



SunRice AGM
Thursday 22 August 2019
Jerilderie Civic Hall
33 Jerilderie Street, Jerilderie

LAURIE ARTHUR, SUNRICE CHAIRMAN'S ADDRESS

Good morning and welcome to the 2019 SunRice Annual General Meeting.

I'd like to start by saying that it was a privilege to be re-elected as a Director of SunRice and I will acknowledge our new Board shortly.

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While the 2018/19 financial year presented many positives for SunRice, the 2019 crop year is, and will be, particularly difficult for rice growers and the Company. Along with the rest of New South Wales, the Riverina drifted into drought and by June 2018 run-off from the Alps was minimal causing much lower or non-existent water allocations – 7% allocation in the Murrumbidgee and 0% allocation in the Murray. The result was the extremely low 54,000 paddy tonne crop harvested in 2019.

I want to sincerely thank those growers who persevered and harvested a crop in 2019. A little later I will be recognising two extraordinary growers whose dedication will astonish you and may never again be repeated.

As I stand before you, the dams are filling and there is a considerable snowpack in the alps. Our world leading growers want to put a crop in; but the reality is that our valleys are on either zero or minimal allocations. Temporary water prices are approaching record levels.

However, the next ten inflow weeks are historically the most productive and our planting window is open until mid-November. Let us look to the skies and hope for the best!

However, the Board recognises that more than hope is needed.

I am pleased to announce that yesterday we approved a fixed price contract for C20 of \$750 per tonne for Medium Grain Reiziq, \$950 per tonne for Koshihikari and up to \$1,500 per tonne for organic grain, along with pricing for other varieties.

These are fixed price hectare-based contracts for a limited volume of rice, designed specifically to replenish our paddy and seed stocks to underpin our regional milling program and meet premium market demand.

In recognition of the loyalty of those growers who were able to plant a crop in C19, we will be inviting participation from you first, before opening the offer to all growers 48 hours later. Details will be sent to our growers by Tom and his team later today.

These are extraordinary prices, however the Board is very clear that this decision is in the best interests of SunRice and of both A and B Class Shareholders in the current environment.

I regularly engage with many of SunRice's customers, from markets like Japan and Palestine, about the importance of Australian grown rice to their businesses. From these interactions, it is clear to me that a regular and consistent supply of Riverina rice is an imperative for SunRice. While the proposition to plant alternative crops in dry seasons is an option for growers, I take the firm view that growing rice is critical to my family's farming future, the ongoing prosperity of the Riverina and to building SunRice's presence in premium global markets.

Like all Australian fast-moving consumer goods businesses with a strong agricultural foundation we have our challenges, with drought not the least of them. However, we also have some very significant advantages. SunRice has successfully built a strong branded presence in many of the world's premium markets combined with a second to none ability to source rice from anywhere on the globe – the recent establishment of a permanent operational footprint in Vietnam is an example of this.

Indeed, the Australian rice industry should be held out as a model for the rest of Australian agribusiness; we are innovative, sustainable and research driven; we are not a commodity trader, but rather undertake value-adding to our rice through processing and packing facilities in regional areas, providing employment and a strong pride in our rural heritage; and we have a strong global presence while remaining Australian owned.

I would like to thank all the A Class and B Class shareholders that supported our move to list SunRice on the Australian Securities Exchange (ASX). The NSX served us well after we corporatised and as we built a track record of successfully expanding and diversifying the business to the benefit of both our growers (through higher paddy prices) and investors (through share price appreciation and increasing dividends). The move to the ASX provides SunRice with better future access to equity capital in order to fund the growth ambitions outlined in the 2022 Growth Strategy.

I look forward to sharing the journey ahead with my fellow rice growers, shareholders and employees.

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Turning to Board matters, I would like to acknowledge Leigh Vial, who along with me, has been re-elected to the Board of SunRice as a Grower Director. We are delighted to have your commitment and energy for another four-year term.

Today we also welcome Jeremy Morton and Julian Zanatta as Grower Directors.

You undoubtedly share our deep commitment to and passion for a strong SunRice and a strong Australian rice industry and we look forward to having you officially join the Board.

I'd like to now give a short introduction about each of our new Grower Directors, though I am sure most of you here today would know them quite well.

Jeremy is the current President of the RGA, a position he has held since 2015, and brings more than 30 years of experience of growing rice at Moulamein. Jeremy is a graduate of the Australian Rural Leadership Program and the Australian Institute of Company Directors' Course.

Julian is a rice grower from Benerembah, in the northern part of the Murrumbidgee Valley. Julian's family started growing rice in the Deniliquin region in the early 1960s and he took over the family business when he was 15, bringing an excellent understanding of the industry.

We are pleased to have all your skillsets and knowledge on the Board.

I would also like to sincerely thank the other candidates, Warren Lang, Angela Urquhart and Rob Massina, for putting up their hands to represent the rice industry on the SunRice Board. We appreciate your commitment and support.

We also farewell two Directors today.

Mark Robertson and Glen Andreazza have chosen not to seek re-election and their terms end at the completion of the AGM.

Mark Robertson has made an outstanding contribution to SunRice over the past 23 years. He served as Deputy Chair for 12 years, was a Director of Trukai Industries Limited (PNG) for 21 years and chaired Trukai for most of that period. He was also a long-term Chair of Grower Services. Perhaps Mark's biggest contribution was being part of the committee that corporatised Ricegrowers Limited almost 14 years ago.

I would also like to acknowledge the significant contribution of Glen Andreazza. A Director since 2011, Glen held the roles of Chairman of the Safety, Health and Environment Committee and was a Member of the Grower Services Committee, as well as serving on the Finance, Risk and Audit committee.

Please join me in thanking both Mark and Glen by way of a round of applause.

Finally, I would like to acknowledge my fellow Board members for their dedication and support.

I would also like to thank our Board and our CEO Rob Gordon for leading a very dedicated, highly skilled management team and all SunRice employees for their ongoing efforts in driving the Company's Growth Strategy, which has achieved a solid result in FY19 despite several challenges.

I would also like to acknowledge the NSW Rice Marketing Board and Chair John Culleton, as well as the team at Ricegrowers' Association of Australia under the leadership of Jeremy Morton and Executive Director Graeme Kruger for representing our interests.

In closing, I'd like to thank our growers and shareholders – I look forward to working with you all as we continue to cement the Group's position as a truly international and diversified fast moving consumer goods business to the benefit of shareholders, growers and employees.

Thank you.

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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/>.