GrainCorp

12 November 2020

The Manager, Companies
Australian Securities Exchange
Companies Announcement Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

GrainCorp Limited 2020 Full Year Financial Results – Investor Presentation

Please find attached the Investor Presentation relating to the financial year ended 30 September 2020 (**FY20**).

GrainCorp is holding a webcast call today at 10:00am AEDT to discuss the FY20 results. The call will be webcast live at https//webcast.openbriefing.com/6570/. A video summarising the FY20 Results will also be available on the GrainCorp website later today in the Investors & Media section: http://www.graincorp.com.au/investors-and-media/.

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

Yours faithfully,
GrainCorp Limited

Annerly Squires
Company Secretary

FY20 Financial Results

12 November 2020

Robert Spurway, Managing Director and CEO

Ian Morrison, Chief Financial Officer

GrainCorp

Disclaimer

This presentation includes both information that is historical in character and information that consists of 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 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. Those risks and uncertainties include factors and risks specific to the industry in which GrainCorp operates, any applicable legal requirements, as well as matters such as general economic conditions.

While GrainCorp believes that the expectations reflected in the forward looking statements in this presentation are reasonable, neither GrainCorp nor its directors or any other person named in the presentation can assure you that such expectations will prove to be correct or that implied results will be achieved. These forward looking statements do not constitute any representation as to future performance and should not be relied upon as financial advice of any nature. Any forward looking statement contained in this document is qualified by this cautionary statement.

Numbers throughout the presentation may not add up due to rounding.

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GrainCorp at a glance

High quality strategic infrastructure assets servicing customers worldwide




International:

Global network of offices, originating grain, pulses and oilseeds from different regions and delivering to customers in over 50 countries.

GrainsConnect Canada JV:

State-of-the-art grain supply chain connecting Western Canadian grain growers to global markets.

Integrated ECA network:

Leading bulk grain handling company in east coast Australia (ECA), storing, handling and connecting grain to customers worldwide.

Up-country network connected to seven bulk ports by rail.

Processing assets:

Leading oilseed crusher/refiner and food manufacturer in Australia and New Zealand, producing a range of oils, meals and food products for domestic and international customers.

FY20 highlights

Building momentum – strongly positioned for the future

A year of transformation

- Statutory NPAT $343m
- Demerger of United Malt Group, ~8.5% stake retained[1]
- Sale of Australian Bulk Liquid Terminals (ABLT)
- New leadership

FY20 performance

- Underlying EBITDA for Continuing Operations[2] $108m (FY19: $107m loss)
- Significant lift in financial performance despite drought
- Delivering on our promises - operational initiatives implemented
- Dividend 7cps, fully franked

Well positioned for growth

- State-of-the-art infrastructure assets
- Conservative balance sheet, minimal core debt[3]
- Confidence in a very good crop – harvest underway
- Strong global demand for grain and oilseeds

1. GrainCorp retained a 10% stake in United Malt at Demerger; diluted to 8.5% as a result of equity raising in June 2020
2. Underlying EBITDA is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation before significant items (refer to Slide 29). Underlying EBITDA for Continuing Operations excludes earnings from Malt business (discontinued operation); however includes earnings from ABLT of $10m in FY20 (FY19: $28m)
3. Core debt is net debt less commodity inventory. Net debt is total debt less cash

FY20 summary

Improved FY20 financial performance during third year of drought

Statutory NPAT[1]

$343m ▲ from ($113m) loss

Underlying EBITDA
Continuing Operations

$108m ▲ from ($107m) loss

Underlying NPAT[2]
Continuing Operations

($16m) ▲ from ($158m) loss

Dividend Per Share

7cps ▲ from nil

Core Debt

$37m ▼ from $802m

Recordable Injury Frequency Rate[3]
Continuing Operations

6.5 ▼ from 7.7

1. Net profit/loss after tax and after significant items – represents profit attributable to shareholders
2. Underlying NPAT is a non-IFRS measure and excludes significant items
3. Recordable Injury Frequency Rate ("RIFR") is calculated as the number of injuries per million hours worked. Includes lost time injuries and medical treatment injuries. Includes permanent and casual employees and GrainCorp controlled contractors. Excludes Malt.

