

# Annual General Meeting – FY16

24 February 2017



GrainCorp



# Disclaimer



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# Agenda



1. **Chairman's Address** (Mr Don Taylor)
2. **Business of the Annual General Meeting** (Mr Don Taylor)
  - **Resolutions**
  - **Shareholder Questions**
  - **Poll Voting**
3. **CEO's Presentation** (Mr Mark Palmquist)
4. **Results of Polls** (Mr Don Taylor)
5. **Meeting Closed** (Mr Don Taylor)

# Chairman's Address



# Business of the AGM

## Slides 6 – 18: Procedural Instructions & Voting

Mr Don Taylor



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# Business of the AGM



## For Consideration

**Item 1:** Consideration of Financial Statements and Reports

## Ordinary Resolutions

**Item 2:** Adoption of the Remuneration Report

**Item 3:** Election of Directors

**3.1** Re-election of Mr Peter Housden

**3.2** Re-election of Mr Simon Tregoning

**Item 4:** Grant of Performance Rights to Managing Director and CEO Mr Mark Palmquist

# Voting Cards & Visitors



GrainCorp

## GrainCorp Limited

Annual General Meeting

24 February 2017

SHAREHOLDER/PROXYHOLDER  
ADMISSION/VOTING CARD

**Sample Only**

### POLL VOTING

In a poll, please mark a box below to indicate your voting intention.

Ordinary Resolutions	For	Against	Abstain
<b>Resolution 2</b> Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3.1</b> Re-election of Director – Mr Peter Housden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3.2</b> Re-election of Director – Mr Simon Tregoning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> Grant of Performance Rights to Managing Director and CEO Mr Mark Palmquist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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## GrainCorp Limited

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Non-Voting Shareholder Admission Card

**Sample Only**

As a non-voting Shareholder you are reminded that whilst you are entitled to speak at this meeting, you are not entitled to vote.



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## GrainCorp Limited

Annual General Meeting

24 February 2017

VISITOR ADMISSION CARD

**Sample Only**

Thank you for your interest in attending this meeting. As a visitor you are most welcome, but are reminded that this is a Shareholders' meeting. You are not entitled to speak or vote at this meeting.

# Item 1: Consideration of the Financial Statements and Reports



To receive and consider the Financial Statements and the Report of the Directors and Auditor for the year ended 30 September 2016.



# Item 2: Adoption of the Remuneration Report



To consider and, if thought appropriate, pass the following ordinary resolution:

*“That the Remuneration Report (which forms part of the Directors’ Report) of GrainCorp Limited for the financial year ended 30 September 2016 set out on pages 25 to 40 of the 2016 Annual Report be adopted.”*

**Note:** The vote on this resolution is advisory only and does not bind the Directors or the Company.

# Proxy & direct votes



## Item 2: Adoption of the Remuneration Report

PROXY & DIRECT VOTES	FOR	OPEN	AGAINST	TOTAL
Item 2	175,099,889	351,060	1,204,590	176,655,539
% vote	99.1%	0.2%	0.7%	77.2% of issued capital

The Chairman of the Meeting will be voting open proxies in favour of the resolution.

# Item 3: Re-election of Directors



**MR PETER J HOUSDEN**

BCom, FCPA, FAICD

NON-EXECUTIVE DIRECTOR



**MR SIMON L TREGONING**

BCom, FAICD

NON-EXECUTIVE DIRECTOR

# Item 3.1: Re-election of Mr Peter J Housden



**MR PETER J HOUSDEN**

BCom, FCPA, FAICD

NON-EXECUTIVE DIRECTOR

3.1) To consider and, if thought appropriate, pass the following ordinary resolution:

*“That for the purposes of ASX Listing Rule 14.4, article 11.3(a) of the Constitution and for all other purposes, Mr Peter Housden, retiring by rotation, being eligible and offering himself for re-election, be re-elected as a Director of the Company.”*

# Proxy & direct votes



## Item 3.1: Re-election of Director – Mr Peter J Housden

PROXY & DIRECT VOTES	FOR	OPEN	AGAINST	TOTAL
Item 3.1	175,845,733	375,121	2,253,882	178,474,736
% vote	98.5%	0.2%	1.3%	78.0% of issued capital

The Chairman of the Meeting will be voting open proxies in favour of the resolution.

