

ABB Grain



Australian Grains Industry
Conference

Global outlook for grains and implications for Australia

Peter Jones
General Manager Marketing



Global Outlook for Grains

- Global outlook for grains
- Where growth in supply & demand is being generated....and why
- Is Australia up to the challenge?
- ABB's view on where the market is headed



What is ABB Grain

- **1939** Australian Barley Board formed
- **1999** corporatised becoming ABB Grain
- **2002** publicly listed
- **2004** ABB Grain merged with AusBulk



ABB Grain Ardrossan Terminal



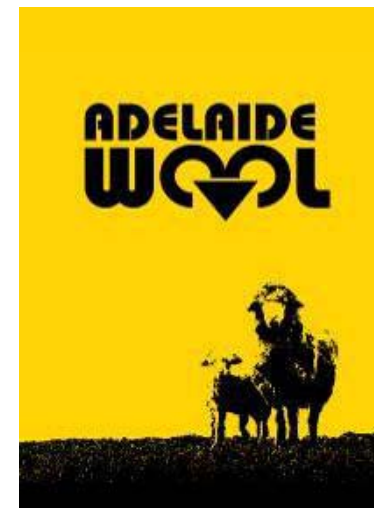
ABB's Joe White Malting's



JWM producing 500,000t of Malt per annum

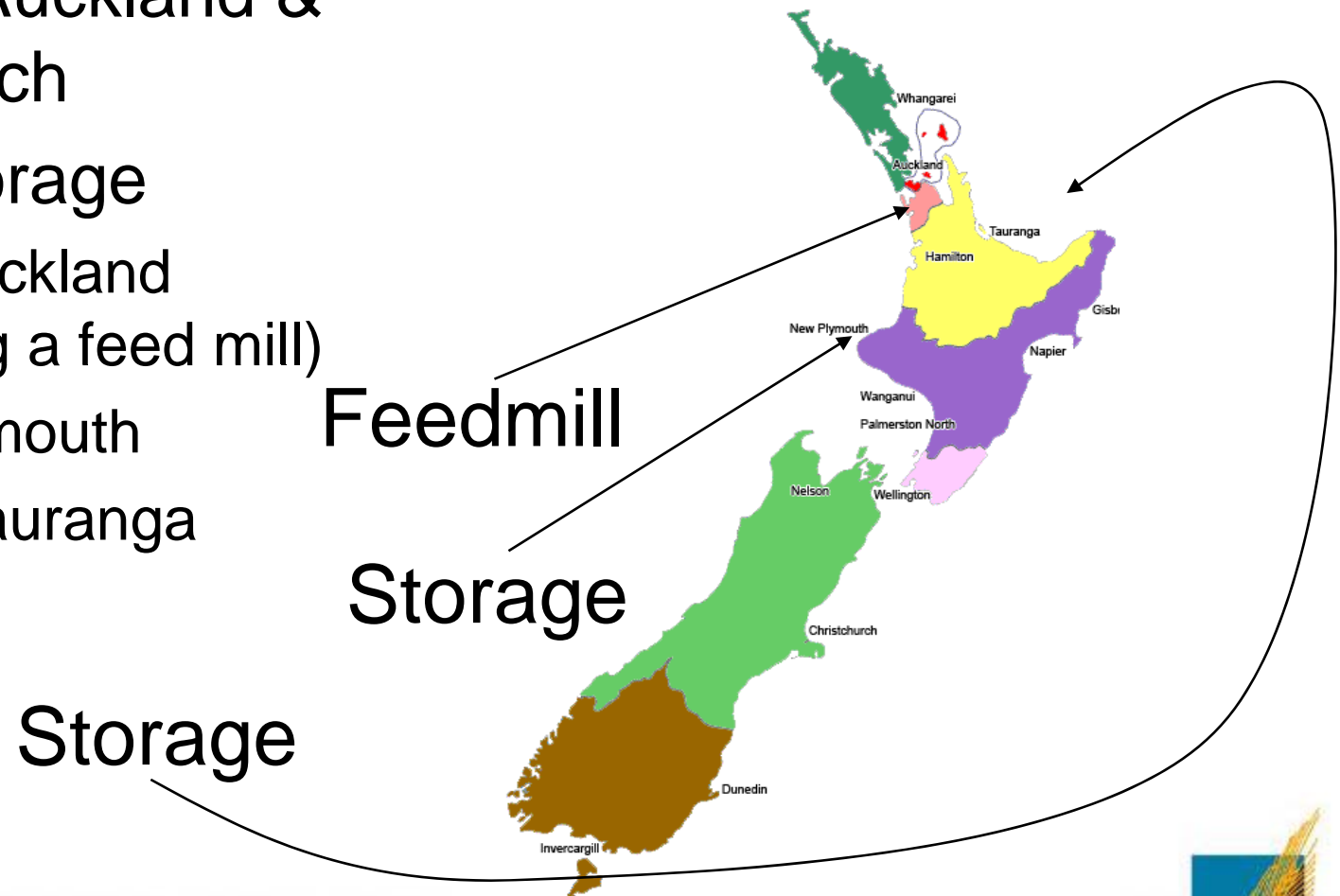


Pastoral & Rural Services



New Zealand

- Offices – Auckland & Christchurch
- Grains Storage
 - South Auckland (including a feed mill)
 - New Plymouth
 - Port of Tauranga



Growth in Dairy Products




**Looking for
a feed alternative?**

PKE Soybean Meal Canola Meal Tapioca Pellets

