



ASX ANNOUNCEMENT

18 December 2019

SunRice FY2020 half-year results: Strength of business model on display

- SunRice Group has today announced its FY2020 half-year Financial Results, which demonstrate the resilience of the business model and continued delivery of the 2022 Growth Strategy
- The Group remains focused on leveraging its strong balance sheet for further strategic merger and acquisition opportunities
- Despite challenging conditions, including a drought-affected crop in C19 of 54,000 tonnes (down 91.3% from 623,000 tonnes the prior year), the SunRice Group's global business model ensured a strong result
- 1H FY2020 revenue of \$543 million, down 6.8% year-on-year
- 1H FY2020 Net Profit After Tax (NPAT) of \$12.5 million, down 10.2% year-on-year
- SunRice expects full-year FY2020 revenue to be materially in line with FY2019, however with the risk of further deterioration of trading conditions in PNG and after absorbing reconfiguration costs, 2H FY2020 NPAT is expected to be lower than 1H FY2020 NPAT
- Given this outlook, the SunRice Group currently intends to maintain a fully franked dividend at similar levels to prior years
- SunRice will also commence an on-market share buyback of B Class shares within the '10/12 limit'
- Investor Conference Call to be held Thursday 19 December 2019 at 9.30am (details and link to register below)

SunRice today released its half-year Financial Results for the period ended 31 October 2019 (1H FY2020).

The SunRice Group generated revenue of \$543 million for 1H FY2020 and NPAT of \$12.5 million, down 6.8 per cent and 10.2 per cent respectively on the previous corresponding period.

Considering the significant challenges the SunRice Group faced on a number of fronts, including the ongoing drought conditions in the rice-growing region of Australia, this result has demonstrated the resilience and versatility of the Group's business model.

The SunRice Group expects full-year FY2020 revenue to be materially in line with FY2019, however, 2H FY2020 NPAT is expected to be lower than 1H FY2020. The SunRice Board has confirmed that given this outlook, it currently intends to maintain a fully franked dividend at similar levels to prior years.

SunRice's Rice Pool business carried over significant volume from the C18 crop which supported a strong milling program through 1H FY2020, however, the loss in the Rice Pool is expected to increase throughout 2H FY2020 as carryover crop is exhausted and there is greater under recovery of the asset base. Partially offsetting this impact, CopRice, Riviana Foods and the International Rice segments are expected to contribute more strongly to Group NPAT throughout 2H FY2020 demonstrating the value of SunRice's diversified earnings strategy.

Financial results in 1H FY2020 were driven by a combination of several factors, including:

- Strong performance from the Singapore Trading Business of the International Rice segment, utilising SunRice's international supply sources and integrated supply chain;

- Activation of new supply sources across Asia (which will expand to South America in 2H FY2020);
- Better than anticipated returns from the Rice Pool business, due to processing and sales of rice carried over from C18;
- Profitability from CopRice and Riviana Foods, which is expected to increase throughout 2H FY2020;
- Integration of accretive businesses which have been acquired in previous years through strategic merger and acquisitions, a core focus of the SunRice Group's 2022 Growth Strategy.

SunRice announces share buyback program

The SunRice Board today approved a proposal to conduct a buyback of B Class shares. Further details of the buyback are set out in the Appendix 3C lodged with the ASX today.

The buyback is being undertaken as part of SunRice's commitment to efficiently manage its capital while maintaining balance sheet flexibility to pursue future growth and investment opportunities. The SunRice Board believes that the current B Class share price does not reflect the value of the SunRice business and its future growth prospects.

The buyback may also provide additional liquidity which could facilitate the increase of B Class share value over time. The timing and number of B Class shares purchased under the on-market buyback will be contingent on the prevailing B Class share price and market conditions.

The buyback will be funded through a combination of cash and existing, undrawn debt facilities. It will be within the '10/12 limit' permitted by the *Corporations Act 2001 (Cth)* and therefore does not require shareholder approval.

Commenting on the 1H FY2020 financial results and buyback, SunRice CEO, Mr Rob Gordon, said:

"In a year of extraordinarily tough drought conditions impacting Australian agricultural businesses, SunRice is proud to have been able to deliver this result, which is in large part due to the Group's international supply sourcing capability, which has ensured growing global demand is met in key markets.

"Given the seasonal conditions in Australia, this result is further proof of the resilience of the SunRice Group's business model to deliver through the cycle of seasonal variability.

"SunRice, through its 2022 Growth Strategy, has been focused on continuing to build our international supply sources and integrated supply chains, and to further diversify our earnings base – an example of which is the Group's new Lap Vo Mill in Vietnam.

"The Lap Vo Mill, acquired in FY2019, is delivering upon its potential, achieving profitability in its first year of operation, with throughput volumes expected to increase through 2H FY2020 and into FY2021.

"SunRice also continued to integrate acquisitions into its Riviana and CopRice businesses during 1H FY2020, and a key focus remains leveraging the Group's strong balance sheet to pursue further strategic merger and acquisition opportunities.

"The SunRice Group is committed to delivering on our 2022 Growth Strategy and our strong balance sheet will enable us to continue to invest for growth in parallel with a disciplined return of capital through the buyback."

Investor Conference Call

The Company will hold a conference call at 9.30am AEDT on Thursday 19 December 2019 to discuss the 1H FY2020 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 1000 3224

Australian Toll Free – 1 800 908 299

Australia Local (if dialling from international location) – +61 2 9007 8048

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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/>.