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**GrainCorp**

## **Bell Potter 'Home Grown' Agriculture Conference**

**8 June 2022**

**A shared passion.**



# Disclaimer



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Numbers throughout the presentation may not add up due to rounding.

# GrainCorp at a glance

High quality strategic infrastructure assets servicing customers worldwide



## International:

Global network of offices, originating grain, pulses and oilseeds from different regions and delivering to customers in over 50 countries.



## GrainsConnect Canada JV:

State-of-the-art grain supply chain connecting Western Canadian grain growers to global markets.

Swaffham

Kyiv

Beijing

Delhi

Singapore

Calgary

Winnipeg

Sydney

Auckland

● GrainCorp Head Office  
● International offices



## Integrated ECA network:

Leading bulk grain handling company in east coast Australia (ECA), storing, handling and connecting grain to customers worldwide.

Up-country network connected to seven bulk ports by rail.



## Processing assets:

Leading oilseed crusher/refiner and food manufacturer in Australia and New Zealand, producing a range of oils, meals and food products for domestic and international customers.



# Agenda

HY22 result recap

Outlook – FY22 and FY23

Strategic priorities

Focus area: Alternative Protein

Focus areas: Alternative Protein, AgTech, Carbon

Conclusion





# Record first half result in HY22

Outstanding financial and operational performance

EBITDA

**\$427m**  from \$140m

NPAT

**\$246m**  from \$51m

Return on invested capital (ROIC)<sup>1</sup>

**25.7%<sup>2</sup>**  from 11.1% (Sep 21)

Total grain handled<sup>3</sup>

**38.0mmt**  from 30.4mmt

Oilseed crush volumes

**232kmt**  from 220kmt

Core cash / (debt)

**\$129m**  from (\$90m) core debt (Mar 21)

1. ROIC is a non-IFRS measure and is defined as Group net profit after tax less interest expense (after tax) associated with core debt / average net debt (excluding commodity inventory funding) + average total equity.
2. 12 months to 31 March 2022. ROIC is inclusive of UMG Investment. ROIC exclusive of UMG Investment is 28.4%.
3. 'Total grain handled' includes carry-in + receivals + domestic outload + exports + carry-out. mmt = million metric tonnes.



# On track for exceptional FY22 result

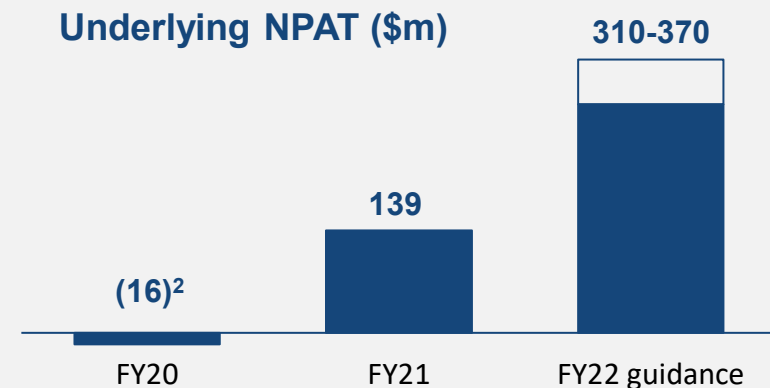
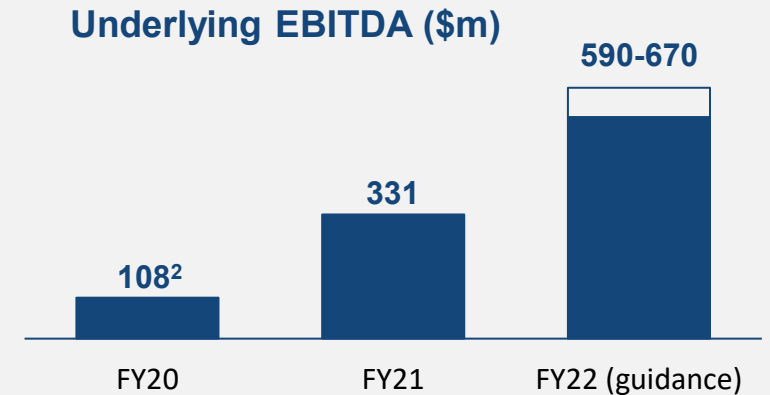
Strong global demand; favourable ECA conditions for 2022/23