COVID-19 resilience

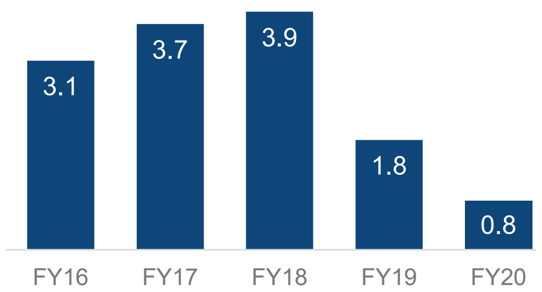
An essential service in the food & agricultural supply chain

Protecting our people	▪ Physical and mental wellbeing programmes for employees ▪ COVID-19 safe plans embedded at all offices and sites
Protecting our business	▪ Seamless operations supporting our customers ▪ Strong ongoing demand for our products and services
Protecting our future	▪ Accelerating contactless deliveries improving efficiencies through our digital offerings ***CropConnect*** and ***FastWeigh*** ▪ Over 3,000 harvest casuals in 2020/21 ▪ No government financial support received

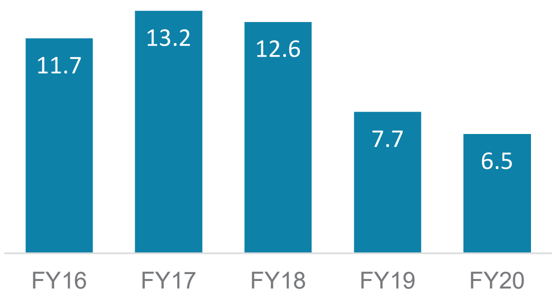
Commitment to zero harm

Continued improvement in our safety performance

LOST TIME INJURY FREQUENCY RATE (LTIFR)[1,2]



RECORDABLE INJURY FREQUENCY RATE[1]



- Driving safety culture throughout the organisation
- Underpinned by strong safety management systems
- Supporting health and wellbeing

1. All data excludes Malt business. Includes permanent and casual employees and GrainCorp controlled contractors.
2. Lost Time Injury Frequency Rate ("LTIFR") is calculated as the number of lost time injuries per million hours worked

Sustainability

Fundamental to what we do

Sustainable agriculture

- *FutureFeed, a* partnership with CSIRO, developing a seaweed extract (asparagopsis) based animal feed product that materially cuts methane emissions and increases productivity

Managing impact of climate variability through the cycle

- Unique 10-year Crop Production Contract (CPC) established
- Effectively smoothing cash flows and enhancing long-term decision-making

Diversity & Inclusion

- Launched *Accord Program*, a gender equity and female professional development and wellbeing program for employees

Community engagement

- Supporting silo art movement
- Engaging with communities – including through sponsorship, bushfire support

FY20 financial results

Financial highlights

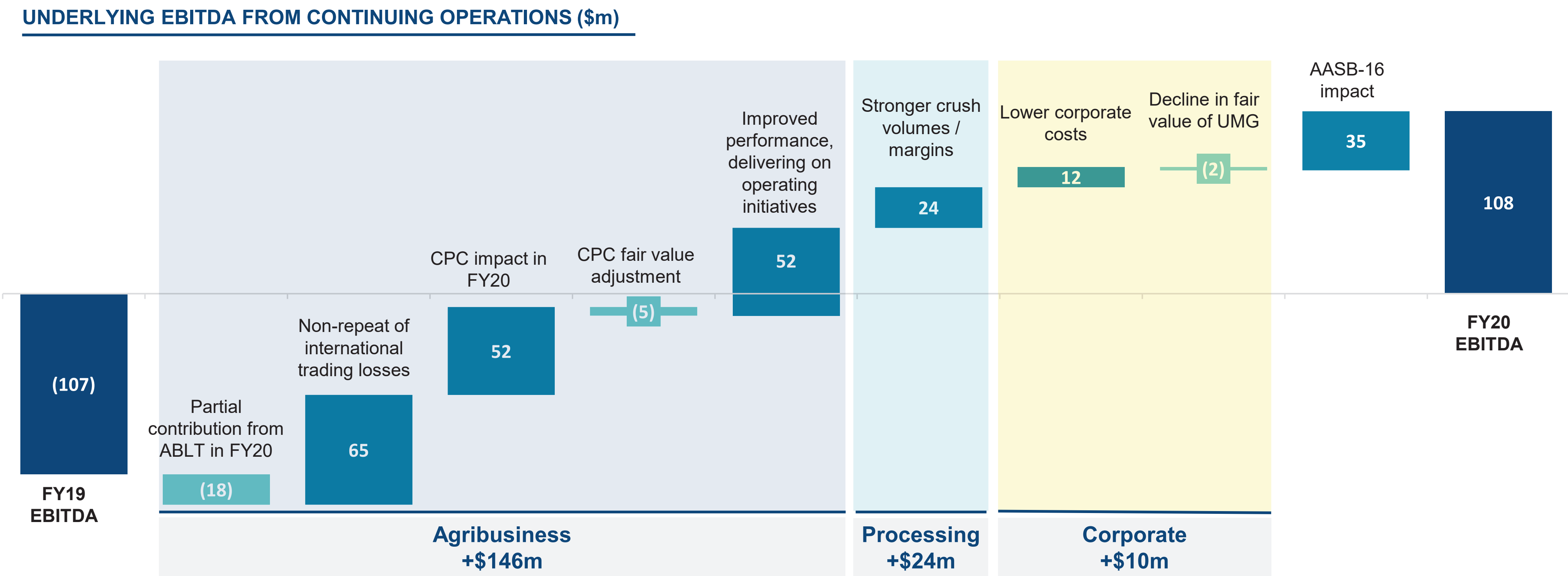
Stronger performance across all segments

