GrainCorp FY24 AGM – Managing Director & CEO Address

Introduction

Thank you Peter, and good morning everyone. It is a pleasure to be here with you today.

This morning, I will:

- Review our operational and financial performance for FY24;
- Share progress on our strategy and how we are delivering on it; and
- Provide an update on the 2024/25 winter harvest and earnings outlook for FY25.

Starting with safety, it was pleasing to report multi-year lows in injury frequency rates in FY24, along with encouraging uplifts in hazard identification and reporting metrics – a key focus area for FY24 – which exceeded internal targets.

The continuous progress on health and safety outcomes remains a key priority for GrainCorp's senior leaders in FY25 as we strive for zero harm across the business.

FY24 financial and operational results

Turning now to some of the operational and financial highlights from FY24, which saw GrainCorp deliver underlying EBITDA of $268 million and an underlying net profit after tax of $77 million.

The result reflected lower Australian grain production compared to recent years. On the East Coast, the 2023-24 crop could be characterised as dry and challenging in the north of Australia, offset by good growing conditions in Victoria. These domestic factors coincided with strong production of grains and oilseeds globally, compressing margins.

Both of our segments – Agribusiness and Nutrition and Energy – responded effectively by demonstrating strong cost control without compromising on our high levels of grower and customer service.

Within our Agribusiness segment, our East Coast Australia (ECA) network handled 28.0mmt of grain in FY24 compared with 37.4mmt the prior year, reflecting the decline in winter grain production. Our International business recorded a reduction in grain sales volumes, largely reflecting lower production in Western Australia.

Our Nutrition and Energy segment increased crush volumes to 540kmt, offset by lower margins per tonne. In Animal Nutrition, sales volumes of 517kmt, up from 405kmt the prior year, were bolstered by our acquisition of XF Australia. I am pleased to report the integration of XF is progressing well. Agri-energy sales volumes in FY24 were 379kmt, with both tallow and Used Cooking Oil (UCO) recording year-on-year uplifts.

Refreshed strategy to deliver sustainable growth

Turning to our Strategy.

Our refreshed strategy on this slide will look familiar to many of you and builds on the work we have been doing for several years.

The first pillar – Enhance – centres on leveraging our existing capabilities and driving the utilisation and value of our strategic assets.

The second pillar – Expand – focuses on disciplined growth in adjacencies to diversify our earnings base across Food, Feed and Agri-energy, which we expect to drive earnings resilience over time. In short, higher quality earnings through-the-cycle to lift shareholder value.

The final pillar – Evolve – refers to the tools and enablers that help us execute on our strategic initiatives, including technology, digital and future capabilities.

Our strategy is underpinned by our values – We Stay Safe, We Do What's Right, We Care and We Deliver.

I will now share some examples of the progress we have made.

Our strategy in action

In FY24, we delivered what we said we would.

In terms of driving utilisation of our assets, we crushed a record volume of oilseed at our processing sites, as we benefited from further implementation of advanced analytics tools. We are deploying similar tools to improve efficiencies across our ECA network, to further drive volumes and optimise labour planning and harvest activities.

Our ports diversification strategy has now been underway for several years. By handling commodities such as woodchips, fertiliser, cement, sugar, sand and more, we create additional earnings streams that are largely de-coupled from the cyclical nature of grain production. At our FY24 results, we shared additional detail that demonstrated the improved earnings contribution and margins we have realised over time.

The acquisition of Performance Feeds and Nutrition Service Australia expanded our Animal Nutrition offering and provided additional counter-cyclical earnings; the business continues to perform exceptionally well since the acquisition and we see opportunities for further investment and growth in our Animal Nutrition business.

During FY24, the completion of this acquisition allowed us to increase our average earnings through-the-cycle by $10 million to $320 million.

We remain confident in the opportunity for feedstock supply to the renewable fuels sector and in July 2024, we entered a Memorandum of Understanding (MOU) with global fund manager IFM Investors and Australia's largest transport energy provider, Ampol, to explore the establishment of an Australian based low carbon liquid fuel supply chain.

The feasibility study for additional crush capacity is progressing well and includes consideration of the policies and conditions required to support an investment of this nature. The initial timeline for this project, including the target to commence a FEED phase in 2026, remains subject to the development and evolution of Government policy to accelerate supply and demand of low carbon liquid fuels.

