

RGA Branch Meetings SunRice Update

**Mr. Laurie Arthur, SunRice Chairman
June 2015**



Agenda

- C14 Update
- C15 Outlook
- C16 Prospects
- Capital Structure Review Update
- Questions



C14 Update

- Continued strong performance in the second half
- Full Year result expected to be in line with previous guidance of circa 40% increase in Net Profit After Tax versus the prior year
- C14 indicative return recently increased by \$20/t to at least \$380/t for Medium Grain (Reiziq)
- This translates to higher pricing for specialty varieties, including at least \$510/t for Koshihikari
- Anticipate an increase to the final payment, subject to completion of the year end accounts



C14 Update: consumer insights driven investment delivering impressive results

- Continued strong domestic innovation program with launch of 13 new products returning growth in volume and share across all major categories:
 - Launch of Rice Chips Australia-wide opened a new segment for SunRice in the Health Food aisle of major retailers
 - New packaging and positioning initiatives in the microwave rice category
 - Continued investment in our core rice categories
 - All consumer products continued to be supported by brand investment with the 'Hundreds of grains, millions of possibilities' campaign
- Success across overseas markets:
 - Ongoing innovation in the Middle East
 - Strong gains in Asia
 - Continued strong performance in the Pacific



C15 Outlook: Our business and industry continues to be in a strong position

- We are now targeting 950,000 tonnes of rice annually and have markets available for 1.15 million tonnes
- SunRice growth strategy delivering results, maximising grower returns and enhancing shareholder value
- Continue to increase presence in domestic and international markets through innovation, combined with product mix, sales price increases and volume uplift
- Growth supported by our capital investment program of recent years
- Focus on controlling costs and driving greater efficiencies and productivity has also helped to deliver improved operating performance



C15 Outlook (cont'd)

- C15 harvest almost complete - expected to finish at circa 700,000 tonnes
- Overall strong yields (around 10.2 t/ha all regions/all varieties) with some variability resulting from the low minimum temperatures that occurred in the second half of January
- Overall stable global market conditions currently for Australian rice with positive outlook longer term
- Prospects for strong C15 indicative paddy return in the range of \$350-\$370/t for Medium Grain (Reiziq)
- Will be providing quarterly updates on the C15 price outlook - in late August, November, February and May as previously advised