The advertisement features a large, close-up image of a brown cow's head on the right side, looking towards the left. In the background, a herd of cows is grazing in a green field under a blue sky with light clouds. At the bottom of the image, four rectangular samples of feed alternatives are displayed side-by-side, each with a label above it: PKE (a dark brown, crumbly material), Soybean Meal (a reddish-brown, granular material), Canola Meal (a dark brown, granular material), and Tapioca Pellets (small, dark brown, rounded pellets).

Ukraine

- Joint Venture with Soufflet – New World Grain
- Accumulate grain, manage supply chain activities and market grain domestically
- Supply export grain to JV partners



Typical
Ukraine
silos



ABB Grain

- **1939** Australian Barley Board formed
- **1999** corporatised becoming ABB Grain
- **2002** publicly listed
- **2004** ABB Grain merged with AusBulk

***Arguably today Australia's
Premier Grains Business***



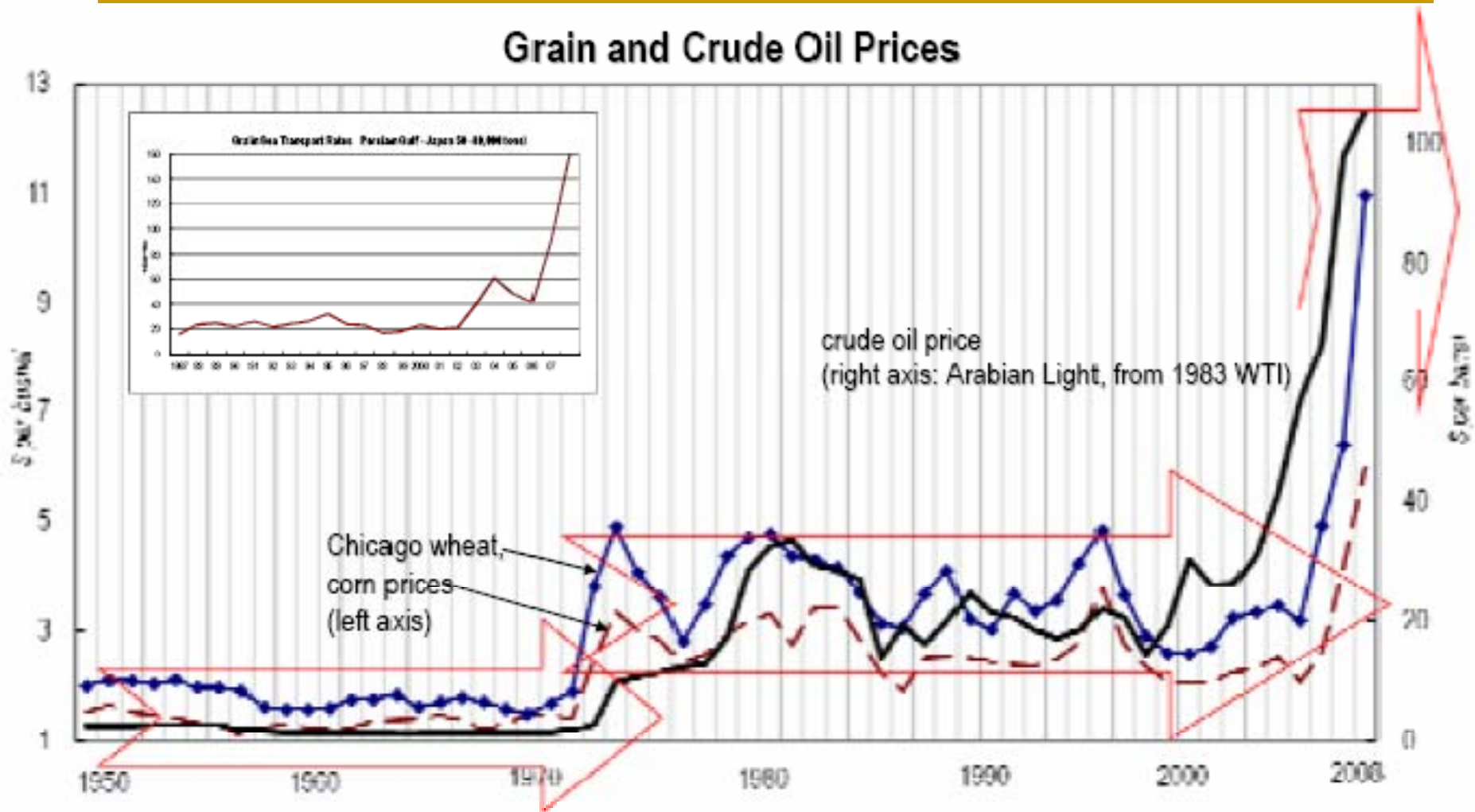
Global outlook for grains and implications for Australia



