GrainCorp

This release has been authorised by the Board of GrainCorp Limited

HY21 Financial Results

13 May 2021

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

Agenda

HY21 highlights

Large East Coast Australia (ECA) crop and strong execution drives significant increase in earnings

HY21 performance

- Strong growth in Underlying EBITDA to $140m (HY20: $105m[1]). Includes maximum $70m payment under Crop Production Contract (CPC)
- Earnings growth in both Agribusiness and Processing segments
- Interim dividend declared: 8 cps (fully franked)

FY21 outlook

- FY21 guidance upgraded:
  - Underlying EBITDA $255-$285m[2]
  - Underlying NPAT $80-$105m[2]
- Strong margins due to high global demand for Australian grain and oilseeds

Positive momentum

- Good sub-soil moisture positive for FY22 winter crop planting
- Higher FY21 carry-out grain (3.5-4.5mmt) will benefit FY22 – storage and exports
- Delivery of operating initiatives

1. HY20 Underlying EBITDA from Continuing Operations is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation excluding significant items.
2. Excludes any revaluation impact from UMG holding.

HY21 summary

Material improvement in key metrics

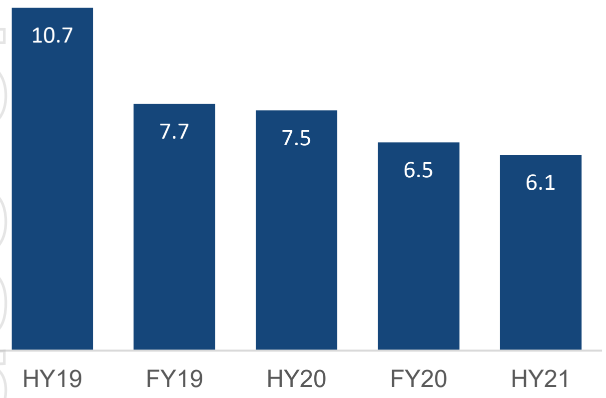
Underlying EBITDA[1] Continuing Operations	**$140m**	from $105m
Underlying NPAT[2] Continuing Operations	**$51m**	from $27m
Grain receivals[3] Million metric tonnes (mmt)	**14.5**	from 3.8
Dividend Per Share Interim Dividend	**8cps**	from 7cps (FY20 final)
Core Debt	**$90m**	from $37m (30-Sep 20)
Recordable Injury Frequency Rate Continuing Operations	**6.1**	from 6.5 (30-Sep 20)

1. Underlying EBITDA from Continuing Operations is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation excluding significant items. No significant items in HY21.
2. Underlying NPAT from Continuing Operations is a non-IFRS measure that excludes significant items. No significant items in HY21.
3. Grain receivals comprise total tonnes received up-country plus direct-to-port.

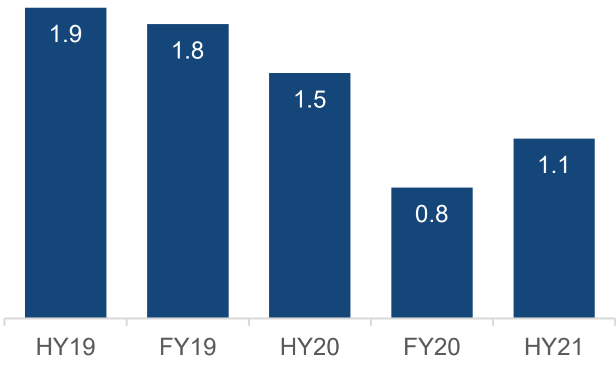
Commitment to zero harm

Solid performance; substantial increase in harvest activity

RECORDABLE INJURY FREQUENCY RATE (RIFR)[1,2]



LOST TIME INJURY FREQUENCY RATE (LTIFR)[1,3]



- Improvement in RIFR despite substantial increase in harvest activity and introduction of 3,000+ harvest casuals
- Focus on physical and mental wellbeing support through COVID-19

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

Sustainability at the centre of our vision and strategy

- Refocusing GrainCorp's approach to Environmental, Social & Governance (ESG) and sustainability
- Stakeholder engagement process commenced
- Assessing relevant ESG reporting frameworks

Environment

- Leader in recycling of used cooking oil
- Methane emission reduction in cattle
- Managing impact of climate variability through CPC

Communities

- Silo art
- Active Farmers initiative
- Sponsorship program

Customers

- Uninterrupted operations through COVID
- Enhanced digital platforms
- Improved Net Promoter Score

People

- Improved RIFR
- Professional development and wellbeing programs
- Inclusion and Diversity Action Plan (iDAP)

Strategic priorities to deliver shareholder value

VISION

Lead sustainable and innovative agriculture through another century of growth

PURPOSE

Proudly connect with customers and rural communities to deliver value through innovation and expertise

STRATEGIC PRIORITIES

Strengthen the core

- Lift returns
- Leverage capabilities
- Drive existing assets

Targeted growth opportunities

- Alternative protein
- Digital and AgTech
- Animal nutrition
- Additional grower services

Strengthening the core underpins through-the-cycle earnings

Reduction in volatility and delivery of operating initiatives support 'through-the-cycle' EBITDA

