



Welcome to SunRice's Riverina Grower Meetings

Laurie Arthur, SunRice Chairman

20 - 21 June 2019



Agenda

- C19 Harvest wrap up, Tom Howard
- SunRice CEO's Update, Rob Gordon
- Chairman's Update, Laurie Arthur
- Questions (all)



A wide-angle photograph of a rice field during harvest. Two large combine harvesters are visible in the middle ground, moving across the field. The sky is filled with large, white, fluffy clouds. The foreground is a dense field of golden-brown rice stalks.

C19 Harvest Wrap-up Riverina, June 2019

**Tom Howard, General Manager Global
Agribusiness and Sustainability**



C19 Harvest summary

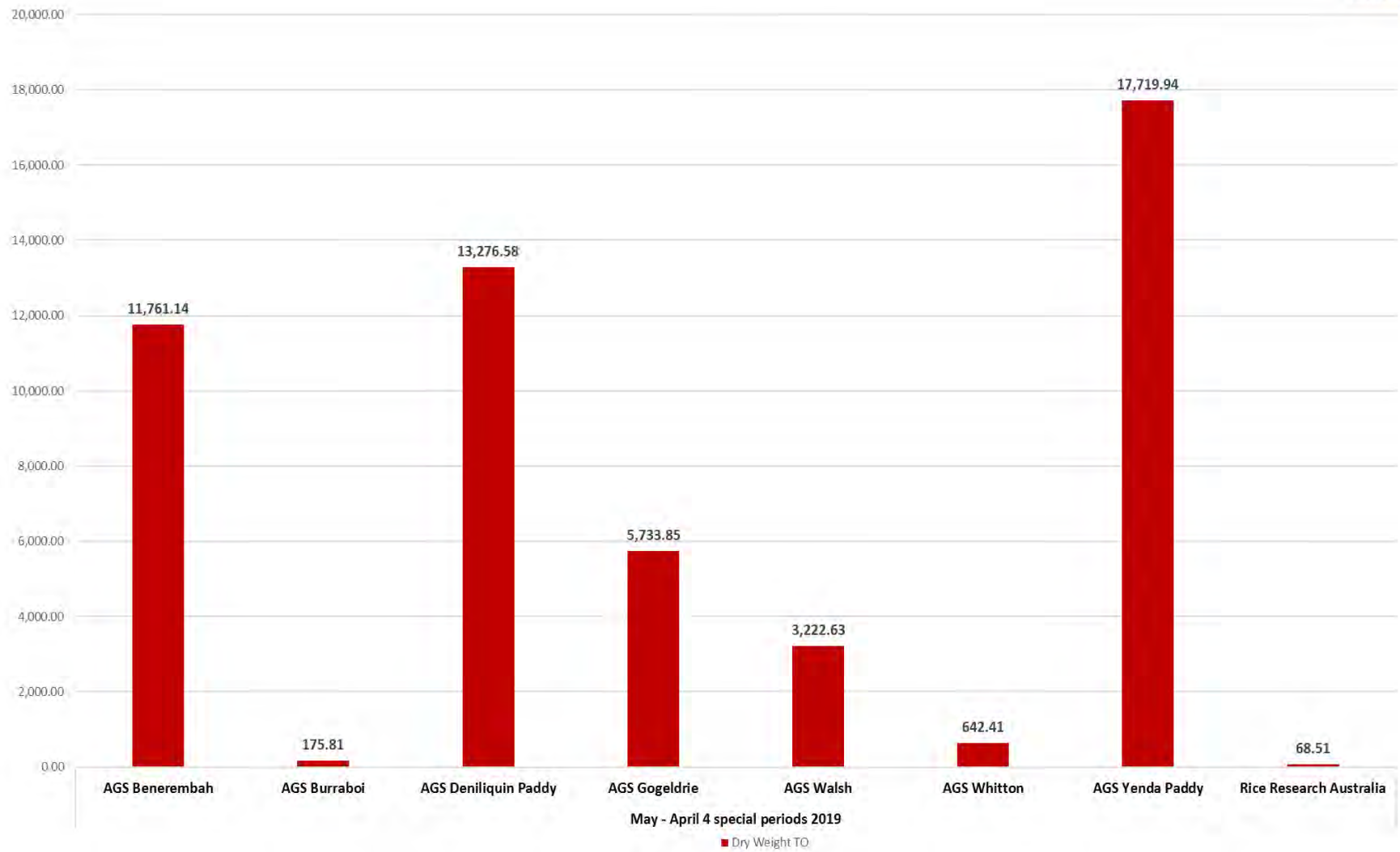
- Just over 54,500mt dry delivered
- Ave moisture 18.9%

Plant	Plant Description	Net Weight	Dry Weight	Average Moisture	No of Trucks	Averg Time in Circuit (Minutes)
601	AGS Benerembah	12,396.50	11,761.56	18.0	358	14
603	AGS Gogeldrie	6,177.30	5,791.06	19.2	229	17
614	AGS Whitton	682.36	643.92	18.8	26	41
619	AGS Yenda Paddy	20,146.89	19,046.49	18.4	753	21
628	AGS Walsh	3,694.30	3,381.65	21.2	147	10
632	AGS Burraboi	192.66	176.07	21.4	7	48
634	AGS Deniliquin Paddy	14,703.52	13,708.32	19.8	517	23
		57,993.53	54,509.07	18.9	2,037	19