## FY22 earnings guidance<sup>1</sup>

- Underlying EBITDA \$590-\$670 million
- Underlying NPAT \$310-\$370 million

## FY23 outlook

- High carry-out grain at Sep-22
- Northern Hemisphere supply expected to remain disrupted, supporting demand for Australian grain
- Positive conditions for FY23 winter crop:
  - Initial ABARES winter ECA crop forecast for 2022/23<sup>3</sup>: **24.7mmt**



1. FY22 guidance subject to: 2H grain receipt and export volumes, supply chain margins, oilseed crush margins, outlook for 2022/23 crop, and duration/extent of global trade disruptions.

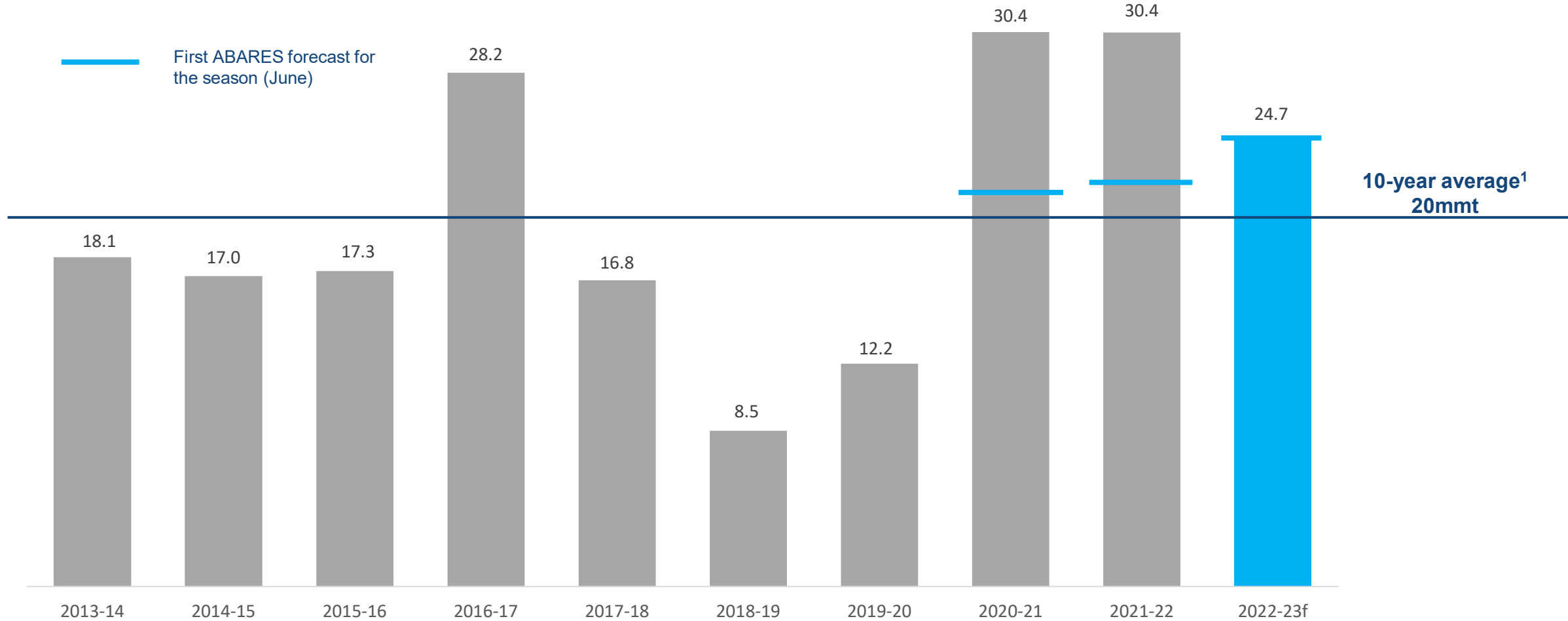
2. Continuing operations – excludes earnings from Malt.

