

16 May 2024

ASX Announcement | GrainCorp delivers resilient 1H24 result

GrainCorp Limited (**GrainCorp** or the **Company**) (ASX: GNC) today announces its results for the half-year ended 31 March 2024 (1H24).

- **Underlying EBITDA**¹: \$164 million (1H23: \$383 million)
- **Net Profit After Tax (NPAT)**: \$50 million (1H23: \$200 million)
- **Underlying NPAT**²: \$57 million (1H23: \$200 million)
- **Core Cash**³: \$495 million (FY23: \$349 million)
- **1H24 Dividend**: 24 cents per share (cps) fully franked (1H23: 24cps)

GrainCorp's Managing Director and CEO Robert Spurway commented:

"GrainCorp delivered a resilient result in 1H24, as grain and oilseed markets normalise following three extraordinary years for the industry.

"As expected, we have experienced a decline in overall production across East Coast Australia (ECA) and lower supply chain and crush margins relative to 1H23.

"Strong volumes in Southern NSW and Victoria have been offset by below average conditions in Queensland and Northern NSW."

As announced on 6 May 2024, GrainCorp's FY24 guidance comprises Underlying EBITDA of \$250-280 million and Underlying NPAT of \$60-80 million, subject to the variables set out at the conclusion of this statement.

Agribusiness

Agribusiness EBITDA was \$101 million in 1H24 (1H23: \$226 million⁴), with ECA and Western Australia experiencing volume and margin moderation.

In ECA, the network experienced lower supply chain margins due to overall grain production and tonnes received declining from recent highs. The significant North/South split in production on ECA also impacted export volumes and margins, particularly in drier Northern regions.

The International business also saw decreased volumes and margins, driven by lower production in Western Australia and an increase in global production. Although GrainsConnect Canada experienced year-on-year improvements, the Canadian export and margin environment remains challenging.

Overall, the Agribusiness segment has been impacted by global grain market conditions as global production increases, commodity prices decline and global trade flow risks moderate.

¹ Underlying EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation, and amortisation and excludes business transformation costs (1H24: \$9.8 million)

² Underlying NPAT is a non-IFRS measure representing statutory net profit after tax, excluding business transformation costs after tax (1H24: \$6.9 million)

³ Core cash / (debt) refers to net debt less commodity inventory

⁴ 1H23 Agribusiness EBITDA of \$226 million has been restated from \$254 million to reflect segment reorganisation

Nutrition and Energy

Nutrition and Energy EBITDA was \$76 million in 1H24, down from \$131 million in 1H23⁵.

During the first half, GrainCorp's processing sites crushed a record 282kmt of canola seed, with continued delivery of operational efficiencies driven by initiatives such as advanced analytics.

Improved volumes were offset by moderated crush margins, with a lower supply of canola seed and weaker vegetable oil prices.

In Animal Nutrition, demand for liquid oils and molasses products drove an increase in sales volume.

Agri-energy sales of used cooking oil and tallow were underpinned by strong North American demand as we expanded our customer base, with increased tallow volumes reflecting the elevated slaughter rate in the domestic cattle industry.

Balance sheet

GrainCorp's 1H24 closing balance sheet finished with a strong core cash position of \$495 million (FY23: \$349 million) supported by the receipt of proceeds from the sale of GrainCorp's stake in United Malt Group in November 2023 (\$104 million after tax). Net debt at 31 March 2024 was \$765 million, compared to \$1,415 million at 31 March 2023.

Dividends and Capital Management

GrainCorp's Board of Directors has declared a total interim dividend of 24cps, comprising:

- an interim ordinary dividend of 14cps, fully franked (1H23 interim ordinary dividend: 14cps); and
- an interim special dividend of 10cps, fully franked (1H23 interim special dividend: 10cps)

Both the interim ordinary and interim special dividends will be paid on 18 July 2024 to shareholders on the register as at a record date of 4 July 2024.

The dividends are in addition to the planned on-market share buy-back of up to \$50 million, which was first announced by GrainCorp in November 2023 and is expected to commence shortly.

Outlook

GrainCorp remains focused on driving value from our integrated supply chain and diversifying the business through initiatives such as bulk materials handling and growth in our Animal Nutrition and Agri-energy platforms, supported by our strong balance sheet.

Mr Spurway said: "Despite the moderation in industry conditions in FY24, the long-term fundamentals of the agriculture sector remain strong. The industry plays a pivotal role in human and animal nutrition, and as a feedstock source for global decarbonisation efforts.

"We remain confident in our average earnings through-the-cycle EBITDA, which we have increased by \$10 million to \$320 million, following the acquisition of XF Australia."

On the 2024/25 winter crop, Mr Spurway said: "Early indications are showing recent rainfall and a healthy soil moisture profile have supported a strong planting period in ECA, with northern regions expected to rebound from 2023/24."

⁵ 1H23 Nutrition and Energy EBITDA of \$131 million has been restated from \$103 million to reflect segment reorganisation

GrainCorp's FY24 guidance, announced 6 May 2024, remains subject to a range of variables, including:

- Second half grain volumes, including sorghum receivals;
- Timing and volume of grain exports;
- Supply chain margins;
- Oilseed crush margins; and
- New season opportunities in Q4.

Webcast call

Robert Spurway, Managing Director & CEO, and Ian Morrison, CFO, will host a webcast call today at 10:00am (Sydney time) to discuss GrainCorp's 1H24 results. The call will be webcast live at <https://webcast.openbriefing.com/gnc-hyr-2024/> and a replay of the webcast will be made available on GrainCorp's website.

This announcement is authorised by the GrainCorp Board.

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 a leading 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 further details, please visit the Investors & Media section of our website at www.graincorp.com.au

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