

Managing Director and CEO's Address Annual General Meeting



16 February 2023

Introduction

Thank you, Peter and good morning, ladies and gentlemen.

It's a pleasure to join you today, and to see our shareholders in person.

This morning, I would like to run through the following:

- Our operational and financial performance for FY22;
- A brief update on strategy, to deliver long-term sustainable growth for shareholders;
- The progress we have made with sustainability and ESG more generally;
- An update on the recent ECA winter harvest; and
- Our outlook and earnings guidance for FY23.

Outstanding financial and operational results

Starting with financial performance. As Peter stated, GrainCorp delivered a record result in FY22, with EBITDA of \$703 million and net profit after tax of \$380 million.

This equated to a return on invested capital (ROIC) of 27.9%.

These numbers represent an outstanding result – a record for GrainCorp – and something we are extremely proud of.

Going through our business segments and some of the key metrics outlined on this slide:

In **Agribusiness**, East Coast Australia (ECA) handled a total of 41.1mmt of grain, up from 34.4mmt the prior year. The exceptional performance from this business reflects the value of our infrastructure assets and our ability to move grain efficiently to global markets. High global demand for Australian grain was also an important factor, and this supported the strong supply chain margins.

Our International business achieved strong origination and export margins from Western Australia, however was adversely impacted by drought in Canada. Our Feeds, Fats & Oils business performed well, with Auscol, our used cooking oil (UCO) collection business, benefiting from high demand in biofuel markets.

In the **Processing** segment, Oilseeds had an excellent year, with record crush volumes of 471kmt. This enabled us to capture favourable gross crush margins and benefit from substantial demand for vegetable oils.

Our Foods business also increased its sales volumes, supported by an increasingly diversified customer base and solid demand for refined vegetable oils.

Overall, we finished the year in a strong financial position, with \$177 million core cash.



So, to summarise – FY22 was an outstanding year. We are doing what we said we'd do, and we are delivering on our commitments.

Strategy

Turning to our Strategy.

This slide summarises our vision, our purpose, and our strategic priorities, which are centred on delivering for growers and customers and are designed to create sustained shareholder value.

A key part of our strategy involves strengthening our core – driving our assets harder, leveraging our capabilities, and delivering higher returns on invested capital.

The second part of our strategy involves pursuing targeted growth opportunities – in areas with strong potential and where GrainCorp has a right to win.

We are ultimately seeking to create value for the future. By investing in our people, our capabilities, and our assets, we are improving our underlying performance and positioning the business for growth.

Moving to some more of the detail – and the progress we made in FY22.

Core: In our core area, we invested in the ECA network to improve our service offering to growers and to enable our network to handle consecutive bumper crops. During the year, we built additional storage capacity at several key sites and we also upgraded our mobile fleet of equipment.

With our port assets, we continued to diversify our product and customer mix by broadening our bulk materials offering.

Our joint venture, GrainsConnect Canada, is a key part of our international business and our diversification of grain origination beyond Australia. Through this JV, our Canadian supply chain was completed during the year, with the Fraser Grain Terminal in Vancouver commissioned and now operating.

In our Processing business, we lifted our oilseed crush volumes and food production to record levels – we are maximising the output from our assets.

Growth: We progressed with several growth opportunities during the year, some of which are listed on the slide.

In our work on alternative protein, we have an industry research collaboration underway, focused on the plant-based protein market and domestic supply chain opportunities.

We are actively exploring opportunities in agri-energy, an industry that is growing rapidly. We believe agri-energy is a significant opportunity for GrainCorp due to the growing demand for renewable fuels globally and increased requirement for renewable fuel feedstocks.

GrainCorp is already a leading supplier of feedstocks in Australia – including UCO, tallow and canola oil – and we are uniquely positioned to participate in the market's growth. We are currently looking at several opportunities to expand our business, including adding capacity and supply to our feedstock offering.

In the Digital and AgTech space, we launched GrainCorp Ventures, a corporate venture capital fund that will invest up to \$30 million in AgTech start-ups over three years.

