



26 February 2016

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

**GRAINCORP LIMITED: GNC
INVESTOR PRESENTATION
FY16 OUTLOOK & GUIDANCE**

Please find attached the Investor Presentation relating to GrainCorp's FY16 outlook and guidance.

GrainCorp is holding a briefing at 10:30am (Sydney time).

The briefing will be webcast live and can be accessed from the following link:

<http://goo.gl/JT2kXK>

An archived version will also be available later in the day.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Gregory Greer", written over a light blue horizontal line.

Gregory Greer
Company Secretary

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FY16 Outlook & Guidance

26 February 2016



GrainCorp



Disclaimer



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Agenda



- FY16 outlook
- FY16 earnings guidance
- Winter crop post-harvest review / strategic initiatives

Grains outlook – subdued export demand for Australian grain continues



	Market fundamentals	GrainCorp FY16 outlook
Storage & Logistics (S&L)	<ul style="list-style-type: none"> • Eastern Australian crop production estimate of 17.7mmt⁽¹⁾ (FY15: 16.5mmt) • Low carry → exportable surplus below normal • Uncertain sorghum crop at this stage • Global commodity conditions are limiting exports of grain → reduced port and rail bookings and slower velocity of grain 	<ul style="list-style-type: none"> • Carry-in: 1.6mmt at historically low levels (FY15: 1.9mmt) • Country receivals: 7.5mmt - 8.0mmt (FY15: 7.4mmt); 7.2mmt⁽²⁾ receivals year-to-date • Grain exports: 2.9mmt - 3.3mmt (FY15: 3.5mmt); 0.8mmt YTD⁽³⁾; stem bookings year-to-go 2.7mmt⁽⁴⁾ (2015: 3.8mmt) • Non-grain exports: ~2.5mmt (FY15: 2.5mmt) • Carry-out: 1.5mmt – 2.0mmt (FY15: 1.6mmt) • Rail freight: Impact of long-term take or pay arrangements continues. Below normal exportable surplus resulting in decreased rail freight utilisation → unrecoverable logistics costs • Challenging harvest: Weather impacted receivals harvest and quality
Marketing	<ul style="list-style-type: none"> • Ample global supplies of grain impacting demand for Australian grain • Lower eastern Australia grain stocks and continued competition to originate grain • Reduced freight advantage to major export regions making Australian grain less competitive • More typical marketing patterns across Australia and exports 	<ul style="list-style-type: none"> • Challenging given another low exportable surplus and continuing competition for grain in eastern Australia • Strong growth in Western Australian origination and sales program • Implementation of our international grain origination growth strategy continuing to gain traction → diversifying our origination and sales mix

1. Eastern Australia's wheat, barley, canola and sorghum production estimates, using the average of the Australian Crop Forecasters' February 2016 Report and ABARES' February 2016 Report.
2. All grains received up country year-to-date.
3. All grains exported year-to-date.
4. All grains shipping stem bookings year-to-go.

Below normal grain stocks resulting in lower S&L volumes



	Drivers (mmt)	FY15	FY16 YTD ⁽¹⁾	FY16 Outlook	FY16 Outlook
Storage & Logistics	Eastern Australia Grain Production	16.5		17.7 ⁽²⁾	
	Grain carry-in (1-Oct)	1.9		1.6	<ul style="list-style-type: none"> • At historically low levels • Limited early season export program
	Country network receivals	7.4	7.2 ⁽³⁾	7.5-8.0	<ul style="list-style-type: none"> • Dependent on sorghum crop volumes • Market share in line with FY15
	Grain exports	3.5	0.9 ⁽⁴⁾	2.9-3.3	<ul style="list-style-type: none"> • 2.7mmt⁽⁵⁾ booked on the shipping stem (FY15: 4.6mmt) → expecting higher execution rate in 2016 from lower total bookings of 3.6mmt • Delay in shipping program means low utilisation of rail freight obligations
	Non-grain exports	2.5	1.0	~2.5	<ul style="list-style-type: none"> • Strong demand for woodchip exports continues
	Carry-out	1.6		1.5 – 2.0	<ul style="list-style-type: none"> • Again expected to be in line with prior year
	Grain received at port	1.4	0.3	~0.9	<ul style="list-style-type: none"> • Grain received direct at port ex-farm and other bulk handlers

