

24 February 2017

I make the Chairman's address today with many emotions.

I feel enormous pride in our company, its people around the world and their achievements over time, particularly during the leaner years we have just come through. I am happy that we have come through this tougher period and that one of the largest harvests ever seen in Australia will bring enormous benefits for our regional communities and for GrainCorp. This year we are expecting a return to stronger earnings and Mark will discuss the positive impact the larger production year will have on our earnings outlook later in today's meeting.

At the same time, I feel some sadness as this is my last AGM as Chairman of GrainCorp. Alongside all this we are excited about the announcements we are making today and what the future holds for this company.

As shareholders are aware, we have been conducting a Board renewal process which has brought in new perspectives, skills and experience – with a strong emphasis on ensuring a smooth and low-impact transition.

In line with this process, I am pleased to announce that experienced company director Graham Bradley AM will succeed me as the next Chairman of GrainCorp, and the company intends to appoint Graham to the board as a non-executive director effective from 1<sup>st</sup> March 2017. Graham has had a distinguished career in business, including eight years as Managing Director of Perpetual Limited and senior roles at Blake Dawson and McKinsey & Company. This has continued in non-executive roles, including his past Presidency of the Business Council of Australia. He retired from the board of Stockland Corporation in October 2016 after 11 years as Chairman, and he currently holds non-executive chairman roles at a number of non-listed companies including Infrastructure NSW, EnergyAustralia Holdings and HSBC Bank Australia.

A fuller summary of Graham's career and previous directorships has been made available with our statement released to the ASX this morning. On behalf of the entire GrainCorp Board, we are very pleased to welcome his experience and perspective to the company and look forward to his contribution to GrainCorp's future.

With the Board renewal process well progressed, I will retire as Chairman and non-executive director on 1<sup>st</sup> May 2017 to allow a smooth transition to Graham into the Chair from the same date.

Through this process I've had the opportunity to reflect on the incredible journey that GrainCorp has been on in recent years and, more particularly, how much the industry has changed since I first became involved in 1978.

When I started, the industry was fragmented into inefficient, state-based grain handling authorities serving a highly regulated market and single exporter. The governance and management of these authorities was highly politicised and I was pleased to play a role in their consolidation, starting with the privatisation of the various Queensland grain organisations and subsequently the merger of Grainco with GrainCorp, which allowed me to join GrainCorp's board in 2003.

At the time, I believed I would only remain associated with the company for five months as agreed in the merger structure. How wrong I was!

At that time GrainCorp had two different classes of shareholders with the "Foundation Share", which was a major constraint on our capital and operational flexibility. In 2008 shareholders voted to terminate the Foundation Share and as a result we gained the flexibility to grow and diversify the company in a rapidly changing environment.

**GrainCorp Limited (ASX:GNC)**

Level 28, 175 Liverpool Street  
Sydney NSW 2000

T 02 9325 9100  
F 02 9325 9180



Through the same period, GrainCorp also played a leading role in the deregulation of Australian wheat exports, an incredibly difficult period for the industry, but one that is broadly recognised now to have been critical to its development and ongoing competitiveness.

Our journey of diversification is well known. First into international bulk wheat exports, and then we effectively doubled the company's size with the purchase of our outstanding Malt business in 2009. Three years after that we created Australia's largest integrated edible oils business through the simultaneous purchases of Gardner Smith Group and Integro Foods. More recently, we have expanded our grain origination footprint through constructing state-of-the-art facilities in Canada with our globally respected partner Zen-Noh; and moved to consolidate and optimise our portfolio through the sale of Allied Mills.

This process has grown GrainCorp into a major employer and generator of vital economic activity in regional areas of Australasia, North America and Europe. Our reach expands even further, through providing vital food and ingredients to customers in countless other regions.

Beyond this, diversification has allowed us to deliver a profit and pay dividends consistently through the smaller crops of recent years, which would have been simply impossible when I joined the company.

Diversification has also placed us in a stronger position to respond proactively to the massive changes that have transformed GrainCorp's "traditional" Storage & Logistics operating environment since deregulation.

Over that period, one government-backed exporter has multiplied into around 20 different exporters. Our bulk ports now have five competitor export terminals in eastern Australia. Similarly, container exports have increased to well over 2.5 million tonnes per year.

There have also been major changes on farm, which affect our business model. Our farmer customers have invested in much larger, more productive equipment, and receipt infrastructure at the silo must be continually updated to keep up with their needs. On-farm storage is being installed at a rate of approximately half a million tonnes per annum, which gives growers even greater control of marketing their crop. This is accompanied by an increasing proportion of deliveries being made direct-to-port from farm. Domestic demand continues to grow especially in the feed sector.

These trends are part of the ongoing evolution of our industry, however they signify some fundamental changes to how grain comes to market.

A number of other elements of my time at GrainCorp will stay with me:

- I'm immensely proud of all of our people around the world – their adaptability to change and resilience during challenging times. In my time at GrainCorp we have been through the full spectrum: delivering a record profit in 2012, and the heartbreak of drought. But our people's resilience has remained consistent. I respect their commitment to continually improving our efficiency, performance and customer experience. I'm particularly grateful for the strong personal support they provided me during the period I unexpectedly served as Interim CEO following the rejection of the proposed ADM takeover.
- I'm proud of the leadership provided by our executive team and the Managing Director and CEO Mark Palmquist, an agribusiness executive with globally respected expertise. I would also like to thank my fellow directors for their support and considered input to Board deliberations.
- I acknowledge the significant improvement the company has made to its safety practices and performance over the years. It is painful to admit, but this improvement required us to make a significant cultural shift. Our previous approach to safety was simply unacceptable and there were too many injuries. There remains a never ending journey of improvement and the realisation that we cannot allow our progress to lead to complacency.

- I am grateful to our shareholders for their support for the company and its strategy over many years. You have supported us as we have grown, many of you weathered the disappointment of the lost value opportunity from the rejected takeover in 2013 and you have enabled the company's largest ever capital investment program to grow earnings. This investment is key to our business strategy of "strengthening the core" and will enhance our edge in a highly competitive environment. We expect its benefits to show through in our performance in the years ahead. I would also like to take this opportunity to welcome those new shareholders who have joined us more recently as a result of the departure of ADM from our register.
- I'm proud GrainCorp has remained an active member of our regional communities, mainly driven through the activities of our local teams and also through the global community fund, which has supported a large number of grassroots projects.
- I'm also proud of our commitment to diversity and inclusion; from the development and signing of our Reconciliation Action Plan, to the appointment seven years ago of GrainCorp's first female Managing Director and CEO, and to our growing commitment in the space today.

Reflecting on all this, I cannot help but feel I am leaving the company at the best time. We have a broad and high quality investor base; dramatically improved safety performance; improved cash flows coming from the large harvest and winding down of our capital program; and our balance sheet flexibility will improve further with the sale of Allied Mills.

Last year GrainCorp commemorated 100 years since the opening of its first silo in Peak Hill in regional New South Wales. It is my firm belief that our business has never been better positioned to capitalise on the enormous global food opportunity. GrainCorp has a portfolio of world class assets and we have worked hard to strengthen our core businesses. We enter our second century with satisfaction and great confidence.

I wish everyone associated with the company great and ongoing success.