# Item 3.2: Re-election of Mr Simon L Tregoning



**MR SIMON L TREGONING**

BCom, FAICD

NON-EXECUTIVE DIRECTOR

3.2) To consider and, if thought appropriate, pass the following ordinary resolution:

*“That for the purposes of ASX Listing Rule 14.4, article 11.3(a) of the Constitution and for all other purposes, Mr Simon Tregoning, retiring by rotation, being eligible and offering himself for election, be re-elected as a Director of the Company.”*

# Proxy & Direct Votes



## Item 3.2: Re-election of Director – Mr Simon L Tregoning

PROXY & DIRECT VOTES	FOR	OPEN	AGAINST	TOTAL
Item 3.2	177,895,032	365,392	224,259	178,484,683
% vote	99.7%	0.2%	0.1%	78.0% of issued capital

The Chairman of the Meeting will be voting open proxies in favour of the resolution.

# Item 4: Grant of Performance Rights to Managing Director and CEO Mr Mark Palmquist



To consider and, if thought appropriate, pass the following ordinary resolution:

*“That approval be given for all purposes for the grant of Performance Rights under the Company’s equity incentive plans to Managing Director and Chief Executive Officer, Mr Mark Palmquist, in the manner set out in the Explanatory Notes to this Notice of Meeting.”*



# Proxy & Direct Votes



## Item 4: Grant of Performance Rights to Managing Director and CEO

PROXY & DIRECT VOTES	FOR	OPEN	AGAINST	TOTAL
Item 4	176,146,126	342,690	1,906,029	178,394,845
% vote	98.7%	0.2%	1.1%	78.0% of issued capital

The Chairman of the Meeting will be voting open proxies in favour of the resolution.



**GrainCorp**

## **GrainCorp Limited**

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SHAREHOLDER/PROXYHOLDER  
ADMISSION/VOTING CARD

**Sample Only**

### POLL VOTING

In a poll, please mark a box below to indicate your voting intention.

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<b>Resolution 4</b> Grant of Performance Rights to Managing Director and CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# CEO Presentation

Mr Mark Palmquist



# Agenda



**1**

**Recap: FY16**

**2**

**Strategy update**

**3**

**FY17 guidance**

# FY16: Solid performance in a challenging year



	FY16		FY15
Underlying EBITDA <sup>(1)</sup>	\$256 million	▲	\$235 million
Underlying NPAT <sup>(2)</sup>	\$53 million	▲	\$45 million
Statutory NPAT <sup>(3)</sup>	\$31 million	▼	\$32 million
Total Dividend (cents per share)	11	▲	10

- **Malt:** operational improvements, strong demand for specialty products
- **Oils:** challenging year, protracted commissioning of West Footscray
- **Storage & Logistics:** improved performance in low volume environment
- **Marketing:** competitive market - lower availability of grain, lower demand for eastern Australian grain