We are also excited to continue investing in emerging and innovative technologies through our Digital and AgTech portfolio, supporting like-minded businesses which are focused on enhancing the long-term, sustainable growth of Australian agriculture.

During FY24 we commenced the implementation of our Business Transformation program. It will help us unlock efficiencies and drive returns across our integrated value chain. As we have previously stated, we expect the program will deliver annual benefits of $20 to $30 million once completed.

Sustainability and ESG

Sustainability is integral to our strategy and performance.

At our processing sites we recorded a 5% reduction in GHG emissions per tonne as we completed several initiatives targeting energy efficiency. Further improvements at these sites are a priority for FY25 and a key element of our cost reduction focus.

We have now submitted our near-term (2030) and long-term (2050) emissions reduction targets to the Science-based Target Initiative (SBTi) for validation and we will update the market on our progress throughout the year.

In October, we announced the launch of GrainCorp Next, a multi-year initiative which aims to develop an end-to-end low-carbon emissions supply chain for Australian grains and oilseeds. We are excited about the opportunities this generates for growers. Our aim is to position the Australian grains industry as a global leader in sustainable, low carbon agriculture.

In 2024, GrainCorp joined the Australian Jet Zero Council. We are pleased to represent the feedstock sector and look forward to working constructively with industry and regulatory bodies to help develop a valuable new domestic market for growers and feedstock producers.

Last year we reported our gender pay gap through the Workplace Gender Equality Agency (WGEA) reporting, and we were delighted that GrainCorp was reported as having the narrowest gap in gender pay of any ASX 200 company.

We recognise the continuing success of our business is closely tied to the strength and vitality of rural and regional Australia and it was great to see the completion of our 18th silo art project at Lake Boga in Victoria – a unique way that GrainCorp can give back to regional communities by helping to draw tourists to the bush. I am pleased to say we have more projects planned in FY25.

2024-25 ECA harvest update

Moving to the current crop for FY25.

Like last year, the 2024-25 ECA crop could be characterised by a noticeable north/south split, albeit with a reversal of the conditions – excellent conditions in Queensland and northern NSW were contrasted by a more challenging growing environment in Victoria and southern NSW.

ABARES is predicting an ECA winter crop of 30.0mmt for the 2024-25 season, compared to the 10-year average of 21.8mmt.

As of this week, we have received 11.9mmt of grain into our network during the 2024-25 harvest period, compared to 8.5mmt last year. Year-to-date export volumes are 2.7mmt, compared to 1.7mmt at the same time last year. We are forecasting full year exports of between 6.5-7.5mmt.

Growers will be pleased that recent 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 FY25.

We expect to report underlying EBITDA of between $270-320 million and underlying net profit after tax of $60-95 million. This guidance range excludes costs associated with our Business Transformation Program.

We are experiencing strong global supply of grains and oilseeds coupled with lower demand from key import regions. These two factors combined have contributed to a reduction in overall margins.

We expect to continue achieving strong oilseed crush volumes as we remain focused on optimising the performance of our processing facilities. Average crush margins in FY25 are expected to moderate from FY24 levels, following a below average Victorian canola crop and lower global oil and meal prices.

Our bulk materials program remains a firm focus in line with our strategy to increase the utilisation of our assets.

GrainCorp is closely monitoring market developments and policy changes globally. Our strategic asset base and balance sheet strength positions us well to manage any potential risks and capitalise on opportunities in a shifting global trade landscape.

As Peter advised earlier, today GrainCorp announced it intends to commence an on-market share buy-back of up to $50 million. The buy-back reflects the strength of our balance sheet and delivers on our ongoing commitment to generate returns for shareholders through the cycle.

The capital discipline GrainCorp has demonstrated over several years allows us to both return capital and to continue assessing earnings-accretive organic and inorganic growth opportunities to improve GrainCorp's earnings resilience over time.

Conclusion

In summary, your company holds highly valuable assets and a strong balance sheet. We are well placed to execute on our long-term strategy, allowing us to continue providing high levels of grower and customer service while delivering through-the-cycle value to shareholders.

I would like to extend my sincere appreciation to the entire GrainCorp team for their contributions and thank growers, customers and shareholders for your ongoing support.