



NSX ANNOUNCEMENT

29 June 2018

FY18 NPAT Achieves Guidance: Profit Rebounds

- Consolidated revenue for the Group of \$1.2 billion, up 6% year-on-year
- Net Profit after Tax (NPAT) of \$45.1 million, up 32% year-on-year
- Fully franked dividend of 33 cents per B Class share, no change year-on-year
- Final C17 full year paddy price of \$378.66 per tonne for Reiziq

SunRice today released its Financial Results for the year ended 30 April 2018 (FY18).

SunRice's consolidated revenue for the Group in FY18 was \$1.2 billion, a 6% increase compared to the previous year (FY17) and Net profit After Tax (NPAT) was \$45.1 million, a 32% increase compared to the previous year. Financial results were driven by a combination of several factors that included: the largest Riverina rice crop in three years; ongoing success of selling premium Riverina rice into high returning markets and sourcing rice offshore to satisfy demand in lower returning markets; a rebound in medium grain rice prices following a 10-year low; and a recovery in profitability experienced by Trukai, CopRice and Riviana.

Commenting on the FY18 financial results, SunRice CEO, Mr Rob Gordon, said:

"SunRice has performed strongly through the commodity cycle with an immediate return to profit growth. Having demonstrated in FY17 that the business has the strength, resilience and flexibility to weather cyclical commodity downturns, FY18 was characterised by rebounding profitability and reinvigorated growth across the Group.

"SunRice's international sourcing capabilities continued to allow the business to meet expanding demand for our products. Having maintained access to key premium markets in FY17 despite the lower Australian crop, international sourcing enabled the swift return of Riverina rice into these markets.

"Growth trends also returned to our Profit Businesses. CopRice recovered thanks to renewed stockfeed demand; Trukai re-established profitability through recovering market share; and Riviana saw an uplift in NPBT due to the Fehlbergs acquisition and cost controls.

"SunRice is uniquely positioned for continued growth, driven by our refreshed five-year strategy, which builds on our resilience and operational strengths and focuses on how we can capitalise on global consumer food trends. This strategy has already delivered results: we established strategic partnerships with Japanese food wholesalers to deliver value-added opportunities in the market; and we introduced our unique Low GI rice to new markets to help address diabetes and obesity. We are also well advanced in securing a vertically-integrated supply chain in Vietnam.

"This is an exciting time for SunRice and the Australian rice industry, which is the cornerstone of our ongoing success. We look forward to progressing our five-year strategy as we seek to build an enduring global company to benefit generations to come."

SunRice Group Financial Highlights

	FY18	FY17	Y-o-Y*
Sales revenue (\$bn)	1.18	1.11	6%
Group net profit after tax (\$m)	45.1	34.2	32%
Paddy price Medium Grain (\$/tonne)	378.66	415.00	(9%)
Fully Franked Dividend (c)	33.0	33.0	-
Earnings per share (c)	75.9	61.3	24%
Year End Gearing (%) (debt to debt plus equity)	9	17	(47%)
Return on Capital Employed - ROCE (%)	15.1	10.3	47%

Segment Performance

	FY18 Revenue \$ million	Y-o-Y* %	FY18 NPBT \$ million	Y-o-Y* %
Rice Pool**	440	57%	- ***	-
International Rice	457	(10%)	24	(14%)
Rice Food	107	(5%)	2	(72%)
Riviana	120	(5%)	9	6%
CopRice	111	12%	5	343%
Corporate	-	-	28	8%

* Y-o-Y: Year-on-Year comparison between financial year ending 30 April 2017 (FY17) and financial year ending 30 April 2018 (FY18)

** Revenue for the Rice Pool business is presented before inter segment elimination

*** Rice Pool recorded a loss of \$32 million in FY17. In FY17, the Rice Pool paid growers a guaranteed fixed price of \$415 per tonne for medium grain (Reiziq), which was implemented to encourage rice production when water availability was low.

