

9 May 2019

GrainCorp HY19 result

GrainCorp has reported underlying EBITDA¹ for the half year ended 31 March 2019 of \$27 million (HY18: \$119 million) and an underlying net loss after tax² of \$48 million (HY18 net profit after tax: \$36 million). The statutory net loss after tax³ was \$59 million (HY18 net profit after tax: \$36 million).

GrainCorp Chief Executive Officer Mark Palmquist said these results reflect a particularly challenging period in grains and oilseeds, including severe drought conditions in eastern Australia and grain flows have been disrupted by grain trade conditions.

“East coast Australian grain production was the lowest in over a decade and this has had a significant unfavourable impact on both our Grains and Oilseeds businesses,” Mr Palmquist said.

“There was continued positive performance from our Malt, Feeds and Bulk Liquid Terminals operations. Our Foods business also continued to achieve ongoing efficiency improvements.

“GrainCorp recorded encouraging improvements in the Group’s two key safety measures, although we are determined to pursue further improvement.”

As a result of the half-year financial performance, the Board has determined that GrainCorp will not pay an interim dividend this period.

The company continues to progress its Portfolio Review initiatives, including the demerger of its Malt business, the combination of Grains and Oils, simplification and cost reduction initiatives, and the sale of the Australian Bulk Liquid Terminals to ANZ Terminals. Active engagement with parties who have expressed an interest in part or parts of GrainCorp’s portfolio continues.

Outlook

GrainCorp expects continued robust demand for Malt products in the 2019 northern hemisphere summer and further benefits to be derived from the continuous improvement program in Foods during the second half.

The Group expects the challenging conditions in eastern Australia to continue in the second half. Planting for the winter grain crop is well underway in eastern Australia, however it is too early in the season to forecast grain production levels and the potential implications for GrainCorp. GrainCorp’s FY19 full year performance remains subject to a range of variables, including:

- › East coast Australia: 2H19 receivals, port elevations and grain import volumes;
- › Impact of global crush margins on Australian edible oils;

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

² Net profit/loss after tax (before significant items)

³ Net profit/loss after tax (after significant items)

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GrainCorp

- › Global grain trading conditions;
- › New season grain trading opportunities in Q4; and
- › Foreign exchange movements.

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