



# Company announcement

GrainCorp Limited ABN 60 057 186 035

Date: Thursday, 19 June 2008  
To: The Manager  
Announcements  
Company announcements office

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## PUBLIC ANNOUNCEMENT

### Contents for immediate release:

Presentation to the JP Morgan "A Day at the Farm" Annual Agricultural Corporate Access Day.

A handwritten signature in black ink, appearing to read "N. Hart".

**Nigel Hart**  
**Company Secretary**

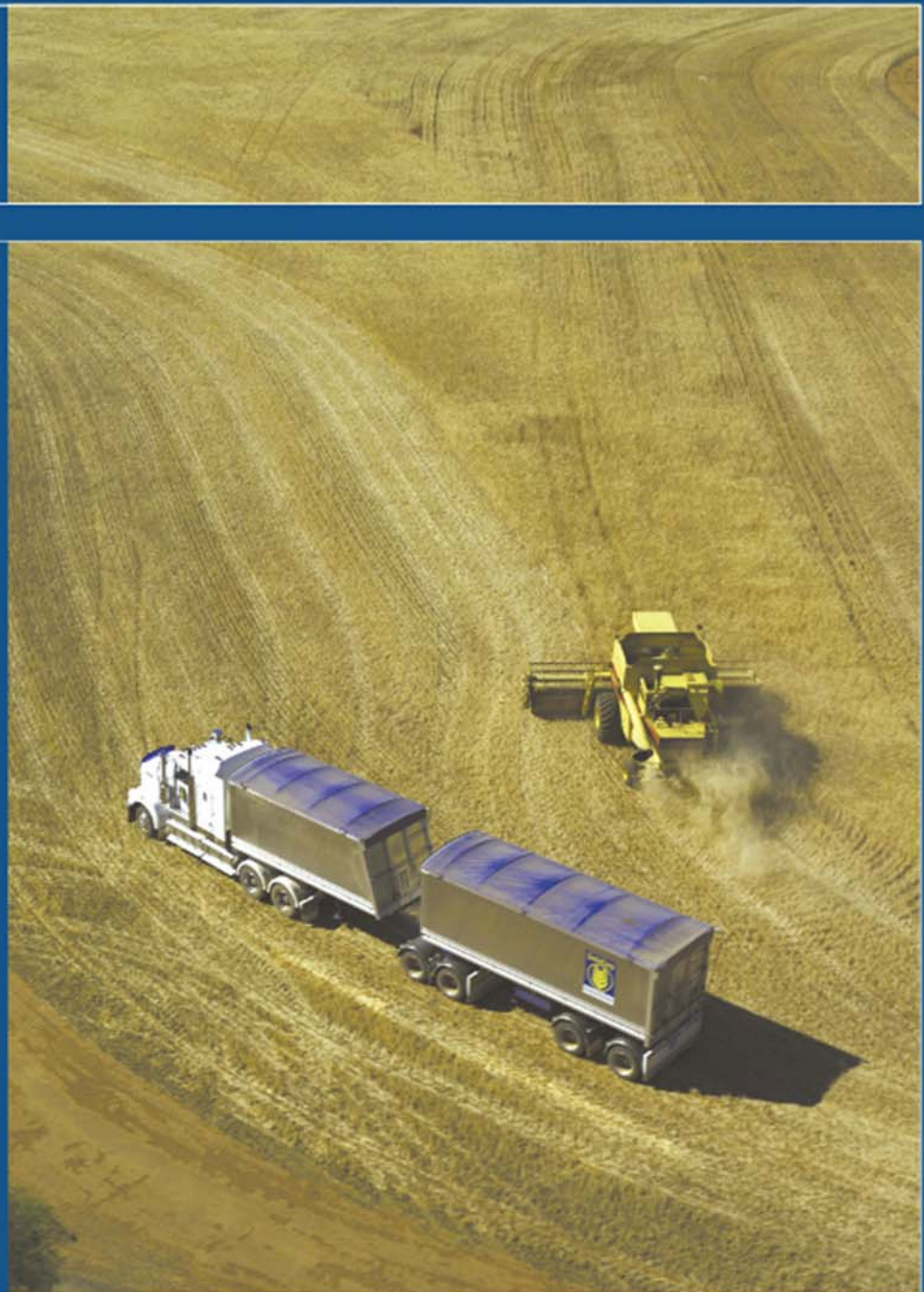
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*Always* GrainCorp