1. YTD reflects Year-to-Date.
2. Eastern Australia's wheat, barley, canola and sorghum production estimates, using the average of the Australian Crop Forecasters' February 2016 Report and ABARES' February 2016 Report.
3. All grains received up country year-to-date.
4. All grains exported year-to-date.
5. All grains shipping stem bookings year-to-go.

Processing outlook – well placed through strong competitive position



	Market fundamentals	GrainCorp FY16 outlook
Malt	<ul style="list-style-type: none"> Global barley crop production ~143.4mmt⁽¹⁾ (FY15: 141.5mmt) Beer demand in mature markets continues to soften and slower growth in developing markets Continued strong growth in North American craft beer segment Distilling demand consistent year-on-year in line with global economy 	<ul style="list-style-type: none"> Forward sales of 1.2mmt YTD Malt sales volume: ~1.3mmt (FY15: 1.25mmt) Lower Australian dollar against US dollar benefits earnings translation and exports from Australia, however partially offset by lower CAD and GBP against the AUD Continued incremental benefits from strategic initiatives being realised Final Port of Vancouver compensation receipt was received in FY15: ~A\$5m
Oils	<ul style="list-style-type: none"> Australian canola crop production estimate of 2.9mmt⁽²⁾ (FY15:3.5mmt) Global commodity deflationary period impacting crush margins Growing domestic and international demand for canola oil Continued competition in crushing and refining Continued demand for bulk liquid terminals capacity Early signs of infant formula growth in ANZ 	<ul style="list-style-type: none"> Foods and crush margins affected by global commodity conditions High capacity utilisation for crushing Capacity utilisation across bulk liquid terminals remains high – Pinkenba to contribute modestly in 2H16 Low volumes for NZ feed continue as a result of weak dairy sector Modest earnings uplift from completed strategic initiatives to be seen in 2H16 with full impact in FY17

1. World barley production estimates. Source: United States Department of Agriculture’s website: accessed 2 February 2016.
 2. Australian canola production estimate, using the average of the Australian Crop Forecasters’ February 2016 report and ABARES’ February 2016 Report.

FY16 Earnings Guidance



	EBITDA	NPAT
Guidance	<ul style="list-style-type: none"> • Underlying EBITDA (before significant items): \$240M – \$270M • Includes 60% share of Allied Mills NPAT before significant items 	<ul style="list-style-type: none"> • Underlying NPAT (before significant items): \$40M – \$55M
Assumptions / Variables	<p>Variables</p> <ul style="list-style-type: none"> • 2H16 volumes: sorghum receivals; direct to port receivals; port elevations • Global crush margins impact on edible oils margins • New season opportunities for Marketing in Q4 • Level of AUD vs USD, CAD and GBP FX • Barley and oilseed procurement 	<ul style="list-style-type: none"> • Depreciation & Amortisation: ~\$140M • Tax: ~30% • Significant items totalling ~\$12M including Oils and S&L optimisation.

Winter crop post harvest review & strategic initiatives



Production & Receivals

- Slightly below average levels of grain production in eastern Australia with mixed quality
- Winter receivals of 7.2mmt year-to-date, representing upcountry market share of ~45% in line with prior year
- Reduced port elevation and rail bookings
- 173 silos operated during harvest

Strategic initiatives progressing well

- Project Regeneration - Calleen site was open for harvest and received 115,000 tonnes; another 11 sites at different stages as Storage & Logistics improves supply chain efficiency
- Oils footprint optimisation – Numurkah first production trials successful and two of three new process lines at West Footscray completed
- Liquid Terminals expansion in Brisbane adding capacity of 45,000m³ has been successfully commissioned on time
- Pocatello expansion is on track with pilings completed and welding of steep tanks and foundation pouring underway