

15 November 2012

GrainCorp reports 19% increase in net profit to \$205 million Targets growth opportunities to deliver incremental EBITDA of \$110 million by FY16

GrainCorp today announced a 19% increase in net profit, a higher dividend, and strong financial performance across all business units for the fiscal year ended 30 September 2012.

GrainCorp also provided an update on its strategy, including growth initiatives to deliver incremental underlying EBITDA of approximately \$110 million over the next four years¹.

FY12 result highlights:

- **EBITDA: up 18% to \$414 million²** (FY11: \$350m)
- **NPAT: up 19% to \$205 million** (FY11: \$172m)
- **Strong financial performance across all business units and improved safety performance³**
- **Fully franked final dividend of 35 cents per share (cps) comprising 20 cps ordinary and 15 cps special, making a total dividend of 65 cps for the full year** (FY11: 55 cps)
- **Strong and flexible balance sheet maintained following completion of Oils acquisitions.**

GrainCorp Managing Director and Chief Executive Officer Alison Watkins said the sustained improvement in financial performance in the 2012 financial year had been driven by strong volumes, amplified by the substantial progress made in capturing value from the company's integrated assets and global operations.

"We are pleased to report that GrainCorp delivered record results for FY12, achieving our financial and operational targets. GrainCorp's focus remains capitalising on the strengths of our infrastructure and processing assets to deliver additional value for our shareholders," Ms Watkins said.

"Our business is ideally positioned to benefit from the growth in global demand for grain and processed grains, with global trade in our core grains expected to double by 2050. During FY12, we established a substantial presence in the attractive edible oils sector; and we have maintained a strong and flexible balance sheet which enables us to continue to pursue growth initiatives."

Business unit performance

GrainCorp Storage & Logistics successfully handled receivals of 12.2 million tonnes (FY11: 14.9 million tonnes) on top of the 6.0 million tonne carry-in; along with a record export task of 10.6 million tonnes (FY11: 8.1 million tonnes).

"Over the last three years, we have re-invested in excess of \$140 million in our Australian country assets and ports infrastructure to ensure we continue to deliver effective service to our growers and other customers," Ms Watkins said.

GrainCorp Marketing reported another strong result in FY12 having traded a record 6.9 million tonnes of grain, including increased international sales of 4.4 million tonnes to more than 80 customers in over 25 countries.

GrainCorp Malt delivered an 18% increase in earnings, driven by increased sales volumes and effective margin management. Malting sales volumes increased to 1.32 million tonnes, and the company's malting facilities continue to run at strong capacity utilisation of 95%.

Allied Mills reported continued earnings growth from increased sales of value-added products and reduced operating costs.

Final dividend

GrainCorp's board has declared a fully franked final dividend of 35 cents per share (cps), comprising 20 cps ordinary and 15 cps special, bringing the total FY12 dividend to 65 cps (FY11: 55 cps). The total FY12 dividend represents a payout ratio of 68% of NPAT. The final dividend record date is 3 December 2012 and payment date is 17 December 2012.

"This dividend reflects the confidence we have in our diversified business and earnings following the creation of GrainCorp Oils," Ms Watkins said.

FY13 outlook

Ms Watkins said that the current eastern Australia harvest was generally proceeding positively: "Production forecasts average about 18.3 million tonnes⁴. FY13 volumes will be supported by strong export demand and the above-average carry-in of 4.3 million tonnes."

GrainCorp Malt has forward-sold 1.0 million tonnes of FY13 production and continues to benefit from its ability to provide a global and integrated service to major brewers. The company looks forward to the contribution of GrainCorp Oils, with margins expected to be in line with historical performance and firm domestic demand, growing international demand for canola oil and larger crop sizes.

Strategy Update: Growth initiatives targeted to deliver incremental underlying EBITDA of ~\$110 million

GrainCorp has provided a detailed update on its strategy and detailed growth initiatives targeting incremental underlying EBITDA of approximately \$110 million by the end of FY16, through a capex allocation of ~\$250 million⁵.

Growth initiative	EBITDA uplift
'Gamechangers' Strong progress on 35 previously announced strategic projects across Storage & Logistics, Marketing and Malt. Upgraded expected benefit to ~\$45 million by end FY15 (previously ~\$40 million ⁶).	~\$45 million
Asset optimisation GrainCorp Oils: Capture synergies and strengthen and optimise network from the integration of oil crushing and refining capability. Ports optimisation: Pursue non-grain and bulk liquids volumes growth supported by continuous improvement efficiencies.	~\$45 million
Port flexibility Improve efficiency through increased operational flexibility, long-term planning and demand management at the grain port terminals through long term port protocols and introduction of an industry code of conduct.	~\$20 million
TOTAL	~\$110 million

“GrainCorp has solid and sustainable growth across all business units and a track record of delivering on our strategy. Our targets are underpinned by strong global fundamentals, where our infrastructure is strategically located in proximity to the world’s major growth markets for quality grains: Asia, the Middle East and Africa,” Ms Watkins said.

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FOR FURTHER INFORMATION

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ABOUT GRAINCORP

GrainCorp is Australia’s leading agribusiness, with integrated “end-to-end” grain handling and processing infrastructure in Australia and overseas. By connecting local and global consumers to grain growers, GrainCorp plays an important role in the grain supply chain for the supply of wheat and flour, barley and malt and canola and edible oils. The company:

- Handles ~75% of eastern Australia’s annual grain production through direct receivals at either our country sites or port terminals;
- Handles ~90% of eastern Australia’s bulk grain exports;
- Markets ~35% of eastern Australia’s grain to overseas consumers and 25% to domestic consumers, and has a growing international grain marketing platform with a presence in the UK, Europe, Canada and Asia;
- Produces ~35% of Australia’s malt and is the world’s 4th largest commercial maltster with international operations in Canada, the USA, the UK and Germany;
- Produces ~40% of Australia’s crude canola oil and refined edible oils, and is a leading edible oil refiner in New Zealand;
- Imports and exports ~40% of Australasia’s edible oil through 12 bulk liquid terminals;
- Produces ~35% of Australia’s flour (through 60% interest in Allied Mills).

¹ Incremental EBITDA expected to be delivered by end FY16.

² Statutory EBITDA of \$429 million includes Significant Items of \$15 million.

³ 20% reduction in Lost Time Injury Frequency Rate (LTIFR) from 14.5 in FY11 to 11.6 in FY12

⁴ Eastern Australia’s wheat, barley, canola and sorghum production estimates, based on average of Australian Crop Forecasters’ Nov-12 report of 18.0mmt and ABARES Sep-12 Crop Report of 18.7mmt.

⁵ Refer to GrainCorp’s Strategy Update and Investor Presentation dated 15 November 2012 in relation to these forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. The forward looking statements in this release are subject to risks, stakeholder engagement, uncertainties and assumptions which could cause actual results, timing, or events to differ materially from the expectations described in such forward looking statements.

⁶ Announced on 24 May 2012 as part of 2012 Investor Day presentation. Gamechangers previously targeted incremental EBITDA of ~\$40 million by end FY14.