$15m
by 2022

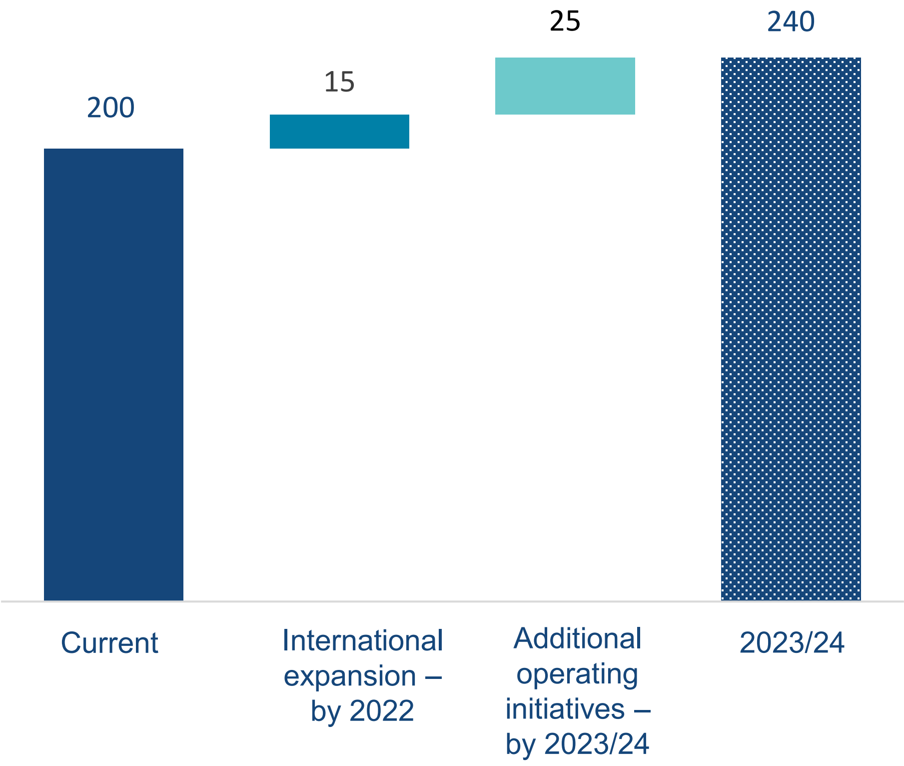
International expansion:
- Delivering on GrainsConnect Canada JV, including completion of Fraser Grains Terminal
- Ukraine

$25m
by 2023/24

Increasing asset utilisation:
- Expansion of bulk materials
- Shift in Foods product mix

Reducing complexity:
- Revised international operating model
- Planning, supply chain performance
- LEAN processes

THROUGH-THE-CYCLE EBITDA[1] ($M)



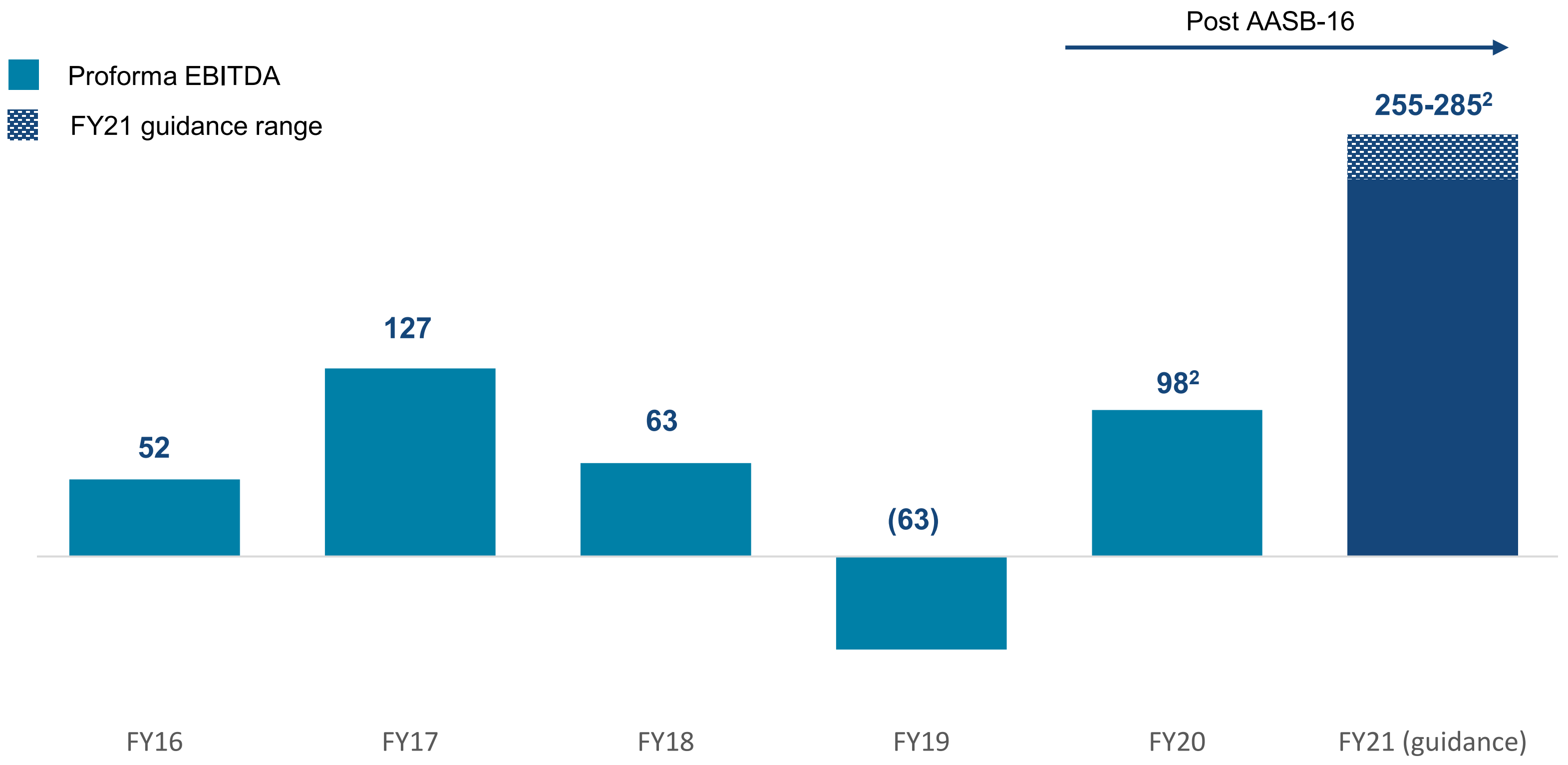
1. Through-the-cycle earnings based on the following assumptions: i) average ECA grain production (winter + sorghum) of ~20mmt; ii) average 'total grain handled' by GrainCorp of 23-24mmt; and iii) average Australian oilseed crush margins.

HY21 financial results

Operating initiatives driving substantial increase in earnings

FY21 performance shows material improvement on similar-sized crop years

PROFORMA UNDERLYING EBITDA ($m)[1]



FY16	FY17	FY18	FY19	FY20	FY21 (guidance)
20.8	33.4	21.2	15.3	14.2	33.0 – 34.0

Total tonnes handled (ECA)

1. Historical proforma EBITDA includes several adjustments in order to provide a better comparative - including removal of earnings from Australian Bulk Liquid Terminals (ABLT) and Allied Mills, and incorporation of the CPC had it been in place in FY16-19. See Slide 28 for full break-down.
2. FY20 EBITDA and FY21 EBITDA guidance include AASB-16 impact of ~$35m.

