



11 February 2021

The Manager, Companies
Australian Securities Exchange
Companies Announcement Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

2021 Annual General Meeting – Managing Director & CEO’s Address

Please see attached the address to be delivered by Robert Spurway, Managing Director & CEO, to shareholders at this morning’s virtual Annual General Meeting.

This announcement is authorised for market release by the GrainCorp Limited Board.

Yours faithfully,
GrainCorp Limited

A handwritten signature in blue ink, appearing to read "AS", followed by a long horizontal line extending to the right.

Annerly Squires
Company Secretary

Managing Director & CEO's Address

Annual General Meeting



11 February 2021

Introduction

Thank you, Peter and good morning, ladies and gentlemen.

After almost a year with GrainCorp, I remain proud and privileged to lead this iconic business, particularly at such an exciting stage in the Company's history.

As Peter has mentioned, GrainCorp reported a solid result in FY20, despite a third year of drought in the East Coast of Australia.

Harvest

I want to acknowledge the difficulty and hardship caused by the extended drought and the incredible fortitude and resilience shown by growers, farmers and everyone working in agriculture. The good news is that, for many of us, the drought has now broken and across much of eastern Australia we experienced near optimal conditions during the recent winter cropping season.

This remarkable turnaround was one of the truly positive stories to come out of FY20. 62 of our sites broke their receival records and, to date, we have brought in 13.8 million tonnes of grain across Queensland, New South Wales and Victoria. This compares to total receivals of just 4.2 million tonnes last year and is nearly 1 million tonnes higher than at the same point in the last bumper crop of FY17.

In response to the challenges of COVID, our operations teams established contactless receival processes and accelerated the use of our digital platforms. As a result, we have kept our grower customers safe and improved the efficiency of our operations. The feedback we have received shows a very pleasing increase in site experience and satisfaction.

So, to recap, we have received 13.8 million tonnes of grain while at the same time exciting momentum is building across our business as our infrastructure assets come into their own.

Our focus now turns to the first major export program in years, with 1.7 million tonnes shipped out since October 2020, and our port bookings nearing capacity through to September 2021.

COVID

COVID-19 has created enormous personal challenges for many in our community and, indeed, across the globe.

As an essential service within the primary and food processing and distribution sector, GrainCorp has been incredibly resilient and continued to operate without interruption in Australia, NZ and across our global operations.

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Our people, both office-based and on site, sought alternative solutions and new ways of working, particularly during the busy harvest period.

Our digital platforms CropConnect and FastWeigh provided a safer, more transparent and more efficient way of working with our growers and we now have over 10,000 growers registered on these platforms.

Safety

Moving to safety, as Peter has highlighted, our key metrics improved significantly in FY20 and, notwithstanding the much higher levels of activity through the recent harvest and the increased number of new and casual workers, we continue to drive our strong safety culture and performance, and our commitment to zero harm.

Sustainability

Our commitment to sustainability is an integral part of our business.

Indeed, our growers and our communities are directly exposed to climate and weather risk and the management of these risks is critical, both for GrainCorp and the broader agricultural industry. GrainCorp's innovative Crop Production Contract is an important initiative to help manage climate risk, by ensuring our cash flows are supported during periods of drought.

We also actively promote sustainable agriculture throughout our value chains as shown recently when GrainCorp, and several other key agriculture and food industry companies, partnered with CSIRO, to form **FutureFeed**, a seaweed-based animal feed designed to reduce methane emissions from livestock. We believe this has significant potential and could be a game-changer for the global animal nutrition market. Only months after its launch, FutureFeed was awarded a US \$1 million 'Food Planet' prize for its contribution to a globally sustainable and resilient food system. We are really excited about the future potential of this business.

Financial performance

Expanding on Peter's comments on financial performance, GrainCorp achieved a solid result in FY20 with Underlying EBITDA¹ from our Continuing Operations of \$108 million, up from a \$107 million loss in the prior year.

