

News Release



GrainCorp
100 YEARS OF GROWTH

15 February 2018

GrainCorp provides FY18 earnings guidance

GrainCorp expects to report FY18 underlying EBITDA¹ in the range of \$240 million to \$265 million (FY17: \$390 million) and FY18 underlying NPAT² of \$50 million to \$70 million (FY17: \$142 million). This includes the ongoing tax benefit from the recent change in the US corporate tax rate, with an \$18 million tax benefit in FY18. GrainCorp's FY18 earnings guidance is subject to a range of market variables, as outlined at the conclusion of this statement.

Managing Director and CEO Mark Palmquist said the expected results reflect a 2017/18 eastern Australian harvest significantly below the long-term average.

During FY18 GrainCorp has received approximately 5.8 million tonnes³ into its network, compared to total FY17 receivals of 15.0 million tonnes⁴. FY18 summer crop expectations have also deteriorated in recent weeks due to prolonged hot and dry weather in Queensland and northern New South Wales. Current sorghum crop estimates for FY18 are approximately 1.5 million tonnes.⁵

"Significantly lower grain stocks across the eastern seaboard means a large portion of the crop will remain in Australia, either on-farm or secured by domestic customers. There is particularly strong demand for grain in some northern regions due to the persistent dry conditions. The combination of these factors is currently limiting export opportunities and as a result, we expect FY18 exports to be 60-75% lower than last year," Mr Palmquist said.

"GrainCorp is well progressed with the integration of our two Grains businesses, which allows greater efficiency, improved customer experience and competitiveness. GrainCorp Malt continues to perform strongly and will benefit from the contribution from our expanded and upgraded capacity in Pocatello, Idaho. The restructure and cost reduction initiated in our Oils business last year are on track to deliver its targets for the current year and we continue to identify and pursue further opportunities.

"We have a strong team around the Group with extensive experience in successfully managing agricultural volatility. I am confident that, despite the seasonal challenges, we will deliver solid underlying performance, remain disciplined on managing cash flows and capital expenditure, and are building a stronger and more diversified business," Mr Palmquist said.

GrainCorp's FY18 guidance remains subject to a range of variables, including:

- › Volumes: sorghum receivals, direct to port receivals and port elevations;
- › Impact of global crush margins on Australian edible oils;
- › New season trading opportunities for the Grains business;
- › Foreign exchange movements; and
- › Barley and oilseed procurement.

¹ Earnings Before Interest, Tax, Depreciation and Amortisation (before significant items)

² Net Profit After Tax (before significant items)

³ Tonnes received up country and direct to port from 1 October 2017

⁴ Tonnes received up country and direct to port

⁵ Eastern Australian sorghum production estimate, using average of ABARES' and ACF's February 2018 reports.

GrainCorp Limited (ASX:GNC)

Level 28, 175 Liverpool Street
Sydney NSW 2000 Australia

T +61 2 9325 9100

F +61 2 9325 9180

graincorp.com.au

ABN 60 057 186 035



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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