

INCOME/BALANCED - FY24 EARNINGS

Graincorp GNC:ASX

GrainCorp delivered a resilient FY24 performance amid challenging market conditions, with underlying EBITDA of \$268 million, down from \$565 million in FY23.

The decline was primarily due to lower grain production volumes in East Coast Australia and Western Australia, as well as compressed margins globally.



Key positives:

- Record oilseed crush volumes of 540,000 tonnes
- Strong balance sheet with \$337 million in core cash
- Continued growth in Animal Nutrition and Agri-energy sales volumes
- Strategic acquisition of XF Australia to expand Animal Nutrition portfolio
- Maintained shareholder returns with 48 cents per share in dividends

Challenges:

- Lower grain handling volumes of 28.0 million tonnes, down from 37.4 million in FY23
- Compressed crush margins due to global market conditions

The company's tone remains cautiously optimistic, highlighting its operational discipline and strategic initiatives. GrainCorp has increased its average earnings through-the-cycle EBITDA target to \$320 million, demonstrating confidence in its long-term prospects.

The focus on diversification, operational efficiency, and strategic growth opportunities positions the company well for future performance, despite near-term headwinds in the grain and oilseed markets.

INCOME/BALANCED - FY24 EARNINGS

Versus Broker/Analyst Expectations

Overall, GrainCorp's actual dividend of 48 cents per share exceeded all broker forecasts, which ranged from 32.00 to 42.80 cents and EPS* outpaced broker expectations by around 4cps at 33.77

GrainCorp's FY24 results:

Underlying EBITDA:

- \$268 million
- Underlying NPAT: \$77 million
- Total dividends: 48 cents per share fully franked

Comparing to broker expectations:

Bell Potter:

- Forecasted FY24 dividend: 32.00 cents (actual was higher at 48 cents)
- Forecasted FY24 EPS: 30.40 cents (actual EPS not provided, but can be calculated from NPAT)

Macquarie:

- Forecasted FY24 dividend: 42.80 cents (actual was higher at 48 cents)
- Forecasted FY24 EPS: 29.80 cents

Ord Minnett:

- Forecasted FY24 dividend: 38.00 cents (actual was higher at 48 cents)
- Forecasted FY24 EPS: 27.70 cents

***EPS:** Regarding earnings, without the actual EPS figure, it's harder to make a direct comparison. However, we can calculate an approximate EPS based on the reported Underlying NPAT of \$77 million. Assuming around 228 million shares outstanding (based on recent reports), this would equate to an EPS of about 33.77 cents. Using this calculation, it would mean GrainCorp's earnings slightly exceeded most broker expectations.

It's worth noting that Bell Potter had downgraded their rating to Hold from Buy prior to the results, while Macquarie maintained an Outperform rating and Ord Minnett had a Buy rating.

The actual results, particularly the higher-than-expected dividend, seem to align more closely with the more optimistic outlooks from Macquarie and Ord Minnett

INCOME/BALANCED - FY24 EARNINGS

Infographics

Business Diversification

Diversifying non-grain port earnings

Extracting value from non-grain handling capabilities

Progress to date

- Contribution margin for bulk materials has grown from \$26m in FY20 to \$36m in FY24
- Growth achieved through a range of initiatives, including:
 - Renegotiating key contracts to reflect inherent value of services utilising core port infrastructure assets
 - Improving non-grain storage and handling efficiencies through disciplined capital deployment
 - Focusing non-grain product mix on higher margin products

FY25 priorities

- Disciplined investment in our port infrastructure to further increase efficiencies
- Continue expanding key customer relationships with a focus on higher margin products
- Actively pursuing several growth opportunities to increase volume and improve product mix

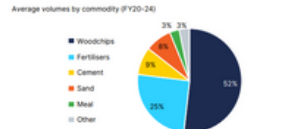
1. Contribution margin defined as bulk material revenue less incremental costs directly attributable to bulk material activity