Rice Pool:

The larger 2017 crop drove a 57% increase in Rice Pool revenue to \$440 million in FY18**. The Rice Pool's ability to recover following the small 2016 crop and to place Riverina rice into key premium markets, highlights the importance of SunRice's global sourcing strategy of meeting demand and keeping markets open. The complementary nature of the Rice Pool and International Rice businesses continues to strengthen SunRice's ability to weather cyclical market downturns, as well as position the Company to take advantage of improving market conditions.

The strength and benefits of the Rice Pool saw a \$79 per tonne increase in the base C17 paddy price range during FY18, from \$300 per tonne when the Pool opened to \$378.66 per tonne at the close, rewarding those growers who supported the Pool in C17.

International Rice:

With international trading reduced by the larger 2017 Riverina crop being placed back into key export markets, International Rice revenue declined by 10% to \$457 million and net profit before tax (NPBT) decreased by 14% to \$24 million in FY18. SunRice exports from Vietnam are approaching 600,000 paddy tonnes equivalent a year, and we now represent over 5% of the country's rice exports.

Trukai regained momentum through repositioning price points and product quality, with the business re-establishing profitability and recovering market share. Over recent years, SunFoods has flexed supply depending on the size of the Riverina crop. While in 2016 SunFoods enabled SunRice to continue supplying Middle East markets, its supply volumes returned to more normal levels in FY18 due to the larger 2017 Riverina crop.

Rice Food:

Sales volumes and revenues for the Rice Food business remained relatively flat compared to last year, with revenue declining 5% to \$107 million and NPBT decreasing to \$2 million. The downturn in NPBT was due to a combination of unfavourable factors, including: increased competition from Vietnamese flour imports; and costs associated with the launch of Adult Mini cakes. Despite private label competition, SunRice remains the number one ranked brand by sales value in the microwave rice category in Australia, with market share growing to 50% and the category now generating almost half of this segment's sales revenue.

Riviana:

Riviana achieved a 6% NPBT increase to \$9 million primarily as a result of the Fehlbergs' acquisition, a continued focus on controlling costs and driving the sales volumes of higher quality product.

CopRice:

CopRice NPBT experienced a positive turnaround of \$7 million, with revenue increasing 12% to \$111 million. A partial recovery in the dairy industry, coupled with reduced pasture levels, increased farmer demand for supplementary stockfeed, driving a return to profitability for CopRice in FY18. A 'back to basics' focus enabled the business to also benefit from increased demand for its direct-to-farm sheep products and reinvigorated engagement with key agricultural retail partners.

Corporate:

Performance recovered positively in FY18, driven by the return of Australian rice supply to service international markets following the larger 2017 crop.

Capital Restructure

In May 2018, SunRice announced plans to move the listing of its B Class Shares from the National Stock Exchange (NSX) to the Australian Securities Exchange (ASX) to improve access to external capital and support the Company's growth strategy. If approved by shareholders, the ASX listing will remove current B Class Share ownership restrictions and the 5% shareholding cap and allow anyone to invest in SunRice B Class Shares, up to a new maximum 10% shareholding cap. This will allow the Company to take advantage of investor appetite for Australian branded FMCG and agri-stocks, while retaining its dual class structure and A Class grower shareholder control.

2018 Annual Report

SunRice also today released its 2018 Annual Report. The Annual Report will be mailed to those shareholders who elect to receive a hard copy of this document. The Annual Report is available on the SunRice website: [SunRice Reports](#)

Dividend Reinvestment Plan (DRP) and Grower Share Purchase Plan (GSPP)

The DRP and GSPP encourage grower and shareholder share ownership in SunRice. The issue price of B Class Shares under these plans has been set at \$5.71 per share for offers to be made in FY19: a 2% discount to the Volume Weighted Average Price (VWAP) calculated over the five days on which shares traded since 12 June 2018.

SunRice AGM

SunRice's results will be presented at the Riceworkers Limited Annual General Meeting, to be held at 10.30am on Thursday 20 September at Jerilderie Civic Hall, Jerilderie.

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