December Corn - CBOT



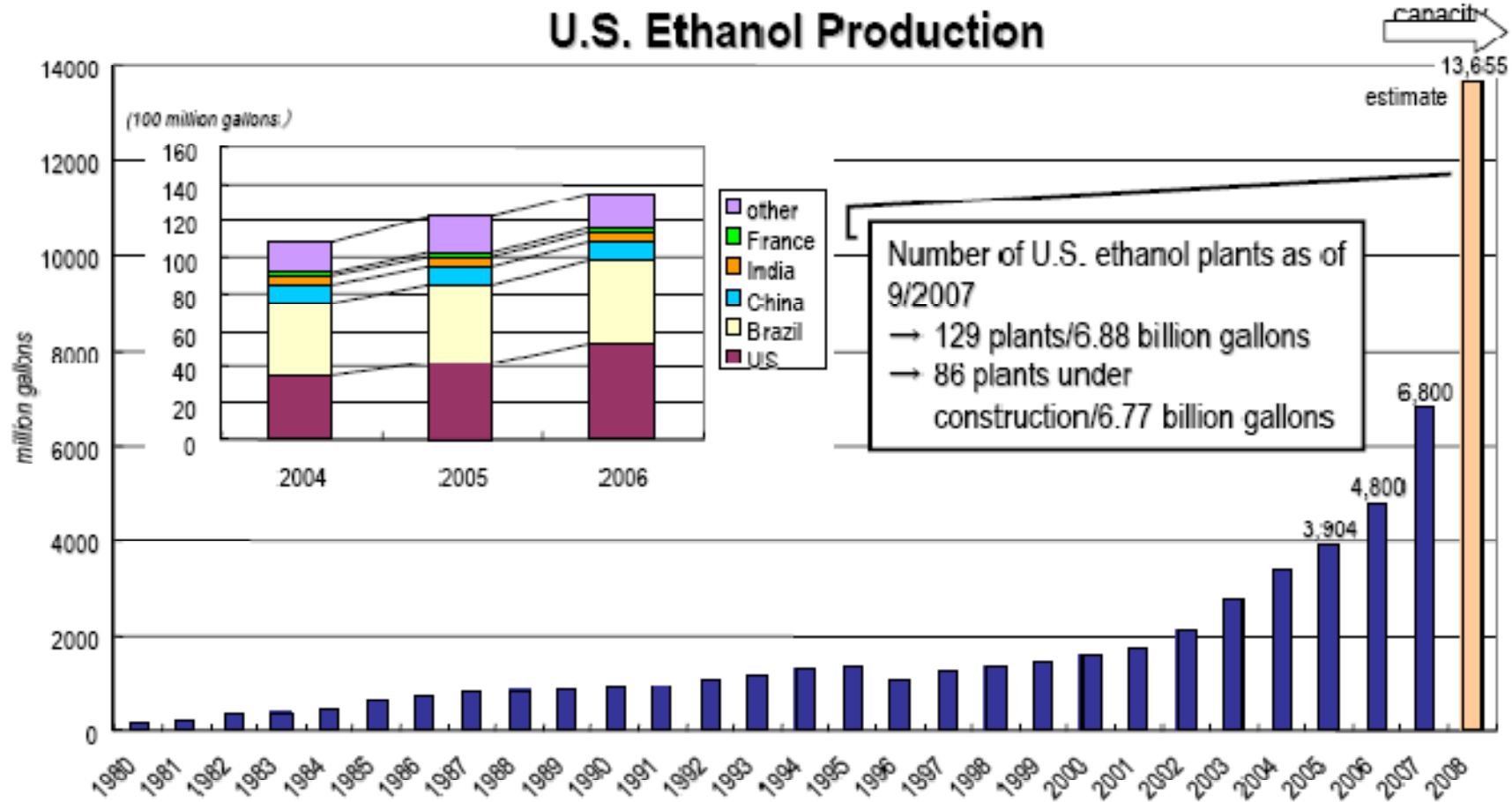
Grain & Crude Oil Price Trends



Source: Marubeni Research Institute



Bio-fuel Growth