1. EBITDA is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation, before significant items.

2. Net Profit After Tax and before significant items.

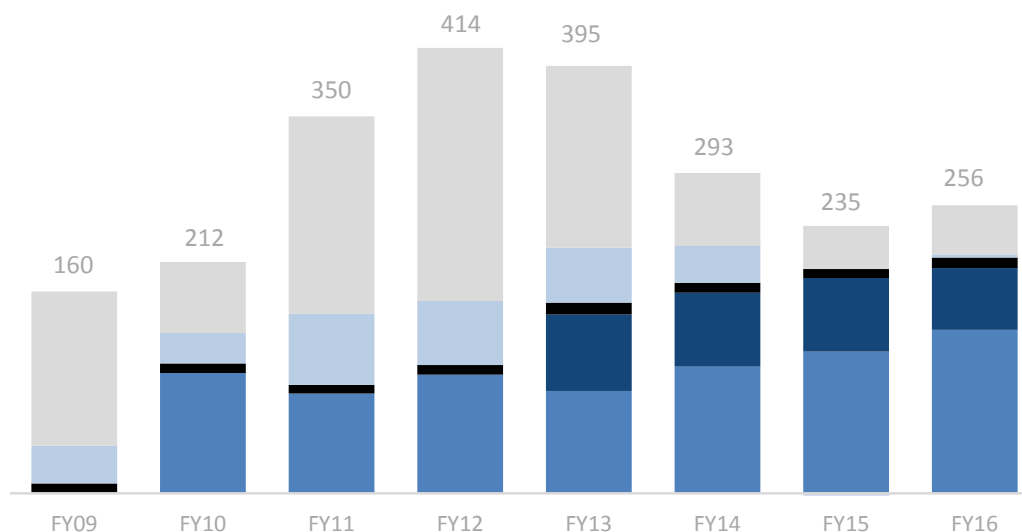
3. Net Profit After Tax and after significant items (FY16 significant items of \$22M after tax).

# Effectiveness of diversification



## UNDERLYING EBITDA<sup>(1)</sup> (\$M)

■ S&L   ■ Marketing (EBITDA)   ■ Allied Mills (NPAT)   ■ Oils   ■ Malt



	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
<b>2H</b>	78	100	177	179	168	127	99	122
<b>1H</b>	82	112	173	235	227	166	136	134

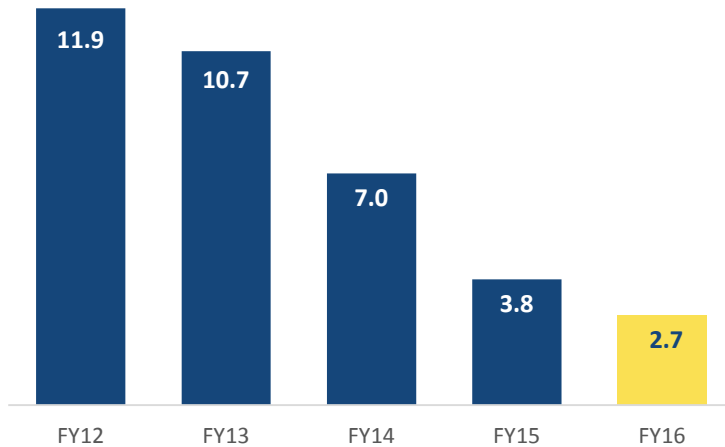
**Malt and Oils earnings platforms demonstrating the benefit of diversification**

1. Totals represent EBITDA before significant items (inclusion of Malt from FY10 and Oils from FY13). Bar chart reflects business unit proportions of EBITDA (i.e. excludes corporate costs)

