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Solid performance from processing businesses underpins first half result

GrainCorp has reported HY14 earnings of \$166 million EBITDA¹ (HY13: \$227 million) and NPAT² of \$61 million (HY13: \$109 million). The statutory NPAT of \$50 million includes significant items relating to the network optimisation project within GrainCorp Oils.

GrainCorp Executive Chairman and Interim CEO Don Taylor said it was a pleasing result, delivered in the face of a more challenging period for the company's grains businesses.

"GrainCorp Malt and GrainCorp Oils have both delivered consistent results, with Malt continuing to operate at high capacity and GrainCorp Oils performing well despite continuing pressure on refining volumes," he said.

Mr Taylor said that the performance of the grains businesses was also positive given the lower crop volumes.

"Our Storage & Logistics business' earnings were affected by a below average carry-in and the smaller crop in northern regions. This translated to lower grain receivals and increased demand from domestic end-users, limiting the amount of grain available for export.

"While the intense competition for a smaller crop also means that GrainCorp Marketing's result was lower year-on-year, it is pleasing that this business has reported a positive result in an environment that has been extremely challenging."

Mr Taylor said the company was also pleased to be reporting a 43% improvement in the rolling 12 month average Lost Time Injury Frequency Rate and was focused on continuing this positive trend through ongoing investment and physical, system and process improvements.

Interim dividend, outlook & other matters

GrainCorp's Board has declared an interim dividend of 15 cents per share (cps) (HY13: 20cps plus 5 cps special) which represents a payout ratio of 56% of NPAT before significant items. The company's policy is to pay 40-60% of NPAT through the cycle.

Mr Taylor said it remained GrainCorp's expectation that FY14 earnings would be heavily weighted to the first half as a result of the busy export program and low residual levels of grain in the network. As a result, the company was maintaining the full year earnings guidance it provided in February (EBITDA of \$275 - \$315 million and underlying NPAT of \$80 - \$100 million).

"Looking further ahead, some good pre-planting rains have been recorded in many areas of our catchment with canola planting substantially underway in many areas and good starts for wheat and barley. However, it's a long season and, as always, favourable conditions and good finishing rains will be critical to the delivery of a good crop in eastern Australia," he said.

Mr Taylor said the company's search for a new CEO was progressing well, with an announcement expected in the middle of the calendar year, as previously indicated.

¹ Earnings Before Interest, Tax, Depreciation & Amortisation (and before significant items).

² Net Profit After Tax (before significant items of \$11 million).

FOR FURTHER INFORMATION

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