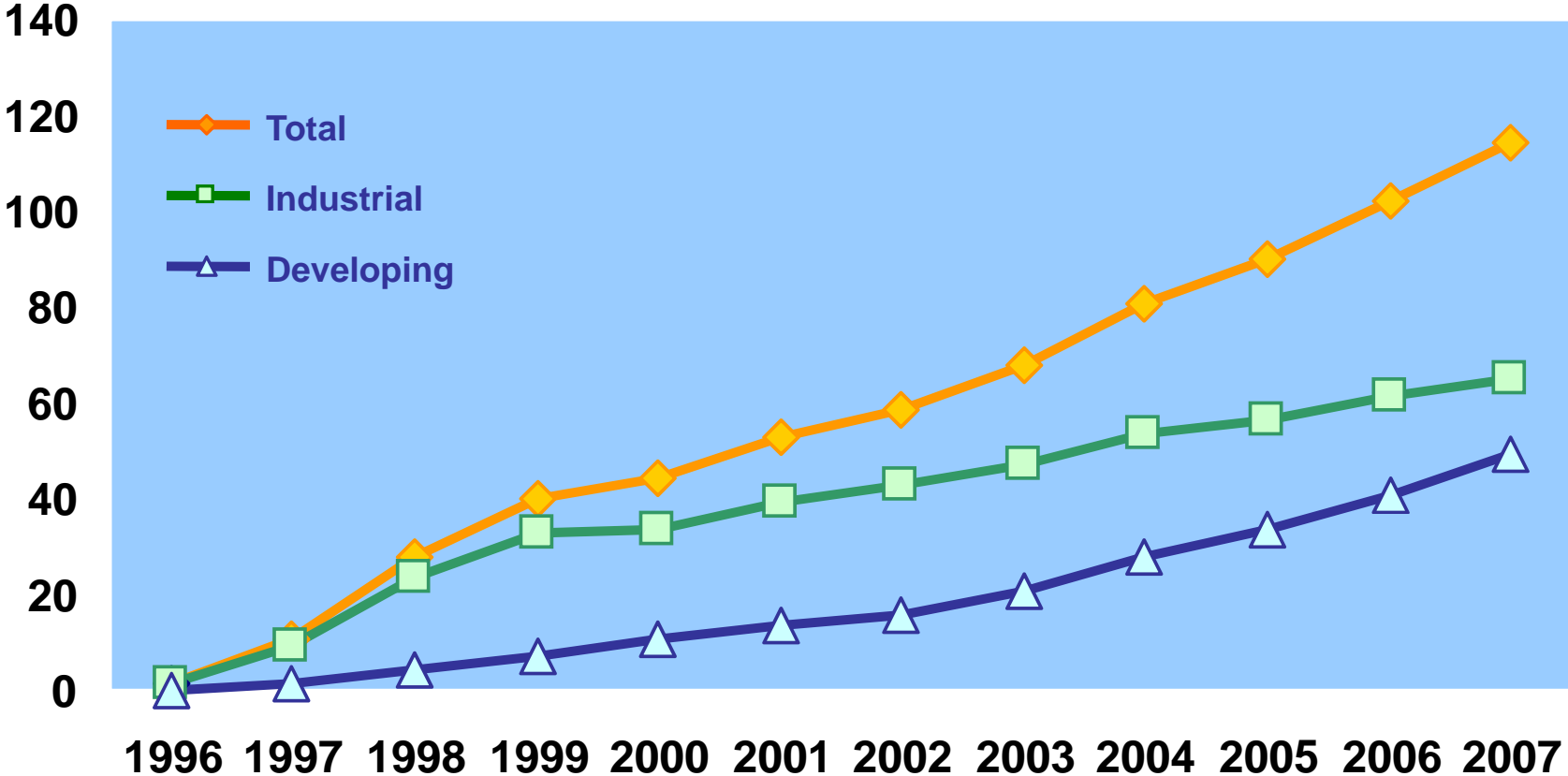


Source: Renewable Fuels Association



Global Area of Biotech Crops

Million hectares



Source: ISAAA, Clive James, 2008