3. ABARES Australian Crop Report – 7 June 2022.

# Strong potential for third consecutive bumper crop in FY23



## ECA winter grain production (mmt)

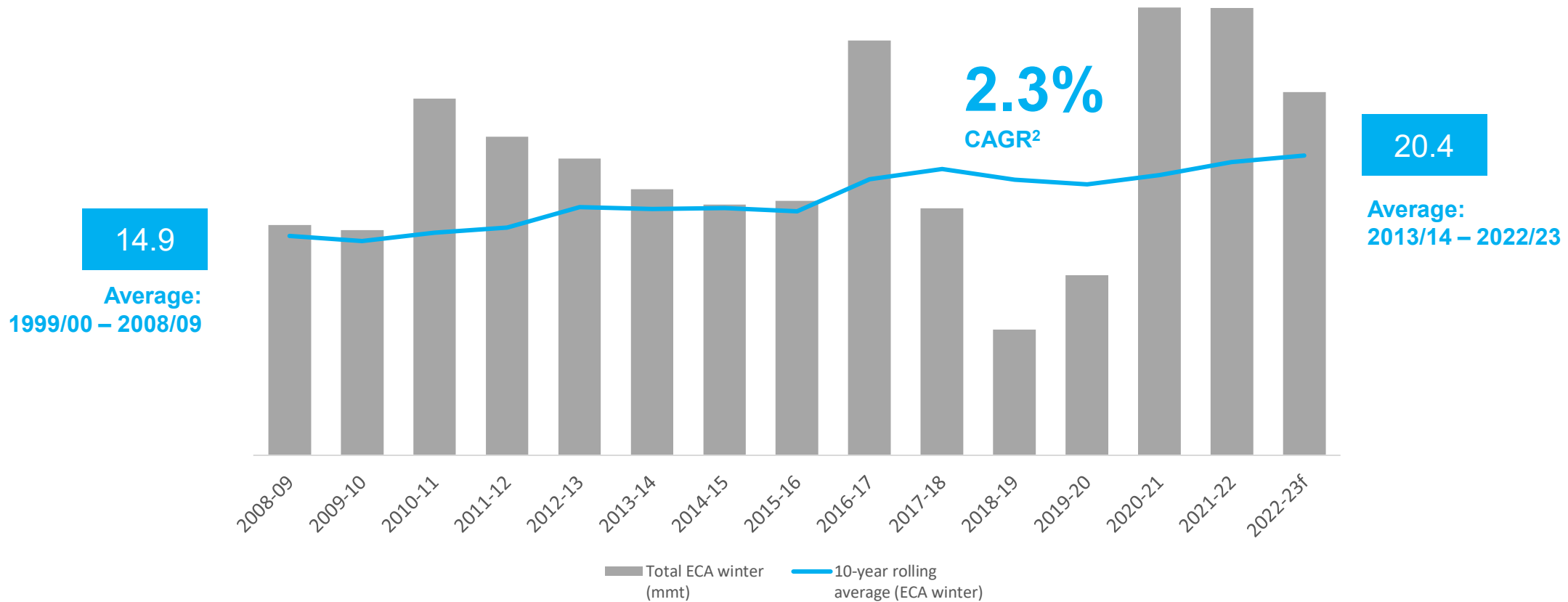


1. 2013/14 – 2022/23.

# ECA production rising since deregulation started



## ECA winter grain production<sup>1</sup> / 10-year rolling average (mmt)



1. 2022/23 is based on ABARES' 7 June 2022 forecast.

2. CAGR is calculated based on the rolling 10-year average between 2008/09 (14.9) and 2022/23 (20.4).



# Sustainability at the core of GrainCorp



Following our clear roadmap of actions for sustainable growth



## Environment

- Leading supplier of renewable fuel feedstocks (used cooking oil, tallow, canola oil)
- Pilot programs with growers to assess carbon sequestration and measurement
- Aligning financial reporting with Task Force on Climate-related Financial Disclosures (TCFD)
- Defining and measuring **Scope 3** emissions

1. Global Reporting Initiative.
2. United Nations Sustainable Development Goals.
3. International Sustainability and Carbon Certification.