“A Day at the Farm”  
JPMorgan Annual  
Agricultural  
Corporate Access Day

19<sup>th</sup> June 2008



# Forward looking statements



- This presentation includes both information that is historical in character and information that consists of forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. The forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. Those risks and uncertainties include factors and risks specific to the industry in which both GrainCorp operates as well as matters such as general economic conditions.
- While GrainCorp believes that the expectations reflected in the forward looking statements in this presentation are reasonable, neither GrainCorp nor its directors or any other person named with their consent in the presentation can assure you that such expectations will prove to be correct or that implied results will be achieved. These forward looking statements do not constitute any representation as to future performance. Any forward looking statement contained in this document is qualified by this cautionary statement.

# GrainCorp Vision



Our vision is to be Australasia's leading handler and supplier of bulk agriproducts.

- GrainCorp operates 250 silos and nine port terminals on the Australian eastern seaboard handling grain and other bulk products
- We have a national and international grain and protein meal trading business
- We provide supply chain solutions to our customers
- We have a network of farm input service centres

# GrainCorp – Snapshot



## Enterprise Value

- GrainCorp is a publicly listed company with 12,000 shareholders with an EV of \$1 billion

## Storage and Handling

- Our grain receival network has 250 operational sites and a total storage capacity of 20 million tonnes, handling approximately 60% share (by tonnage) of all grain grown Queensland, NSW and Victoria

## Port terminals

- We own 9 terminals with a grain shipping capacity of more than 20 million tonnes per annum (pa) and we export bulk products such as sand and woodchips, and import protein meals for stock feed

## Marketing

- We are the leading East Coast grain trader with a 20% market share of grain production by tonnage

## Transport

- We are the largest agricultural freight manager on the East Coast, managing over 1 million tonnes of road transport pa and contracting 9 bulk grain trains

## Value adding

- We are a joint venture partner in Allied Mills, Australia's largest flour miller, mixing and packing flour products for leading Australian food brands

# GrainCorp Segmented EBITDA & Financials



(\$ millions)	FY04	FY05	FY06	FY07(1)	H1 FY08
Grain receivals	12.0Mt	10.2Mt	12.1Mt	3.0Mt	4.6Mt
Grain carry-in	0.9Mt	3.0Mt	3.2Mt	4.9Mt	1.2Mt
<b>Grain handled</b>	<b>12.9Mt</b>	<b>13.2Mt</b>	<b>15.3Mt</b>	<b>7.9Mt</b>	<b>5.8Mt</b>
Storage & Handling	66.8	56.3	81.0	10.4	13.8
Port Terminals	47.3	36.0	43.4	7.5	4.4
Marketing (2)	21.4	20.0	22.7	24.1	17.6
Allied Mills (3)	(0.5)	2.3	5.1	13.7	5.0
Other	8.8	3.2	(2.6)	3.0	2.2
Corporate	(29.1)	(25.6)	(28.7)	(26.8)	(11.0)
<b>EBITDA</b>	<b>114.7</b>	<b>92.2</b>	<b>120.9</b>	<b>31.9</b>	<b>32.0</b>
Total Assets	897.5	830.2	975.6	970.2	1,393.0
Net Assets	398.6	396.7	412.4	399.0	451.9
<b>Net Profit</b>	<b>25.7</b>	<b>13.5</b>	<b>31.7</b>	<b>(19.8)</b>	<b>(6.5)</b>
Dividend Paid	16.80	2.90	20.50	5.80	-

(1) Includes \$17.8 million increased provision for claims and disputes for grain

(2) Includes Hunter Grain

(3) NPAT Equity accounted

# Global Price Outlook



## Food and Agriculture Organisation (FAO) Food Outlook May 2008

- *"...International prices of most agricultural commodities...are unlikely to return to the low price levels of previous years...due to a host of reasons, including the escalated cost of inputs. Moreover, a number of demand factors such as the need to replenish stocks and expected increases in utilization are keeping prices high despite a favourable global production outlook."*

## Global stocks to use ratio historically low at 14.2%

- Sends a strong price signal to grain producers to increase production

## World wheat prices more volatile due to investment and hedge fund participation in agricultural futures markets

- More intense focus on opportunities in the production, trading, storing, handling and logistics management of bulk food commodities

