



## NSX ANNOUNCEMENT

26 June 2014

### SUNRICE POSTS ANOTHER SOLID FINANCIAL RESULT IN FY 14

- **Consolidated revenue for the Group of \$1.151 billion.**
- **Net profit after tax of \$33.5 million.**
- **Fully franked dividend of 23.0 cents per B Class share.**
- **Final C13 paddy price of \$293.61 per tonne for medium grain (Reiziq) and \$403.61 per tonne for Koshihikari.**

Leading branded foods business SunRice today announced its financial results for the 12 months ended 30 April 2014 (FY 14), delivering another year of strong profit and increased revenue.

SunRice reported consolidated revenue for the Group of \$1.151 billion, up 7.7% compared with the same period last year. Net profit after tax was \$33.5 million, 6.4% lower than the 12 months to 30 April 2013. The company improved Return on Funds Employed (ROFE) for a fifth consecutive year, with ROFE for FY 14 of 14.1%, up 0.5% on the previous year.

SunRice also announced a final Crop Year 13 (C13) paddy price of \$293.61 per tonne for medium grain (Reiziq) and \$403.61 per tonne for Koshihikari; while announcing a fully franked dividend of 23.0 cents per share for B Class shareholders, equalling the record amount for the company set last year.

SunRice CEO Mr Rob Gordon said the full year financial performance was a pleasing result overall, particularly given the challenging operating conditions faced by the business over the past year.

“During 2013/14, the Group faced a number of significant headwinds, including volatile foreign exchange movements that affected our import businesses as well as challenges with the C13 crop, both of which impacted our financial performance.

“Despite these factors, SunRice continued to build on its strengths as a global food group, delivering on our strategy to increase share across domestic and international consumer markets; investing in product and brand innovation to attract new customers; and re-investing in capital to drive improved productivity and efficiency and reduce costs,” said Mr Gordon.

SunRice Chairman, Mr Gerry Lawson AM said SunRice’s Australian Rice Milling and Marketing business continued to perform strongly in FY 14 to provide solid returns for growers who delivered a third successive large crop since returning from drought.

“Growers responded positively to our calls for a larger crop and an increase in specialty varieties to meet changing market demand, delivering 1.16 million tonnes in C13, including an increase in Sushi varieties Koshihikari and Opus.

“Impressive year-on-year sales growth, combined with a weaker Australian dollar in the second half of the year helped to cushion the significant additional cost burden in managing the challenges with the crop. This allowed us to deliver a series of top up and early payments, and a final price of \$293.61 per tonne for C13, representing more than \$340 million in paddy payments,” continued Mr Lawson.

### **Continued improvement in sales and volumes across global consumer markets**

Mr Gordon said despite the volatile trading conditions in FY 14, SunRice continued to deliver sales volume growth in value added, branded products across its international consumer businesses.

“This included increased sales in the Middle East; further growth in Asia despite a highly price competitive market; and continued value and volume growth in the Pacific in spite of ongoing competition from the U.S. and Vietnam.”

SunRice’s international commodities business achieved growth in profits from lower volumes as the Group focused its resources on sales of branded, value-added product.

### **Building value in our domestic markets**

Domestically, in 2013/14 SunRice grew its market share and attracted new customers through ongoing product innovation, increased speed to market and significant brand investment.

“Over the past year we accelerated the launch of consumer-led innovation, which included the conversion to new upright, resealable packs across our Table rice range, as well as the launch of two new premium tiers, Health & Wellbeing and Gourmet; and tapping into the increasing demand for healthy snacks with the launch of two new wholegrain products, Mini Bites and Square Cakes.

“Supporting all of this activity was an increase in brand investment, including a successful advertising campaign which helped to ensure our products were well received by both trade customers and consumers,” added Mr Gordon.

### **Subsidiary and complementary business performance**

Despite facing challenging trading conditions in FY 14, SunRice’s subsidiary and complementary businesses continued to build for future growth while driving positive performance across specific segments and markets.

According to Mr Gordon, “CopRice maintained its impressive growth pattern, underpinned by increases in specialty sales volumes in Australia and New Zealand and improvements in bulk sales.

“The earnings performance of Riviana was significantly impacted by increasing import costs due to the rapid decline in the Australian dollar, along with rising operating costs and a competitive retail landscape. Despite these factors, Riviana secured double digit growth in its Foodservice business and achieved record market share in its core Pickled Vegetable category in the Retail business.

“SunFoods incurred further losses in 2013/14 as the business continued its journey to establish an independent position in the U.S. market. These were compounded by difficult trading conditions in U.S. tender markets. Pleasingly, a number of long term growth initiatives undertaken by SunFoods started to deliver positive results, with the Hinode brand delivering year-on-year volume growth in the U.S. Mainland,” continued Mr Gordon.

2013/14 marked another successful year for Trukai Industries, with the business achieving volume growth despite competitive pricing pressures and a weakening Kina exchange rate. The company also continued its investment to support the sustainable development of Papua New Guinea's agricultural sector. This included establishing a 100 hectare pure rice seed plantation in the Markham Valley, which will provide harvested seed to farmers across the country to generate further plantations.

### Capital re-investment program

In 2013/14, SunRice continued its substantial capital re-investment program aimed at delivering productivity and efficiency improvements and reducing costs.

"Expenditure totalling \$32 million was invested over the past year, including upgrades to core rice milling equipment, new Rice Cakes lines and an \$8.5 million project to build a new steaming and retort facility in Leeton. Capacity was also increased for CopRice through investment in new extrusion equipment," said Mr Gordon.

"These projects not only delivered immediate efficiency gains, but will ensure the Group benefits from a greater ability to process and add value to our Australian crop. Importantly, they also provide valuable new opportunities for employment and wealth creation in the regions in which we operate," he added.

### SunRice AGM

SunRice's results will be presented at the Ricegrowers Limited Annual General Meeting, to be held at 10.30am, Friday 22 August, Jerilderie Civic Hall, Jerilderie.

SunRice Group Financial Highlights	FY 14	FY 13	Y-o-Y Change
Sales revenue (\$bn)	1.151	1.068	Up 7.7%
Group net profit after tax (\$m)	33.5	35.8	Down 6.4%
Paddy price (per tonne)	\$293.61	\$317.34	Down 7.5%
Dividend (c)	23.0	23.0	No change
Earnings per share (c)	53.3	57.9	Down 7.9%
Average Gearing (%)	52	43	n/a
Year End Gearing (%)	44	61	n/a
Return on Funds Employed (%)	14.1	13.6	n/a

Note:

- FY 14 and 2013/14 relate to the financial year ended 30 April 2014
- Crop Year 13 (C13) relates to the crop harvested in 2013 and marketed in 2013/14 / FY14
- Crop Year 14 (C14) relates to the crop harvested in 2014 and marketed in 2014/15 / FY15