## Social

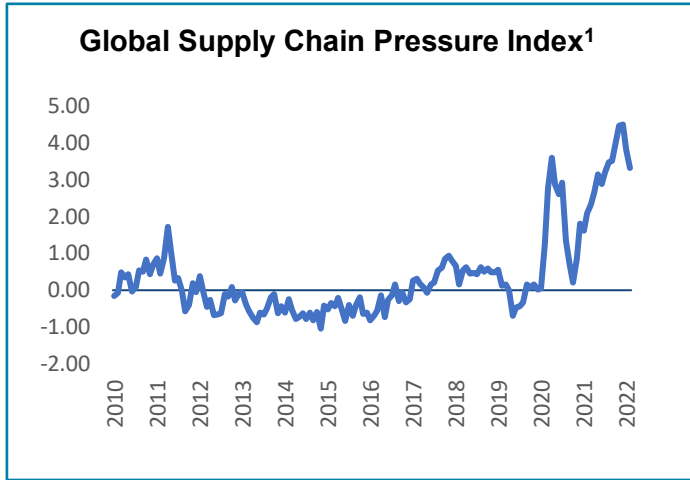
- **GrainCorp Community Foundation** approaching \$300,000 awarded in first six months
- Large employer of harvest casuals across regional Australia
- Developing Reconciliation Action Plan, a critical part of GrainCorp's Inclusion and Diversity Action Plan
- *One Grain Industry Scholarship, created with Nuffield Australia*

## Governance

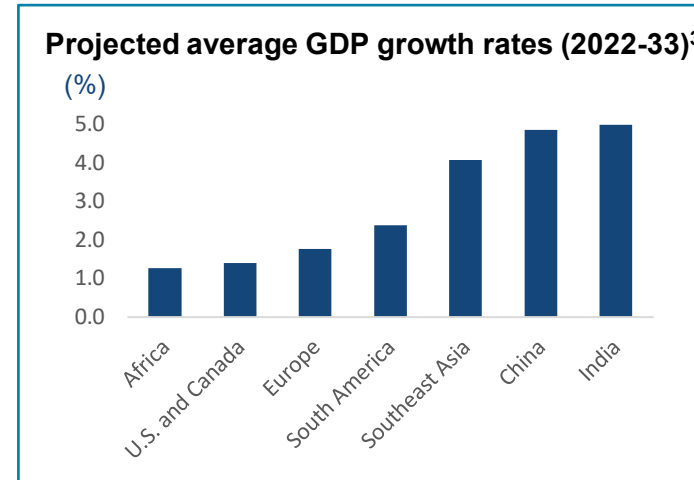
- Aligning with **GRI<sup>1</sup>** and **UNSDG<sup>2</sup>**
- Expanded **stakeholder engagement**
- **ISCC<sup>3</sup>** certification for canola crushing at Numurkah



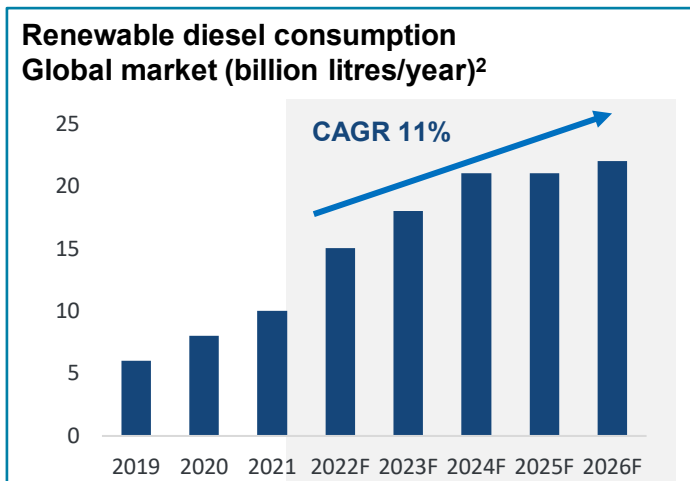
# Macro themes supporting strategic priorities