Financial highlights

Strong HY21 result driven by increased grain volumes and margins

Underlying EBITDA ($m)	HY21	HY20
Agribusiness	125	82
Processing	24	23
Corporate	(9)	(0)
Total	**140**	**105**
Underlying NPAT (Continuing Operations)	51	27
Statutory NPAT (Continuing Operations)	51	78[1]

- Increase in earnings largely driven by Agribusiness – higher receivals and exports
- HY20 corporate costs included $6m fair value increase in UMG holding

1. HY20 Statutory NPAT incudes gain on sale of Australian Bulk Liquid Terminals (ABLT) of $59m and ($8m) of transaction costs related to portfolio review and sale of ABLT.

Agribusiness segment

Significant increase in earnings despite HY21 impact of CPC

- Favourable turnaround in growing conditions for 2020/21 ECA winter crop. Total ECA production up 166% to 31.4mmt (ABARES' estimate[1])
- Improved market share and larger crop delivering substantial increase in receivals and exports
- Result includes maximum production payment of $70m (by GrainCorp) under CPC (HY20: $58m receipt). Clearly demonstrates importance of CPC in smoothing cash flows
- Strong supply chain margins from solid demand for Australian grains and benefits from delivery of operating initiatives

$m	HY21	HY20
Revenue	2,560	1,972
EBITDA[2]	125	82
EBIT	88	43
Capex	18	8

KEY AGRIBUSINESS METRICS

Million metric tonnes (mmt)	HY21	HY20
ECA production	31.4[1]	11.8
Carry-in	0.7	1.5
Receivals[3]	14.5	3.8
Imports (trans-shipments)	-	0.9
Domestic outload	2.0	2.8
Exports[4]	3.1	0.6
Carry-out	10.1	2.9
Total grain handled[5]	**30.4**	**12.5**
Bulk materials (non-grain) handled[6]	0.9	0.9
Total contracted grain sales	5.5	4.3
Feeds, Fats & Oils executed sales	0.4	0.5

1. ABARES' Feb-21 estimate for total ECA winter (29.9mmt) + sorghum (1.5mmt) production for 2020/21 season.
2. HY20 includes partial year contribution from ABLT of $10m.
3. Grain receivals comprise total tonnes received up-country + direct-to-port.
4. Grain exports include bulk + container exports.
5. 'Total grain handled' includes GNC carry-in + receivals + imports + domestic outload + exports + GNC carry-out.
6. Bulk materials (non-grain) includes sand, cement, sugar, woodchips, fertiliser and other materials.

Processing segment

Solid result with strong momentum into 2H21

Oilseeds:

- High utilisation at Numurkah; 12% increase in oilseed crush volumes compared to previous corresponding period
- Positive crush margins, driven by global premium for canola oil
- Positive crush margins expected to continue in 2H21

Foods:

- Solid performance, optimising sales volume mix
- On-boarding of new customer – a global owner of margarine, spreads, and plant-based foods brands

$m	HY21	HY20
Revenue	320	306
EBITDA	24	23
EBIT	11	12
Capex	5	3

KEY PROCESSING METRICS

Processing volumes (kt)	HY21	HY20
Oilseed crush volumes	220	196
Foods sales volumes	103	106

Core debt vs net debt profile

Utilisation of inventory facilities supporting grain accumulation in large crop year

- Core debt increase from $37m to $90m in line with seasonal increase in working capital, including short-term funding of export vessels
- CPC cash payment of $63m made in HY21[1]
- Increase in net debt supporting grain accumulation and asset utilisation
- Expect net debt and core debt to remain elevated at Sep 21 with export program continuing into FY22
- Term debt facility extended to March 2025[4]
- Refer to Appendix for a detailed breakdown of core debt movements in HY21

DEBT AND LIQUIDITY PROFILE

Components ($m)	31 Mar 2021	30 Sep 2020	31 Mar 2020
Term debt	150	150	150
Inventory and working capital financing	1,382	214	971
Cash	(131)	(125)	(212)
Net debt	**1,401**	**239**	**909**
Commodity inventory	(1,311)	(202)	(914)
Core debt / (cash)	**90**	**37**	**(5)**
Core debt gearing	7%	3%	n/a
Retained UMG stake[2]	(104)	(105)	(112)

DEBT FACILITIES – OVERVIEW

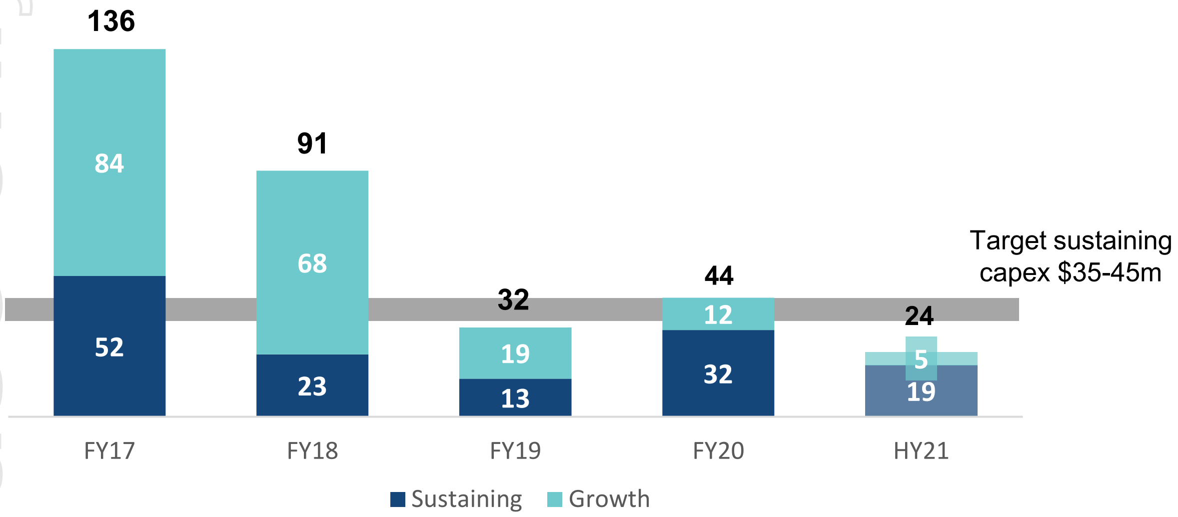
Facility type ($m)	Facility	31 Mar 2021 (utilised)	Expiry
Working capital[3]	695	95	Nov 2021
Commodity Inventory funding	1,650	1,287	Nov 2021
Trade finance facility	13	-	Nov 2021
Term debt	150	150	Mar 2023[4]
Total – all borrowings	**2,508**	**1,532**	

1. $63m CPC cash payment represents 90% of gross amount. Balance due 2H21.
2. Fair value based on share price of $4.07 at 31 Mar 2021 ($4.12 at 30 Sep 2020).
3. Facility limit includes $150m for the standby letter of credit to support the CPC.
4. Subsequent to balance date, the maturity date was extended from March 2023 to March 2025.

