



Media Release

IMMEDIATE RELEASE

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GRAINCORP ANNOUNCES COMPLETION OF MALT ACQUISITION

GrainCorp Limited (ASX code GNC) today confirmed completion of the acquisition of United Malt Holdings Limited (UMH) for AUD757 million.

Execution of the transaction documents occurred at midday Sydney (Australia) time.

GrainCorp Managing Director Mr. Mark Irwin said, "Today marks a very special day in the 93 year history of GrainCorp. The purchase of the Canada Malting Company (Canada), Great Western Malting (USA), Bairds Malt (UK), and Barrett Burston Malting (Australia) transforms GrainCorp from an eastern Australian storage and handling service provider into an international agribusiness operating across four countries, with around half the company's earnings now derived from barley and wheat processing."

To complete the acquisition, GrainCorp successfully raised around AUD600 million through the issue of new shares.

"We wish to thank all of our existing and new shareholders for their participation in the capital raising. The acquisition of the Canada Malting Company, Great Western Malting, Bairds Malt, and Barrett Burston Malting means GrainCorp now has a much more stable and diversified earnings base, and from that base we will focus on providing long term earnings and value growth for shareholders," Mr. Irwin said.

With the completion of the acquisition, GrainCorp has effectively doubled in size, meaning the new GrainCorp has,

- Become the world's fourth largest commercial malt producer.
- More than 1,400 permanent staff operating in four countries.
- A market value on the Australian Stock Exchange exceeding AUD1 billion.
- Stable earnings from a diversified international operating base.
- Access to further expansion opportunities.

"From today we will no longer be using the name 'United Malt Holdings'. The four businesses we have acquired have their own strong and well respected regional brands and market positions. To ensure we maintain that brand strength, and foster the strong existing relationships with customers and suppliers, particularly barley growers, the individual brand names and brand identities of the four malt businesses will be retained," Mr. Irwin said.

GrainCorp will form a new business unit, 'GrainCorp Malt', which will be headed by former UMH CEO, Mr. Jim Anderson. The current Presidents of the Canada Malting Company, Great Western Malting, Bairds Malt, and Barrett Burston Malting will also continue in their current roles.

GrainCorp Malt CEO Mr. Jim Anderson said, “All of the senior management of the former UMH businesses are very excited about becoming part of GrainCorp. We see a lot of common values with GrainCorp, and we are looking forward to working with a senior management team that is familiar with the malt business, grain value adding, and building strong relationships with customers and grain growers.”

“I can’t emphasise strongly enough our admiration for the manner in which the existing malt business management operate the assets, secure the supply of high quality raw materials and manage relationships with customers and suppliers,” Mr. Irwin said.

On the matter of the rationale for the malt business acquisition, Mr. Irwin said, “It is important for us to emphasise that this acquisition was a unique opportunity to diversify the GrainCorp earnings base at a competitive price, it was not about ‘synergies’ or restructuring the malt businesses.”

“While GrainCorp has a valuable portfolio of grain handling, storage and logistics assets, a major strategic weakness over the last few years has been our reliance on seasonal harvest conditions across the eastern states of Australia.”

“The acquisition of the Canada Malting Company, Great Western Malting, Bairds Malt, and Barrett Burston Malting means that about 50% of total annual earnings will be derived from malt and flour production. This means that our earnings will be more stable, and we will be able to more reliably generate value for shareholders,” Mr. Irwin said.

Mr. Irwin confirm that existing GrainCorp and new malt business senior management would undertake, over the next three to six months, a review of ‘back-office’ functions to identify opportunities for increasing efficiency.

GrainCorp also confirmed that the ACCC had provided advice that it did not propose to intervene in the acquisition.

GrainCorp expects the new malt business unit to be fully integrated into the existing GrainCorp business unit structure over a 6 month period.

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