



## ASX ANNOUNCEMENT

27 June 2019

### SunRice Delivers Through The Cycle: FY19 NPAT Achieves Guidance

- Consolidated revenue for the Group of \$1.2 billion, up 1.3% year-on-year
- Net Profit after Tax (NPAT) of \$32.8 million, down 27% year-on-year
- Fully franked dividend of 33 cents per B Class share, no change year-on-year
- Final C18 full-year paddy price of \$411.19 per tonne for Reiziq, up 8.6% year-on-year
- Despite difficult trading conditions, successful progression of 2022 Growth Strategy
- Investor Conference Call to be held Friday 28 June, 11.30AM (details below)

SunRice today released its Financial Results for the year ended 30 April 2019 (FY19).

SunRice's consolidated revenue for the Group in FY19 was \$1.2 billion, a 1.3% increase compared to the previous year (FY18) and Net Profit After Tax (NPAT) was \$32.8 million, which was slightly above the midpoint of guidance, although a 27% decrease compared to the previous year. Financial results were driven by a combination of several factors that included:

- Significant challenges to profitability from negative foreign exchange impacts, particularly in the International Rice segment;
- Strong performance in CopRice's beef and sheep feed categories;
- Benefits from capital investment programs on operational performance;
- The continued success of the business' international sourcing program albeit with cost increases across some sourced rice versus prior year; and
- The continued growth in diversified earnings from CopRice and Riviana.

In the Rice Pool Business, strong pricing and the placement of SunRice products into higher returning markets internationally saw a record pool price of \$411.19 per tonne\* paid in C18, demonstrating the strength of SunRice's ability to market Australian grown rice and rewarding growers. This was achieved despite the lower C18 crop and reduced production volumes due to poor C18 paddy quality. (\* The previous highest pool price was \$403/tonne paid in C15. This does not include years when SunRice has paid a guaranteed fixed price such as in C16 when \$415/tonne was paid.)

A fully franked dividend of 33 cents per B Class Share was also announced by SunRice today.

Commenting on the FY19 financial results, SunRice CEO, Mr Rob Gordon, said:

*"FY19 has been a significant year for SunRice, including listing on the Australian Securities Exchange (ASX) and continuing to pursue our 2022 Growth Strategy, cementing the SunRice Group's position as a truly international and diversified FMCG business.*

*"Our achievements have been reflected in our ability to deliver NPAT on guidance despite challenging conditions, which undermined profitability. These included adverse foreign exchange movements of around \$15 million compared to FY18 across International Rice, Rice Food and Riviana, particularly in the first half.*

*"Despite these challenges, we continued to successfully execute against and accelerate our 2022 Growth Strategy. Riviana and CopRice continued their growth strategies with the successful acquisitions of Roza's Gourmet and the FeedRite assets, as well as repurposing our Coleambally Mill.*

*“During the year, we have opened new markets in Europe, commenced trading in Libya and re-established distribution relationships in Syria, as well as continuing to innovate and grow our product portfolio.*

*“In Vietnam, the acquisition and development of a world class milling and packing facility in the Mekong Delta will set a new standard for Vietnam rice processing and assure our customers that the quality standards we apply to our Australian product can be replicated internationally.*

*“We secured an affordable rice supply for our Pacific markets from Asia, while at the same time backfilling the shortfall created by the lower C19 Australian crop with high quality product from multiple locations. This demonstrates our agility and the value of our international sourcing program to protect premium markets during times of low water availability such as those we are experiencing currently.*

*“While there is no escaping the drought we are facing in the Riverina, we continue to invest in the region. The \$11 million invested in the stabilised bran processing plant in Leeton will add value to a rice milling by-product, supporting product innovation for the Rice Food business and CopRice.*

*“In an intense year of activity across the Group, we continued to deliver for both A and B Class Shareholders and demonstrated resilience and agility in the pursuit of this, which should hold us in good stead in the current year.”*

## SunRice Group Financial Highlights

	FY19	FY18	Y-o-Y**
Sales revenue (\$bn)	1.19	1.18	1.3%
Group net profit after tax (\$m)	32.8	45.1	(27%)
Paddy price Medium Grain (\$/tonne)	411.19	378.66	8.6%
Fully Franked Dividend (c)	33.0	33.0	-
Earnings per share (c)	54.5	75.9	(28%)
Year End Gearing (%) (net debt / (net debt + equity))	19.1	8.9	115%
Return on Capital Employed - ROCE (%)	9.9	15.1	(34%)

## Segment Performance

	FY19 Revenue \$ million	Y-o-Y** %	FY19 NPBT \$ million	Y-o-Y** %
Rice Pool***	410	(7%)	-	-
International Rice	482	6%	2.0	(92%)
Rice Food	100	(7%)	4.6	111%
Riviana	127	6%	8.7	(3%)
CopRice	155	39%	8.5	61%
Corporate	-	-	26.0	(8%)

\*\* Y-o-Y: Year-on-Year comparison between financial year ending 30 April 2018 (FY18) and financial year ending 30 April 2019 (FY19)

\*\*\* Revenue for the Rice Pool business is presented before inter segment elimination