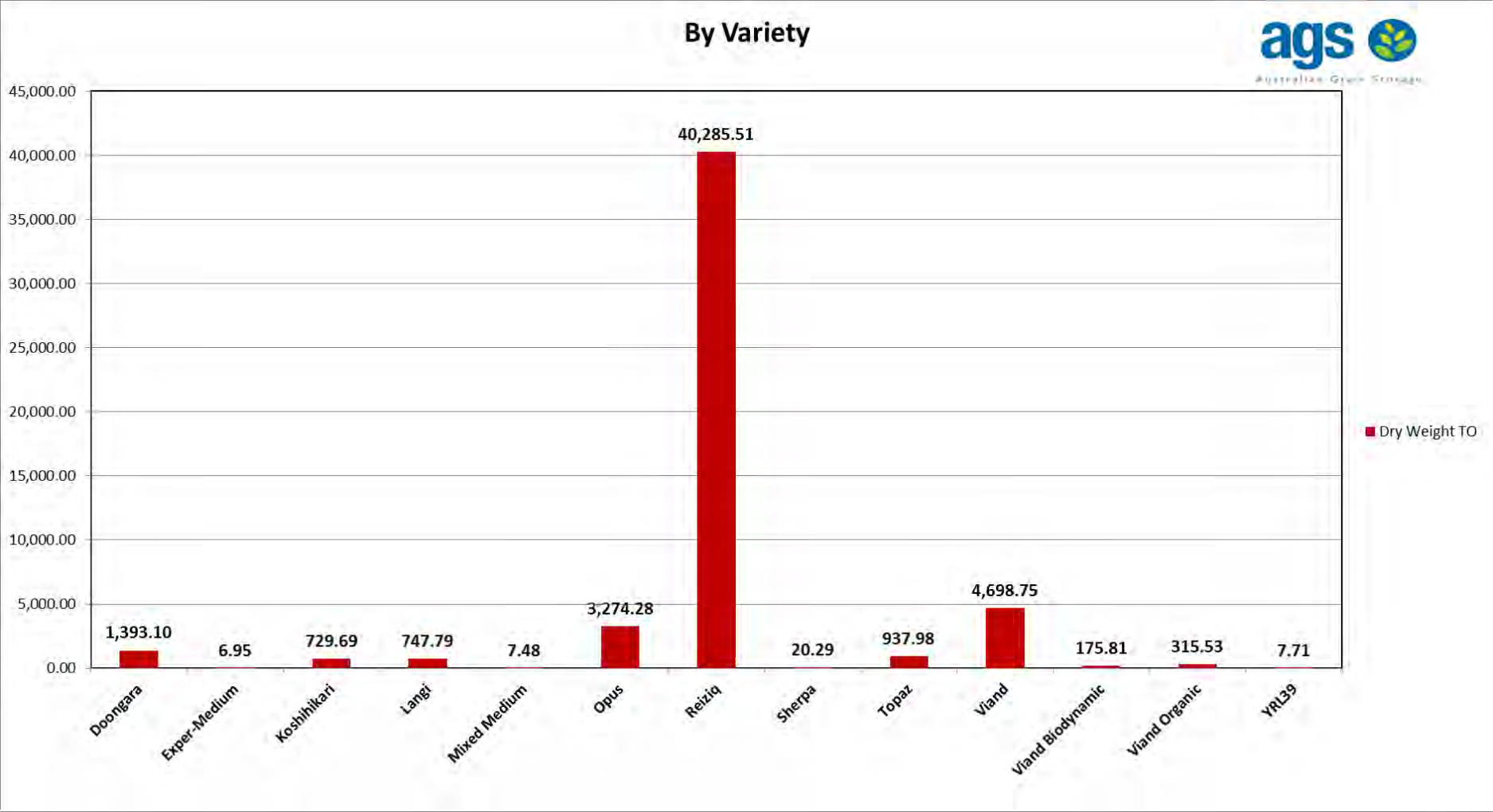


C19 Harvest summary by depot

By Depot

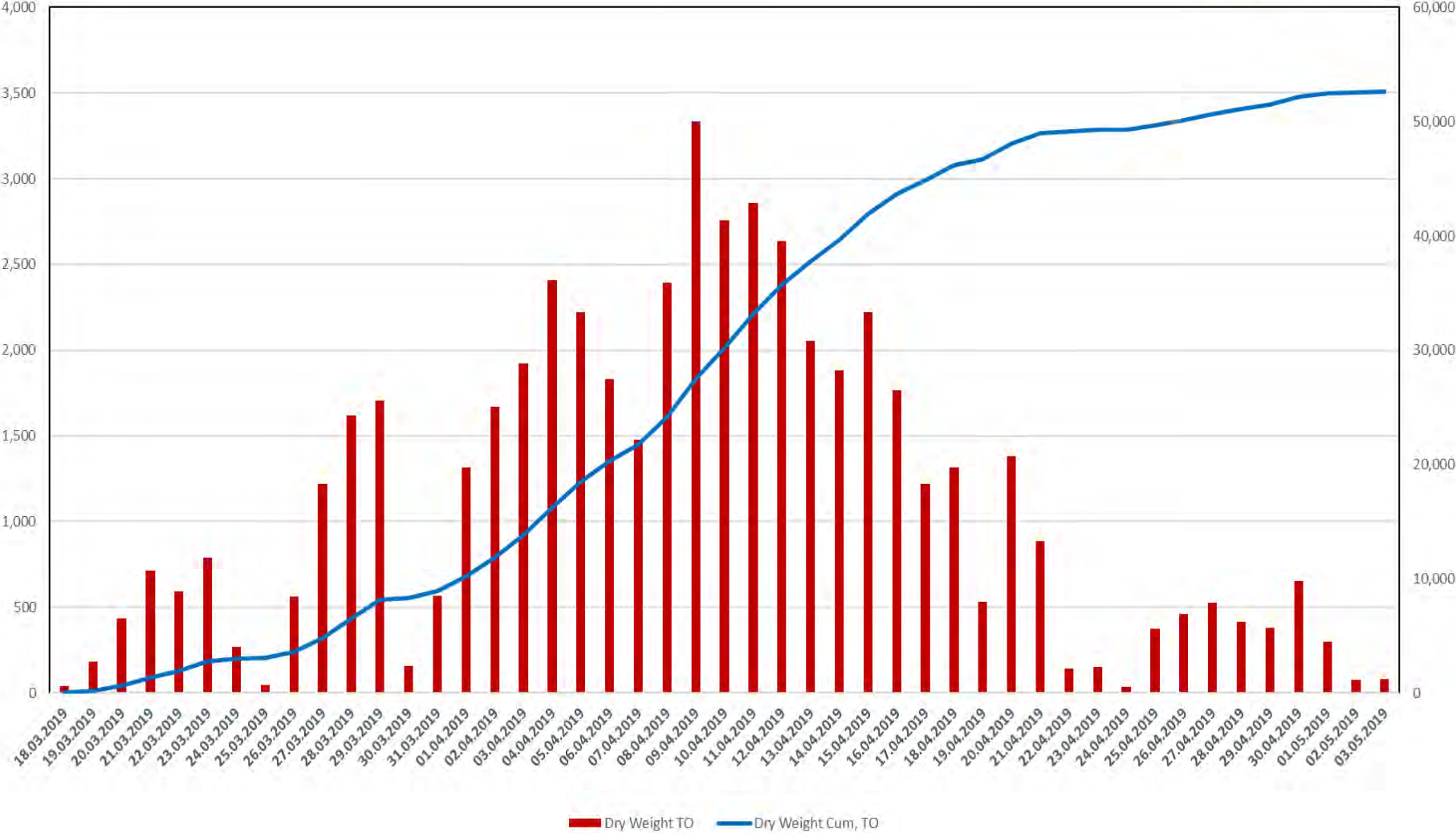


C19 Harvest summary by variety



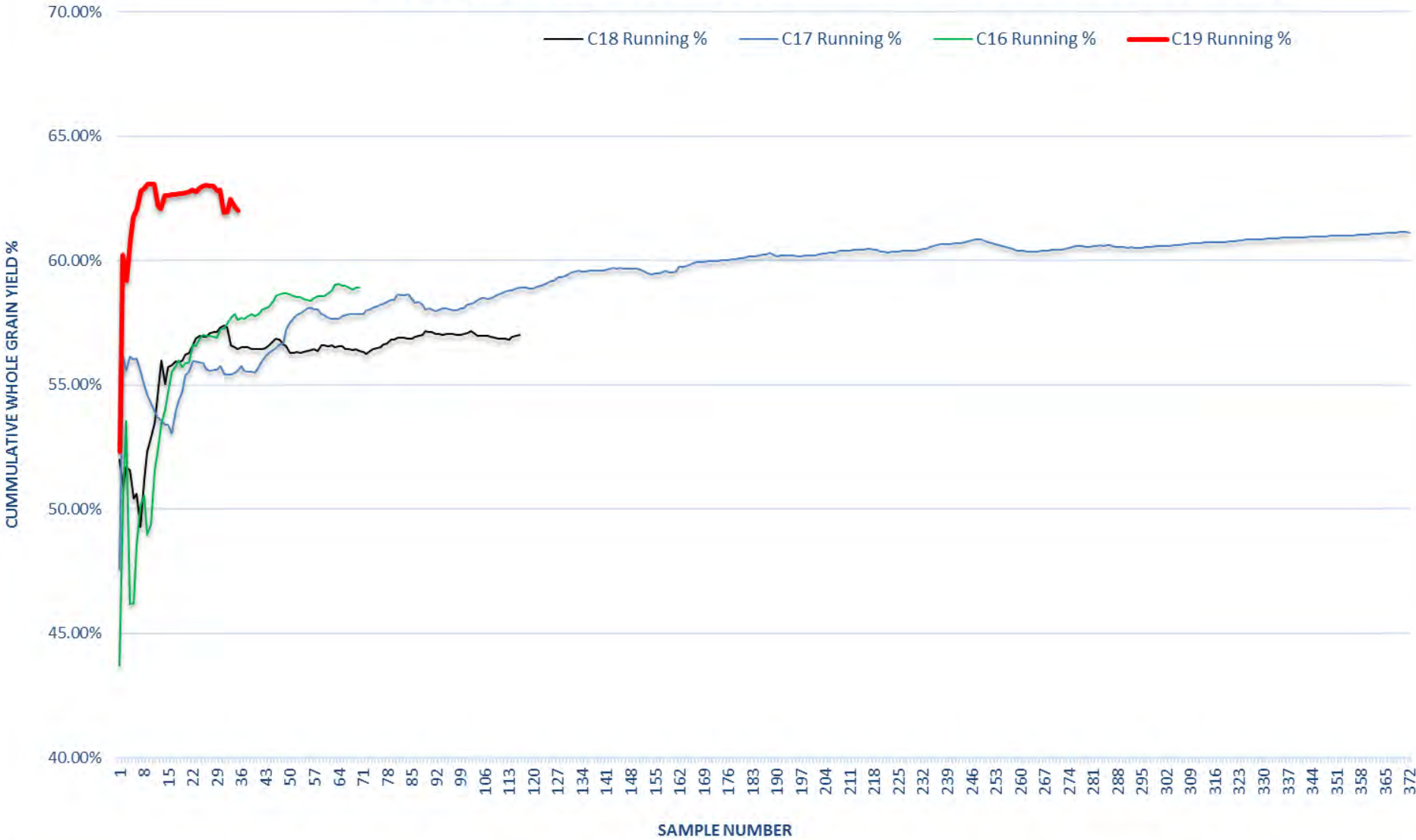
C19 Harvest summary


2019



C19 Harvest whole grain yields – bin appraisals

C19 v C18 v C17 v C16 Bin Appraisal - Weighted Average WGY Result





**SunRice Report
Riverina Grower Meetings**

Rob Gordon, CEO

20 - 21 June 2019





Agenda

- Reflections on our rice business in C18
- Global supply situation C18/19
- Riverina supply and demand C19
- Responding to the current water situation
- Impact of multi-year drought

Reflections on our rice business in C18

- **Price** rises across all markets
- Strengthened **customer relations** including beating all but one FMCG peer to take our #2 in Advantage Australia Supplier ranking*
- New marketing **campaigns** across Middle East, Australia and Solomon Islands
- New **Ethnic** campaign in Australia
