News Release

6 September 2018

GrainCorp lifts FY18 earnings guidance and provides seasonal update

GrainCorp today lifted its earnings guidance for the year ending 30 September 2018 to $255-$270 million underlying EBITDA and $60-$75 million underlying NPAT.

GrainCorp Managing Director & CEO Mark Palmquist said that the company has benefited from the positive performance of the global Malt business and its strong market position in the North American craft beer sector. The international grain trading book and Liquid Terminals businesses also performed strongly, and we have made good progress in the Foods unit within GrainCorp Oils. However, the Grains business experienced ongoing challenging operating conditions in eastern Australia.

“The benefits of our diversified business model are again being demonstrated in the face of the substantial drought challenges in eastern Australia. These conditions have slowed export volumes as farmers and the domestic market move to secure supplies,” Mr Palmquist said.

Business unit performance

Malt: Malt has had a strong second half FY18, with a full contribution from the new plant in Pocatello, Idaho. The business continues to operate at high utilisation, servicing a broad mix of brewing and distilling customers globally. Demand for specialty products in the craft beer and distilling sectors continues to grow and GrainCorp Malt is well positioned to participate in these markets.

Grains: The growth of GrainCorp’s origination footprint has continued, with the commissioning of the second of four GrainsConnect Canada sites in June 2018 and the opening of a Black Sea trading office in Kyiv, Ukraine, also in June.

In eastern Australia the 2017/18 crop was below average and skewed to the south, restricting exports. Despite the tightness in supply, GrainCorp benefited from the integration of its storage & handling and trading businesses prior to harvest, which helped in achieving a higher share of domestic grain trade and ex-farm grain origination.

Oils: GrainCorp Liquid Terminals has performed well, with strong customer demand. Oilseed crush margins are down year-on-year due to the reduced Australian canola supply and quality issues. The oilseed crush expansion project at Numurkah, Victoria is currently being commissioned and will increase crush capacity by 40% to 1,000 tonnes per day.

The Foods business has made progress during the year with a more streamlined structure, improved operational efficiencies being delivered at West Footscray and pick-up in demand from the infant formula sector.

GrainCorp Limited (ASX:GNC)

Level 28, 175 Liverpool Street
Sydney NSW 2000 Australia

T +61 2 9325 9100
F +61 2 9325 9180

ABN 60 057 186 035

graincorp.com.au

Eastern Australia seasonal update: 2018/19

Since GrainCorp's half-year results on 11 May 2018, cropping conditions across the east Australian grain belt have deteriorated substantially, with large areas of New South Wales and Queensland in severe drought. Winter crop hectares planted were reduced and yields may continue to decline if the season progresses without decent rainfall in coming weeks.

"We expect a considerable decline in grain production in eastern Australia in FY19 with production again skewed to Victoria and southern New South Wales," Mr Palmquist said.

"We continue to respond to the deteriorating outlook by adapting the network to better match the size and location of the crop and keeping a strong focus on operating cost control, asset utilisation and disciplined capex allocation."

"It is an extremely challenging time for our grower customers. Many of our own people live and farm in these communities and we keenly feel the difficulties they are going through," Mr Palmquist said.

GrainCorp has implemented a series of initiatives to support the communities in which we operate and our grower customers to help them as they navigate the difficult months ahead. This includes improving processes for growers and consumers wishing to withdraw grain stored in our system for use as animal feed.

Due to the small crop outlook, GrainCorp's take-or-pay rail contracts will again present a significant challenge for the Grains business with tight supply and limited export volumes anticipated in the year ahead. These rail commitments expire at the end of FY19, with the new rail contracts coming into effect in FY20 and providing greater flexibility to manage transportation costs through the crop cycle.

FURTHER INFORMATION

MEDIA

Luke O'Donnell
Corporate Affairs Manager
+61 2 9266 9465
+61 447 660 804
luke.odonnell@graincorp.com.au

Angus Trigg
Director, Corporate Affairs
+61 2 9325 9132
+61 413 946 708
atrigg@graincorp.com.au

INVESTORS

Luke Thrum
Investor Relations Manager
+61 2 9266 9217
+61 447 894 834
luke.thrum@graincorp.com.au