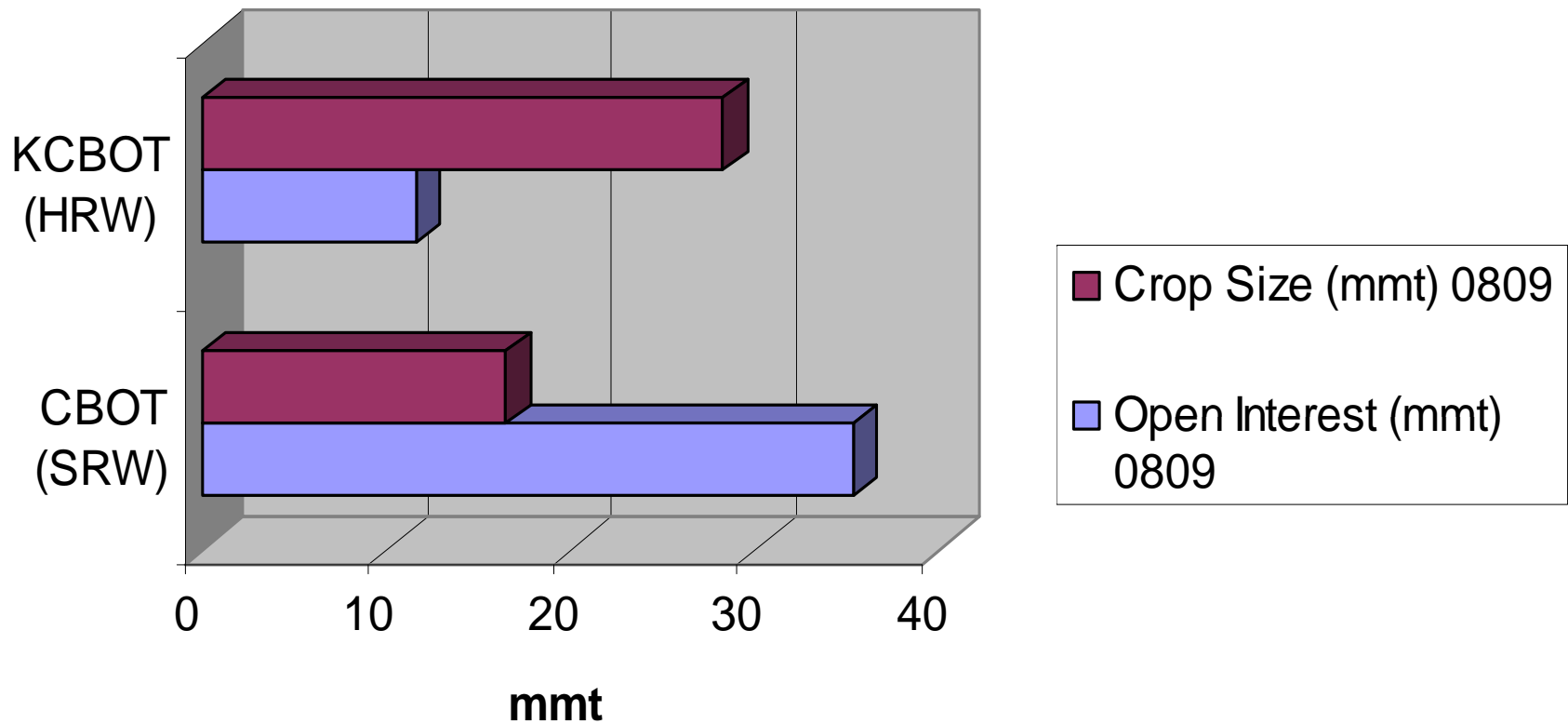
Global change

- Volatility is here to stay
- Predicting the future is always difficult
- Demand Growth
- Supply Challenges
- Currency implications