2. Bulk materials contribution margin is bulk materials handling revenue

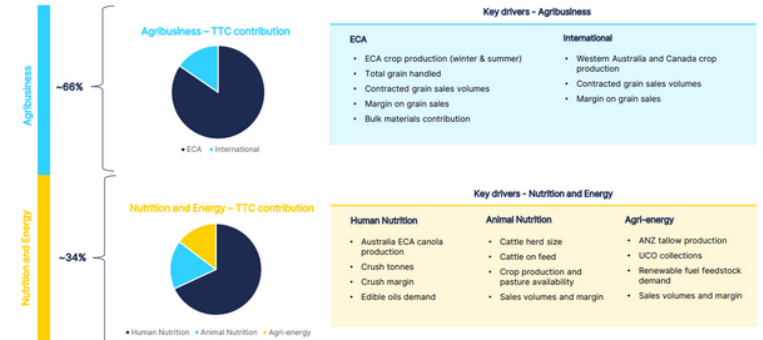
Improving contribution margin¹⁾



Exposure to a range of commodities



Building blocks of \$320m EBITDA in average earnings through-the-cycle



Enhancing capabilities in Animal Nutrition

Acquisition of Performance Feeds and Nutrition Service Australia

Transaction and benefits

- Completed \$35m acquisition of XF Australia¹⁾ on 2 April 2024
- Additional four manufacturing sites to build on GrainCorp's animal nutrition capacity; countercyclical earnings
- Added new products including WeatherPro, AniPro and FibrePro
- XF Australia contributed EBITDA of:
 - \$6.5m in six months since acquisition
 - \$10.4m²⁾ for the 12 months to 30 September 2024
- Integration process progressing well with growth and synergy opportunities being pursued

Our Animal Nutrition portfolio



Strong underlying industry dynamics



1. XF Australia Pty Ltd trades as Performance Feeds and Nutrition Service Australia (PNSA). EBITDA based on enterprise value, excluding EBIT working capital and related adjustments

2. Based on Management accounts (unaudited)

Source: Meat & Livestock Australia - Australian Feeder Cattle on Feed (Quarterly data ending 30 Sept)

GrainCorp Ventures

Continuing to expand our portfolio of Digital and AgTech investments

Our portfolio

- BioScout**: Developed an integrated platform to track the spread of airborne diseases on-farm, leveraging air sampling, mapping, and analytics along with sensors to support growers maximise yield and quality, improve spray efficiency and track spread
- Peptobiotics**: Developed antimicrobial peptides for livestock, as an alternative to antibiotics. Peptides seek to prevent disease and support growth, providing a humane, sustainable and productive alternative to antibiotics in feed rations
- zetifi**: Last mile connectivity solution for vehicles, machinery and businesses, leveraging multi-carrier capabilities through hardware backed solutions to provide connectivity in rural and remote areas
- HONE**: Leverages spectroscopy technology and machine learning algorithms to test traits of both solids and liquids through a handheld device such as grains, oilseeds, oils and dry matter
- loam**: Developed microbial technology to capture and store carbon in agricultural soils, with a specific focus on broadacre cropping products across Australia, US and LATAM
- zoomagri**: Solution for testing, inspection and certification of agricultural commodities, combining computer vision, machine learning and IoT to assess varietal purity and conduct physical quality determination of grains and oilseeds
- FutureFeed**: Established by CSIRO, FutureFeed holds the global IP for the use of Asparagopsis seaweed in animal feed formulations to reduce methane emissions in livestock

Investment in BioScout



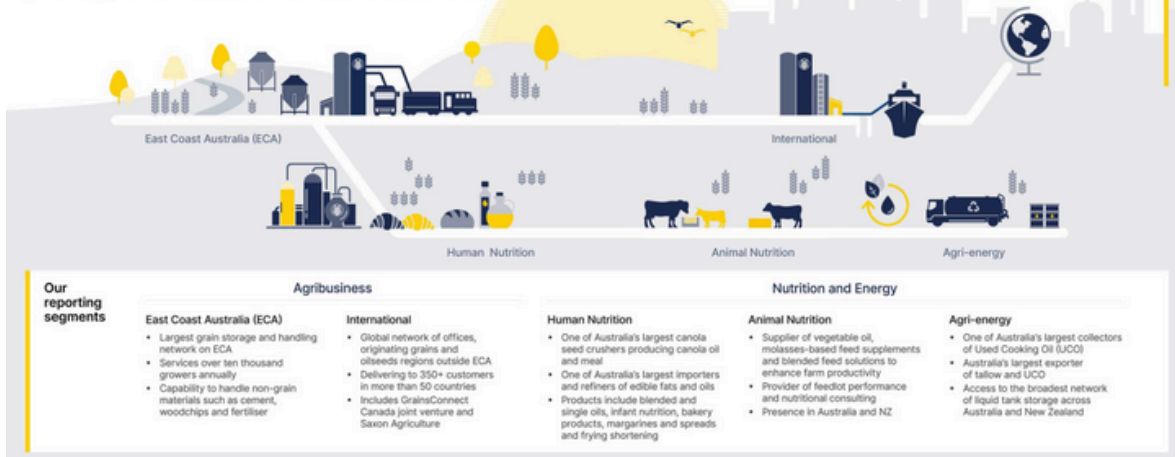
- GrainCorp Ventures invested a minority stake in Australian based startup BioScout in November 2024
- Funding used to expand crop coverage and support deployment of product across markets