### Rice Pool:

A record pool price of \$411.19 per tonne\* was paid in C18 as a result of: commanding higher international prices for SunRice branded products; replacing lower returning Pacific markets with higher returning Middle Eastern markets; realising the benefit of a depreciating Australian dollar on rice exports; and lower financing costs due to a combination of the introduction of PayRice and the lower C18 crop size, both of which resulted in lower borrowing requirements. This was achieved

despite a lower C18 crop than C17 (623,000 tonnes versus 802,000 tonnes) which, coupled with poor paddy quality, resulted in smaller volumes being produced as we slowed down milling in an attempt to meet high quality customer requirements. (\* The previous highest pool price was \$403/tonne paid in C15. This does not include years when SunRice has paid a guaranteed fixed price such as in C16 when \$415/tonne was paid.)

#### International Rice:

Despite increased revenue, International Rice's profitability was significantly impacted by approximately \$9 million from foreign exchange movements. In PNG, the economic environment resulted in the lack of access to USD currency and hedging opportunities. The first half saw a significant intercompany payable balance in Trukai exposed to a devaluing PNG Kina, which also impacted affordability of rice supply. However, relief came in the second half with liquidity returning to the market, enabling the intercompany payable balance to be restored to a more reasonable level. At the same time, SunRice flexed its rice supply to identify a more affordable source for PNG, demonstrating the strength of the Group's international sourcing strategy. Other factors include the transfer of Middle East markets from SunFoods back to the Rice Pool Business; the provision for a bad debt within our Pacific markets; and the increased cost of Vietnamese third party sourced rice that could not be fully passed on to our Pacific customers. During the year, we also invested in the establishment of our integrated supply chain in Vietnam which will, in the future, insulate us from these third party rice price increases.

#### Rice Food:

Changes in product mix delivered an improved NPBT with the doubling of the prior period result, despite sales volumes declining and adverse foreign exchange impacts. Key improvements were driven by positive performance in the rice flour and 'mini-bites' categories, as well as manufacturing efficiencies from capital investment.

#### Riviana:

Underlying NPBT grew, with the benefit of product mix improvements and cost control being offset by adverse currency impacts and the absorption of integration costs of Roza's Gourmet, our strategic acquisition into the chilled sector.

#### CopRice:

CopRice continues to experience the positive turnaround that commenced in FY18. Extensive marketing support of our sheep nutrition capability in complete pellets and concentrates, as well as seasonally dry conditions, have driven an expansion of stockfeed sales volumes, which has offset the rising cost of raw material.

#### Corporate:

Corporate NPBT declined due to a non-repeat of dividend income from the dissolution of a crop insurance entity in the prior year and increased corporate costs associated with the ASX listing and progressing our strategic agenda in FY19. These were partially offset by a benefit from the revaluation of an investment property, and reduced interest costs as a result of lower borrowings across the Group.

### **ASX Listing**

Following the approval of shareholders at the AGM in September 2018, SunRice took the next step on a journey that began in the New South Wales Riverina almost 70 years ago, with the Company listing on the Australian Securities Exchange (ASX) in April 2019. SunRice's ASX ticker code is SGL. Listing on the ASX provides SunRice with better future access to equity capital, when it is required, in order to deliver on the company's 2022 Growth Strategy; a five-year roadmap that capitalises on global food trends and the business' competitive advantages, with the aim of increasing paddy prices for rice growers and driving shareholder value.

### **2019 Annual Report**

SunRice also today released its 2019 Annual Report. The Annual Report will be mailed to those shareholders who elect to receive a hard copy of this document. The Annual Report is available on the SunRice website: [SunRice Reports](#)

## **SunRice AGM**

SunRice's results will be presented at the Ricegrowers Limited Annual General Meeting, to be held at 10:30am (registration opens at 9.30am), Thursday, 22 August 2019 at the Jerilderie Civic Hall, Jerilderie.

## **Investor Conference Call**

The Company will hold a conference call at **11:30am AEDT on Friday 28 June 2019** to discuss the FY19 Results.

The Company's Chief Executive Officer, Rob Gordon and Chief Financial Officer, Dimitri Courtelis will host the call.

To pre-register for the call, with a diary note sent to you including the call details, [please click here](#).

To access the call, please use the following details:

**Conference ID 10 000 918**

**Australian Toll Free – 1 800 558 698**

Australia Local (if dialling from international location) - +61 2 9007 3187

## **Investor inquiries:**

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## *Notes:*

- *FY18 relates to financial year ended 30 April 2018; FY19 relates to financial year ended 30 April 2019*
- *C18 relates to the crop harvested in 2018 and marketed in FY19*

## **About SunRice's structure**

*The structure of Ricegrowers Limited (SunRice) contains non-standard elements including its dual class share structure comprising A Class Shares and B Class Shares.*

*A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on ASX and may only be held by Active Growers. The right to vote is based on one member, one vote and no person may hold more than 5 A Class Shares. In practical terms the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice's constitution.*

*B Class Shares are quoted on ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.*

*For more details of the non-standard elements of SunRice's structure see <https://corporate.sunrice.com.au/investors/>.*