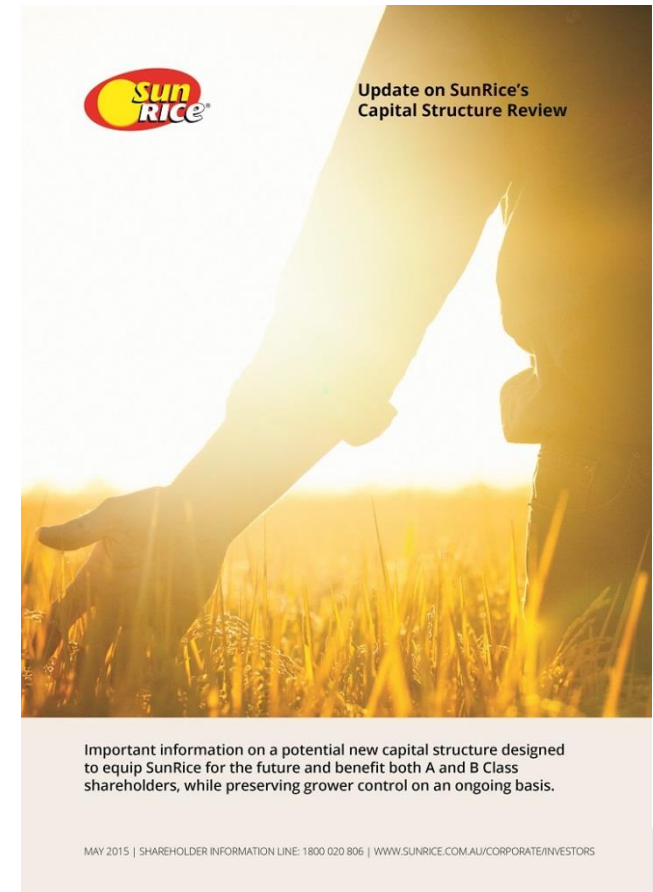
C16: Rice is an attractive prospect

- Price prospects are positive for C16 and returns per hectare and per ML should be very competitive
- Compared to other summer crops, rice:
 - Is resilient to our variable climate, as demonstrated in C14 and C15
 - Is less costly to grow and requires less capital investment
 - Is a great fit in a sustainable farming system
 - Provides predictable, reliable and safe cash flow. We are also able to utilise our competitive borrowing costs and time our payments to benefit growers
 - Allows flexibility to pay for crop inputs via a proposed new advance payment facility in development for C16, Grower Deduction Authorities and the post-harvest Early Payment Program
- Rice production is underpinned by SunRice – we always have and always will support our growers to supply the rice that SunRice needs



Capital Structure Review Update

- Initial round of shareholder and grower meetings conducted in March received a positive overall response
- The potential structure represents a significant opportunity:
 - To change the way we fund SunRice's growth
 - Build an Australian-controlled food company of scale that can more effectively compete in global markets to benefit **all** growers and shareholders
 - Importantly, it is able to deliver these outcomes while preserving the key features of our current structure, including enduring grower shareholder control
- Shareholders have been sent an Update Booklet with more detail and answering the key questions you've raised

