

# **News Release**

**GrainCorp Limited (ASX: GNC)** 

**15 November 2012** 

# Proposal from Archer Daniels Midland Company (ADM) materially undervalues GrainCorp

On 22 October 2012, GrainCorp Limited ("GrainCorp") announced it had received an indicative, non-binding proposal (the "Proposal") from ADM on 19 October 2012 to acquire the outstanding shares in GrainCorp at a price of \$11.75 per share in cash. The Proposal was subject to a number of conditions including due diligence, exclusivity and approval by the ADM board.

GrainCorp's board, together with its advisers, has reviewed and assessed the merits of the Proposal.

GrainCorp is confident in its outlook and strategy to continue to deliver shareholder value, underpinned by its:

- Integrated business model across the grain supply chain;
- Unique portfolio of grain storage and logistics assets, including the largest infrastructure network of grain storage sites and 7 (of the 8) bulk ports in Eastern Australia;
- Strategic global portfolio of grain processing assets, producing ~35% of Australia's malt as the world's fourth-largest commercial malt producer; ~40% of Australia's canola oil and refined edible oil; and ~35% of Australia's flour<sup>1</sup> as Australia's leading flour miller;
- Global exposure to attractive industry fundamentals through its assets, which are strategically located to supply regions of demand growth, including the Middle East and Northern Africa and Asia;
- Strong outlook and clear strategy including growth, asset optimisation and cost initiatives to deliver incremental underlying EBITDA of approximately \$110 million over the next four years<sup>2</sup>;
- Track record of delivering against objectives.

Based on the above, the GrainCorp board has determined that the Proposal materially undervalues GrainCorp and has advised ADM accordingly.

The GrainCorp board remains committed to maximising value for shareholders.

### 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).

Through 60% interest in Allied Mills

Incremental EBITDA expected to be delivered by end FY16. 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.