



## MEDIA RELEASE

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### **SunRice AGM update includes strong outlook for 2014/15:**

- **\$20 increase to the indicative C14 full year paddy price (to \$340 per tonne)**
- **10% year-on-year increase in Group profit after tax anticipated**

Leading Australian branded foods business SunRice today met with shareholders in Jerilderie for its Annual General Meeting to present the results for the 2013/14 financial year and outline a strong outlook for the future, including a progress update on the Capital Structure Review.

The company advised it was anticipating a 10% uplift in Group profit after tax year-on-year, provided current market conditions prevail. Following a strong first quarter in its pool business, it also announced a \$20 boost to the Crop Year 14 (C14) paddy price for A Class shareholders and growers. This takes the indicative full year price for the crop just harvested to at least \$340 per tonne for medium grain (Reiziq) and \$470 per tonne for Koshihikari.

#### **2013/14 – a year of building on SunRice’s strengths**

CEO Rob Gordon presented the company’s results for the 12 months ending 30 April 2014, which included a consolidated revenue for the SunRice Group of \$1.151 billion, up 7.7% on the previous year’s \$1.068 billion. Net profit after tax was \$34 million, slightly down 6.4% on last year’s \$35.8 million. SunRice paid a final Crop Year 13 (C13) paddy price of \$293.61 per tonne for medium grain (Reiziq) and \$403.61 per tonne for Koshihikari, down 7.5% on last year; and a fully franked dividend of 23.0 cents per B Class share, representing a payout ratio of 43%, up from 40% last year.

SunRice Chairman, Mr. Gerry Lawson AM said that 2013/14 was a year in which the company built on its strengths.

“We continued to invest in our products, our people, our operations and our brands in 2013/14 and we leveraged what were at times difficult circumstances to deliver a solid set of results.”

He added: “SunRice’s debt is the lowest it has been since April 2007, when we acquired the storage sheds. In addition, our global market share is the largest it has been in five years; we have invested \$54 million in capital improvements since the drought broke; and we are continuing to innovate and diversify to ensure resilience of SunRice’s earnings. We are well poised for future growth.”

#### **Group Strategy well advanced, with a strong outlook for 2014/15**

Mr Gordon delivered an update on the SunRice Group’s Strategy and the positive outlook for 2014/15.

“This past year has seen us make good progress on the Group Strategy, with revenue uplifts in all of our profit businesses and substantial investment undertaken to position the Group for the future. This includes our pending acquisition of the Blue Ribbon Rice Group’s rice milling assets, which is subject to ACCC clearance,” he said.

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“In line with our long term strategic aspirations, we are targeting Group revenue approaching \$2 billion over the duration of the strategic plan, a return on funds employed of more than 15%, and paddy returns that compel our A Class shareholders and growers to deliver us future crops of at least 950,000 tonnes to meet market demand.

“SunRice and the rice industry is in an exciting period, with opportunities to continue to build presence in high growth consumer markets and in premiumisation across commodity markets.”

Mr Gordon added that there was significant potential to expand the Group’s profit businesses, however “access to capital was critical to realising these outcomes and others.”

### **Capital Structure Review update**

Attendees at the AGM were also provided with a Capital Structure Review update, with Mr Lawson noting that developing a solution to preserve the rice industry’s structure and deliver on the Review’s objectives had required significant time and investment.

“It’s important to acknowledge that what we are trying to do is very difficult. It is new and uncharted ground and as a result it is critical that we get this right,” he said.

“In line with this, we have considered, explored, refined and rejected a range of possible solutions since the Review commenced. However I’m pleased to advise that as recently as last week we have had constructive discussions which could result in a proposition being put to our shareholders.”

Mr Lawson said while there was still much work to do, the potential solution aimed to deliver on the Board’s commitment to preserve the essential elements of the industry’s structure, as it is today.

“The Board is in absolute alignment with the feedback received from our shareholders regarding preserving A Class shareholder rights, not just for a period of time, but on an ongoing basis. Preserving grower control is a non-negotiable for the Board. There is no path forward for SunRice without this in place,” he said.

“At the same time, we anticipate that any solution we bring back to shareholders will also unlock capital for growth, reduce business risk, and improve the liquidity and value of B Class Shares in line with the Review’s objectives. We look forward to sharing more when the information is available.”

Please note all resolutions passed and the AGM presentations, speeches and voting results are available on the NSX and shareholder section of the SunRice website.

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