Increased Fund Activity

0809 US Crop Size vs Open Interest

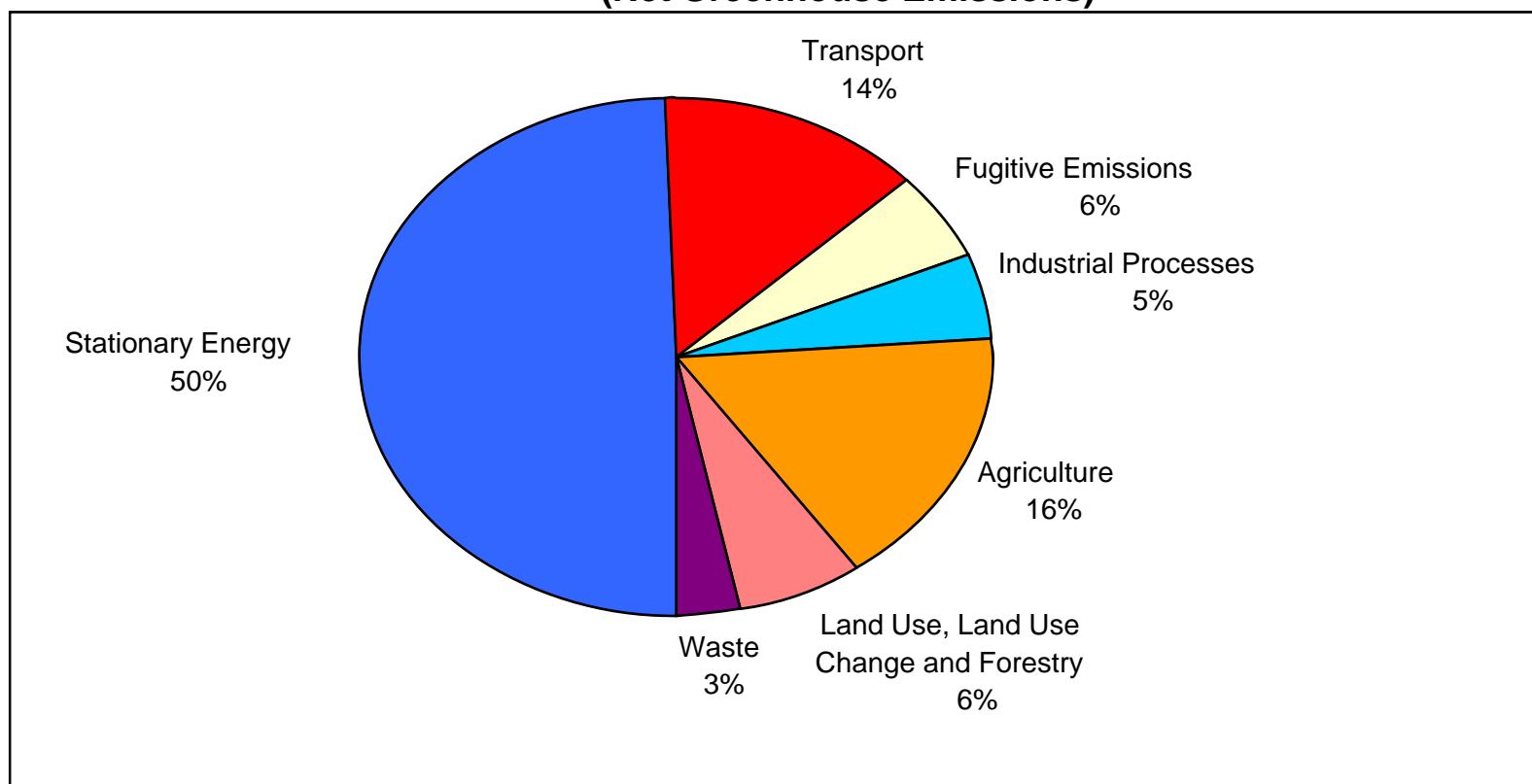


Climate Change

Australia's Carbon Account

Total = 560 MtCO₂e (Kyoto Accounting – 2005)