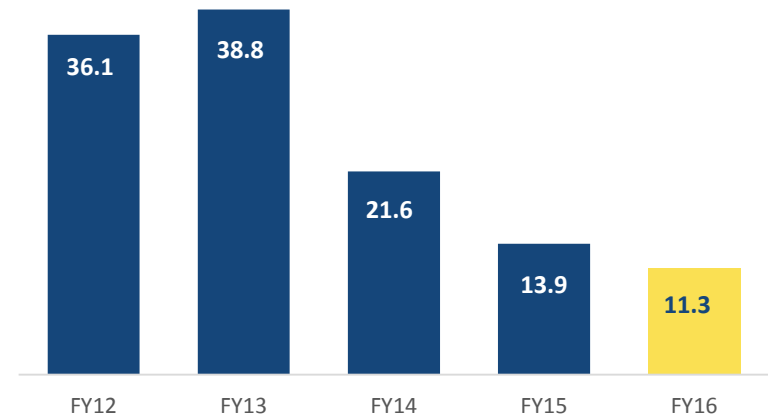
# Focus on safety is fundamental



**LOST TIME INJURY  
FREQUENCY RATE<sup>(1)</sup>**



**RECORDABLE INJURY  
FREQUENCY RATE<sup>(2)</sup>**

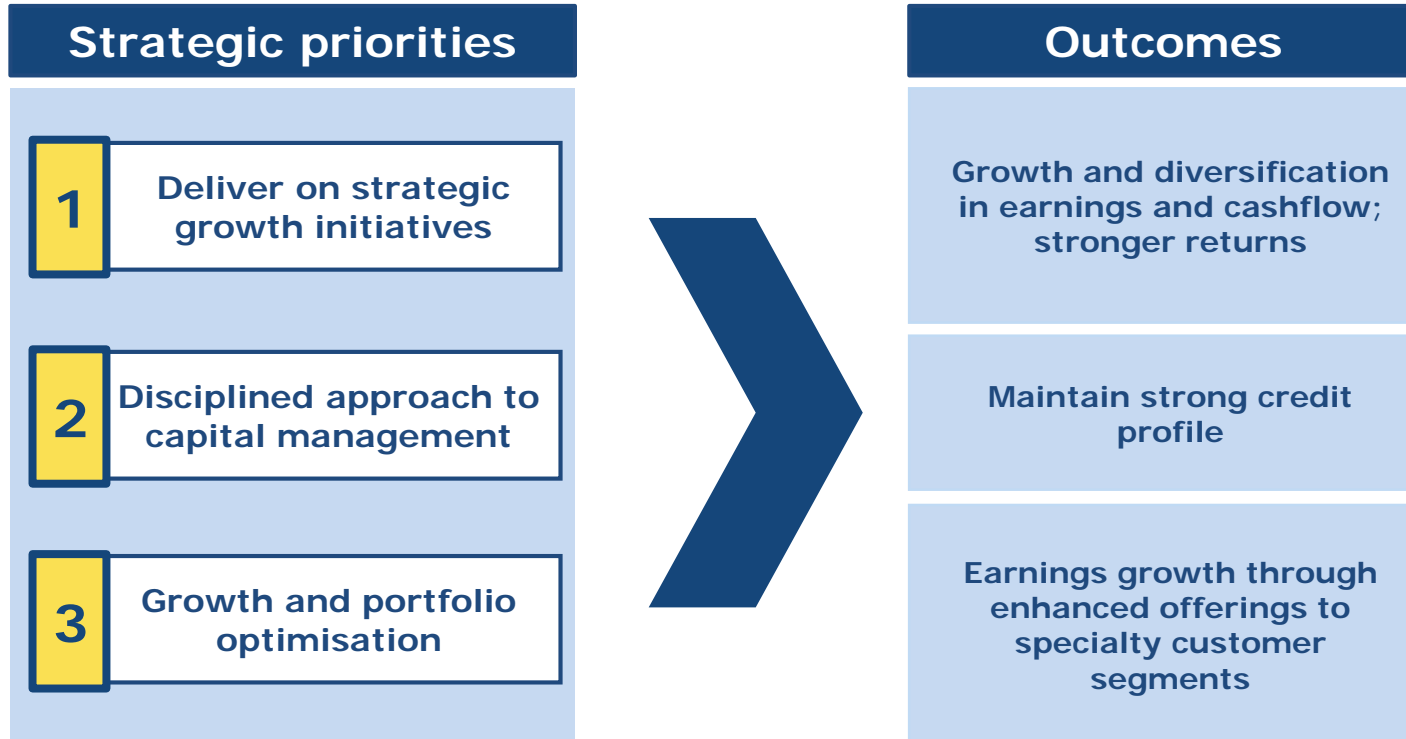


- 29% reduction in Lost Time Injury Frequency Rate<sup>(1)</sup>
- 19% reduction in Recordable Injury Frequency Rate<sup>(2)</sup>

1. Lost Time Injury Frequency Rate ("LTIFR") calculated as the number of Lost Time Injuries per million hours worked. Includes permanent and casual employees and GrainCorp controlled contractors.

