

12 August 2021

GrainCorp announces upgrade to FY21 guidance

GrainCorp Limited (**GrainCorp** or the **Company**) (ASX: GNC) today upgraded its FY21 earnings guidance. The range for FY21 Underlying EBITDA¹ has been raised to \$310-\$330 million² (previously \$255-\$285 million) and FY21 Underlying NPAT³ to \$125-\$140 million (previously \$80-\$105 million)⁴. GrainCorp will report its final FY21 results on 11 November 2021. GrainCorp's upgraded earnings guidance remains subject to several market variables including the timing of grain exports, the strength of the new crop and prevailing weather conditions.

Managing Director & CEO Robert Spurway said current heightened demand for Australian grain has bolstered an outstanding year for the agribusiness segment.

"We are pleased to upgrade our FY21 earnings guidance, which reflects the strong performance of our east coast Australian (ECA) grains business, following the bumper 2020/21 harvest," he said.

"Post-harvest winter receivals and higher summer receivals, coupled with a favourable outlook for the upcoming winter crop, have supported strong export volumes, forward contracted sales and supply chain margins."

"We're seeing excellent demand for high quality Australian grain, particularly with recent weather related crop production challenges in the northern hemisphere, and July delivered our biggest month of contracted sales on record," said Mr Spurway.

The Company expects to see total exports for FY21 at the higher end of previous expectations (7.0-8.0 million metric tonnes) and as a result of higher than expected summer crop receivals, grain carry out at 30 September 2021 is also expected to land at the high end of the range (3.5-4.5 million metric tonnes).

"It is also great to see the benefits of our significant capital investment in prior years, and the full delivery of our operating initiatives, flowing through our network," said Mr Spurway.

"I want to acknowledge the hard work of all our ECA teams in achieving these strong returns and in their continuing preparations for the upcoming harvest."

Turning to the Company's processing business, Mr Spurway noted that it also continued to perform well.

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

² GrainCorp's FY21 EBITDA guidance includes a \$70 million payment (by GrainCorp) under the Crop Production Contract (CPC).

³ Underlying NPAT is a non-IFRS measure, representing net profit after tax, before significant items.

⁴ Underlying EBITDA and NPAT guidance excludes impact of revaluation and dividends from UMG holding. Year to date gain from UMG holding to 11 August 2021 is approximately \$13m.



GrainCorp

“Global demand for vegetable oils remains elevated and this is supporting value across our oils portfolio, ensuring high utilisation of our oilseed crush facilities and strong crush margins,” he said.

Winter Harvest 2021/22

Mr Spurway confirmed GrainCorp is preparing for the upcoming winter harvest with a strong maintenance and capital investment program. He noted that total FY21 capex was expected to be approximately \$55 million⁵, including approximately \$50 million of sustaining capex.

He also confirmed that this increase, relative to the Company’s sustaining capex target of \$35-45 million, is due to the additional storage capacity and other upgrades to the ECA network being made in preparation for another large crop in FY22.

“We’re hearing reports of good potential in the upcoming crop, based on factors including area planted, sub-soil moisture levels, season-to-date rainfall, and longer-term weather forecasts,” said Mr Spurway.

“Currently, our teams are working to ensure our network is equipped to handle the new crop at the right time, and in the right locations.”

“Our supply chain is executing a heavy outload program on road and rail, moving grain carried from the last winter crop harvest either domestically or overseas. We are building one million tonnes of new storage capacity in time for harvest and re-opening ‘flex’ sites to accommodate the anticipated demand.”

“We’re also recruiting over 3,000 harvest casuals to help manage that demand across 160 up-country sites and ports.”

“On behalf of everyone at GrainCorp, I’d like to thank our growers and customers for their continued support and wish them all the best as we all prepare for the upcoming harvest.”

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 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

MEDIA CONTACT

Jess Simons
Corporate Affairs Manager
+61 2 9266 9434
+61 418 734 653
jessica.simons@graincorp.com.au

INVESTOR CONTACT

Luke Thrum
Senior Manager, Corporate Affairs & Investor Relations
+61 2 9266 9217
+61 447 894 834
luke.thrum@graincorp.com.au

⁵ Excludes investments in joint ventures.