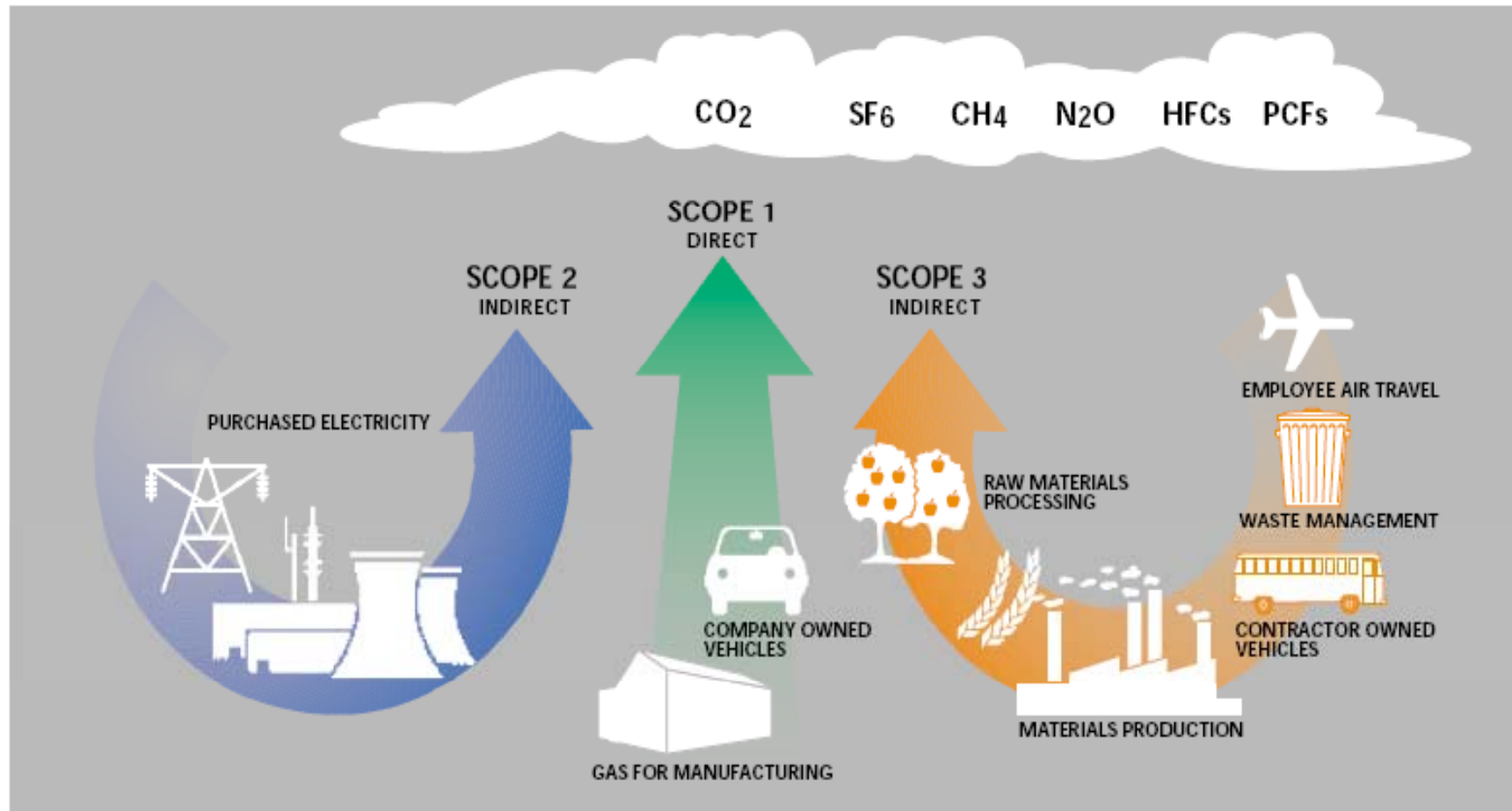
(Net Greenhouse Emissions)



