

11 November 2021

Outstanding FY21 financial result with strong, disciplined operational performance

GrainCorp Limited (ASX: GNC) has announced its full year results for the financial year ended 30 September 2021.

- Underlying EBITDA¹ : **\$331 million** (FY20 continuing: \$108 million)
- Underlying NPAT² : **\$139 million** (FY20 continuing: \$16 million loss)
- Statutory NPAT: **\$139 million** (FY20: \$343 million³, including profit on Malt demerger)
- Return on Invested Capital (ROIC)⁴: **11.1%** (FY20: 1.6%)
- FY21 dividends declared: **18 cps** fully franked (FY20: 7cps)
- On-market share buyback of up to \$50 million announced

Managing Director & CEO, Robert Spurway, commented:

“GrainCorp delivered an exceptional financial result in FY21, at the top end of the guidance range we provided in August 2021.”

“Both our Agribusiness and Processing business segments performed extremely well, driven by supply chain execution and supported by strong demand for Australian grain, oilseeds and vegetable oils.”

“This year’s record east coast Australian (ECA) crop resulted in substantial grain receipts at our sites and allowed us to demonstrate the significantly improved operational efficiencies of our country, rail and port infrastructure assets,” Mr Spurway said.

“We refreshed our strategy during the year and will deliver an additional \$40 million EBITDA by 2023/24 by enhancing our asset utilisation and driving existing core capabilities. We are also advancing several initiatives, with investments underway in our key growth areas of animal nutrition, alternative protein and AgTech.”

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

² Underlying NPAT is a non-IFRS measure and excludes significant items.

³ FY20 Statutory NPAT of \$343 million (includes \$280 million gain on demerger of Malt business; \$28 million underlying NPAT from discontinued operation; (\$16) million underlying NPAT loss from continuing operation and \$51 million gain on sale of Australian Bulk Liquid Terminals).

⁴ ROIC is a non-IFRS measure and is defined as Group underlying Net Profit After Tax less interest expense (after tax) associated with core debt / Average net debt (excluding commodity inventory funding) + average total equity. ROIC is inclusive of UMG Investment. ROIC exclusive of UMG Investment is 12.1%.

The Board has declared a final dividend of 10 cents per share, fully franked, bringing total dividends in FY21 to 18 cents per share. The Board has also announced an on-market share buy-back of up to \$50 million, commencing in early calendar year 2022.

GrainCorp Chairman Peter Richards commented:

“The strength of GrainCorp’s FY21 results, balance sheet and FY22 outlook, provide a strong foundation which allows GrainCorp to both invest in growth and return capital to shareholders.”

“Our dividend policy is to pay 50-70 per cent of NPAT on a ‘through-the-cycle’ basis, ensuring a more consistent dividend profile over time. This will be supported by the on-market share buy-back, which we consider an efficient way of returning capital to shareholders,” Mr Richards said.

Agribusiness:

GrainCorp Chief Financial Officer, Ian Morrison, commented:

“Our ECA business delivered an outstanding result in FY21 with 34.4mmt in total grain handled⁵, up from 14.2mmt last year. Our grain receivals were 16.5mmt, up from 4.2mmt, and grain exports 7.9mmt, up from 1.3mmt, reflecting a strong resumption of the export program after three years of drought.”

“Our ECA team continued to work closely with our grower customers, delivering faster truck turnaround and rail loading times, and conducting the large majority of transactions through our online marketplace *CropConnect*.”

GrainCorp’s International business played a key role in connecting ECA grain to global demand, however was adversely impacted by the Canadian drought. The Feeds business recorded lower volumes due to strong pasture conditions and lower demand for feed supplements.

GrainCorp’s used cooking oil (UCO) recycling business Auscol delivered an exceptional result, driven by strong execution and high global demand for renewable fuel feedstocks such as UCO.

Processing:

“Our Processing business delivered an excellent result, driven by record oilseed crush volumes and favourable crush margins,” Mr Morrison said.

“Our Oilseeds team has done an outstanding job in driving the utilisation of our crush facilities in a year where crush margins were strong. We expect this trend to continue in the first half of FY22, with positive ongoing demand globally for vegetable oils, both for food and renewable fuel production.”

“Our Foods business also performed well, with strong volumes in our Australian operations. During the year, we on-boarded a major new customer, supporting our objective of diversifying our customer mix.”

⁵ ‘Total grain handled’ includes carry-in + receivals + imports + domestic outload + exports + carry-out.

Outlook:

“We expect the 2021-22 ECA winter crop currently being harvested to be well above average. This will support grain and oilseed receivals into GrainCorp’s country storage facilities and a continuation of the strong export program in FY22,” Mr Spurway said.

“We have prepared for the 2021-22 harvest by building a significant amount of new storage capacity and re-opening ‘flex’ sites to accommodate the demand. We have also recruited over 3,000 harvest casuals to help manage the demand across 160 country sites and seven ports.”

“The anticipated strength of the 2021/22 crop and positive seasonal conditions will also have a positive flow-on effect for FY23, with high levels of carry-over grain expected to continue,” Mr Spurway said.

This announcement is authorised by the GrainCorp Board.

Webcast call

Robert Spurway, Managing Director & CEO, and Ian Morrison, Chief Financial Officer, will host a webcast call today at 10:00am (AEDT) to present GrainCorp’s FY21 Results. The call will be webcast live at <https://webcast.openbriefing.com/7772/>

About GrainCorp

GrainCorp is an integrated grain and edible oils business with a market leading presence in East Coast Australia (ECA). It is the largest grain storage and handling business in ECA and the number one edible oil processor and oilseed crusher in Australia and New Zealand. Over its 100+ year history, GrainCorp has created a global supply chain with high quality infrastructure assets that store, process and facilitate the transportation of grains and edible oils. For future details, please visit the Investors & Media section of our website at www.graincorp.com.au

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