Underlying EBITDA ($m)[1]	FY20	FY19	Movement
Agribusiness	52	(94)	↑
Processing	40	16	↑
Corporate	(19)	(29)	↓
AASB-16 impact[2]	35	-	
Total	**108**	**(107)**	
Underlying NPAT (continuing operations)	(16)	(158)	↑
Statutory NPAT (continuing operations)	35	(189)	↑
Statutory NPAT	343	(113)	↑

1. Underlying EBITDA for Continuing Operations excludes earnings from Malt business (discontinued operation). Refer to Slide 29 for reconciliation from underlying EBITDA to statutory NPAT
2. Refer to Slide 32 for split of AASB-16 by segment

FY19 - FY20 earnings bridge

Stronger performance across all segments



Agribusiness segment

Significant improvement in financial performance despite continued drought

- FY20 tonnes handled lower than FY19 with continued impact of drought; imports slowed in 2H with improved new crop prospects
- Result includes $47m EBITDA benefit from Crop Production Contract ($58m gross receipt, less $6m premium and $5m fair value adjustment)
- Updated risk management framework supported improved navigation of trade disruption
- Result demonstrating benefits from delivery of operational initiatives
- Bulk materials (non-grain) volumes down due to reduction in woodchip demand arising from COVID-19
- Strong result from Feeds business with drought driving demand

$m	FY20	FY19
Revenue	3,415	3,285
Underlying EBITDA (pre AASB-16)[1]	**52**	**(94)**
Underlying EBITDA[1]	79	n/a
Underlying EBIT	1	(161)
Capex	35	29

KEY AGRIBUSINESS METRICS

Million metric tonnes (mmt)	FY20	FY19
ECA production (total winter + sorghum)[2]	11.8	9.7
Carry-in	1.5	2.3
Receivals[3]	4.2	3.1
Imports (trans-shipments)	1.4	2.3
Domestic outload	5.1	5.8
Exports[4]	1.3	0.3
Carry-out	0.7	1.5
Total grain handled	**14.2**	**15.3**
Bulk materials (non-grain) handled[5]	2.1	2.9
Total contracted grain sales	8.2	7.7
Feeds, Fats & Oils executed sales	0.9	0.8

1. FY20 includes partial year contribution from ABLT of $10m (FY19: $28m)
2. ABARES' total ECA winter + sorghum production estimate
3. Grain receivals comprised total tonnes received up-country + direct-to-port.
4. Grain exports include bulk + container exports, including trans-shipments
5. Bulk materials (non-grain) includes sand, cement, sugar, woodchips, fertiliser and other materials

Processing segment

Significant improvement, delivering on capex and operational initiatives

Oilseeds - improved crush contribution due to:

- Numurkah plant expansion – delivering on capital investment;
- Increased canola supply and reduction in canola freight costs;
- Meal and oil values attracted strong premiums; and
- Improved crush margin management.

Foods - solid performance due to:

- Good demand for spreads and oils, partially driven by COVID-19; and
- Continued delivery of operational initiatives.

$m	FY20	FY19
Revenue	621	541
Underlying EBITDA (pre AASB-16)	**40**	**16**
Underlying EBITDA	46	n/a
Underlying EBIT	21	(5)
Capex	10	8

KEY PROCESSING METRICS

Processing volumes (kmt)	FY20	FY19
Oilseed crush volumes	424	371
Foods sales volumes	210	208

Core debt vs net debt profile

Conservative balance sheet provides solid platform for growth

- **Core debt** = net debt less commodity inventory
  - More common metric for company valuations in Agribusiness due to the nature of commodity inventory and its readily marketable characteristics
- Net debt and commodity inventory fluctuates in line with harvest cycle and grain values. Below-average level at Sep 2020 due to low carry-out grain in ECA
- Commodity interest of $10m in FY20
- 1H21 expectations:
  - Net debt should see considerable increase in line with larger harvest and increase in commodity inventory holdings
  - Core debt should increase in line with increase in working capital and anticipated payment under the Crop Production Contract
  - GrainsConnect Canada – final equity instalment for Fraser Grain Terminal - Port of Vancouver (CAD$23m) due in 1H21
- UMG holding provides additional balance sheet flexibility

DEBT AND LIQUIDITY PROFILE

$m	30 Sep 2020	31 Mar 2020
Term debt	150	150
Inventory and working capital financing	214	971
Cash	(125)	(212)
Net debt	**239**	**909**
Commodity inventory	(202)	(914)
Core debt / (cash)	**37**	**(5)**
Core debt gearing	3%	0%
Retained UMG stake[1]	(105)	(112)

