News Release

Strong FY17 result due to large harvest and Malt performance

- Underlying EBITDA[1] $390 million (FY16: $256 million)
- Underlying NPAT[2] $142 million (FY16: $53 million)
- Statutory NPAT[3] $125 million (FY16: $31 million)
- Fully franked final dividend of 15 cents per share (cps), taking total FY17 dividend payment to 30 cps (FY16 total dividend: 11 cps)
- Recordable Injury Frequency Rate[4] of 11.5 (FY16: 11.3)

GrainCorp Managing Director and Chief Executive Officer Mark Palmquist said the result benefited from the near-record crop in eastern Australia and another good performance by GrainCorp Malt.

"Across our grains businesses, we benefited from increased storage, handling and merchandising opportunities aided by the large harvest. We successfully executed a large grain export program despite persistently high global crop supplies and depressed grain prices, which continued to be a headwind for Australian growers.

"Malt delivered another good result, with earnings consistent year-on-year despite an unfavourable foreign exchange impact from the higher Australian dollar and reduced revenue following the sale of our German malt plants. GrainCorp Malt continued to operate at high capacity utilisation with strong demand for specialty products.

"The Foods business within GrainCorp Oils is facing a number of challenges, with margin compression and prolonged process in capturing efficiency improvements at our plant in West Footscray. We have taken significant steps to reshape this business including removing costs and combining the Foods and Oilseeds businesses to simplify the operating structure and increase efficiencies.

"Our diversified earnings base allows us to pay a final dividend of 15 cps (total FY17 dividend 30 cps; FY16 11 cps), notwithstanding the leaner outlook for FY18 based on the current harvest.

"Rising energy costs continue to be a serious challenge for the long-term sustainability of food and malt processing in Australia and we are evaluating a range of energy efficiency and alternative generation options to mitigate the impact of energy price volatility. This is important to remain internationally competitive," Mr Palmquist said.

During the year we continued to improve our safety processes and controls, striving towards our vision of Zero Harm, Safe for Life. However, our Recordable Injury Frequency Rate (RIFR) did increase marginally in FY17 and we continue to work hard to drive sustained performance improvements.

---

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

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

[3] Net Profit After Tax and after significant items of $16M after tax. See results presentation for further detail.

[4] Recordable Injury Frequency Rate ("RIFR") is calculated as the number of injuries per million hours worked. Includes lost time injuries, medical injuries and restricted work injuries. Includes permanent and casual employees and GrainCorp controlled contractors.

HARVEST UPDATE AND FY18 OUTLOOK

As of Monday 20 November 2017, GrainCorp had received approximately 1.4[5] million tonnes into our east coast Australia network. Overall, we are expecting a substantially smaller crop in eastern Australia, with production skewed to Victoria and southern NSW, and below average exportable surplus.

Mr Palmquist said: “Our focus remains on becoming more versatile across the Grains business and ensuring we are adding value for growers and buyers in these challenging times. The Marketing team will continue to explore opportunities to meet our customers’ needs, including the possibility of domestic shipping to meet demand in northern areas.

“Oils will continue to face strong headwinds and margin pressure across the year, however, we expect the benefits of our Oils restructure to flow through to the second half of the financial year,” Mr Palmquist said.

“The expansion of our Malt facility in Pocatello, Idaho, USA was completed during the fourth quarter of FY17 and will provide a full year contribution in FY18.

“GrainCorp is in a strong financial position with core debt[6] gearing at 20% at 30 September 2017 (FY16: 29%). While 2018 will be a challenging year for our Grains business, we have made significant progress in recent years to optimise our network and more closely align operational costs with volumes. Our processing businesses continue to underpin earnings for the Group and demonstrate the benefits of having a diversified portfolio.”

FURTHER INFORMATION

MEDIA
Luke O’Donnell
Corporate Affairs Manager
+61 2 9266 9465
+61 447 660 804
luke.odonnell@graincorp.com.au

Angus Trigg
Director, Corporate Affairs
+61 2 9325 9132
+ 61 413 946 708
atrigg@graincorp.com.au

INVESTORS
Luke Thrum
Investor Relations Manager
+61 2 9266 9217
+61 447 894 834
luke.thrum@graincorp.com.au

[5] This figure represents new crop tonnes received at GrainCorp sites including some deliveries received prior to 30 September 2017. Excludes third-party deliveries direct to port. For more information please see our weekly harvest updates available at www.graincorp.com.au

[6] Core debt = total debt less cash less commodities inventory (Marketing, Oils).