- Launched **new products** such as SuperGrains
- Set up **Low GI** momentum domestically and opening up potential new markets
- Developed **new snacks** concepts for global introduction
- Entered **new markets** in Libya, India
- Developed a well researched portfolio for **China**
- Connected with **new distributor partners** across Asia

All this while managing a complex crop transition

*Compared to other leading FMCGs (e.g. Nestle, Colgate, Coca-Cola, Pepsico etc)



Introducing Hassad as a second tier brand in low income markets



JOD 4.6 - 5.2
AU/Californian



JOD 3.2 - 4
Californian



JOD 3.9
Californian



JOD 3.2
Californian

\$1 JOD = \$2.06 AUD



Geo-political situation impacting our business



Economic Slow down in Retail trade

- 5% VAT implemented
- Levy on Expats set to double
- Increased Trade Pressure



Agenda

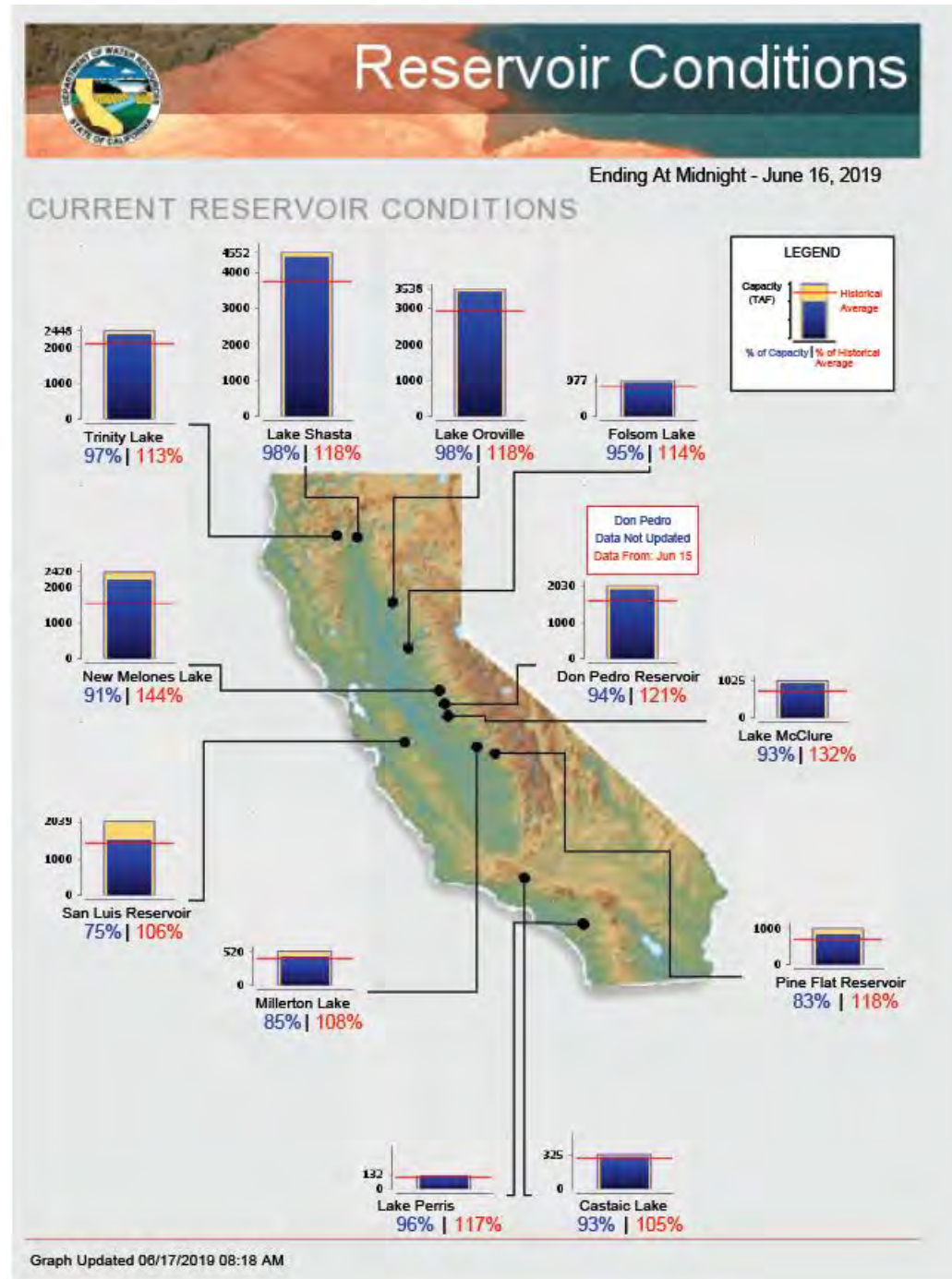
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USA

