



MEDIA RELEASE

22 August 2019

SunRice Annual General Meeting:

- **All resolutions approved by shareholders**
- **2022 Growth Strategy progressing with timing adjustment made to top line growth target**
- **Expected supplement now similar to, or lower than FY17 payment**
- **FY20 Earnings Guidance to be provided in December with Half Year Results**
- **Fixed price contracts for C20 to support local supply and maintain Riverina asset utilisation**

SunRice today held its Annual General Meeting (AGM) in Jerilderie. Despite the continuing drought conditions in the Riverina, SunRice's resilience continues to be on display, with the company remaining committed to supporting the NSW rice industry and executing its 2022 Growth Strategy.

Shareholders approve all resolutions at the AGM

A Class Shareholders approved all resolutions put to today's AGM. This included adoption of the Remuneration Report for the year ended 30 April 2019, approval of changes to the Employee Share Plan to remove certain restrictions on ownership of B Class shares for employees; and the approval of an increase to the remuneration pool for non-executive directors. Shareholders also approved changes to SunRice's Constitution to allow greater flexibility for voting in future grower director elections and AGMs.

FY19 results

SunRice also presented its FY19 results for the year ended 30 April 2019, including consolidated revenue for the Group of \$1.2 billion, up 1.3 per cent on the prior year. Net Profit After Tax was \$32.8 million, which was slightly above the midpoint of guidance, although a 27 per cent decrease compared to the previous year. The Company also declared a fully franked dividend of 33 cents per B Class Share, in line with its dividend in FY18.

Looking ahead at FY20

SunRice took the opportunity to reconfirm its commitment to the 2022 Growth Strategy, with investments being made in the current period expected to deliver benefits from FY20 onwards. However, the Company noted that considering the changed conditions, including the drought in C19, and what is expected to be a subdued C20 crop based on current water allocations, the timeline to achieve its goal of doubling revenue will be impacted. Initiatives being carried out as part of the Growth Strategy will however provide greater resilience for the Group.

Shareholders were advised that the expected supplement payment, due to under recoveries in the Riverina following the low 2019 crop, was now anticipated to be similar to, or lower than, the corresponding FY17 payment. While the expected supplement, foreign exchange movements and a weak AUD will weigh against the profit result for FY20, continued solid performance in the CopRice and Riviana businesses is also expected.

Following its listing on the ASX, SunRice expects to issue earnings guidance with Half Year reporting in December. This change better aligns SunRice with peers and expectations of investors on the ASX.

C20 paddy price decision

Finally, SunRice today announced contracts for C20 of \$750 per tonne for Medium Grain Reiziq, \$950 per tonne for Koshihikari and up to \$1,500 per tonne for organic paddy. These fixed price hectare-based contracts are designed specifically to replenish paddy and seed stocks, underpin SunRice's regional milling program and assist SunRice in meeting premium demand in markets. The Board is clear this decision is in the best interests of SunRice and both A and B Class shareholders in the current environment.

Planting for the C20 crop, which will be marketed in FY21, will commence in October 2019 and will be dependent on the weather outlook for the Riverina. Should the dry conditions currently experienced continue up to that time, and depending on the total volume of paddy secured, this could have a materially negative impact on the SunRice Group in FY21. The current expectation is that if such conditions continue, a paddy price supplement may also be likely in FY21. This impact will only be quantifiable when water availability is firmed up closer to the October 2019 planting window and once the size of the C20 crop can be estimated more reliably.

Commenting at the Annual General Meeting, SunRice CEO, Mr Rob Gordon, said:

"Current drought, water allocations and pricing continue to negatively impact the rice industry and SunRice's operations in the Riverina. While growers adapt their farming mix and models in response, there is no escaping the reality of these harsh conditions.

"These challenging conditions follow the second-lowest crop on record in 2019 of 54,000 tonnes. The expected crop for C20 is not yet known, with planting to commence later in the year. However, if current seasonal conditions and poor water availability continue, it is likely to remain subdued.

"While we anticipate a loss to our Australian Rice Pool segment during the year ahead due to under recoveries, we now expect it will be similar to, or lower than that in FY17. In addition to this impact, we also expect foreign exchange movements, a weak AUD and potential changes to consumer demand in key markets to weigh against performance.

"Conversely, current positive momentum in profit businesses should continue, and we expect to see strong performance with both our CopRice and Riviana businesses during the year ahead.

"Despite obvious challenges, SunRice continues to deliver against its 2022 Growth Strategy to build a more resilient and agile company for the future. We continue to invest in the Riverina, while also building strengthened supply chains and infrastructure overseas to meet the growing demand of our customers globally.

"While SunRice has undergone significant change as a business in recent years, diversifying into new product areas and markets, our commitment to local growers and a bright future for them remains unchanged."

AGM resolution results

RESOLUTION	OUTCOME	% in favour
1. Remuneration report	Carried	80.33%
2. Remuneration of Non-executive directors	Carried	65.57%
3. Changes to the Employee Share Plan	Carried	80.47%
4. Changes to the Constitution	Carried	89.06%

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