2. Recordable Injury Frequency Rate ("RIFR") is calculated as the number of injuries per million hours worked. Includes lost time injuries, medical injuries and restricted work injuries. Includes permanent and casual employees and GrainCorp controlled contractors.

# Strategy update: priorities





# Delivering strategic growth initiatives



## Focus on successful execution of growth projects



	Oils	Oils	S&L	Malt	Marketing
	Edible Oils network optimisation – Footscray and Numurkah, Victoria	Bulk liquid storage capacity expansion - Brisbane	Re-shaping of country network	Malt capacity expansion – Pocatello, Idaho	50-50 JV in Canada Growth in WA/SA origination
<b>TIMING</b>	Q4 FY16 (West Footscray) Q3 FY16 (Numurkah)	Q2 FY16	FY17-18 in line with govt. support	Mid CY2017	FY16-FY18

- Improved ROE through the cycle
- Diversification of earnings and cash flow

# Growth & portfolio optimisation



- Sale of Allied Mills announced 31 January 2017:
  - GrainCorp 60% share of equity value: \$190 million<sup>(1)</sup>
  - Equates to Allied Mills enterprise value: \$455 million<sup>(2)</sup>
  - Subject to usual regulatory approvals
  - Expect to complete during 1H17
- Sale of malt plant in Clingen, Germany (capacity 15,000 tonnes) in second quarter of FY17
- Continue diversification with focus on core capabilities
- Balance sheet flexibility to pursue growth options
- Improving return on capital remains key focus

1. Pre tax and transaction costs

2. Based on an FY16 average level of working capital and grain inventory / prices

# Grains outlook: above-average harvest leading to strong FY17 export program



## Market fundamentals

### Storage & Logistics (S&L)

- Record Eastern Australian crop production estimate of 28.0mmt<sup>(1)</sup> for FY17 (FY16: 18.6mmt)
- 2017 sorghum crop impacted by poor seasonal conditions – current estimate 1.3mmt<sup>(2)</sup> (FY16: 1.9mmt)
- Strong export program
- Higher grain stocks on farm with low grain prices
- Good train utilisation and additional trains and trucks to support large export program (short-term)

### Marketing

- Global grain production has increased year on year with most major exporters increasing inventories
- Freight costs remain low – minimal freight advantage for Australia
- Strong Australian production has improved opportunities and increased competitiveness with higher exportable surplus from Australia

1. Eastern Australia's wheat, barley, canola, chickpeas and sorghum production estimates, using the average of the Australian Crop Forecasters' February 2017 Report (27.3mmt) and ABARES' February 2017 Report (28.8mmt).  
2. Eastern Australia's sorghum production estimate, using the average of the Australian Crop Forecasters' February 2017 Report and ABARES' February 2017 Report.

# Increased grain production driving higher S&L and Marketing volumes



	Drivers (mmt)	FY16	FY17	Comments
Storage & Logistics	Eastern Australia grain production <sup>(1)</sup>	18.6	28.0	<ul style="list-style-type: none"> <li>Wheat, barley, canola, chickpeas and sorghum (current FY17 sorghum production estimate 1.3mmt<sup>(2)</sup>)</li> </ul>
	Grain carry-in (1-Oct)	1.6	1.7	<ul style="list-style-type: none"> <li>Close to historically low levels</li> <li>Limited early season export program</li> </ul>
	Total receivals <sup>(3)</sup>	8.8	12.9 YTD	<ul style="list-style-type: none"> <li>Expecting additional grain after harvest</li> <li>Sorghum receivals impacted by dry conditions</li> </ul>
	Grain exports handled	3.0	2.2 YTD <sup>(4)</sup>	<ul style="list-style-type: none"> <li>Strong export demand</li> </ul>
	Grain carry-out (30-Sep)	1.7		<ul style="list-style-type: none"> <li>Expected to be higher than last year</li> </ul>
	Non-grain handled	3.0	~0.9 YTD	<ul style="list-style-type: none"> <li>Consistent with prior year</li> </ul>

YTD reflects Year-to-Date.