Data as of 11:59:59 PM on May 1, 2019

Sacramento Region Summary			
Precip: 8-Station Index			
Season to Date	130%	% Avg year	118%
Northern Sierra Snow Water Content			
% to Date	144%	% Apr 1	103%
Reservoir Storage			
Reservoir	%Hist.Avg.	%Capacity	*Enchrch
Shasta	108%	93%	-65
Oroville	114%	93%	-71
New Bullards	120%	95%	20
Folsom	121%	91%	78

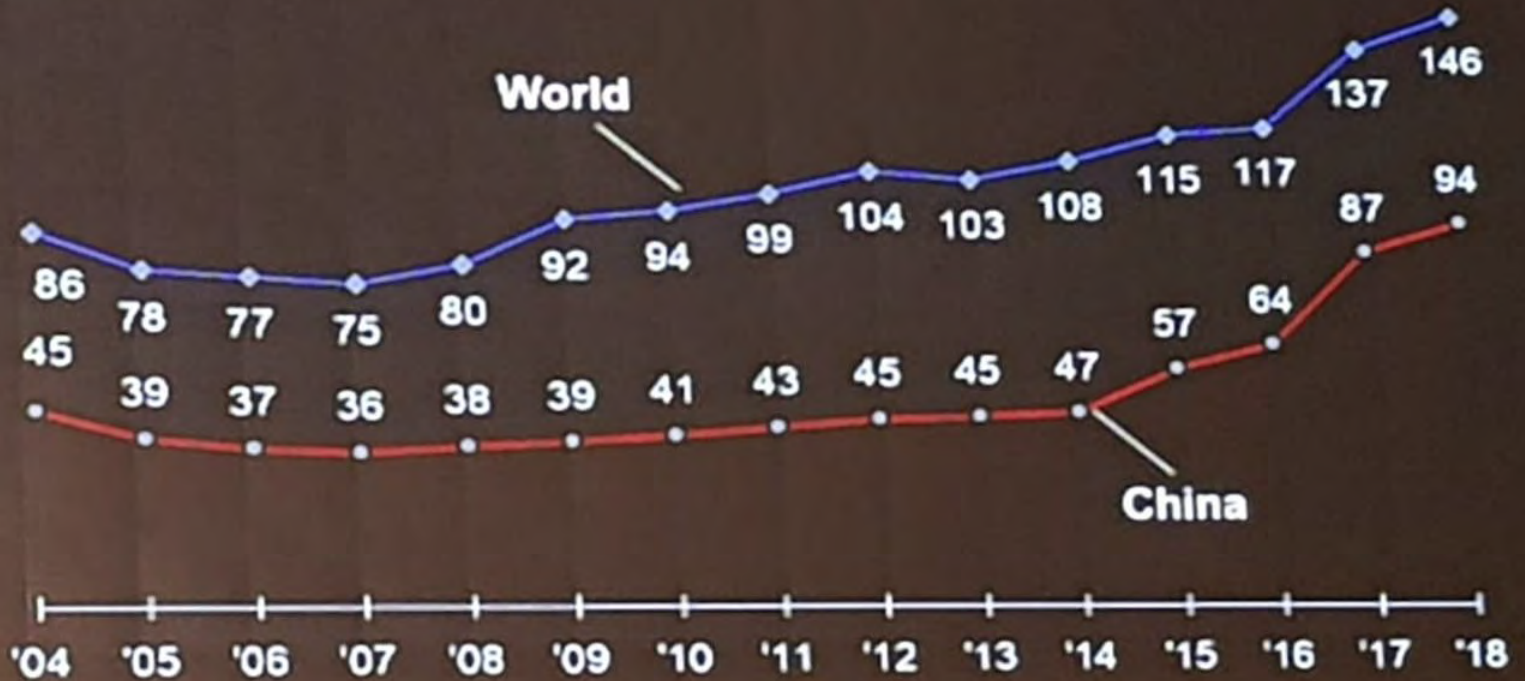
Source: California Department of Water Resources