DEBT FACILITIES – OVERVIEW

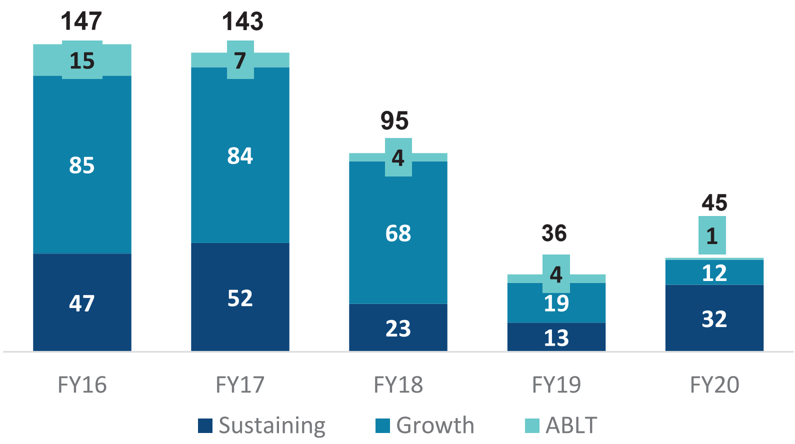
Facility type ($m)	Facility	30 Sep 20 (utilised)	Expiry
Working capital[2]	695	118	Nov 2021
Commodity Inventory funding	1,375	96	Nov 2021
Trade finance facility	14	-	Nov 2021
Term debt	150	150	Mar 2023
Total – all borrowings	**2,234**	**364**	

1. Fair value based on share price of $4.12 at 30 Sep 2020 ($4.40 at 31 March 2020)
2. Includes $150m for the standby letter of credit to support the Crop Production Contract

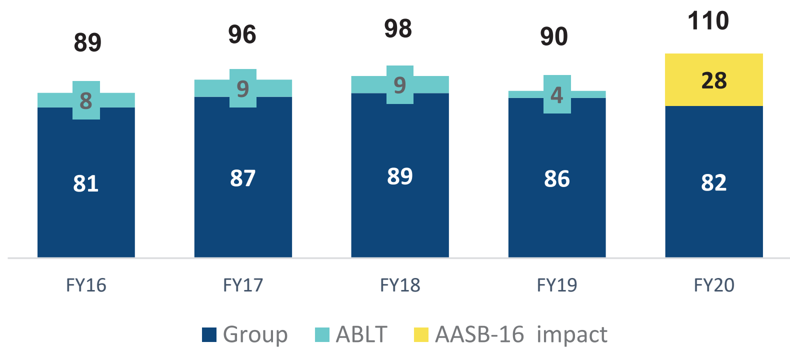
Disciplined capital expenditure

Major capital investment program completed in FY18

CAPEX – CONTINUING OPERATIONS ($m)[1]



DEPRECIATION & AMORTISATION (D&A) – CONTINUING OPERATIONS ($m)



- Capex program peaked in FY16 - FY17; since declined to sustaining capex levels ($35-45m)
- FY20 growth capex included investments in Yamala and Berrybank country receival sites.
- FY21 sustaining capex expected to be at the higher end of $35-45m range with larger FY21 ECA harvest

- D&A peaked in FY18 following completion of significant capital investment program across Agribusiness and Processing assets
- D&A excluding AASB-16 declined in FY20 with disciplined capital investment; expect to see continued reduction in D&A
- High D&A relative to capex is supportive of strong future generation of cashflows