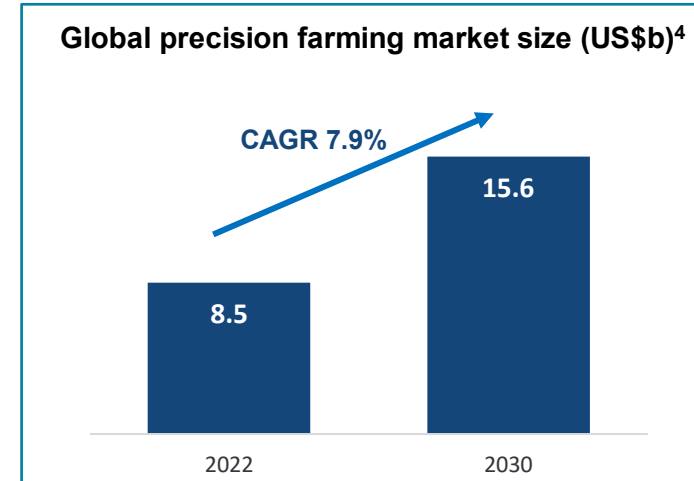
Reinforces importance of supply chain ownership, supply chain resilience



Australia well located to service Asia – growing populations, rising income levels



Supporting demand for UCO, tallow, other renewable fuel feedstocks



AgTech driving productivity improvements in agriculture and food production

1. Global Supply Chain Pressure Index: March 2022. Federal Reserve Bank of New York Liberty Street Economics.
2. IEA "Renewables 2021 Report" base case forecast used.
3. USDA - Projected Growth Rates - Real Gross Domestic Product Per Capita.
4. Markets and Markets - Precision Farming Market - Global Forecast to 2030.

# Strategic priorities delivering shareholder value



## VISION

Lead sustainable and innovative agriculture through another century of growth

## PURPOSE

Proudly connect with customers and rural communities to deliver value through innovation and expertise