China

CHINA OLD CROP STOCK IS A BIG CONCERN

End year Stock of Rice
Million Ton



China



June 2019

United States Department of Agriculture Foreign Agricultural Service

Grain: World Markets and Trade

China Rice Imports Decline as Exports Soar

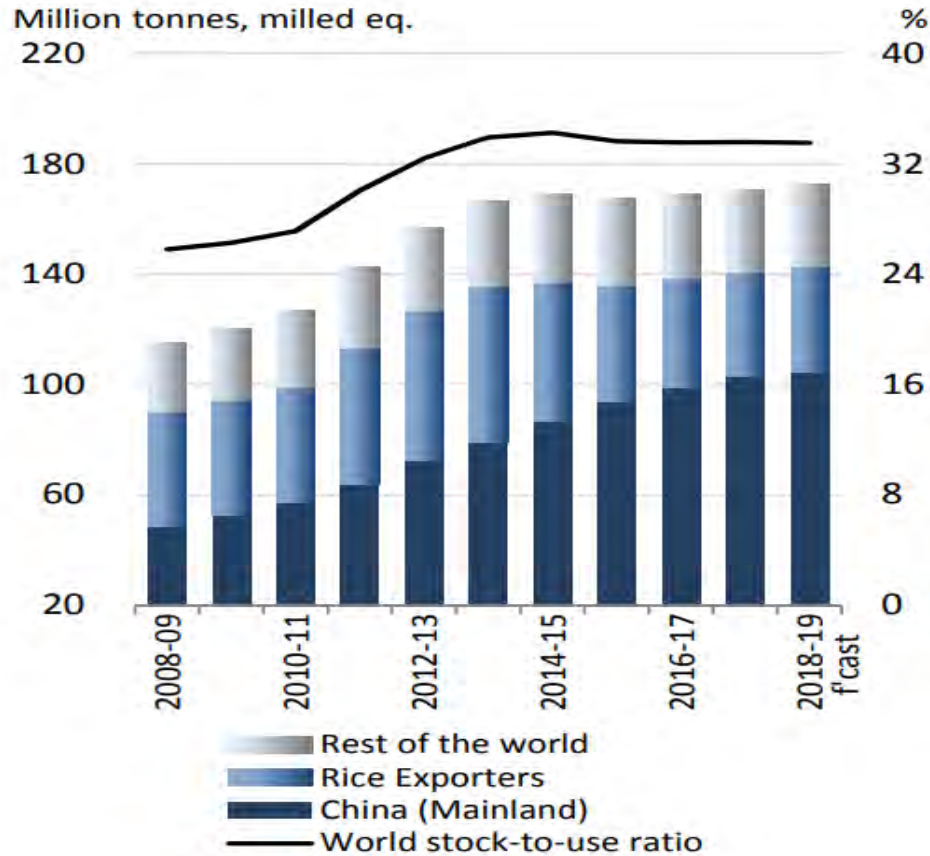


Source: USDA Report, June 2019