1. Excludes investments in joint ventures

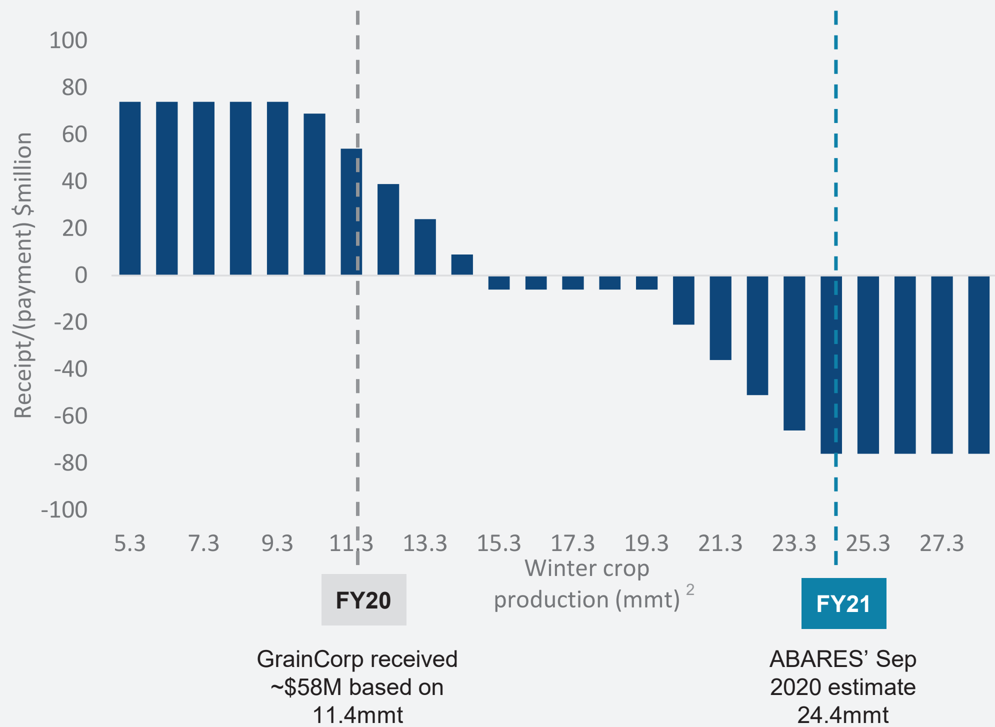
Outlook & Strategy

Crop Production Contract

Smoothing GrainCorp's cash flows through the cycle

- 10-year contract (started FY20) with White Rock Insurance
- Production payments based on ABARES' "**total ECA winter crop production**"[2] estimate, disclosed in quarterly *Australian Crop Report*
- Maximum annual production payments (excluding $6m annual premium):
  - GrainCorp payment $70m
  - GrainCorp receipt $80m
- Aggregate net limit $270m over the length of the contract
- Production payment schedule:
  - February crop report: determines initial production payment
  - March: 90% of production payment is made/received
  - June crop report: determines final production payment amount
  - August: balance of production payment is made/received – with 'true-up' based on June update

CROP PRODUCTION CONTRACT – PRODUCTION PAYMENT PROFILE[1]



1. Crop Production Contract payment profile includes the annual premium of ~$6M.
2. 'Total ECA winter crop production' = ABARES' winter crop production for the Australian states of Queensland, New South Wales and Victoria for all commodities.

Capital management and dividends

Conservative capital structure and disciplined investment approach

CAPITAL MANAGEMENT FRAMEWORK

- Final dividend declared: 7cps, fully franked. Payment reflects benefits of Crop Production Contract, strong balance sheet and confidence in the sustainability of earnings and cash flows
- Short-term focus on mandatory capital management and generating free cash flows to pay dividends
- Longer-term expect to have surplus cash flow to re-invest into business and return to shareholders
- Allocation of surplus cash flow will depend on accretive growth opportunities

FY21 outlook

Expect ECA crop to be substantially above average; positive crush margins to continue

- ABARES' September ECA 2020/21 winter crop forecast 24.4mmt
- GrainCorp harvest receivals year-to-date 3.9mmt:
  - very strong ECA crop – harvest underway
  - shaping to be similar size to FY17
- Excellent conditions for summer (sorghum) crop plantings
- Expected scale of FY21 crop will benefit FY22 with higher level of carry-out grain
- Expect increased supply of canola seed to support crush margins, partially offset by reduced meal values
- Highly competitive market in Foods

Attractive industry fundamentals

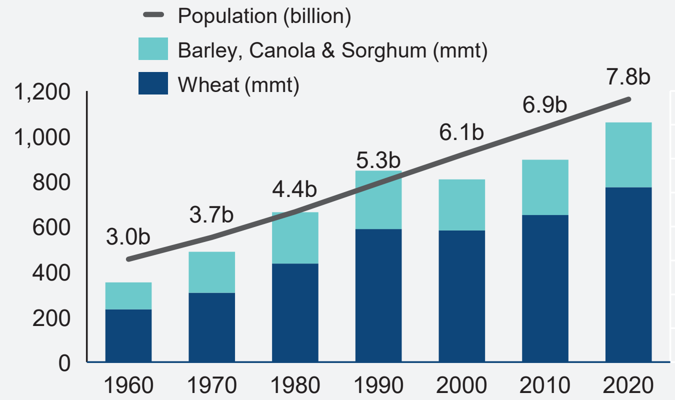
GrainCorp well positioned to benefit from global trends

- Rising middle class, most prominent in developing regions
- Increasing rates of urbanisation
- Improving overall health literacy and shifting dietary preferences
- Demand for quality and transparency in supply chains

