

Managing Director and CEO's Address Annual General Meeting



14 February 2024

Introduction

Thank you, Peter and good morning everyone, it is a pleasure to join you today.

This morning, I will:

- Further reflect on our operational and financial performance for FY23;
- Provide an update on how we continue to deliver on our strategy;
- Highlight our sustainability achievements in FY23;
- Provide an update on the 2023/24 ECA winter harvest and outlook and earnings guidance for FY24.

I would like start by echoing Peter's comments and conveying our sincere condolences to the family and friends of our colleague fatally injured in a truck accident at Moree in in April 2023. Incidents like this underpin why we continue to strive for zero harm every day.

We have and are continuing to invest in safety initiatives across our business and are making consistent progress in key lead and lag indicators.

Outstanding financial and operational results

Turning now to some of the operational and financial highlights from the year. As the Chair noted, GrainCorp delivered another excellent financial result in FY23, with EBITDA of \$565 million and net profit after tax of \$250 million.

Performance in our **Agribusiness** segment was driven by positive cropping conditions, operating efficiencies and strong demand.

East Coast Australia (ECA) handled a total of 37.4mmt of grain, compared to 41.1mmt in the prior year, and again demonstrated the value of our infrastructure assets and our ability to move grain efficiently across the supply chain.

In the **Processing** segment, Oilseeds had another record year, with crush volumes of 496kmt, while also benefitting from favourable gross crush margins.

We continued disciplined investment in our growth strategy, targeting areas complementary to our existing profile and where GrainCorp has a right to win.

In summary, FY23 was another great year for the company as we continued to deliver for growers, customers and shareholders.

We closed FY23 in a strong financial position, with a \$349m core cash position. In addition, gross proceeds of \$127m were received on 15 November 2023 from the sale of United Malt Group to Malteries Soufflet.

Strategy

Turning to our Strategy.

This slide will be familiar to many of you. It shows our vision and purpose, centred on delivering for growers and customers to create sustained shareholder value.

To achieve this, we focus on two key strategic priorities: strengthening the core of our business – that is driving our existing assets harder and more efficiently – and the disciplined pursuit of value-add growth opportunities. I am pleased with our ability to continue delivering on this this strategy.

Strengthening the core

We have continued to invest in our assets. In the ECA network, we implemented initiatives which allowed us to reduce truck turnaround times and improve the grower experience. This enabled our network to capitalise on another bumper

crop. We continued to improve the utilisation of our port assets, and in FY23 bulk materials provided a record EBITDA contribution.

Our processing business achieved a record result in FY23, driven by our oilseeds business. Disciplined investment and the integration of advanced analytics into our processing plants supported record crush volumes.

As well as improving the performance of our assets, we are committed to driving efficiencies in our systems. The GrainCorp Nutrition and Energy integration has already unlocked internal synergies and improved customer experiences, with more to come.

We remain focused on maximising our return on invested capital by optimising the contribution of all our business assets. In FY23 we commenced a strategic review of our underperforming food asset in NZ, while in Canada we recapitalised our joint venture, GrainsConnect Canada.

Targeted growth opportunities

Moving onto our second strategic pillar, we progressed several growth opportunities this year, some of which are listed on the slide.

Positive steps were taken to identify Western Australia as the preferred location for a new oilseed crush plant. We are in ongoing conversations with upstream and downstream partners, and this remains a priority for GrainCorp.

We recently announced the intended acquisition of Performance Feeds and Nutrition Services Associates, which demonstrates our propensity for disciplined investment in high quality, value accretive businesses. This proposed transaction not only adds deep industry knowledge to an already experienced team, but it also provides ongoing earnings diversification.

In Digital and AgTech, we continued investing in emerging and innovative technologies that support the long-term, sustainable growth of Australian agriculture.

Sustainability and ESG

I will now turn to sustainability and ESG, which is embedded across both of our strategic pillars, as we aim to build a sustainable and inclusive value chain by partnering with customers, suppliers, communities, and other industry stakeholders.