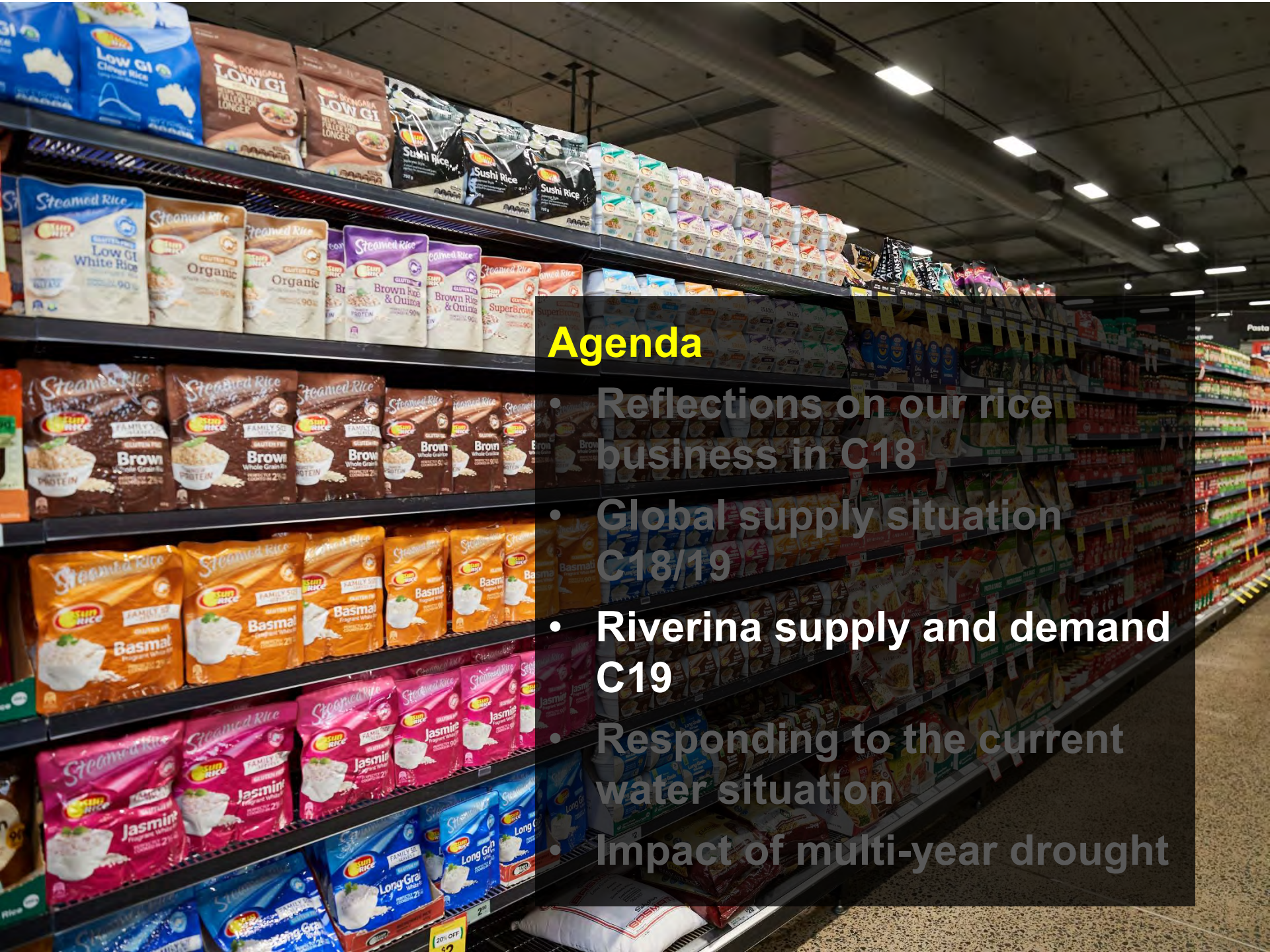
China

World rice stocks



Source: 13th Session of the AMIS Global Food Market Information Group

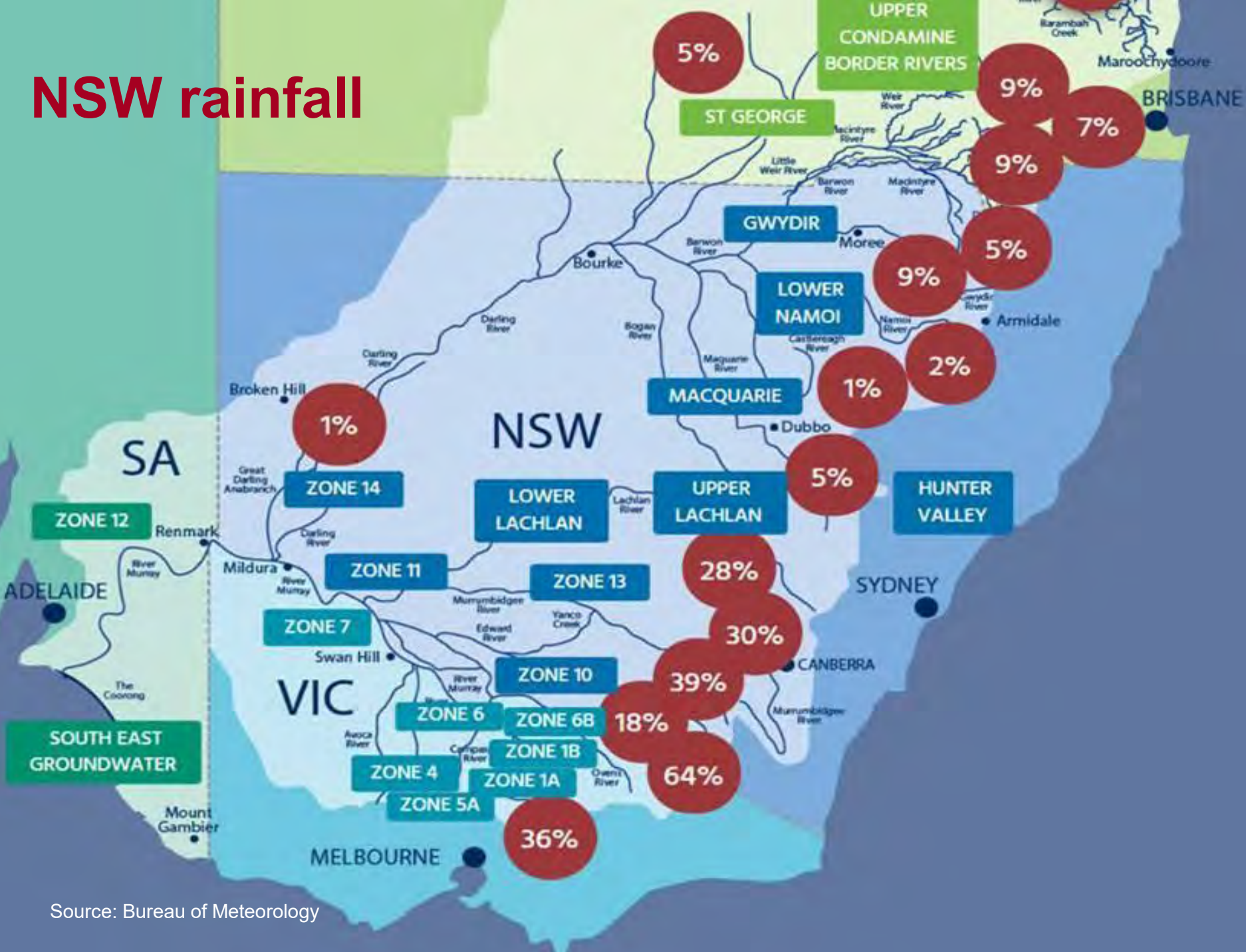




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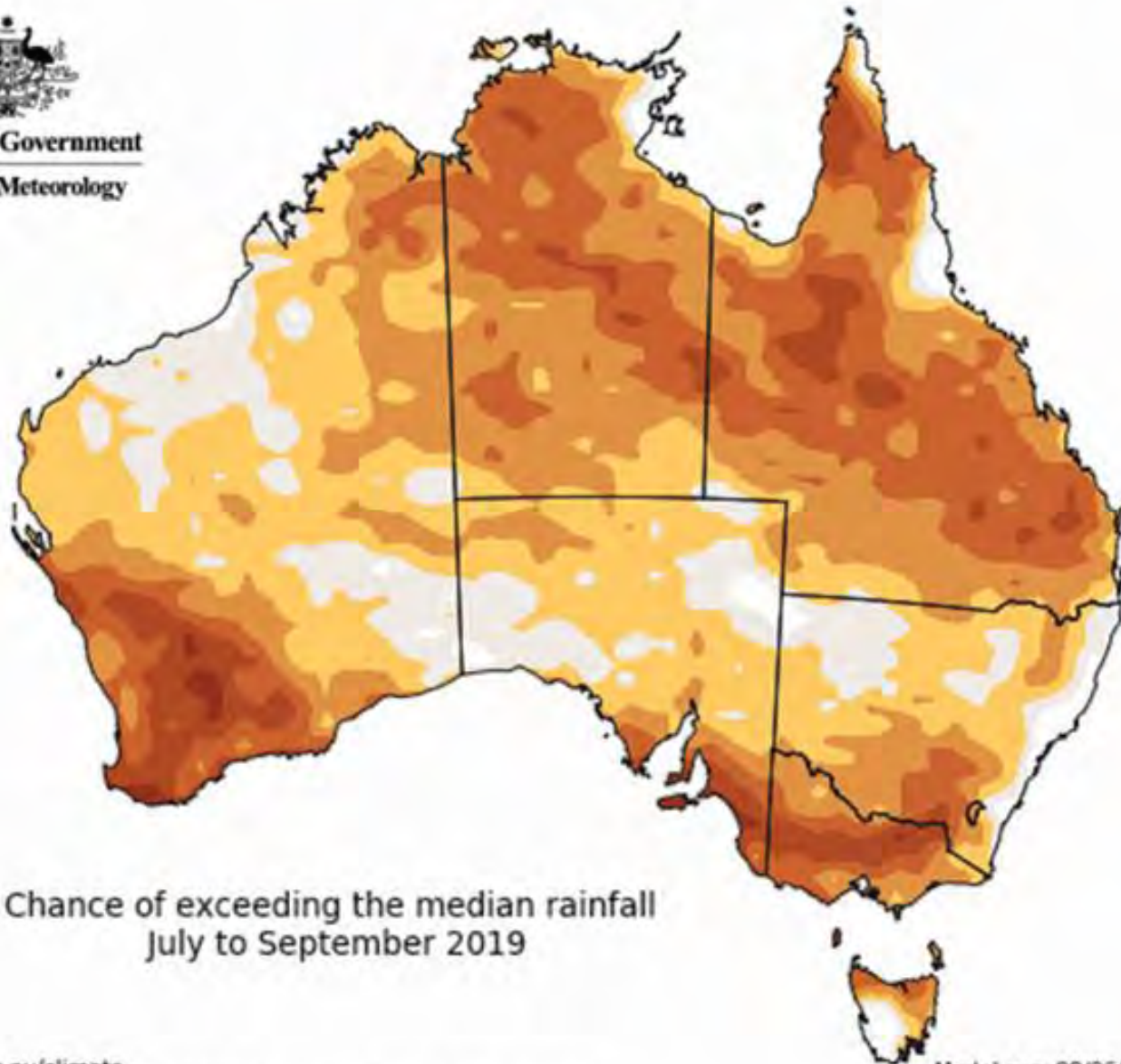
NSW rainfall