1. Source: The World Bank
2. Source: USDA (based on USDA definition of Vegetable Oil and Regions)

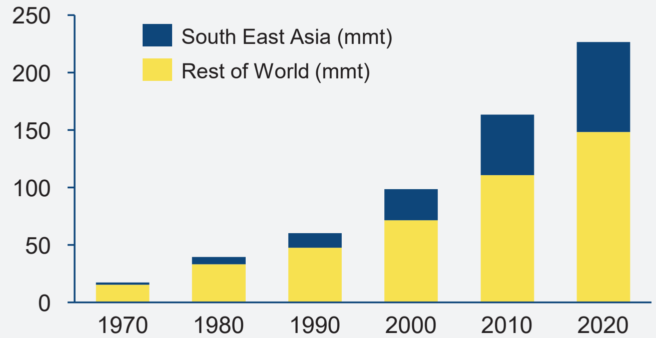
AGRIBUSINESS

GLOBAL PRODUCTION [1,2]



PROCESSING

VEGETABLE OIL CONSUMPTION [2]



Strategy

Overall focus is on improving Return on Invested Capital (ROIC)

Strengthen the core	**Lift returns** **Leverage capabilities** **Drive existing assets**	▪ Deliver further cost reduction through simplification ▪ Continued efficiencies and initiatives to drive utilisation ▪ Optimise bulk material (non-grain) portfolio ▪ Maintain disciplined capital management
Target growth opportunities	**Animal Nutrition** **Digital and AgTech** **Alternative Protein** **Additional Grower Services**	▪ Grow capability and range of feed products / services across Australia and New Zealand ▪ Expand digital customer value propositions, building on CropConnect ▪ Explore the production of alternative proteins in Australia, leveraging our presence in canola meal ▪ Leverage capability to expand the range of grower products and services

Conclusion

Delivering on our promises as we prepare for significant crop

- Substantial lift in FY20 financial performance despite drought
- Prudent balance sheet, minimal core debt
- Well positioned with a high quality integrated network of infrastructure assets
- Revised strategy – strengthening core, targeted growth opportunities
- Dividend 7cps, fully franked, reflecting benefits of Crop Production Contract, strength of balance sheet and confidence in sustainability of earnings
- Wishing our grower partners a safe and prosperous harvest

Appendix

Delivering operating initiatives

Operating initiatives being delivered – supporting 'through-the-cycle' earnings improvement

	Initiative	Status	Benefit p.a. ($m)
Agribusiness	Improvements in grain stocks management	▪ Full benefits in FY20	10
	Agribusiness cost reduction initiatives	▪ Implemented across FY18 and FY19. Full benefit in FY20	15
	Variable rail contracts	▪ New contracts came into effect in early FY20.	10-15
	ECA supply chain integration and improved asset utilisation	▪ ECA integration implemented in FY19 ▪ Partial benefit in FY20 due to lower harvest volumes. Full benefit from FY21.	10-20
	Expanding international footprint in Canada, Ukraine and India	▪ Expansion well-progressed, GrainsConnect Canada port solution due for completion in 1H21 ▪ Partial benefit in FY21, full benefit from FY22	10-20
Processing	Continuous improvement program and Foods restructure	▪ Full benefit in FY20	5-10
	Numurkah crush expansion / crush margin management improvement	▪ Crush expansion completed in FY19, full benefit in FY20	10-15
Corporate[1]	Integration of Grains and Oils business	▪ Completed in 2H19. Full benefit in FY20	10
	Core business simplification initiatives post-demerger	▪ Completed in FY20. Partial benefit in FY20, full benefit from FY21	10
		Total EBITDA uplift from operating initiatives	**90-125**

1. Corporate benefits are partially included in business segments

‘Normalised’ ECA grain flows

GrainCorp’s market share of grain volumes increases as the ECA crop size gets larger. The typical sequencing of grain flow in ECA for a **normalised crop production year**:

Production: ▪ 10-year average of ECA total winter crop and sorghum production ~20mmt[1] ▪ When grain levels are depleted (e.g. after drought), new season production goes towards replenishing domestic grain holdings	**GNC share:** 40-50% receivals[2]
Domestic demand: ▪ Domestic demand is generally satisfied with 11-13mmt of production ▪ Excess supply is considered an exportable surplus ▪ GrainCorp’s share of receivals in years with minimal exportable surplus is lower	**GNC share:** 30-40%
Exportable surplus: ▪ Normalised production will result in 7-9mmt of exportable surplus ▪ Container volumes are more stable at 1.5–2.5mmt with bulk exports between 5.5–6.5mmt ▪ GrainCorp’s share of exportable surplus increases due to storage and rail/export capability ▪ Surplus volumes not exported are carried into the next season	**Container GNC share:** 10-20% **Bulk GNC share:** 70-75%
Carry: ▪ In drought, carry volumes are depleted to satisfy demand ▪ During above average crop periods, carry volumes increase ▪ Carry impacts storage revenue and export volumes	**GNC network average carry:** 2-3mmt

1. Based on a 10 year average ABARES ECA total winter crop and sorghum production.
2. Receivals include grain received up-country and direct-to-port

