NEWS RELEASE

GrainCorp

16 November 2016

FY16 result: solid performance in a challenging year

- Underlying EBITDA[1] $256 million (FY15: $235 million)
- Underlying NPAT[2] $53 million (FY15: $45 million)
- Statutory NPAT $31 million (FY15: $32 million)
- Fully franked final dividend of 3.5 cents per share (cps), taking total FY16 dividend payment to 11 cps (FY15 total dividend: 10 cps)
- Further improvements in safety performance:
  - 29% reduction in Lost Time Injury Frequency Rate to 2.7
  - 19% reduction in Recordable Injury Frequency Rate to 11.3

GrainCorp Managing Director & Chief Executive Officer Mark Palmquist said the results announced this morning are in line with market guidance provided in February.

"Our diversified business model has allowed us to deliver a solid performance in the face of some significant external headwinds," Mr Palmquist said. "These challenges have largely affected the grains and Oils businesses, however they have been partially offset by another strong performance from GrainCorp Malt.

"GrainCorp Malt continues to perform well with strong demand for specialty products delivering high capacity utilisation. The business remains well positioned for key customer segments and has made good progress with the expansion of the Pocatello facility and its craft distribution network.

"Over the past year our grains businesses have again had to contend with a smaller crop in eastern Australia, which means lower volumes and throughput for Storage & Logistics. This is part of the cyclical nature of this business and we are pleased with the work the team has done to reduce cost, manage take-or-pay rail costs and deliver greater efficiency.

"Marketing's result was restricted by the combination of large global grain inventories and low ocean freight rates, reducing the competitiveness of Australian grain in many export destinations.

"It was a challenging year for GrainCorp Oils with a difficult combination of reduced crush margins and suppressed demand for key products, due to the weak Australasian dairy sector and volatile demand for infant formula in the broader region. However, the Liquid Terminals and Feeds businesses continued to perform strongly in Australia and the optimisation of the oilseed refining and packaging footprint should benefit Oils' performance in FY17.

Mr Palmquist said GrainCorp remained firmly focused on improving underlying performance through successful execution of the strategic capital projects across the business.

"We have successfully delivered many of these projects over the past 12 months, including the new bulk liquid terminal capacity in Brisbane and Project Regeneration rail improvements for our Storage & Logistics network. The Oils footprint optimisation was also largely completed during the year, however the commissioning phase was protracted to accommodate the relocation and approval processes for over 140 individual food product lines.

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

[2] Net Profit After Tax (before significant items)

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"As our capital investment program winds down we expect our net debt gearing to peak during this year, within our target of 45%. Cash flows from these projects will be used to reduce our debt and build balance sheet flexibility."

Harvest update & FY17 outlook

As of yesterday, GrainCorp had received approximately 1.5 million tonnes of grain into its network.

"While this year's larger crop is welcome, harvest is at least three weeks late this year and there is a long way to go before it is all stripped and in the bin," Mr Palmquist said.

"We are expecting a return to a stronger year in FY17, driven by larger volumes and the operational efficiencies delivered in Storage & Logistics over the past two years, partially offset by new port competition.

"Conditions are likely to remain challenging for Marketing, with ongoing competition from alternative supply origins, and a global oversupply of grain. These macro factors will continue to impact international grain flows and Australia's competitiveness.

"We expect continued strong performance from Malt, thanks to strong customer demand, and the Pocatello expansion is on track to commence production in the second half.

"Oils should benefit from improved crush margins, off the back of a larger Australian canola crop, and its expansion projects, although we expect ongoing pressure from the weak dairy sector in Australasia."

FURTHER INFORMATION

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