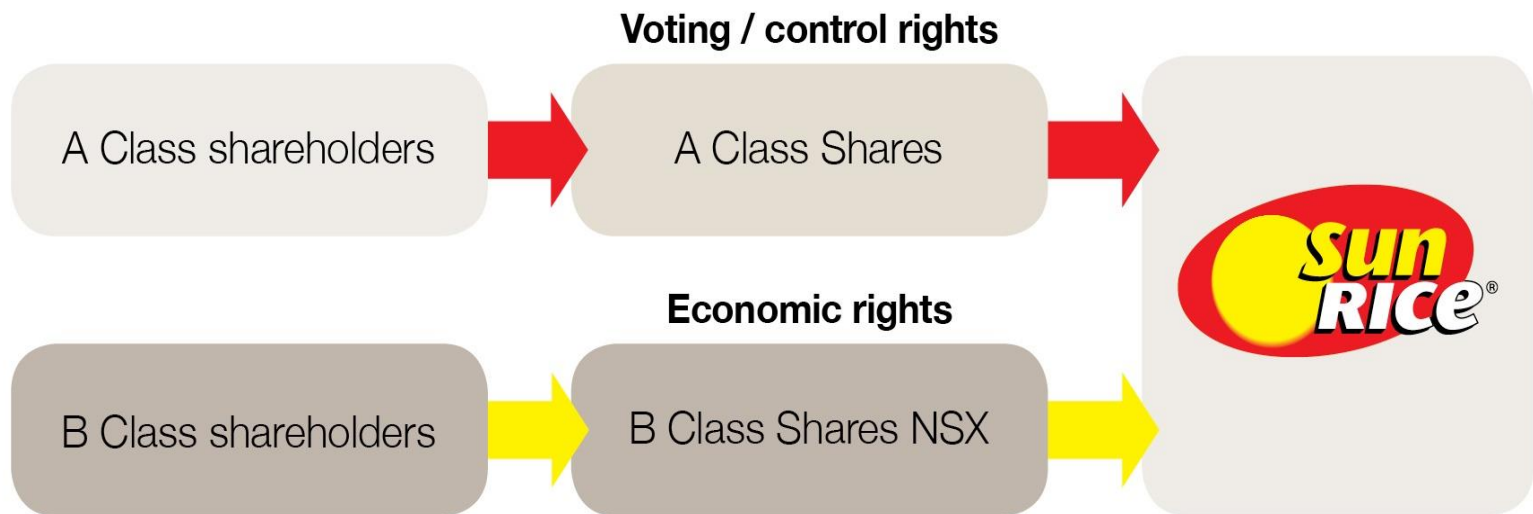


About the potential model

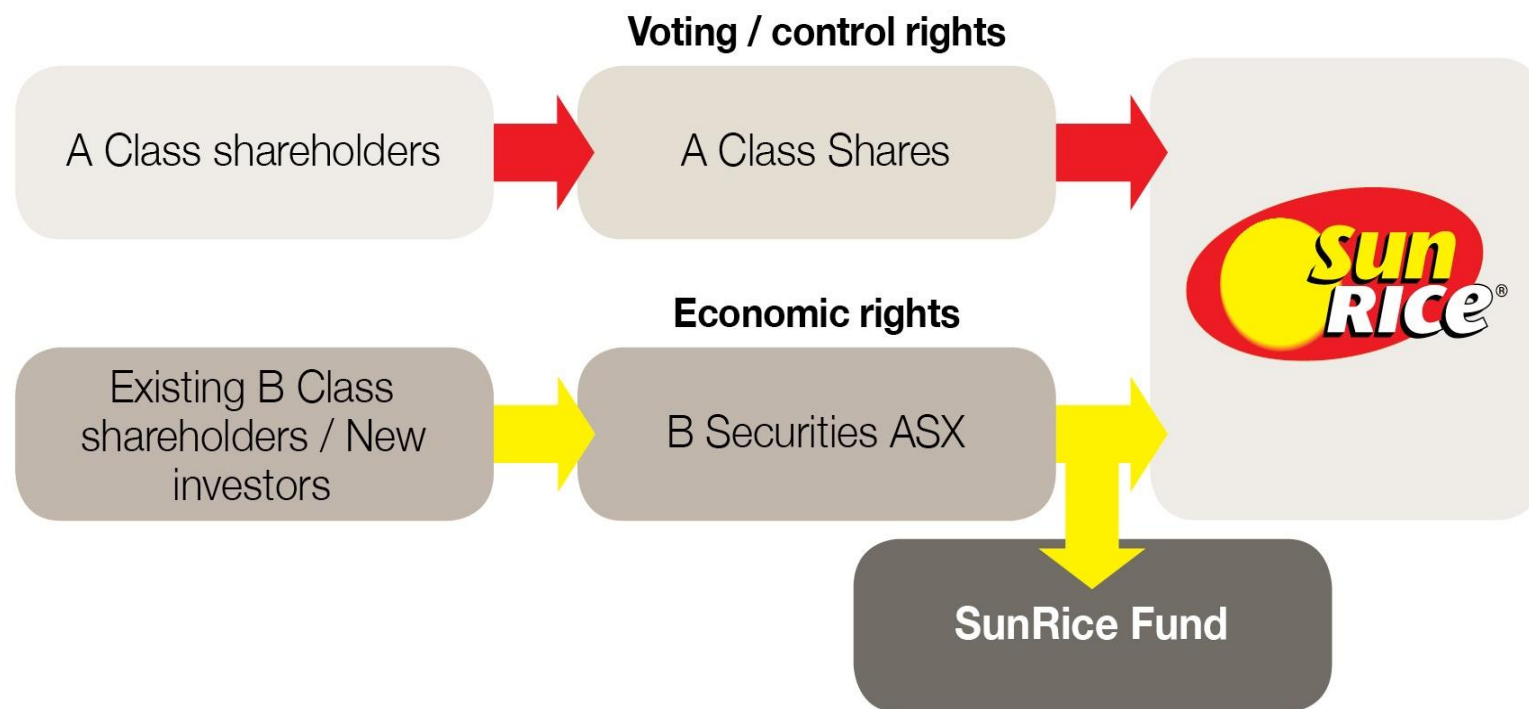
- The potential model preserves the following fundamental elements of the SunRice business:
 - The SunRice Board would continue to comprise a majority of Grower Directors
 - There would be no change to how paddy prices or dividends are determined currently, protecting both sets of shareholders' interests
 - The key features of our current structure would continue on an ongoing basis, specifically:
 - A Class shareholder control (or grower control), including a requirement that 75% of A Class shareholders vote in favour of any changes to the SunRice Constitution and approve any offers from a third party to take over SunRice
 - B Class shareholders would maintain economic rights in SunRice



