

16 November 2023

GrainCorp delivers outstanding FY23 result

GrainCorp Limited (**GrainCorp** or the **Company**) (ASX: GNC) today announces its results for the year ended 30 September 2023 (FY23).

- **EBITDA**¹: \$565 million (FY22: \$703 million)
- **Net Profit After Tax (NPAT)**: \$250 million (FY22: \$380 million)
- **Return on Invested Capital (ROIC)**²: 18.6% (FY22: 27.9%)
- **FY23 dividends**³: 54 cents per share (FY22: 54 cps)
- **On-market share buy-back of \$50 million announced**

Commenting on the FY23 result, GrainCorp's Managing Director & CEO Robert Spurway said:

"GrainCorp delivered another outstanding result in FY23, with both Agribusiness and Processing business segments contributing positively to our performance.

"The result clearly reflects our disciplined focus on operational performance, the capability of our people and the momentum we continue to build.

"GrainCorp continues to progress its strategy of strengthening the core of the business through targeted investment into our value chain.

"We again improved the performance of our oilseed crush, increasing throughput volume for the fifth successive year.

"We also further optimised our grains sites to provide improved service for growers, reducing truck turnaround times and achieving a significantly improved net promoter score.

"Our exceptional balance sheet, with core cash of \$349 million, also provides us with the flexibility to return capital to shareholders, while continuing to pursue growth opportunities.

"Pleasingly, we continued to integrate sustainable practices into our commercial, financial and operational activities.

"Our sustainability achievements, ongoing initiatives and key targets are discussed in detail in our FY23 Sustainability Report, released today."

Agribusiness

EBITDA was \$401 million (FY22: \$624 million) with strong contributions across ECA, International and Feeds, Fats and Oils (FFO). Total grain handled was 37.4mmt (FY22: 41.1mmt), supported by large carry-in from FY22 of 4.9mmt.

Volumes and margins were down from the record level seen in FY22, although remained above historical averages.

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

² 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

³ FY23 dividends of 54cps comprises of FY23 interim dividend paid (24cps) + FY23 final dividend declared (30cps)

GrainCorp continued to benefit from improved utilisation of port assets, including increasing bulk material volumes to 3.3mmt (FY22: 2.5mmt).

Our International business once again saw high global demand for Australian grain, driven by elevated local production volumes and uncertainty of northern hemisphere supply. International contracted grain sales of 3.7mmt (FY22: 3.5mmt) were underpinned by large volumes from Western Australia.

FFO achieved a record result with exceptional performance across all areas, supported by high demand for renewable feedstocks and supplementary feeds.

Processing

EBITDA was \$153 million (FY22: \$127 million), with record crush volumes and margins.

"The exceptional result achieved in Processing was driven by our oilseeds business, as disciplined investment and the integration of advanced analytics supported record crush volumes of nearly 500kmt," Mr Spurway said.

Favourable oilseed margins were bolstered by a large ECA canola crop, sustained global demand for vegetable oils driven by nutrition and Agri-energy sectors, and supply constraints in other key growing regions.

Balance Sheet and Capital Management

GrainCorp's balance sheet is in an excellent position with a core cash balance of \$349 million⁴ at 30 September 2023 (FY22: \$177 million). Net debt at 30 September 2023 was \$373 million (FY22: \$540 million).

In addition, gross proceeds of \$127 million from the acquisition of UMG by Malteries Soufflet were paid to GrainCorp on 15 November 2023.

GrainCorp's Board of Directors has declared a total final dividend of 30cps, comprising:

- a final **ordinary dividend** of 14cps, fully franked (FY22: 14cps); and
- a final **special dividend** of 16cps, fully franked (FY22: 16cps)

Both the final ordinary and final special dividends will be paid on 14 December 2023 to ordinary shareholders at a record date of 30 November 2023 (in respect of both dividends).

In addition, GrainCorp has also announced an on-market share buy-back of up to \$50 million.

Update on Strategic Priorities

"GrainCorp is delivering on its strategic priorities of strengthening the core of the business while exploring targeted growth opportunities," Mr Spurway said.

Animal Nutrition acquisition

"We continued our focus of disciplined growth, including the announced acquisition⁵ of XF Australia (which trades as Performance Feeds and Nutrition Services Associates), a provider of feed supplement products and nutritional consulting services to Australia's feedlot and grazing sector, for \$35 million.

"This acquisition expands our offering to customers by enhancing our capabilities in Animal Nutrition."

Oilseed crush expansion

GrainCorp took positive steps to identify opportunities for an expansion of its oilseed crush capacity, including identifying Western Australia as a preferred location for a new plant, with an approximate capacity of 750KMT to 1MMT.

⁴ Core cash / (debt) refers to net debt less commodity inventory

⁵ Acquisition subject to conditions precedent, including ACCC consideration. ASX announcement [here](#).

“The assessment of new crush capacity is an ongoing priority, as we continue our positive engagement with both upstream and downstream partners.”

“This week, we also announced a renewable fuels initiative with IFM Investors to explore opportunities to help decarbonise the aviation sector.”

“Agricultural feedstocks will play a critical role in the country’s transition to renewable fuels and a lower carbon economy, and GrainCorp is well positioned strategically to help facilitate this change,” Mr Spurway said.

Outlook

“The ECA winter crop harvest commenced earlier than last year and is drawing to a close in Queensland, while NSW and Victoria harvests are underway,” Mr Spurway said.

“We’ve seen drier conditions in the northern half of ECA, but overall quality across all commodities has been excellent and harvest is now progressing well in key southern growing regions.

“Looking ahead, we expect crush volumes to remain high, whilst margins are anticipated to moderate from FY23 levels.

“Our current balance sheet provides us with flexibility to pursue our strategic priorities by exploring organic and inorganic growth opportunities, investing in our core business to drive better returns on assets, and continuing to optimise total shareholder returns.”

This announcement is authorised by the GrainCorp Board.

Webcast call

Robert Spurway, Managing Director & CEO, and Ian Morrison, Chief Financial Officer, will host a webcast call today at 10:00am (AEDT) to discuss GrainCorp’s FY23 results.

The call will be webcast live at <https://webcast.openbriefing.com/gnc-fyr-2023/> or at graincorp.com.au in the Investors & Media section. A replay of the webcast will also be available shortly after on GrainCorp’s website.

About GrainCorp

GrainCorp is an integrated grain and edible oils business with a market leading presence as the largest grain storage and handling business in ECA and the number one edible oil processor and oilseed crusher in Australia and New Zealand. Over its 100+ year history, GrainCorp has created a global supply chain with high quality infrastructure assets that store, process and facilitate the transportation of grains and edible oils. For future details, please visit the Investors & Media section of our website at www.graincorp.com.au

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