ECA tonnes handled

Total grain handled has a high correlation to ECA contribution margin[1]

mmt	FY16	FY17	FY18	FY19	FY20
ABARES - ECA total winter + sorghum production	**19.1**	**29.2**	**18.0**	**9.7**	**11.8**
Carry-in	1.6	1.7	3.3	2.3	1.5
Receivals	8.8	15.0	6.8	3.1	4.2
Imports (trans-shipments)	0.0	0.0	0.5	2.3	1.4
Domestic outload	5.7	6.2	5.6	5.8	5.1
Exports[2]	3.0	7.2	2.7	0.3	1.3
Carry-out	1.7	3.3	2.3	1.5	0.7
Total grain handled	**20.8**	**33.4**	**21.2**	**15.3**	**14.2**
Bulk materials (non-grain) handled	3.0	2.8	2.9	2.9	2.1

1. Contribution margin is revenue less variable costs
2. Grain exports include bulk and container exports including trans-shipments

FY20 earnings summary

$m	FY20	FY20 (Excl AASB-16)	FY19
Underlying EBITDA from Continuing Operations	**108**	**73**	**(107)**
Depreciation & Amortisation	(110)	(82)	(90)
EBIT	**(1)**	**(9)**	**(197)**
Interest	(26)	(19)	(32)
Income tax benefit	12	12	70
Underlying NPAT from Continuing Operations	**(16)**	**(16)**	**(158)**
Significant items (after tax)	51		(31)
NPAT from Continuing Operations	**35**		**(189)**
NPAT from Discontinued Operation	308		76
Statutory NPAT	**343**		**(113)**

FY20 reconciliation – underlying vs statutory results

$m	Segment	EBITDA	Net Interest	D&A	Tax	NPAT	Details
Underlying – continuing operations		108	(26)	(110)	12	(16)	
Gain on sale of ABLT[1]	Agribusiness	86			(27)	59	Relates to the gain on sale of ABLT
Transaction costs[1]	Corporate	(12)			3	(8)	Relates to costs incurred to support the Board and management in the Group's Portfolio Review, including sale of ABLT
Statutory – continuing operations		**183**	**(26)**	**(110)**	**(12)**	**35**	
Underlying – discontinued operation	Discontinued operation	78	(8)	(32)	(9)	29	
Profit on Demerger[1]	Discontinued operation	299			(19)	280	Relates to the net profit on demerger of the Malt business unit
Statutory – discontinued operation		**377**	**(8)**	**(32)**	**(28)**	**308**	
Group Statutory			**(34)**	**(142)**	**(40)**	**343**	

1. FY20 Significant Items

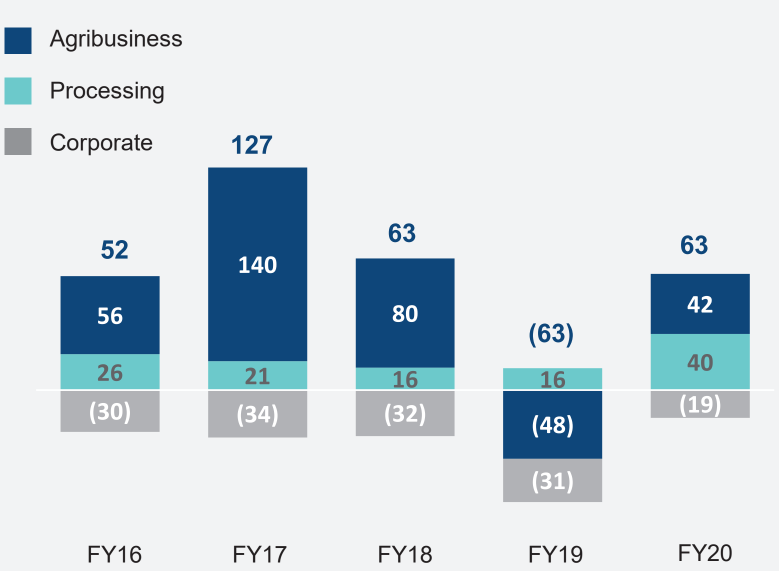
FY16-FY20 proforma earnings

Proforma EBITDA includes the following adjustments, in order to provide a better comparative with prior years, in line with Demerger Scheme Booklet:

- Removal of earnings from ABLT and Allied Mills
- Incorporation of the Crop Production Contract, had it been in place during the years FY16-FY19. FY20 CPC impact $47m
- Incorporation of the additional standalone corporate costs post Demerger
- Removal of AASB-16 impact in FY20

$m	FY16	FY17	FY18	FY19	FY20
Underlying EBITDA	256	390	269	69	186
Malt EBITDA	161	158	170	176	78
Underlying EBITDA (Continuing Operations)	**95**	**232**	**99**	**(107)**	**108**
Proforma adjustments:					
ABLT	(25)	(27)	(28)	(28)	(10)
Crop Production Contract	(6)	(76)	(6)	74	-
Allied Mills	(10)	-	-	-	-
Standalone corporate costs (post Demerger)[1]	(2)	(2)	(2)	(2)	-
AASB-16	-	-	-	-	(35)
Proforma EBITDA	**52**	**127**	**63**	**(63)**	**63**

PROFORMA UNDERLYING EBITDA BY SEGMENT ($m)



1. Estimated additional standalone corporate costs, including increased insurance premiums and employee related costs (referenced in Scheme Booklet).