1. Eastern Australia's wheat, barley, canola, chickpeas and sorghum production estimates, using the average of the Australian Crop Forecasters' February 2017 Report (27.3mmt) and ABARES' February 2017 Report (28.8mmt).
2. Eastern Australia's sorghum production estimate, using the average of the Australian Crop Forecasters' February 2017 Report and ABARES' February 2017 Report.
3. Total receivals includes country network grain receivals plus grain received at port (ex-farm and from other bulk handlers)
4. All grains exported year-to-date (bulk and containers).

# Eastern Australia - Winter crop post harvest review



## Production and receivals

- Well above average grain production in eastern Australia with sound quality
- ~160 silos operated during harvest with average receivals per site of ~70,000mt; compared to ~180 sites in FY16 with ~40,000mt and ~300 sites in FY11 with ~50,000mt
- 30 silos achieved record and near-record receivals
- Significantly increased port elevation and rail bookings during the course of harvest
- Continued growth in on-farm storage

# Malt outlook – continued strong demand and high utilisation



	Market fundamentals	GrainCorp FY17 outlook
Malt	<ul style="list-style-type: none"><li>• Global barley crop production ~144.1mmt<sup>(1)</sup> (FY16: 148.7mmt)</li><li>• Beer demand in mature markets continues to soften; slower growth in developing markets</li><li>• Continued growth in North American craft beer segment but at slower rate than past five years</li><li>• Global shift in beer production from large brewers to smaller brewers</li><li>• Distilling demand steady</li></ul>	<ul style="list-style-type: none"><li>• Forward sales of 1.2mmt YTD</li><li>• Malt sales volume: ~1.3mmt (FY16: 1.3mmt)</li><li>• Expansion project at Pocatello, Idaho, from 100,000 tonnes to 220,000 tonnes, progressing well. Commissioning scheduled for Q3, operational in Q4.</li></ul>

1. World barley production estimates. Source: United States Department of Agriculture (January 2017)

# Oils outlook – competitive food ingredients sector



	Market fundamentals	GrainCorp FY17 outlook
Oils	<ul style="list-style-type: none"><li>• Australian canola crop production estimate of 4.2mmt<sup>(1)</sup> (FY16: 2.9mmt) – favourable for crush margins</li><li>• Competitive crushing and refining marketplace</li><li>• Steady demand for bulk liquid storage</li><li>• Early signs of stabilisation in infant formula sector as brand rationalisation continues</li></ul>	<ul style="list-style-type: none"><li>• Strong competition across food ingredients sector – pressure on volume and margins in Foods</li><li>• High capacity utilisation for crushing operations</li><li>• High capacity utilisation across bulk liquid terminals</li><li>• Some stabilisation in NZ dairy sector – will help improve dry and liquid feed volumes in medium term</li><li>• Continued ramp-up of production at West Footscray; ongoing operational efficiency improvements</li></ul>

1. Australian canola production estimate, using the average of the Australian Crop Forecasters' February 2017 report and ABARES' February 2017 Report.

# FY17 Earnings Guidance



	EBITDA	NPAT
Guidance	<ul style="list-style-type: none"> <li>• <b>Underlying EBITDA</b> (before significant items): \$385M – \$425M</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Underlying NPAT</b> (before significant items): \$130M – \$160M</li> </ul>
Assumptions / Variables	<p><b>Variables</b></p> <ul style="list-style-type: none"> <li>• 2H17 volumes: sorghum receivals; direct to port receivals; port elevations</li> <li>• Impact of timing of grain export program and additional freight bookings</li> <li>• Global crush margins impact on edible oils margins</li> <li>• New season opportunities for Marketing in Q4</li> <li>• Level of AUD vs USD, CAD and GBP FX</li> <li>• Barley and oilseed procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Depreciation &amp; Amortisation: ~\$150M</li> <li>• Tax: ~30%</li> </ul>



# Results of Polls

Mr Don Taylor



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# Meeting Closed



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