Our Agribusiness segment reported EBITDA of \$79 million, up from a loss of \$94 million last year. This included a \$58 million gross payment received under our Crop Production Contract. The Crop Production Contract is now in its second year and is operating effectively.

Our Feeds, Fats and Oils business performed well with good demand for liquid feeds, tallow and used cooking oils. The Processing segment reported EBITDA of \$46 million, up from \$16 million in the prior year. This was driven by the increased oilseed crushing capacity and improved crush margins achieved at our Numurkah site in Victoria, together with the improved performance of our Foods business.

From a balance sheet perspective, we finished FY20 in a strong position.

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

Dividend

As Peter said, the Board was pleased to support our shareholders by declaring a fully franked dividend of seven cents per share for the FY20 year, reflecting both the strength of our balance sheet and our confidence in the future.

Strategy

As we said during our FY20 results presentation, we aim to improve GrainCorp's return on invested capital by focusing on two key areas: strengthening our core business and pursuing targeted growth opportunities.

Strengthening our core business means leveraging our existing capabilities, through improved efficiencies and cost reduction, optimising our assets, and expanding areas such as our bulk materials portfolio. Our unique infrastructure and end to end network comprises one of GrainCorp's greatest attributes and we can do more to drive value and realise the potential of these assets. We will also focus on the development of new and innovative products, including 'value-add' products within our Foods business.

New growth opportunities will be assessed in agriculture and adjacent and related industries.

For example, GrainCorp already has significant interests in the animal nutrition sector, with key assets in Australia and New Zealand. This sector has significant potential for growth and innovation and is an area where GrainCorp can leverage our current investment and expertise.

The fast-growing alternative protein market will also provide significant opportunity for GrainCorp. As the largest canola seed crusher in Australia, we are well positioned to explore alternate uses of canola meal for both animal and human consumption.

AgTech is another exciting growth area for GrainCorp and will be an enabler for both our core and growth strategies. We already have a strong digital presence through the CropConnect platform, which provides a secure marketplace for grain across the ECA. We are also currently conducting pilots in crop forecasting, grain quality control and grain sampling, to name a few.

Outlook

We are now four months into the new financial year and today we are providing FY21 earnings guidance of:

- \$230 million – \$270 million Underlying EBITDA
- \$60 million – \$85 million Underlying NPAT²

This includes the maximum payment under the Crop Production Contract, payable by GrainCorp, of \$70 million.

We are pleased to be able to provide financial guidance at this stage of the year, which reflects the greater stability in our business and our confidence in earnings.

The outlook reflects the large ECA winter crop and ongoing delivery of operational improvements in our Agribusiness segment. It incorporates a number of grain volume assumptions including total receivals of 15.5-16.5mmt and exports of 7.5-8.5mmt.

In Processing, we expect an increased supply of canola seed to support strong oilseed crush margins, despite some pressure on meal values.

² Underlying NPAT is a non-IFRS measure, representing net profit after tax, before significant items. Excludes revaluation impact from UMG holding.

As planned, we expect a considerable increase in net debt and core debt at March 2021 and September 2021 to account for the increase in commodity accumulation before it unwinds through sale and delivery to customers. This profile, together with the scale of FY21 receivables, supports our earnings both in FY21 and well into FY22.

Over the longer term, we expect to benefit from attractive industry fundamentals in Australia and around the world. Demand for quality food products is being driven by increasingly health-conscious consumers, a growing middle class in developing nations and increasing rates of urbanisation. Consumers are increasingly seeking improved grain and edible oil quality, which GrainCorp is well placed to store, supply and deliver.

Conclusion

In closing, I would like to acknowledge the outstanding efforts and contribution of our frontline operations team, headed by COO, Klaus Pamminer. I would also like to thank all of our employees for their resilience and hard work in a challenging yet highly productive year.

Finally, I thank all growers, customers and stakeholders for your continued support. We believe that your success is our success.

After a year of transition, I am excited and confident in our ability to grow, develop and drive the value of your business, as we take advantage of the opportunities ahead.

Robert Spurway

Managing Director & CEO

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