News Release

11 May 2018

GrainCorp reports HY18 NPAT of $36 million and maintains full year guidance

- Underlying EBITDA[1] $119 million (HY17: $236 million)
- Underlying NPAT[2] $36 million (HY17: $100 million)
- Statutory NPAT[3] $36 million (HY17: $90 million)
- Interim dividend of 8 cents per share (cps)

GrainCorp today announced its 2018 half-year financial results, with EBITDA of $119 million and NPAT of $36 million. The Group has re-confirmed 2018 full year earnings guidance of $240-$265 million underlying EBITDA and $50-$70 million underlying NPAT.

GrainCorp Managing Director and Chief Executive Officer Mark Palmquist said earnings were lower year-on-year due to the significant reduction in crop production in eastern Australia, which is approximately 40% below last year's near record harvest.

"Our Grains team has done a good job of adapting the network to the smaller harvest and closely managing its cost base. Pleasingly, the formation of the Grains business unit ahead of harvest has been effective with improving performance in a low-volume year while also improving customer service, rail utilisation and absorbing the cost of integration," Mr Palmquist said.

"GrainCorp Malt performed solidly in a period when production was curtailed as the existing plant in Pocatello, Idaho was upgraded. We continue to experience good demand from craft beer and distilling customers.

"GrainCorp Oils' contribution was marginally down, reflecting weaker oilseed crush margins and one-off restructuring costs. Liquid Terminals continued to operate at a high utilisation rate and Foods delivered a better performance due to good volumes, improved demand for specialty oils for infant formula and operational efficiency improvements.

"We are on track to deliver $25-30 million in pre-tax benefits within 18 months through the restructuring and continuous improvement programs across Grains and Oils. We will continue to manage cashflows to ensure our balance sheet remains strong.

"The major growth projects within GrainCorp's capital works program are coming to their conclusion. Our stay-in-business capex in FY18 is expected to be $50-70 million, down from recent years and well below depreciation, and is expected to remain at similar levels for the next few years. We are strongly focused on remaining free-cashflow positive

[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 (after significant items).

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for the full year, realising the value of our capital investments across the business and optimising the full value of our invested capital, consistent with our strategy and operational needs.

The Board has declared an interim dividend of 8 cps reflecting the leaner harvest and FY18 outlook.

2018/19 OUTLOOK & GUIDANCE

As of 11 May 2018, the prevailing dry conditions across most of the east Australian grain belt are presenting serious challenges for grain growers, with dry-sowing occurring in many areas.

“The current production outlook emphasises the importance of the steps we are taking to diversify GrainCorp’s grain origination footprint while keeping a strong focus on managing our cost base,” Mr Palmquist continued.

“In the event of a smaller harvest, our existing take-or-pay rail contracts will present a challenge, however these commitments expire in FY19. Our new rail contracts will provide greater flexibility to manage transportation costs through the crop cycle, further reducing our fixed-cost base.

“During the second half we expect Malt to benefit from the expansion in Pocatello, Idaho and utilisation of production capacity will remain high, driven by demand for specialty products and our efficient distribution network. Likewise, in Oils, the Liquid Terminals business will continue to perform strongly, while the broader business unit will experience ongoing benefits from the Foods restructuring and continuous improvement program.”

GrainCorp has re-confirmed 2018 full year earnings guidance of $240-$265 million underlying EBITDA and $50-$70 million underlying NPAT. GrainCorp’s FY18 guidance remains subject to a range of variables, including:

- 2H18 volumes: direct-to-port receivals, port elevations;
- Impact of global crush margins on Australian edible oils;
- New season grain trading opportunities in Q4; and
- Foreign exchange movements.

FURTHER INFORMATION

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