Impact of AASB-16 leases

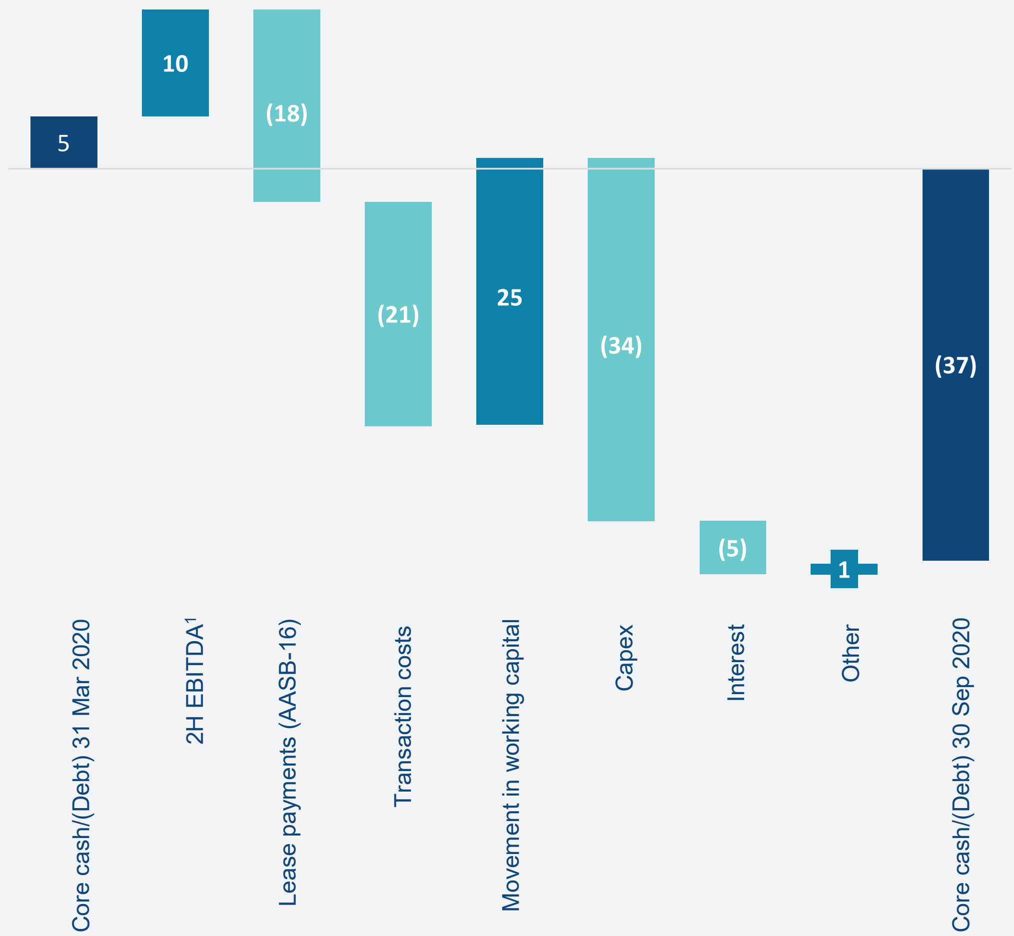
- Effective 1 October 2019 and first reported in 31 March 2020 statements
- Brings most operating lease commitments onto the balance sheet as an asset and a form of debt, and splits income statement charges between depreciation and amortisation and interest expense
- No impact on our bank debt facilities

IMPACTS OF AASB16 ON FY2020 SEGMENT EARNINGS

$m	EBITDA	D&A	EBIT	Interest	NPAT
Agribusiness	27	(20)	6		
Processing	5	(4)	1		
Corporate	3	(4)	-		
Total	**35**	**(28)**	**7**	**(7)**	**-**

Core debt bridge: HY20 - FY20

- Inventory movement unwound every six months
- Settled transaction costs relating to Demerger and sale of ABLT
- Capex weighted to second half in preparation for larger harvest
  - Yamala site open for harvest
  - Berrybank site capacity increase also to be completed in time for Victorian harvest
  - Additional tarpaulins required
- Working capital at low point in cycle with minimal grain volume and throughput in Q4 FY20



1. 2H EBITDA excludes UMG Investment Revaluation (non-cash)


GrainCorp