# GrainCorp Transformation



# Key factors driving transformation

Removal of wheat export monopoly

- Additional earnings available from removal of the wheat export monopoly

GrainCorp 'foundation share' removed February 2008

- GrainCorp Board reduced from 11 to 6 members

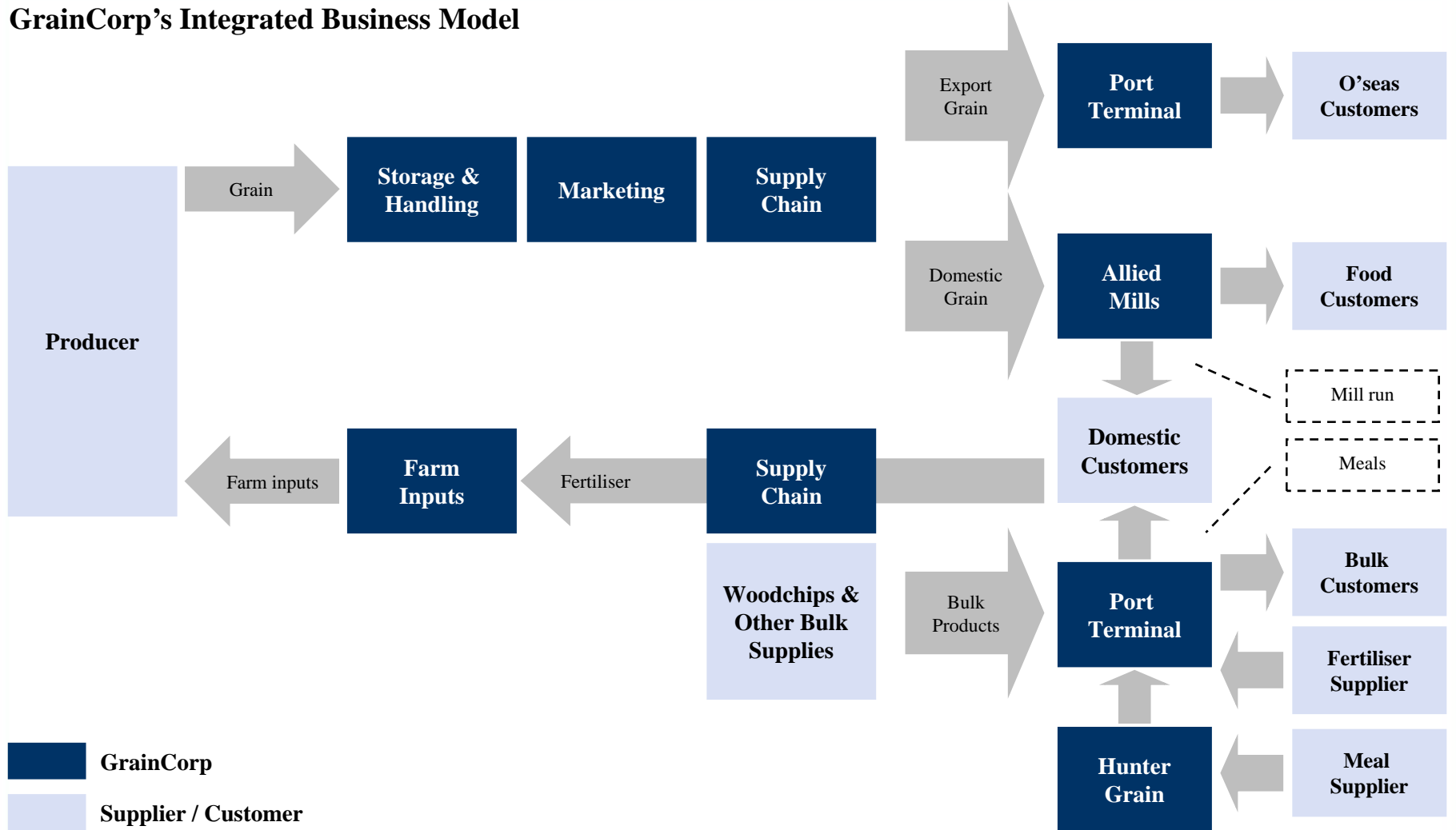
GrainCorp has no shareholder cap

- AWB still has grower only 'A' class shares
- ABB has 15% shareholder cap

# Complex Supply Chain Integration



## GrainCorp's Integrated Business Model



# Post 1 July 2008 Business Unit Structure



## New Business Structure

**Storage and Handling**

Silo network, Supply chain logistics, AG Haul Road & Rail

**Ports and New Business**

Port Terminals, Hunter Grain, AG Plus

**Marketing**

International sales & marketing desk, grain pools, container exports, transport market