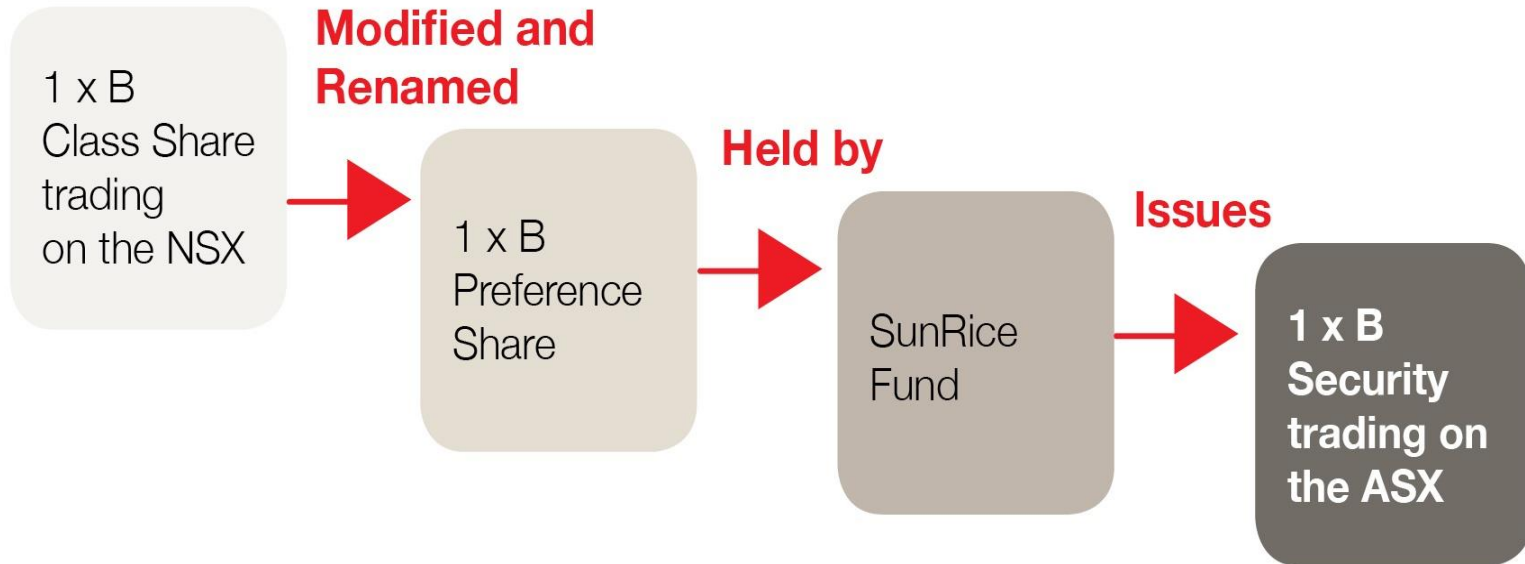
Existing structure



Potential structure



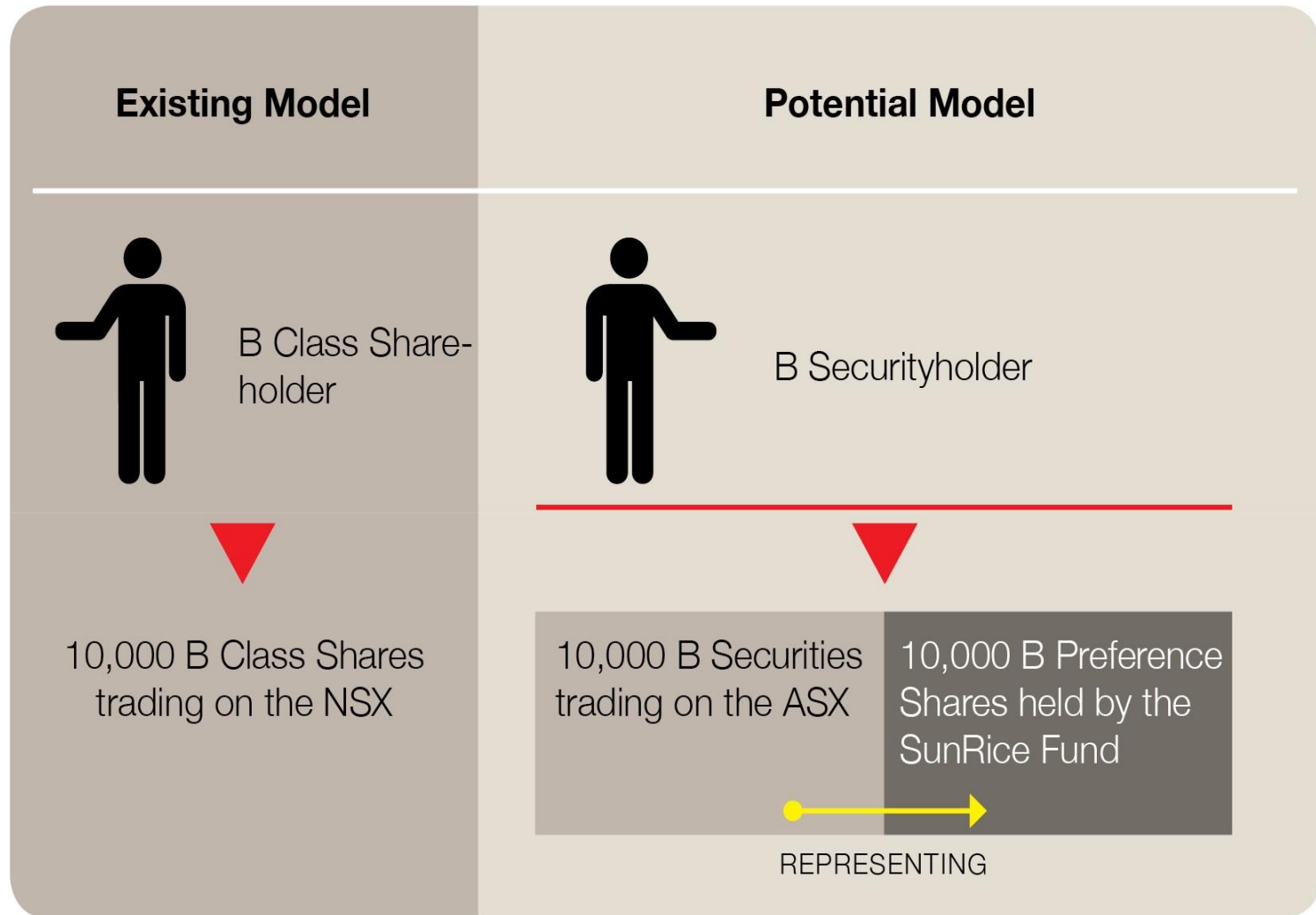
How do B Class Shares change?



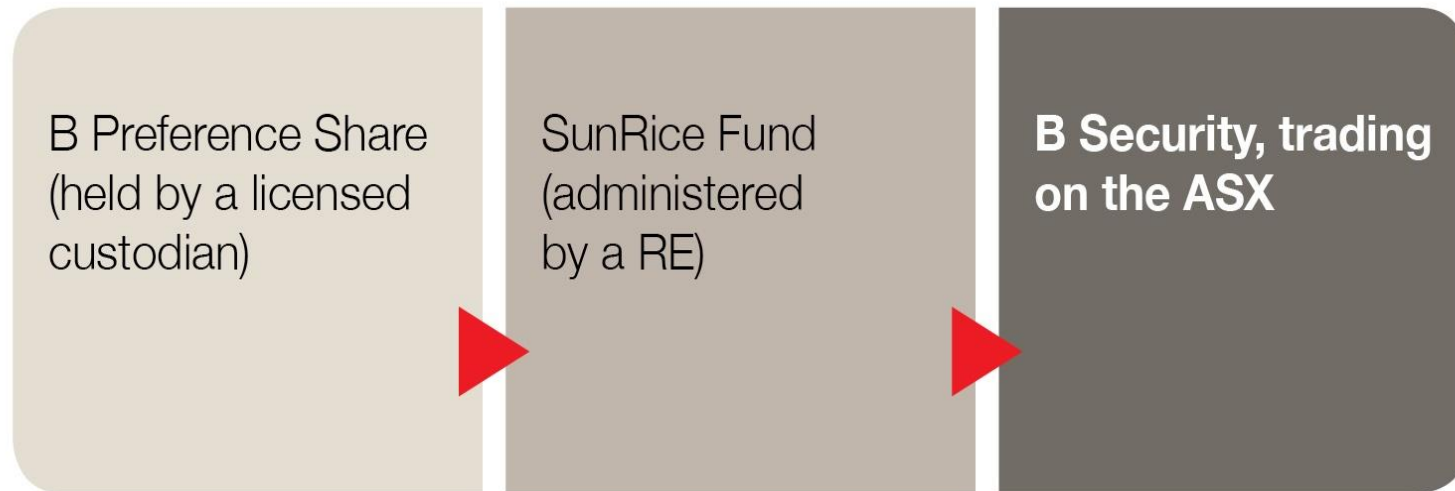
- Each B Class Share would be renamed and modified to become a B Preference Share
- Each B Preference Share would be held by the SunRice Fund
- The Fund would be listed on the ASX
- For each B Preference Share, one B Security would be issued by the Fund
- The B Securities would be able to be bought and sold on the ASX