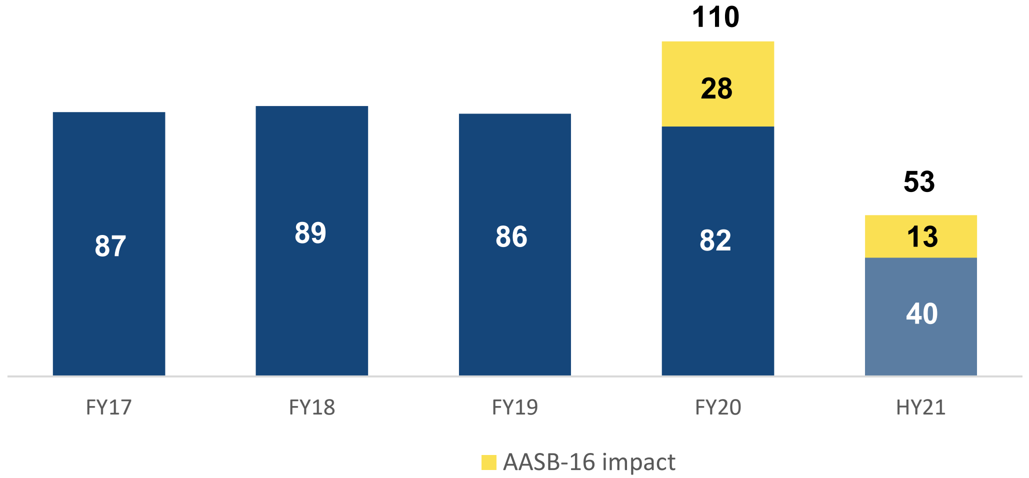
Disciplined capital expenditure

Lifting return on invested capital

CAPEX – CONTINUING OPERATIONS ($m)[1,2]



DEPRECIATION & AMORTISATION (D&A) – CONTINUING OPERATIONS ($m)[2]



- Capex program peaked in FY16 - FY17; since declined to sustaining capex levels ($35-45m)
- FY21 sustaining capex expected to be at the higher end of $35-45m range with larger FY21 ECA harvest
- HY21 growth capex included site upgrades at Yamala, Berrybank
- Targeting $50m cash generation over FY21-23 from sale of non-operational sites

- D&A peaked in FY18 following completion of significant capital investment program across Agribusiness and Processing assets
- 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.
2. Excludes ABLT.

Capital management framework

Conservative capital structure and disciplined investment approach

CAPITAL MANAGEMENT FRAMEWORK

Service debt obligations
- Target minimal core debt
- Debt finance commodity inventory & working capital

Sustaining capital expenditure
$35m-$45m p.a.

Dividends
Payout ratio = 50-70% of NPAT

Surplus cash flow
- Capital investment in growth projects
- Return capital to shareholders

MAXIMISE RETURN TO SHAREHOLDERS

- Interim dividend declared: 8cps, fully franked, up from 7cps at FY20 (Final).
- Confidence in through-the-cycle earnings underpins our ability to maintain consistent dividend payments going forward.
- Franking credits fully utilised. Anticipate period of unfranked dividends due to accumulated tax losses.
- Expect dividends to be fully franked once tax losses are utilised.

Outlook

FY21 outlook

Upgrade to earnings guidance

FY21 earnings guidance[1]

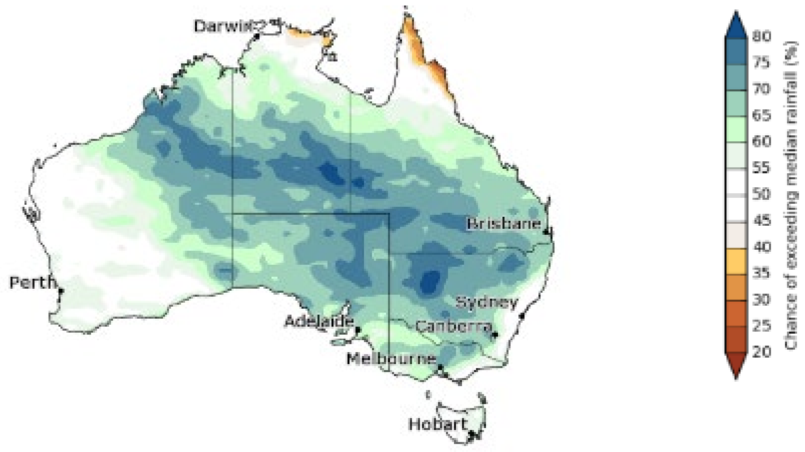
- Underlying EBITDA of $255-$285m (previously $230-$270m)
- Underlying NPAT of $80-$105m (previously $60-$85m)
- Strong margins due to high global demand for Australian grain and oilseeds
- Reduction in export volumes due to supply chain constraints; corresponding increase to carry-out grain
- Delivery of operating initiatives
- Guidance excludes any impact from revaluation of UMG holding