Our first investment is in a business called Zetifi, based in Wagga Wagga, New South Wales. Zetifi helps plug the gap in digital connectivity for farmers in rural Australia, a problem many growers and regional communities face daily. We believe this business has significant potential and we are excited to be a part of it.

Sustainability and ESG

Turning to sustainability and ESG.

At a global level, our industry must work to feed a growing population in a changing climate, with fewer resources. This is a significant challenge – but one we believe is achievable through continuous improvement and innovation across the industry.

We believe firmly that GrainCorp not only has a responsibility to support this goal, but an opportunity to drive best practice and change in this area.

Our ESG approach has advanced significantly in the past two years, and we have driven this by investing in our people, structure, and processes. This slide provides a snapshot of the progress we made in FY22.

As Peter said, we have a new Board Sustainability Committee, a Sustainability Management Committee, and working groups to address our material ESG topics. Sustainability is being increasingly integrated into every part of our business and strategy.

During the year, we assessed the risks and opportunities of Scope 3 emissions across our supply chains. We are now modelling emissions reduction pathways, and preparing roadmaps for Scope 1, 2 and 3 to support accelerated decarbonisation in the years ahead.

We are supporting sustainable practices in Food and Agriculture through our work with global customers, Australian growers, industry experts and Ag-tech start-ups.

We are also investing in our people and communities. We have health and wellbeing programs for our employees and contractors; we are well advanced in developing our Reconciliation Action Plan; and last year we supported over 100 community initiatives through the GrainCorp Community Foundation.

Moving to safety – and our commitment to achieving Zero Harm.

Our safety culture is continually reinforced by strong leadership combined with systems and processes that ensure continuous improvement and accountability.

This slide shows our performance across two key measures. Clearly, we still have opportunities to improve, and there are many initiatives underway across the business to support this goal.

2022/23 ECA harvest update

Moving to the current crop for FY23.

ECA grain production overall was again well above average, despite a challenging and delayed harvest.

On behalf of everyone at GrainCorp, I personally want to acknowledge the difficult weather conditions and flooding events that disrupted this harvest for many growers and challenged communities, including several of our own staff, in regional Australia.



In some cases, the flooding caused crop abandonment, damage to local roads and infrastructure, and logistical challenges, both for growers and the GrainCorp supply chain.

Notwithstanding the challenges, as of this week, we have received a very strong 11.9 million tonnes of grain into our network over the 22-23 harvest.

Year-to-date export volumes are 3.0 million tonnes, down slightly on last year due to the disruptions experienced in the first quarter. However, with a high level of inventory carrying over from last year, our total inventories will ensure another large export program in FY23. We are again forecasting exports of between 8.5 – 9.5 million tonnes.

Growers across Queensland and northern NSW have now started to harvest their summer crops, with ABARES forecasting a strong ECA sorghum harvest of 2.6mmt.

Outlook

I would like to finish with our financial guidance and outlook for FY23.

We expect to report EBITDA of \$470-530 million and net profit after tax of \$180-\$220 million. This would be another outstanding result for the Company and demonstrates the value of the company, our people and our assets.

In the Agribusiness segment, we are once again expecting above average ECA grain handling volumes and the continued delivery of our core operating initiatives.

The earnings guidance reflects our expectation that good global demand for Australian grain will continue, however at lower margins than in FY22.

Our Feeds, Fats and Oils (FFO) business continues to benefit from strong demand for renewable fuel feedstocks.

In the Processing segment, our Oilseeds business continues to increase its crush output and is also benefiting from strong global demand for vegetable oils.

In summary, we are pleased that all our operating businesses continue to have a strong, positive outlook.

Conclusion

In concluding, I would like to thank our people for their commitment and resilience in a challenging yet highly successful year.

On behalf of us all at GrainCorp, thank you again to our customers and to the growers we continue to partner with in Australia.

And finally, to our shareholders, thank you for your ongoing support.

Robert Spurway
Managing Director and CEO



This announcement is authorised for market release by the GrainCorp Limited Board.

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