



11 May 2016

GrainCorp HY16 result

GrainCorp has reported HY16 EBITDA¹ of \$134 million (HY15: \$136 million) and underlying NPAT² of \$32 million (HY15: \$35 million). Statutory NPAT after significant items was \$20 million.

Managing Director & Chief Executive Officer Mark Palmquist said the result is consistent with the earnings guidance provided in February 2016 of \$240 million - \$270 million EBITDA and \$40 million - \$55 million underlying NPAT.

GrainCorp's board has declared an interim dividend of 7.5 cents per share (cps) (HY15: 7.5 cps), representing a payout ratio of 53% of underlying NPAT.

"We are pleased to report solid progress on our major capital projects, such as the significant expansion of our Brisbane bulk liquid storage capability. These projects will embed improved performance across our businesses as they are brought online. In the immediate term however, global trading conditions continue to weigh on the Australian grains sector, particularly affecting oilseed crush margins and grain exports from the eastern states," Mr Palmquist said.

"GrainCorp Malt continues to perform well, due to the numerous operational efficiency projects we have been working on for some time now, as well as strong demand for specialty products. The expansion of our Pocatello facility in Idaho is well progressed and we expect it to be operational in mid-calendar year 2017.

"It has been a more challenging half for GrainCorp Oils, which has experienced lower crush margins due to high European demand for canola seed off a smaller crop resulting in tighter supply and higher procurement costs. Ongoing weakness in the New Zealand dairy sector has also affected the feeds and liquid terminals businesses in that country. We expect all these cyclical factors to improve over time. Our new refining and packaging infrastructure delivers significant efficiencies and will commence with a modest contribution to earnings uplift in the second half.

"The result of Storage and Logistics has been affected by lower grain carry and movement to export, compounded by take-or-pay rail costs. The delayed export program from eastern Australia has also reduced port elevations for the half.

"GrainCorp Marketing has performed well considering the subdued market and relatively expensive price of eastern Australian grain in global markets for much of the half. It has been particularly pleasing to see good contributions come from our alternative origination desks in Western Australia, South Australia, Calgary and Hamburg."

GrainCorp reported a further improvement in its safety performance, with the rolling 12-month average AIFR³ 34% lower than last year at 12.18 (HY15: 18.33).

"In relation to seasonal conditions in eastern Australia, some good sowing rains have been reported in many grain growing areas over the past week or so. This follows an extended drier and warmer period in early autumn. While there remains a long way to go, the rains have been very welcome at this point in the production cycle," Mr Palmquist said.

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

² Net Profit After Tax

³ All Injury Frequency Rate

FURTHER INFORMATION

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