FY22 outlook

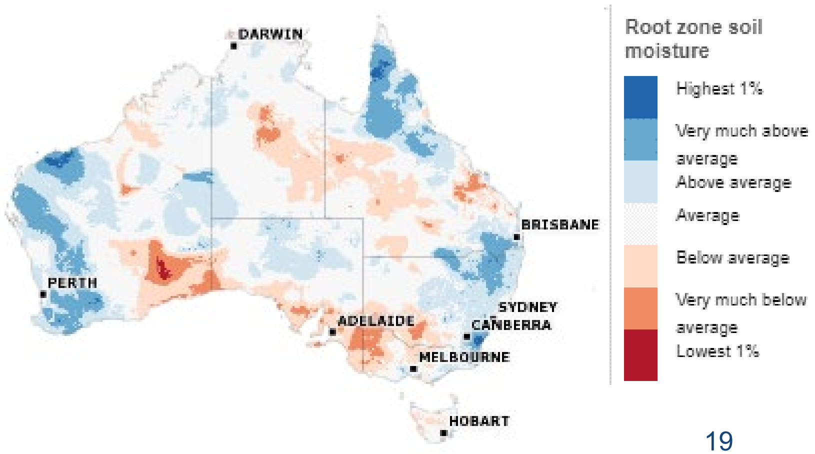
- Scale of FY21 receivals will benefit FY22 with higher carry-out grain
- Good sub-soil moisture and positive rainfall outlook across many parts of ECA - positive for FY22 winter crop
- First ABARES 2021–22 winter crop forecast published 8 June 2021

Grain volume assumptions (mmt) – FY21	
Receivals	15.5 - 16.5
Domestic outload	4.5 - 5.5
Exports	7.0 - 8.0
Carry-out	3.5 - 4.5
Total grain handled	**33.0 - 34.0**

Chance of above median rainfall for June-August 2021[2]



Root zone soil moisture[2]



1. FY21 guidance remains subject to: 2H21 grain volumes; timing of grain exports, and; oilseed crush margins.
2. Source: Bureau of Meteorology ('Chance of above median rainfall' dated 6 May 2021; 'Root zone soil moisture' dated 9 May 2021).

Conclusion

Positive momentum into 2H21

- Strong growth in HY21 earnings
- HY21 result includes $70m[1] payout under CPC
- Focus on ESG; stakeholder engagement underway
- Progressing strategy to lift return on invested capital
- Positive momentum, favourable market conditions continuing in 2H21
- Upgrade to FY21 earnings guidance:
  - Underlying EBITDA $255 - $285m
  - Underlying NPAT $80 - $105m

1. $70m CPC payout is the gross production payment excluding annual premium. On a cash basis, 90% ($63m) is incurred in 1H21, and the balance in 2H21.

Appendix

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.

‘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 total ECA winter crop and ECA sorghum production.
2. Grain receivals comprise total tonnes received up-country plus direct-to-port.

ECA tonnes handled

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

mmt	FY16	FY17	FY18	FY19	FY20	FY21e[2]
ABARES – Total ECA winter + sorghum production	**19.1**	**29.2**	**18.0**	**9.7**	**11.8**	**31.4[3]**
Carry-in	1.6	1.7	3.3	2.3	1.5	0.7
Receivals	8.8	15.0	6.8	3.1	4.2	15.5 - 16.5
Imports (trans-shipments)	0.0	0.0	0.5	2.3	1.4	0.0
Domestic outload	5.7	6.2	5.6	5.8	5.1	4.5 – 5.5
Exports[4]	3.0	7.2	2.7	0.3	1.3	7.0 - 8.0
Carry-out	1.7	3.3	2.3	1.5	0.7	3.5 - 4.5
Total grain handled	**20.8**	**33.4**	**21.2**	**15.3**	**14.2**	**33.0 - 34.0**
Bulk materials (non-grain) handled	3.0	2.8	2.9	2.9	2.1	n/a

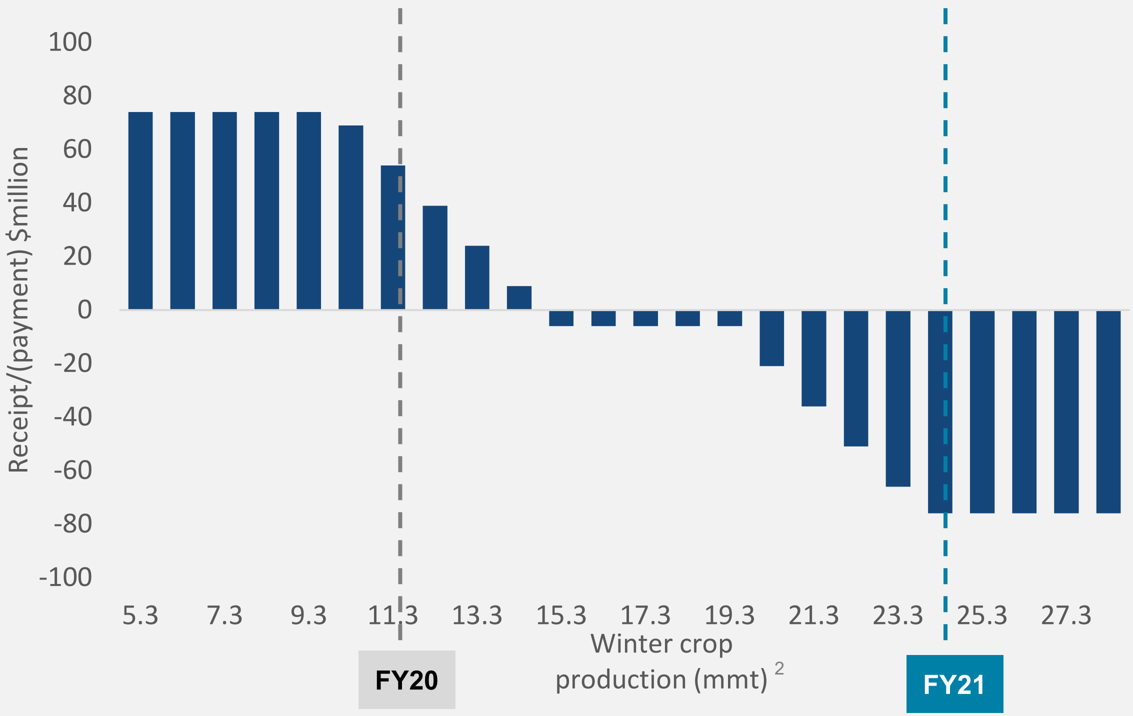
1. Contribution margin is revenue less variable costs.
2. FY21e represents GrainCorp's current estimates.
3. ABARES' February 2021 estimates for total ECA winter (29.9mmt) + ECA sorghum (1.5mmt).
4. Grain exports include bulk and container exports.