Source: DECC Emissions Trading Stakeholder Roundtable Paper 18/4/08

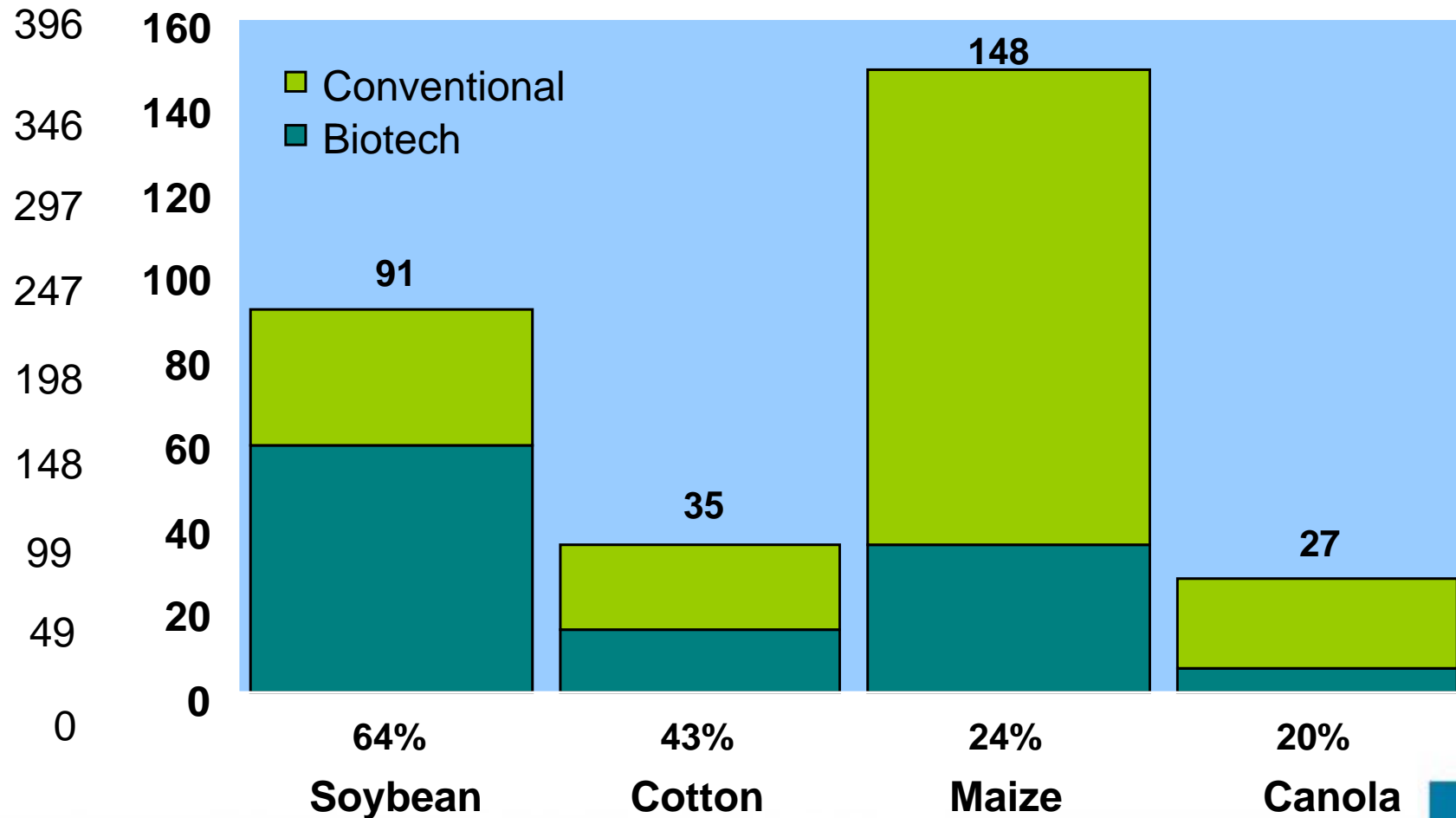


Key Carbon Terminology



Global Adoption Rates (%) for Principal Biotech Crops (Million Hectares) 2007

M Acres



Source: ISAAA, Clive James, 2008



European Survey

- European commission's joint research centre survey
- 400+ Spanish farmers growing GM corn
- Higher yields recorded
- Earned 122 euros more per hectare (~A\$200/ha)



I.S.A.A.A. Report

- In 2007 more than 12m farmers enjoyed advantages from biotech crops
- Nine out of 10 farmers benefiting from GM crops were resource poor farmers



The GM Canola Debate



Sustained Economic Growth in Asia

- China and India to lead the growth in Asia
- Increased urbanisation in India
- Higher disposable incomes
- Developing western tastes
- China aiming to be self sufficient



A New Era for Wheat Marketing

- Deregulation of Bulk Wheat Exports
- Increased volatility due to:
 - Higher peaks and troughs
 - More “basis” volatility
- Move towards more “flat price” trading
- Volatility provides opportunity



A New Era for Wheat Marketing

- Capital Implications
- Move to cash & warehousing
- Risk will pass earlier from growers
- Growers need to be alert by not alarmed



Implications for ABB Grain

ABB will offer:

- Forward Contracts
- Cash delivery
- Warehousing
- Pools



ABB Supply Chain - Open Access



Concluding comments

- “Once in a lifetime” change
- ABB will take a lead role
- We do what we say we will do
- Continue to build long term relationships
- Seamless transition to Wheat Exporting
- We can’t wait to begin!



Thank you