Australian rainfall outlook

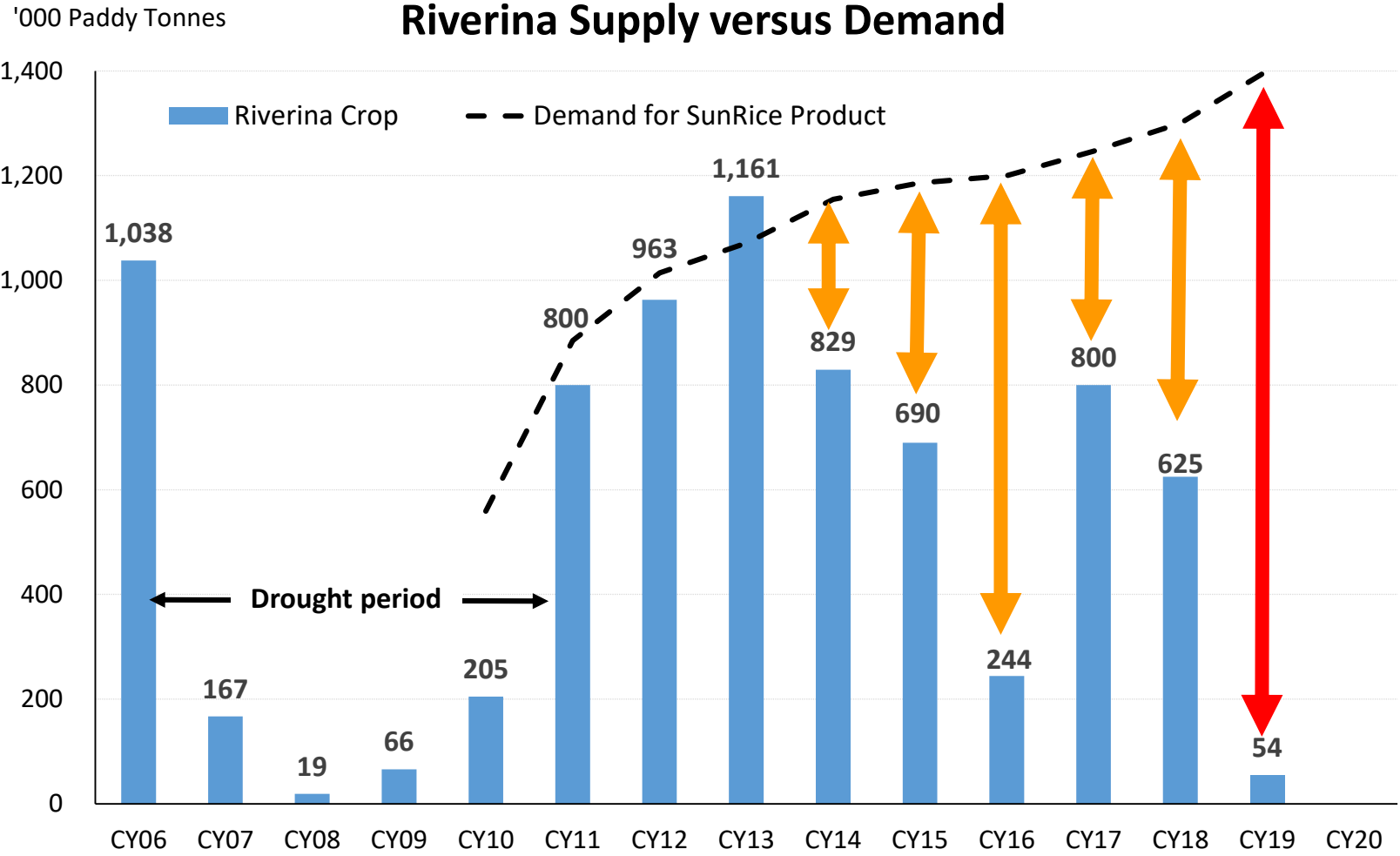


Australian Government
Bureau of Meteorology



Chance of exceeding the median rainfall
July to September 2019

Riverina supply vs. demand

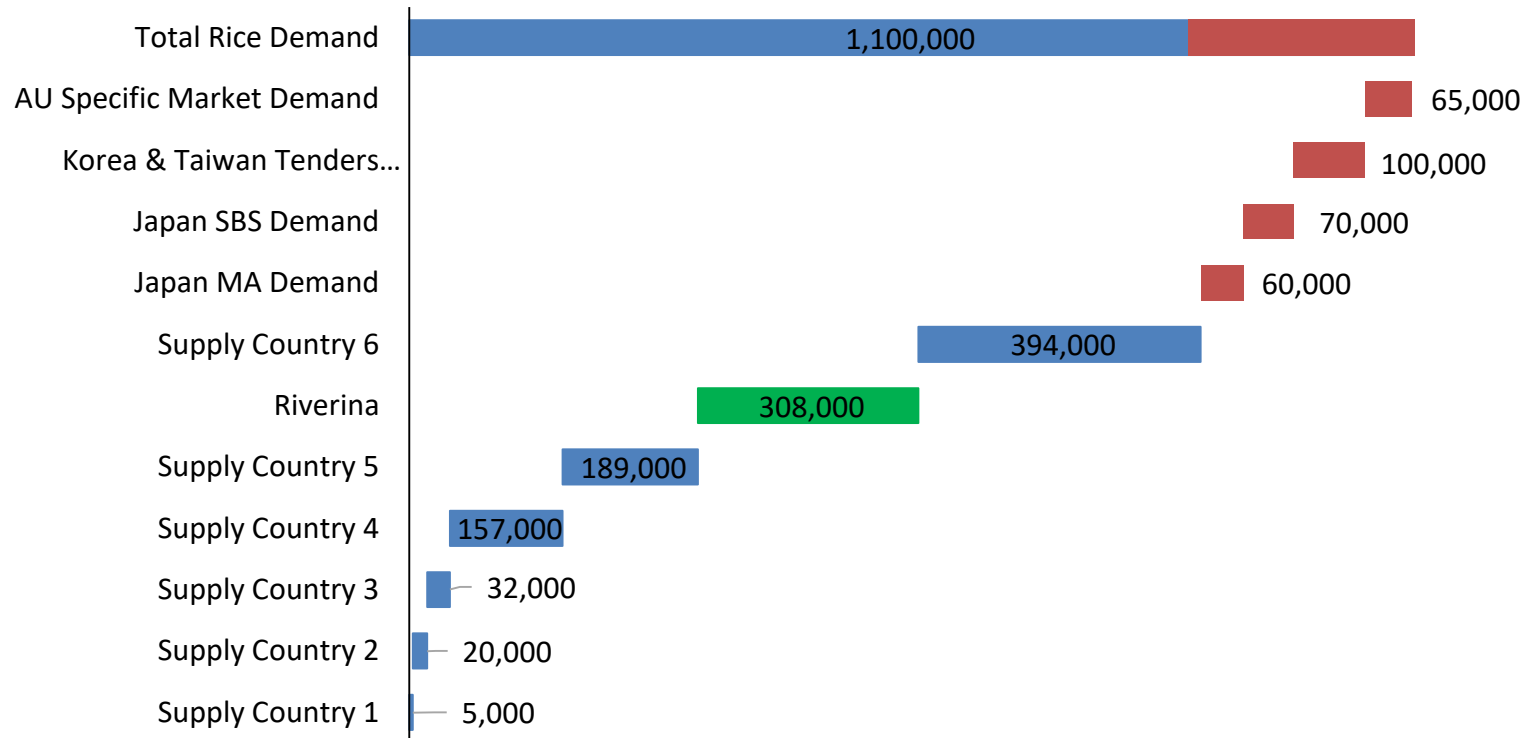




Agenda

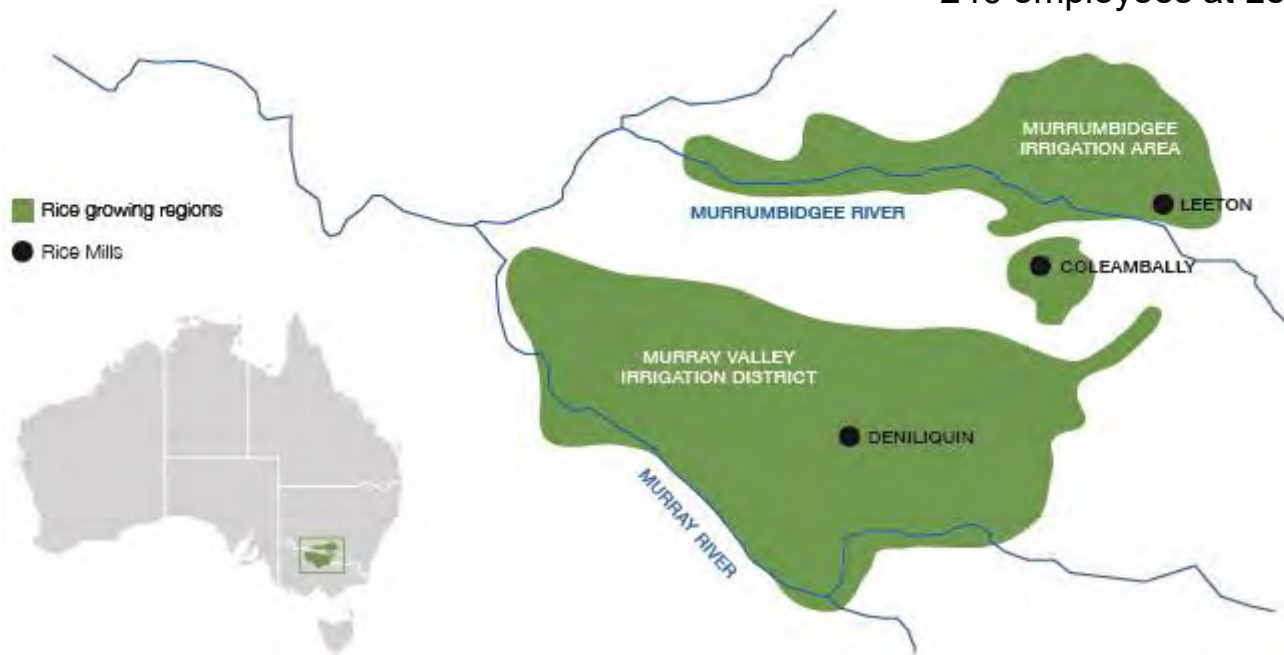
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C19 rice sourcing and demand (paddy tons equivalent)



Reshaped Riverina footprint

192,000 tonnes of paddy carried over from C18 has been able to be used to maintain positions for 246 employees at Leeton Mill



91,000 tonnes of paddy carried over from C18 has been able to be used to maintain positions for 57 employees at Deniliquin Mill



Coleambally will be Australia's leading ruminant nutrition blends plant



- High capacity mill with throughput ~2x Cobden or Tongala
- 80,000t of storage allowing segregation of grain, legumes and by-products
- Extensive warehousing plus bulk/bulker bag and containerisation capability
- CopRice Coleambally will be able to make blends from by-products like almond hulls and grape pomace combined with commodities like wheat, barley, corn and legumes
- To these blends we will then add concentrate pellets manufactured at Leeton
- This flexibility will enable Coleambally to make blends for Dairy, Sheep and Beef markets plus create a new “Grain Free for Grass Fed” Beef/Sheep Range

A-Class Shareholder “Coly Introduction” Day will be held early September



Water reform Government lobbying and Riverina supply

- Hosted State and Federal Ministers to raise awareness of reduced water allocations and drought
- Combined effort with other Riverina-based food processors
- Expression of interest at \$500 and \$600 per m/t





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- **Impact of multi-year drought**

Hypothetical Riverina Paddy Price sensitivity

	Paddy Price Uplift Effect + \$20m	Cost of Paying \$750 vs \$450 = \$300 Premium
200 KT	\$100	\$60m + #
400 KT	\$50	\$120m *
600 KT	\$33	\$180m

For comparison SunRice total core debt ≈ \$80m

* 400KT volume at which overheads become absorbed

Costs remain under absorbed



Summary

- Despite the pressures of a smaller and lower quality crop, C18 remains within guidance
- We have already secured supply to meet most demand in C19 even though the crop was < 55KT
- The current outlook for water in C20 is poor
- Consecutive years of very low crop will lead to loss of capability in the Riverina
