¹ EBITDA is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation, before significant items

² Net profit/loss after tax (before significant items)

³ ABARES winter crop production for the Australian states of Queensland, New South Wales and Victoria June 2019 (Table 2, p.2)