Investing in opportunities that support the long-term sustainability and productivity of the agriculture industry

How we operate

We partner with growers to maximise the value of their crops, connecting them to domestic and global marketplaces through our end-to-end supply chain and infrastructure assets.

We develop innovative solutions to create high quality and sustainable products across Human Nutrition, Animal Nutrition and Agri-energy for domestic and international customers.



Our reporting segments

Agribusiness

East Coast Australia (ECA)

- Largest grain storage and handling network on ECA
- Services over ten thousand growers annually
- Capability to handle non-grain materials such as cement, woodchips and fertiliser

International

- Global network of offices, originating grains and oilseeds regions outside ECA
- Delivering to 350+ customers in more than 50 countries
- Includes GrainsConnect Canada joint venture and Saxon Agriculture

Nutrition and Energy

Human Nutrition

- One of Australia's largest canola seed crushers producing canola oil and meal
- One of Australia's largest importers and refiners of edible fats and oils
- Products include blended and single oils, infant nutrition, bakery products, margarines and spreads and frying shortening

Animal Nutrition

- Supplier of vegetable oil, molasses-based feed supplements and blended feed solutions to enhance farm productivity
- Provider of feedlot performance and nutritional consulting
- Presence in Australia and NZ

Agri-energy

- One of Australia's largest collectors of Used Cooking Oil (UCO)
- Australia's largest exporter of tallow and UCO
- Access to the broadest network of liquid tank storage across Australia and New Zealand