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]



$58m gross receipt based on 11.4mmt

$70m gross payment based on 29.9mmt (ABARES' Feb 21 estimate)

1. CPC 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.

Core debt vs net debt

- 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
- Majority of GrainCorp's debt facilities finance commodity inventory
- Strong support from consortium of banks
- Net debt and commodity inventory fluctuates in line with harvest cycle and grain values

DEBT AND LIQUIDITY PROFILE

$m	31 Mar 2021	30 Sep 2020	31 Mar 2020
Term debt	150	150	150
Inventory and working capital financing	1,382	214	971
Cash	(131)	(125)	(212)
Net debt	**1,401**	**239**	**909**
Commodity inventory	(1,311)	(202)	(914)
Core debt / (cash)	**90**	**37**	**(5)**
Core debt gearing	7%	3%	n/a
Retained UMG stake[1]	(104)	(105)	(112)

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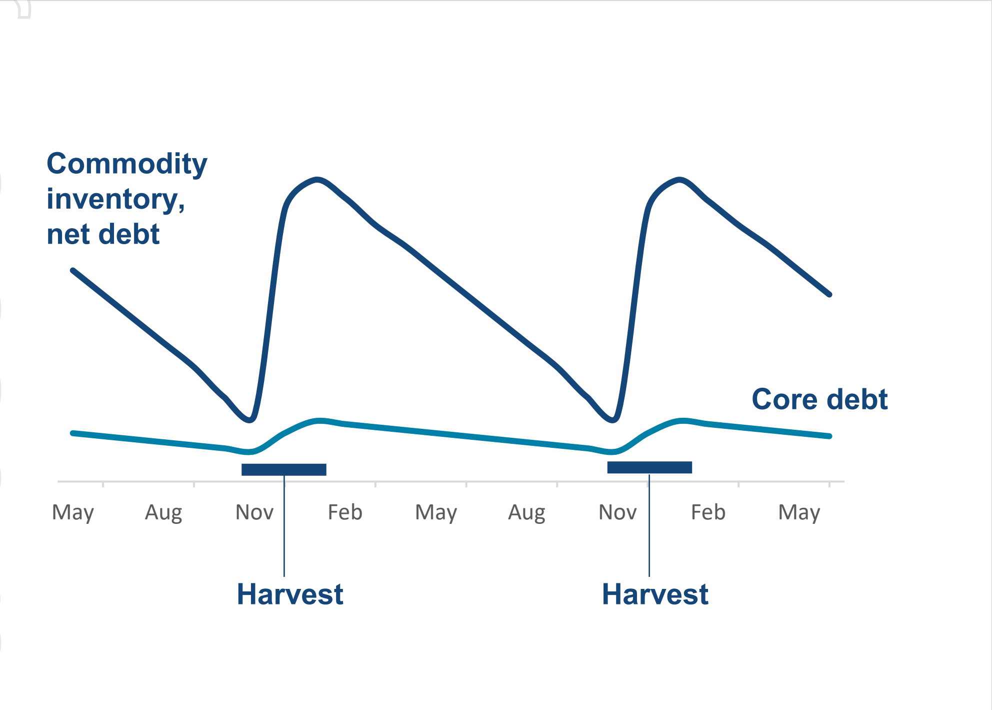
Facility type ($m)	Facility	31 Mar 21 (utilised)	Expiry
Working capital[2]	695	95	Nov 2021
Commodity Inventory funding	1,650	1,287	Nov 2021
Trade finance facility	13	-	Nov 2021
Term debt	150	150	Mar 2023[3]
Total – all borrowings	**2,508**	**1,532**	

1. Fair value based on share price of $4.07 at 31 Mar 2021 ($4.12 at 30 Sep 2020).
2. Facility limit includes $150m for the standby letter of credit to support the CPC.
3. Subsequent to balance date, the maturity date was extended from March 2023 to March 2025.

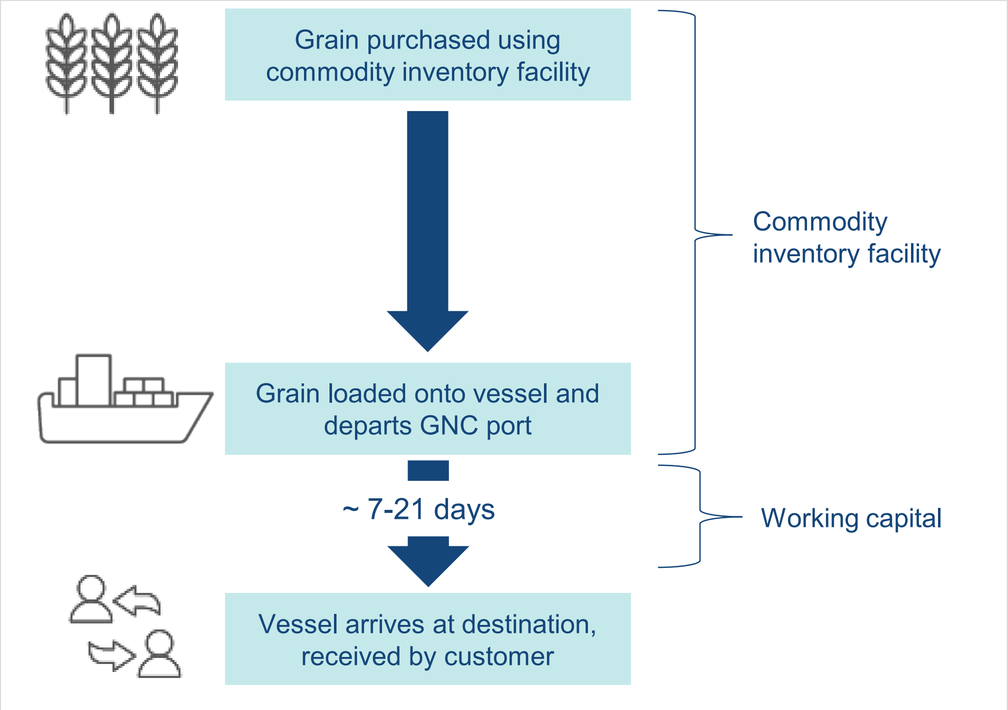
Seasonal movements in commodity inventory

TYPICAL SEASONAL MOVEMENT OF COMMODITY INVENTORY NET DEBT/CORE DEBT (GRAPHICAL REPRESENTATION ONLY)



- Accumulation / delivery of commodity inventory drives asset utilisation and is a key part of grain value chain
- Net debt peaks in 1H as grain is accumulated during harvest, then reduces as inventory is sold throughout year

