



NSX ANNOUNCEMENT

29 November 2018

Riverina Milling Reconfiguration

To cater for the anticipated reduced size of the 2019 rice crop due to very low water availability and high water prices, changes will be required at SunRice's Riverina milling, packing and warehouse operations over the coming eight months. The decision to reduce these operations through 2019 is necessary to ensure a competitive and sustainable business for our employees, growers, shareholders and communities.

The proposed operational changes and shift restructuring at the Deniliquin and Leeton Mills will be undertaken in a phased approach to match the production requirements created by the significantly reduced crop: the first phase will take effect from 2 January 2019 and the final phase will be effective from July/August 2019. These activities will impact operational and support roles in the Riverina. Australian Grain Storage (AGS) will also adjust their working patterns, particularly in regards to mill supply positions.

While the 2019 crop size is anticipated to be the second smallest recorded since the start of the Millennium Drought in 2003, carry over volumes will allow the continuation of a reconfigured milling programme throughout 2019. NPAT guidance for FY19 (ending 30 April 2019) remains unchanged at between \$30-35 million.

SunRice's priority at this time and throughout the process moving forward is the welfare of our employees. Our full focus now is to work closely with our impacted people to minimise the number of job losses and explore all available options with our employees and unions to retain as many people as possible. These options will include re-locating staff, job sharing and temporary leave. We are hopeful this process will result in the loss of under 100 positions.

This decision in no way reflects on the dedication or commitment of our people. We always deeply regret the departure of loyal SunRice staff, and we look forward to returning to more normal production levels in the future when we can expand the number of operations staff employed. We remain firmly committed to our Riverina operations and to remaining one of the region's largest employers.

To build SunRice's operational resilience, a key pillar of the 2022 Strategy has been to accelerate the build-out of our global supply chains. This ensures the business is well positioned to meet growing demand from our customers around the world and can mitigate against fluctuations in crop sizes during times of drought. In low Riverina crop years, SunRice can now flex its offshore supply chains to meet demand and maintain our presence in premium markets. This is an important investment to ensure the future viability of the Riverina rice industry for when normal growing conditions return.

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