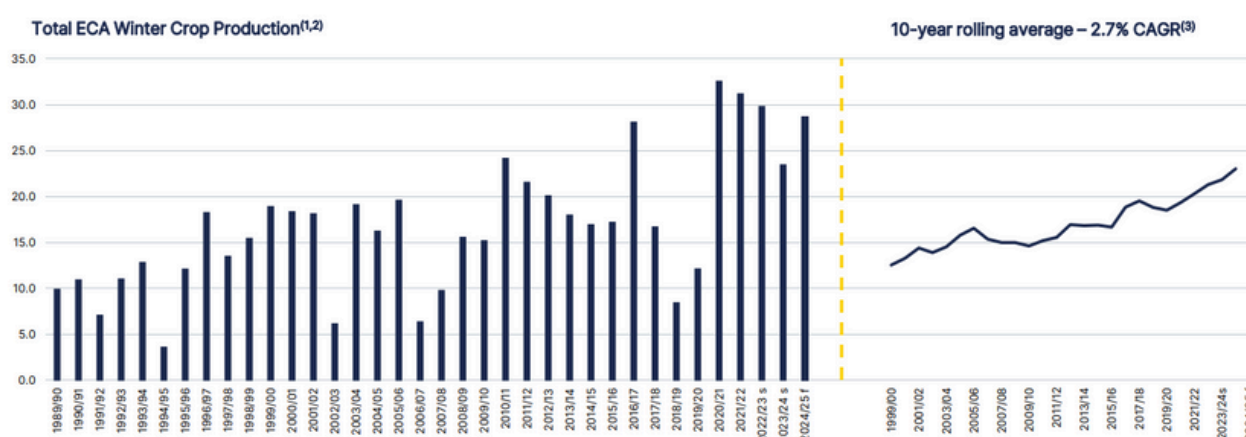
INCOME/BALANCED - FY24 EARNINGS

Infographics

Increased Productivity

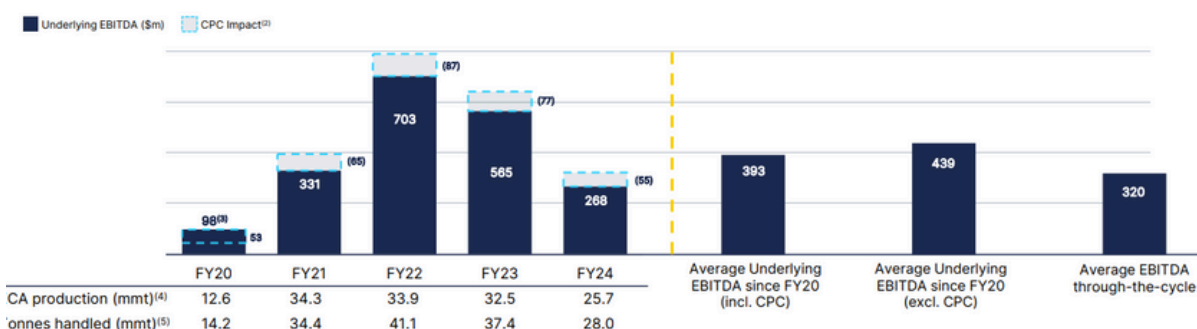
Long-term ECA winter grain production

Average ECA grain production continues to improve



Significant operating leverage in large ECA crop years

GrainCorp earnings profile since FY20⁽¹⁾



- GrainCorp has significant operating leverage in large ECA crop years, as demonstrated in FY21-23
- Operating initiatives and the Crop Production Contract have been effective at supporting earnings in small ECA crop years, as demonstrated in FY20, a severe drought year
- Average earnings since demerger of \$393m includes cumulative net payout under CPC, average earnings of \$439m excluding CPC
- XFA acquisition in FY24 supported \$10m uplift of average earnings through-the-cycle to \$320m EBITDA

1. FY20-24 represents period post demerger of malt business and introduction of Crop Production Contract
2. Cumulative CPC impact of (\$230m) comprises payments/receipts of (\$212m) + fair value movements of (\$18m). Excludes annual premium (\$6m)
3. Includes proforma adjustment – removal of earnings from Australian Bulk Liquid Terminals
4. ECA production represents total ECA winter + ECA sorghum production (source: ABARES). FY24 production is based on ABARES September 2024 estimate
5. 'Tonnes handled' comprises GrainCorp carry-in + receivals + imports + domestic outload + exports + GrainCorp carry-out

Disclaimer



Our Commitment

recommendations, managed and presented by Milton Park Equities Pty Ltd (ABN 33 668 234 562), as a Corporate Authorised Representative of LeMessurier Securities Pty Ltd (ABN 43 111 931 849) (LemSec), holder of Australian Financial Services Licence No. 296877, offers insights and analyses formulated in good faith. Our evaluations and projections are grounded in the known facts at the time of creation and aim to provide a comprehensive view of the anticipated financial landscape in 2024. However, readers should be aware that these projections are estimates and may not fully materialize.

Scope and Application

The insights within MPC Markets are crafted for a broad audience and do not specifically cater to individual investment objectives, financial situations, or needs. Readers should consider the suitability of the advice in relation to their personal circumstances before making any investment decisions.

Research Integrity and Use

The research and content of MPC Markets are intended solely for our readers and should not be copied, distributed, or shared without proper attribution. While we strive to ensure accuracy and relevance, Milton Park Equities cannot guarantee the continuous updating or correction of the information or opinions expressed within the publication.

Disclaimer of Liability

Milton Park Equities, in its capacity as a Corporate Authorised Representative of LemSec, disclaims any responsibility for losses or damages arising from reliance on the opinions, advice, recommendations, or information—whether direct or implied—contained in the MPC Markets Discount Entry Note, notwithstanding any errors, omissions, or instances of negligence.

Analyst Objectivity

All research analysts contributing to the MPC Markets Discount Entry Note affirm that the views expressed represent their personal opinions regarding the subject companies and financial products covered in the publication.

Copyright and Usage Rights

The content of MPC Markets Discount Entry Note is the property of Milton Park Equities Pty Ltd, either through ownership or licensing agreements. Unauthorized reproduction, adaptation, linkage, framing, broadcasting, distribution, or transmission of this material is prohibited without express written permission from Milton Park Equities, except for personal use or as allowed by applicable laws.