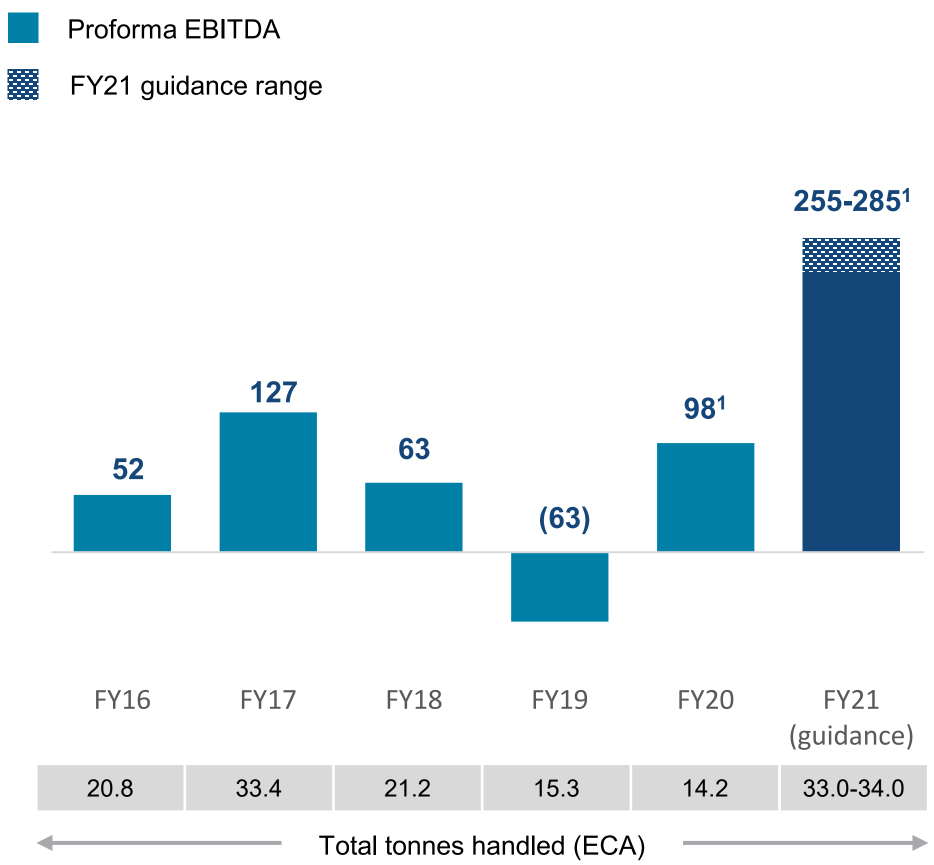
SHORT-TERM IMPACT OF EXPORT SHIPMENTS ON WORKING CAPITAL AND CORE DEBT



- Commodity inventory facility utilised to fund grain from purchase to vessel loading
- Timing and volume of export shipments, particularly in large crop years, can see short-term increases in working capital usage and core debt

Historical proforma earnings

PROFORMA UNDERLYING EBITDA ($m)



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

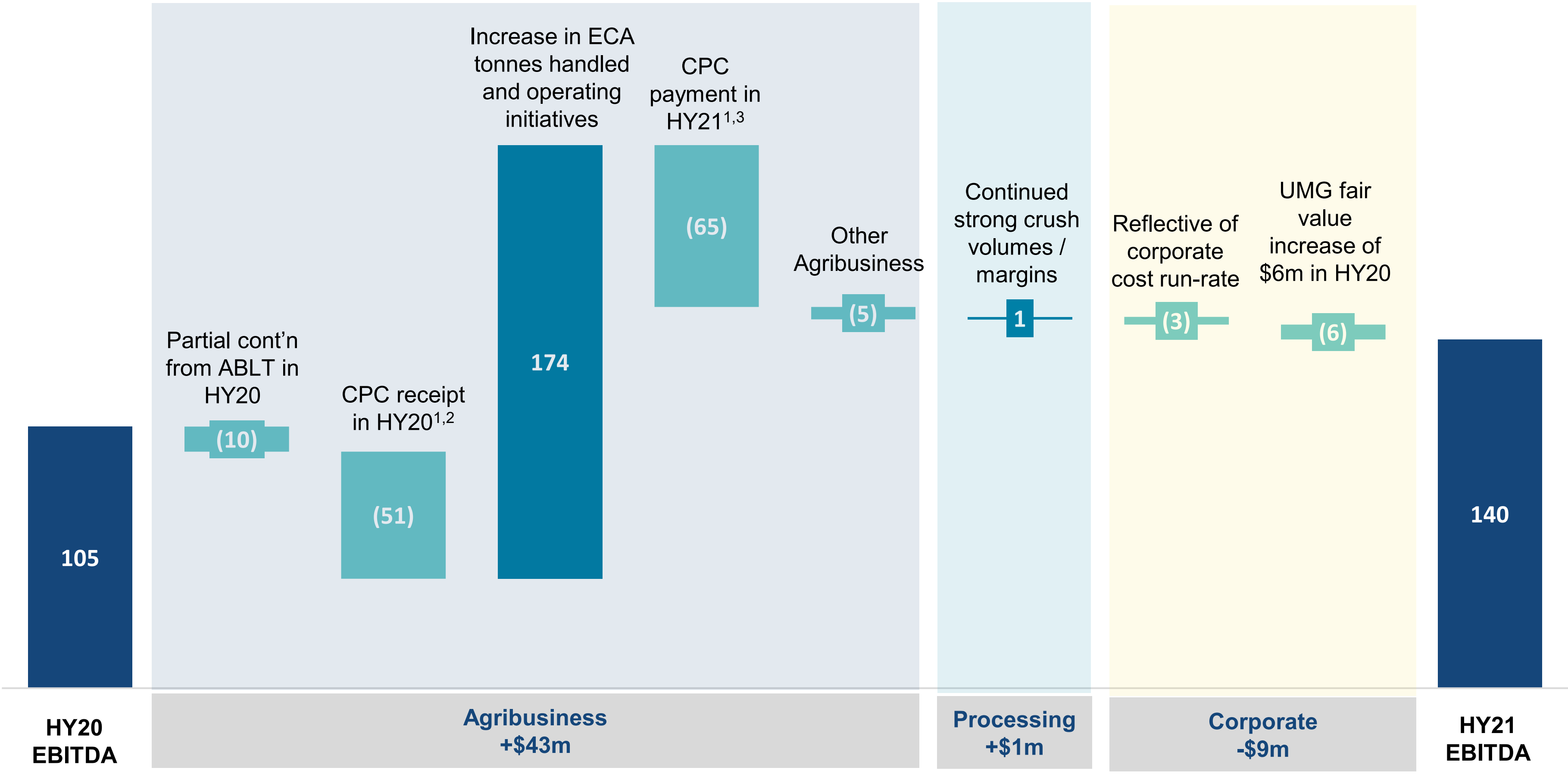
- Removal of earnings from ABLT and Allied Mills
- Incorporation of the CPC, had it been in place during the years FY16-FY19. CPC impact incorporated into results in FY20 and FY21.
- Incorporation of the additional standalone corporate costs post Demerger