- We are taking urgent action to influence water availability
- Paying 'whatever we have to' for rice would permanently damage the business
- We need rain and for growers to support their industry



Questions





Chairman's Update

Grower Meetings

Laurie Arthur, SunRice Chairman

20 - 21 June 2019



Agenda

- 2019 A Class Share deferral
- 2019 Grower Reference Group
- New Paddy Payment terms
- Grower Share Purchase Plan
- Grower Director elections
- Questions



2019 A Class Share deferral

- Shareholders concerned they will lose their A Class Shares due to current tough conditions
- Under the SunRice Constitution, the Board has exercised its right to delay the redemption of A Class Shares if a grower fails to deliver for C19
- This is conditional upon the Board being satisfied the grower intends to resume growing the minimum amount of rice



2019 Grower Reference Group

The 2019 GRG members have been announced. Membership is reviewed annually:

Coleambally Irrigation Area (CIA)

- Denise Kelly

Murrumbidgee Irrigation Area (MIA)

- Robert Andrezza
- Ian Blight
- Kristian Bonetti
- Erin Draper
- Patrick Sergi

Murray Valley (MV)

- Peter Burke
- Bruce Simpson
- Andrew Burge
- Robert Glenn
- Angela Urquhart
- Julie Frankling



New standard paddy payment terms

- We are aware of concerns that the current 61 day payment terms are too long
- The Board is currently reviewing the terms and we will update you in due course



Grower Share Purchase Plan

- Given the small C19 and participation and cost assumptions based on prior years, there would be minimal benefit of conducting the GSPP in 2019
- Therefore we are reviewing plans to postpone the GSPP this year, including providing the opportunity for C19 grower shareholders to participate in GSPP's conducted in future years



Grower Director elections

- Information session held 13 June
- Four positions to be filled post AGM in August
- Nominations due noon Thursday 4 July
- To be eligible you must hold, or be the representative of a body corporate that holds, an A Class Share in Ricegrowers Limited
- Candidates must provide:
 - Written nomination signed by two or more A Class shareholders
 - Written notice signed by themselves
 - Candidate profile
- Visit www.sunrice.com.au/grower-director-elections for an overview document and nomination forms
- Contact Lena or Mandy for more information



Questions