This slide provides a snapshot of the progress we made in FY23.

At an operational level, we reduced our GHG emissions on a per-tonne of production at our processing sites.

We also continue to develop our approach to financial and other disclosures around climate and emissions. During FY23, we committed to the Science Based Targets Initiative (SBTi) and will be submitting targets for Scope 1,2 and 3 emissions reduction – this will be a priority workstream for FY24. Importantly, the SBTi project incorporates our commitment to no deforestation across our primary deforestation-linked commodities by the end of 2025.

Other notable successes for our teams during the year included the conditional endorsement of our 'Innovate' level Reconciliation Action Plan by Reconciliation Australia and the further narrowing of the gender pay gap at GrainCorp. We were proud to support more than 140 community groups through our GrainCorp community foundation.

Looking ahead, we recognise sustainability is a constantly evolving area requiring focus, time and effort across our business. In FY24, we will continue to adapt our approach to reflect the latest science, innovation, technologies, and stakeholder expectations.

2023/24 ECA harvest update

Moving to the current crop for FY24.

After several bumper crops, 2023/24 ECA grain production has moderated towards average levels, with ABARES estimating a 2023/24 ECA winter crop of 21.7mmt, compared to the 10-year average of 21.6mmt.

We have seen crop production vary quite notably by region. Favourable growing conditions in Victoria and southern NSW are in contrast with lower production in Queensland and northern NSW. Notably, several of our receival sites across Victoria recorded their best-ever season.

As of this week, we have received 8.5mmt of grain into our network during the FY23/24 harvest period, compared to 11.9mmt last year). Year-to-date export volumes are 1.7mmt, compared to 3.0mmt to last year. We are forecasting full year exports of between 4.5-5.5mmt.

GrainCorp carry-in from FY23 of 3.9mmt will support domestic outloads and exports.

Growers will be pleased that significant summer rainfall in several regions has boosted soil moisture in many areas, which is supporting summer crop prospects and winter crop planting.

Outlook

I would like to finish with our financial guidance and outlook for FY24.

We expect to report underlying EBITDA of between \$270-310 million and underlying net profit after tax of \$65-\$95 million. This guidance range excludes costs associated with our systems transformation.

Turning to business segment results. As we have mentioned, the integration of Feeds, Fats and Oils into the Processing side of the business, which at an operational level is well established, will form part of our financial reporting from our 2024 half-year results onwards.

Outlook for our Agribusiness segment, which going forward will consist of ECA and International, reflects an average ECA winter crop and a normalisation of margins across ECA. We expect international demand for Australian grain to continue.

Performance of our Nutrition and Energy segment is expected to be underpinned by our oilseeds business as we continue to drive efficiencies at our crush plants. We expect crush utilisation to remain strong, driven by underlying demand for vegetable oils and renewable fuel feedstocks, while margins are expected to moderate from FY23 levels.

Our strategic growth initiatives in agri-energy remain an area of focus for GrainCorp, including the ongoing feasibility study of the new crush facility in Western Australia which represents an exciting opportunity for GrainCorp to support Australian growers who produce valuable feedstocks like canola for crop-based oils.

As a leading biofuel feedstock supplier, GrainCorp is briefing the Federal Government on the role that agriculture can play and supporting policy development in respect of onshore sustainable fuel refining capability for the aviation sector.

We also have embarked on a systems transformation program to unlock efficiencies in how we operate as a business. The details of the program will be shared when the final business case is approved by our Board.

In summary, we are well placed to execute on our long-term strategy, meaning we can continue delivering high levels of customer service and provide through-the-cycle value to shareholders.

Conclusion

I would like to conclude by thanking the entire GrainCorp team for their effort and contributions throughout the year, and thank growers, customers and our shareholders for your ongoing support.

Robert Spurway

Managing Director and CEO

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

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