$m	FY16	FY17	FY18	FY19	FY20	FY21e
Underlying EBITDA	256	390	269	69	186	255-285
Malt EBITDA	161	158	170	176	78	-
Underlying EBITDA (Continuing Operations)	**95**	**232**	**99**	**(107)**	**108**	**255-285**
Proforma adjustments:						
ABLT	(25)	(27)	(28)	(28)	(10)	-
CPC	(6)	(76)	(6)	74	-	-
Allied Mills	(10)	-	-	-	-	-
Standalone corporate costs (post Demerger)	(2)	(2)	(2)	(2)	-	-
Proforma EBITDA	**52**	**127**	**63**	**(63)**	**98**	**255-285**

1. FY20 EBITDA and FY21 EBITDA guidance include AASB-16 impact of ~$35m.

HY20 – HY21 earnings bridge

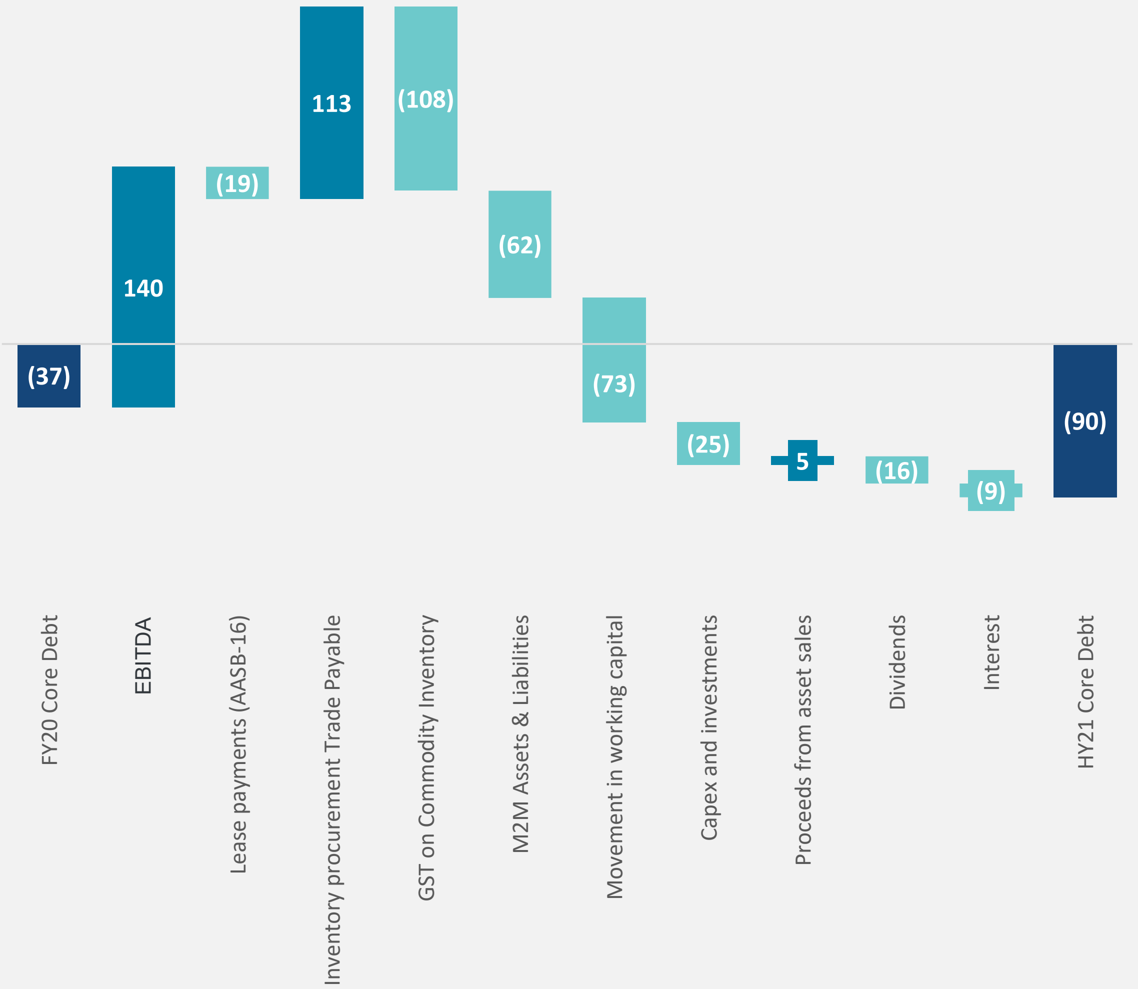
UNDERLYING EBITDA FROM CONTINUING OPERATIONS ($m)



1. CPC receipt / payment includes fair value adjustment.
2. CPC breakdown in HY20: Total gross production receipt of ~$58m net of $7m fair value loss adjustment
3. CPC breakdown in HY21: Total gross production payment of ~$70m net of $5m fair value gain adjustment

Core debt bridge: FY20 – HY21

- Core debt increase from 30-Sep 20 in line with seasonal working capital requirements
- Harvest related increase in GST receivable on commodity inventory expected to largely unwind in 2H21
- Harvest related inventory procurement trade payable facility also expected to unwind in 2H21
- Mark to market asset reflective of unrealised gains
- Working capital increase in 1H21 largely driven by increased requirements from export vessels with 2H21 impact dependent on export program in September 2021
- CAD$24m investment in GrainsConnect Canada – Port of Vancouver expected in 4Q21.

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