# Storage and Handling



## Integration of grain accumulation assets with AG Haul Road and Rail

- More efficient service provided to customers from receipt to delivery
- Full control of 'take or pay' train deployment driving efficiency gains
- Lowering logistics costs = higher margins for core business
- Single point of accountability for 'grain in' and 'grain out' for growers and other customers

## Storage and Handling assets – 250 operational upcountry sites

- Replacement value in excess of \$1 billion

# Ports and New Business



Integration of bulk and container grain export services, Hunter Grain imports and non-grain exports

- Focus on driving asset usage and increasing ROCE
- Growing Hunter Grain protein meal import business
- Optimising AG Plus merchandise business
- Strategic infrastructure review
- Expanding alternative use of export terminals

Port Terminal assets – 9 terminals, more than 20 million tonnes pa shipping capacity

- Replacement value in excess of \$1 billion

The 9 port terminals will contribute a greater share of revenue in the future

- Investigation of handling alternative products at Mackay (coal) and Gladstone (minerals)
- Co-location of a barley malt house at Pinkenba
- Construction of a new container packing facility for grain at Fisherman Islands, Brisbane
- Expansion of woodchip export at Portland
- Expansion of fertiliser handling at Geelong
- Expansion of protein meal import handling at Brisbane

# Portland – Woodchip exports



## New services for customers to drive value extraction and increase margins

- International sales and marketing desk to expand global customer base
- New focus on bulk wheat exports
- Integrating grain procurement with supply chain capability
- Leveraging existing expertise, scale and capability

# Mergers and Acquisitions



## Focus on margin growth and continuous improvement

- Supply of in-store bakery flour mixes to Coles and Woolworths
- Commissioning of new flour mill at Picton (NSW) end of 2008 (replacing the existing Summer Hill facility)
- New product development

# Hunter Grain - 2007



Complements port and domestic market strategies

## Core business

- Largest importer and distributor of protein meal, stock feed inputs and feed grains for domestic market
- AQIS approved supply chain arrangements for imports

## Support businesses

- Port facilities in NSW, Vic, Qld & WA
- Grain trading
- Dedicated transport fleet

Acquisition price approx. \$28 m

Existing GrainCorp facilities



Hunter grain 80,000 t facility at Kooragang

# Ridley Corporation Take Over Bid



# Ridley Bid – Situation Report



## Takeover announcement

- GrainCorp announced on 16<sup>th</sup> May that it intended to takeover Ridley Corporation

## Bidder Statement

- Statement lodged with ASX and ASIC on 6<sup>th</sup> June 2008

## Target Statement

- Ridley is expected to respond to GrainCorp bidder statement by the end of July

# Ridley Corporation - Snapshot



Business Unit



- Cheetham Salt produces, refines and distributes salt for food and industrial markets throughout Australia, South East Asia and the Pacific Region.



- Ridley AgriProducts sells a broad range of products for the livestock, aquaculture and pet industries in the Australian animal nutrition market
- Ridley AgriProducts' major brands include: Barastoc, Cobber, Ridley Aqua Feeds



- Ridley Inc markets feed rations, nutritional supplements, feeding blocks and vitamin/mineral premixes
- Ridley Corporation Ltd has a 69% ownership

Description

# Ridley Bid - 2008



There is a natural fit between GrainCorp and Ridley

- Ridley stockfeed milling is a natural extension of the GrainCorp storage, handling and transport supply chain

Key customers are shared by both businesses

- Common stockfeed customers benefit from geographic match between GrainCorp's upcountry silos and 23 Ridley feed milling facilities

Pre tax synergies generated from the merger

- Reduced corporate and shared services costs
- Efficient coordination of grain accumulation and supply chain for other inputs for the Ridley feed milling operations = lower input costs

# GrainCorp - Integration Capabilities



**GrainCorp has a successful history of integrating over \$400 million of 'natural fit' agribusinesses in the last eight years**

- Total cost savings and synergies of more than \$40 million
- In 2007, GrainCorp acquired Hunter Grain, at that time Australia's largest distributor of imported protein meals
- In 2003, GrainCorp implemented a takeover of Grainco Australia
- In 2002, GrainCorp and Cargill Australia's joint venture acquired the flour milling and mixing business of Goodman Fielder Limited, now called Allied Mills
- In 2000, GrainCorp implemented a merger of Victorian based Vicgrain, extending GrainCorp's operations into that state