## STRATEGIC PRIORITIES

### Strengthen the core



Lift returns



Leverage capabilities



Drive existing assets

### Targeted growth opportunities



Alternative protein



Digital and AgTech



Animal nutrition

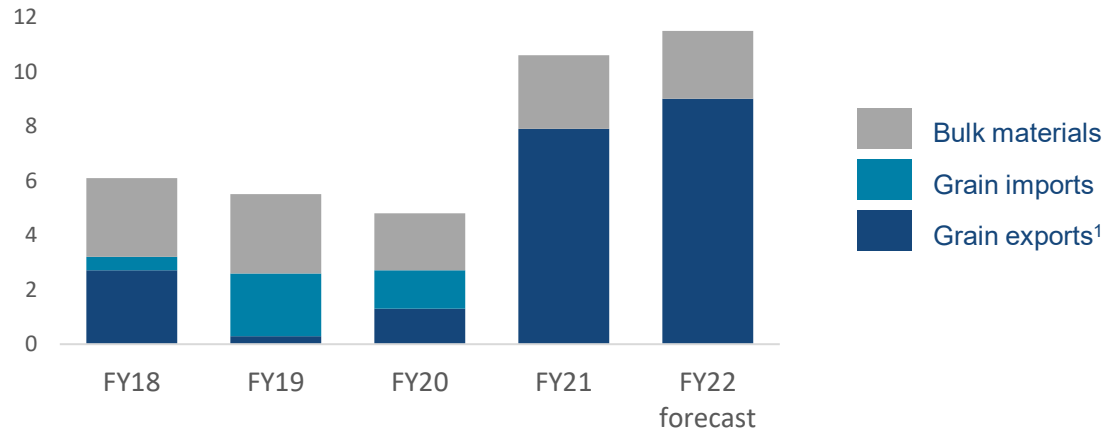


Additional grower services



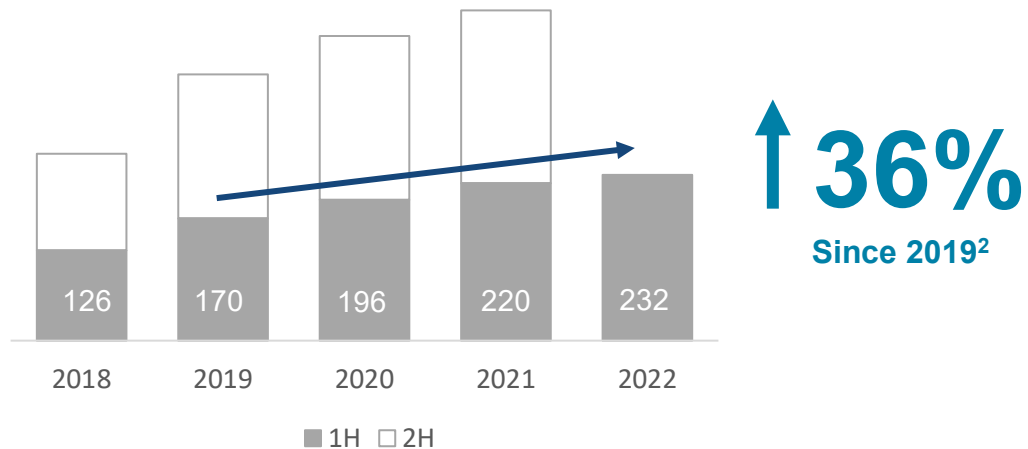
# Driving utilisation of supply chain assets

## ECA port throughput (mmt)



GrainCorp bulk port terminal, Port Kembla, NSW

## Oilseed crush volumes – first half (kmt)



GrainCorp oilseed crush plant, Numurkah, VIC

1. FY22 grain exports include bulk + containers; assumes the mid-point of guidance (8.5-9.5mmt).
2. Completed oilseed crush expansion at Numurkah, Victoria in September 2018.





# Exploring opportunities in fast-growing plant protein market

Alternative protein supporting a healthy, secure and sustainable food system for the future

- **Alternative protein playing key role** in meeting rising global demand for protein
- Shift to plant proteins expected to have **measurable positive impact on the environment** – lower emissions, water usage and land use
- GrainCorp **partnering with CSIRO and v2food**; working towards building domestic processing and manufacturing expertise in plant-based proteins
- **\$1.8 million grant<sup>1</sup>** from Australian Government – researching separation and manufacture of proteins from canola, soy, fava beans and chickpeas
- End-to-end capability will:
  - benefit Australian growers and food and aquafeed manufacturers; and
  - create resilience and boost global competitiveness.



1. Funding from Australian Government's Cooperative Research Centres Projects (CRC-P).

# Supporting long-term sustainable growth in Australian Agriculture



Investing up to \$30 million into AgTech over next three years

## Four key investment areas:



### **Analytics and optimisation**

Optimising the value and quality of agricultural commodities from the farmgate



### **Smart supply chains**

Driving increased value across the agricultural supply chain



### **Biotechnology**

Improving crop production and sustainability outcomes



### **Sustainability & circular economy**

Reducing carbon footprint of agricultural commodities from farmgate to point of consumption



# AgTech driving carbon reduction in agriculture



## GrainCorp well positioned to support growers in carbon sequestration



- **15% investment in Hone**, an Australian AgTech start-up that tests grain, soil and crop samples through a handheld device
- Supports measurement of soil carbon in-field, reducing costs and providing instant results
- Empowers growers to make data-based decisions that drive healthier soil, crops and more sustainable farming practices

- Australian carbon company that has developed a microbial solutions for the mitigation of greenhouse gas emissions
- Collaborating to introduce new ways for Australian farmers to build soil carbon and capture value
- Winter pilot program underway with growers to test and refine systems and capabilities ahead of a full-scale launch

# Conclusion



Record financial result in HY22; on track for exceptional FY22 result

Favourable ECA conditions supporting FY23 outlook

Strategy delivering shareholder value

Innovation and technology integral to growth initiatives

GrainCorp playing key role in long-term sustainable growth of Australian agriculture

Record financial result delivered in HY22





**GrainCorp**

**Proudly connecting with customers  
and rural communities to deliver  
value through innovation and expertise**

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