

Wednesday, 5 February 2020

Court approves dispatch of Demerger Scheme Booklet and convening of Demerger Scheme Meeting

- **Demerger of GrainCorp's international malt business, to be called United Malt, with the potential to unlock significant value for GrainCorp shareholders by creating two high quality, ASX-listed agribusiness companies**
- **Eligible GrainCorp shareholders will receive one UMG share for each GrainCorp share, in addition to retaining their GrainCorp shares**
- **GrainCorp to retain a minority ownership interest of 10% of UMG to provide additional balance sheet resources and financing flexibility**
- **GrainCorp Directors unanimously recommend that GrainCorp shareholders vote in favour of the demerger of UMG**
- **The Independent Expert, Grant Samuel & Associates, has concluded that the Demerger is in the best interests of GrainCorp shareholders**
- **GrainCorp shareholder vote scheduled for Monday, 16 March 2020, with Demerger to be completed in late March / early April 2020, subject to the satisfaction of certain conditions precedent (including GrainCorp shareholder, Court and regulatory approvals)**

GrainCorp Limited (ASX: GNC) (**GrainCorp**) is pleased to announce that the Federal Court of Australia (the **Court**) has made orders today approving the dispatch of the scheme booklet (**Demerger Scheme Booklet**) in relation to the proposed demerger of GrainCorp's international malt business (**Malt Business**) by way of a scheme of arrangement (the **Demerger**) to GrainCorp's shareholders, and that a meeting of GrainCorp shareholders be convened to consider and vote on the Demerger (**Demerger Scheme Meeting**).

The GrainCorp Directors unanimously recommend that GrainCorp shareholders vote in favour of the resolutions to be considered at the Demerger Scheme Meeting and General Meeting (**Demerger Resolutions**). Each GrainCorp Director intends to vote, or cause to be voted, any GrainCorp shares that he or she holds or controls in favour of the Demerger Resolutions.

GrainCorp Chairman, Graham Bradley commented: "The GrainCorp Board believes that the Demerger has the potential to unlock significant value for GrainCorp shareholders by creating two high quality, ASX-listed agribusiness companies, each with management teams focussed on pursuing independent strategies and growth opportunities."

Grant Samuel & Associates, the independent expert appointed by GrainCorp to review the proposed Demerger, (**Independent Expert**) has concluded that the Demerger is in the best interests of GrainCorp shareholders.

GrainCorp Limited (ASX:GNC)
Level 28, 175 Liverpool Street
Sydney NSW 2000 Australia

+61 2 9325 9100
graincorp.com.au

ABN 60 057 186 035

Malt Business following the proposed Demerger

If the Demerger is implemented, Eligible GrainCorp Shareholders¹ (who are not Selling Shareholders²) will receive one ordinary share in United Malt Group Limited (ACN 140 174 189) (**UMG**) (**UMG Share**) for each ordinary share in GrainCorp they hold on the record date in respect of the Demerger. UMG, which is currently a wholly-owned subsidiary of GrainCorp, will become a standalone entity listed on the Australian Securities Exchange (**ASX**) and will hold the Malt Business.

After the Demerger, United Malt will continue to be the world's fourth largest independent commercial maltster, with malting houses in Canada, the United States, Australia and the United Kingdom and strong market shares in these countries in the growing craft brewing and Scotch whisky sectors. United Malt is also a leading craft malt distributor in North America.

Upon implementation of the Demerger, United Malt's balance sheet is expected to support a strong, investment grade capital structure supported by a policy of maintaining a ratio of net debt to EBITDA of 2.0 – 2.5 times to preserve balance sheet strength and flexibility.³

GrainCorp CEO, Mark Palmquist said “we are excited by the opportunity to pursue an independent growth strategy for the Malt Business, underpinned by strong market fundamentals in craft brewing and Scotch whisky and a conservative capital structure.”

GrainCorp following the proposed Demerger

If the Demerger is implemented, GrainCorp shareholders will retain their GrainCorp shares.

Following the Demerger, GrainCorp will continue to be a leading integrated Australian agribusiness, with diversified operations connecting growers to domestic and international consumers in over 30 countries, spanning four continents.

GrainCorp intends to maintain a conservative capital structure and investment discipline with minimal core debt. Furthermore, GrainCorp will retain a minority ownership interest of 10% in UMG⁴. This will provide GrainCorp additional balance sheet resources and financing flexibility, in addition to the recently implemented Crop Production Contract.

Chair elect of GrainCorp following the Demerger, Peter Richards, said “GrainCorp is a leading integrated agribusiness with a proud history. After the Demerger, GrainCorp will be well positioned to serve its customers and create value for shareholders, including by leveraging its significant supply chain infrastructure assets.”

¹ “Eligible GrainCorp Shareholders” is defined in the Demerger Scheme Booklet, which is expected to be registered with ASIC and announced to the ASX on Thursday, 6 February 2020.