B Class Shares vs. B Securities



What is the Fund?



- The Fund is an MIS, established as a trust
- It would be ASX listed and allow B Securities to trade freely
- Protections would be in place for securityholders and investors:
 - A Responsible Entity to administer the Fund, which would be wholly owned by SunRice
 - A licensed custodian to hold the B Preference Shares
- No change to paddy pool or dividend structures under this model



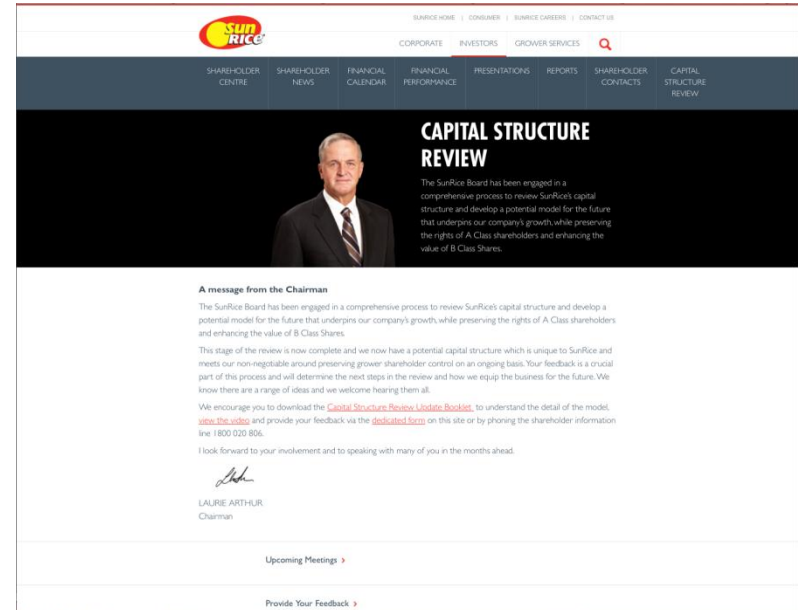
What are we trying to achieve?

- To position SunRice and our growers and shareholders for the future, while we're in a position of strength

GROWER / A CLASS SHAREHOLDER BENEFITS	INVESTOR / B CLASS SHAREHOLDER BENEFITS
If implemented, the model is expected to better enable SunRice to:	If implemented, the model is expected to:
<ul style="list-style-type: none">• Effectively compete in a dynamic global business environment, which includes increasing consolidation of food and agriculture companies	<ul style="list-style-type: none">• Potentially deliver a significant uplift in B Security price over time
<ul style="list-style-type: none">• Continue to grow demand off-shore beyond our Australian supply base, enabling us to place a larger Riverina crop or accommodate a smaller one through trading, thereby maximising Australian paddy returns in the long term	<ul style="list-style-type: none">• Increase liquidity, enabling B Class shareholders to realise their investment in SunRice when they choose to do so, whether that's selling their securities, borrowing against them or investing further in the business
<ul style="list-style-type: none">• Have the resilience to withstand future downturns in crop and economic conditions, allowing us to better manage business risk	<ul style="list-style-type: none">• Address estate planning issues

Next Steps

- The Board believes this is a strong workable model, but your input will determine the next steps in the process and whether or not it proceeds to a shareholder vote
- We urge all growers and shareholders to have your say in determining SunRice's future:
 - Access the Update Booklet, presentations, video and FAQs in the investor section of www.sunrice.com.au
 - Attend an upcoming Technical Workshop (dates to be advised)
 - Ask questions or provide feedback via the shareholder information line on 1800 020 806
 - Speak to your Directors



Questions