² “Selling Shareholders” is defined in the Demerger Scheme Booklet and includes (a) any ineligible foreign shareholders whose registered address in GrainCorp's share register is in a jurisdiction in respect of which GrainCorp believes it is prohibited, unduly onerous or impractical to transfer the UMG Shares to the GrainCorp shareholder; and (b) any Eligible GrainCorp Shareholder who individually holds 500 or fewer GrainCorp shares who has validly elected to have the UMG Shares to which they would otherwise be entitled sold under the Selling Shareholder sale facility. The UMG Shares that Selling Shareholders would otherwise be entitled to receive under the Demerger will be sold on the ASX on their behalf after implementation of the Demerger under the Selling Shareholder sale facility.

³ As a result of the seasonality of the Malt Business and the related working capital requirements (which are higher at 31 March and lower at 30 September), this ratio is likely to be exceeded at times during the course of a financial year.

⁴ There are no escrow or similar restrictions on the disposal by GrainCorp of any or all of the retained UMG shareholding.

Demerger implementation

The Demerger will be implemented by way of an equal reduction of GrainCorp's share capital (**Capital Reduction**) and a special dividend, which will not be paid in cash to GrainCorp shareholders and instead will form the consideration for the transfer of the UMG Shares to GrainCorp shareholders (or on behalf of Selling Shareholders) under the Demerger.

Implementation of the Demerger is subject to the satisfaction of certain conditions precedent, including:

- GrainCorp shareholder approval of the Demerger at the Demerger Scheme Meeting (see below);
- GrainCorp shareholder approval of the Capital Reduction at the General Meeting (see below);
- approval of the scheme of arrangement to give effect to the Demerger by the Court; and
- ASX approving the admission of UMG to the official list of the ASX and official quotation of UMG Shares.

Demerger Scheme Meeting and General Meeting

The Demerger Scheme Meeting will be held at **10:00am (Sydney time) on Monday, 16 March 2020 at the Hilton Hotel, Level 4, 488 George Street, Sydney NSW 2000.**

A separate extraordinary general meeting of GrainCorp shareholders will be convened to consider and vote on whether to approve the Capital Reduction (**General Meeting**). The General Meeting will be held on the same date and at the same place as the Demerger Scheme Meeting and will commence at **10:30am (or as soon as practicable after that time following the conclusion of the Demerger Scheme Meeting).**

Demerger Scheme Booklet

Detailed information about the Demerger, including information about UMG and the Malt Business, the reasons for the recommendation of the GrainCorp Directors, a copy of the Independent Expert's report, and the formal notices convening the Demerger Scheme Meeting and General Meeting, will be included in the Demerger Scheme Booklet. The Demerger Scheme Booklet is expected to be:

- registered with the Australian Securities and Investments Commission (**ASIC**) on Thursday, 6 February 2020 and uploaded to the ASX's market announcements platform shortly thereafter; and
- dispatched to GrainCorp shareholders on or before Friday, 14 February 2020.

Those GrainCorp shareholders that have previously elected to receive notifications from GrainCorp's share registry in electronic form will be sent the Demerger Scheme Booklet (and accompanying materials) electronically. GrainCorp will send the Demerger Scheme Booklet (and accompanying materials) to all other GrainCorp shareholders by post. The GrainCorp Directors recommend that GrainCorp shareholders read the Demerger Scheme Booklet in detail as it contains important information that will assist GrainCorp shareholders in making an informed decision on the Demerger.

Indicative timetable for the Demerger

The key events and the expected timing in relation to the approval and implementation of the Demerger are set out in the table below.

Demerger Scheme Booklet registered with ASIC and announced to the ASX	Thursday, 6 February 2020
Demerger Scheme Booklet dispatched to GrainCorp shareholders	On or before Friday, 14 February 2020
Demerger Scheme Meeting	10:00am on Monday, 16 March 2020
General Meeting	10:30am (or as soon as practicable after that time following the conclusion of the Demerger Scheme Meeting) on Monday, 16 March 2020
Second Court Hearing⁵	9:00am on Friday, 20 March 2020
ASX-listing of UMG and implementation of the Demerger⁶	Late-March/early-April 2020

All dates in the above timetable are indicative only and are subject to the Court approval process and the satisfaction of conditions precedent to the Demerger. A more detailed indicative timetable for the Demerger will be included in the Demerger Scheme Booklet.

Further announcement attaching Demerger Scheme Booklet

A further announcement to the ASX attaching the Demerger Scheme Booklet will be made by GrainCorp following registration of the Demerger Scheme Booklet with ASIC.

MEDIA CONTACT

Jess Simons
 Corporate Affairs Manager
 +61 2 9266 9434
 +61 418 734 653
jessica.simons@graincorp.com.au

INVESTOR CONTACT

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

⁵ Subject to GrainCorp shareholders approving the Demerger Resolutions by the requisite majorities and all other conditions precedent to the Demerger (other than the approval of the Court at the Second Court Hearing) being satisfied.

⁶ Subject to the approval of the Court at the Second Court Hearing (and the satisfaction of all other conditions precedent to the Demerger).