



SUNRICE BUSINESS UPDATE CEO PRESENTATION



ANNUAL GENERAL MEETING

2018



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FY18 RESULTS

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Having demonstrated in FY17 that the business has the strength, resilience and flexibility to weather cyclical downturns, in FY18 profit rebounded and growth was reinvigorated

PROFIT REBOUNDS

REVENUE	\$1.18 billion	6% increase
NET PROFIT <u>BEFORE</u> TAX	\$62.9 million	56% increase
NET PROFIT <u>AFTER</u> TAX	\$45.1 million	32% increase
DIVIDEND PER B CLASS SHARE	33.0 cents	Steady <i>B Class Dividend Yield of 8.3% * Payout ratio of 43%</i>
PADDY PRICE	\$378.66 Medium Grain (Reiziq)	9% decrease

* Based on the share price of \$3.99 as at 30 April 2018



CURRENT CHALLENGES

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We are prepared for the current drought and are already implementing mitigation strategies to minimise its impacts on our operations and to protect your Company

KEY DROUGHT MITIGATION STRATEGIES

- **Adjusting CY18 crop carryover volumes**

We will carry over >225,000 tonnes to preserve paddy.

Total available paddy will be split over next two years to maintain milling program and key markets

Traded products being used to backfill markets

- **Offering further fixed price contracts to encourage rice production by providing Riverina growers with greater certainty**

\$500/tonne for Reiziq

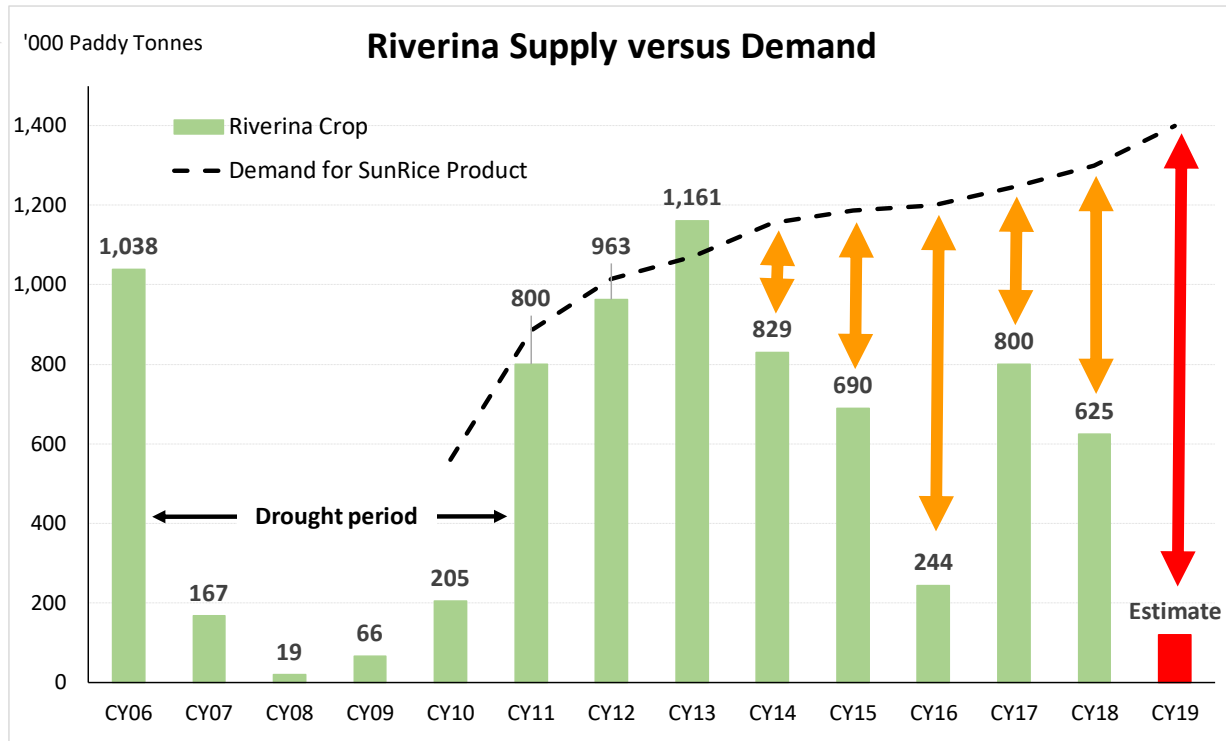
Increased prices for the contracts offered in March/April

- **Intensify international sourcing activities to meet growing demand and to keep our key markets open**

CURRENT CHALLENGES

To meet growing demand for SunRice products, over the past five years we have successfully secured international sources of supply to complement the Riverina crop

INTERNATIONAL SOURCING HAS PROTECTED OUR MARKETS



CURRENT CHALLENGES

In 2012, we successfully initiated a strategy to internationally diversify and secure rice supplies. This ensures key markets that demand Riverina rice remain open

INTERNATIONAL SOURCING CRITICAL GIVEN DROUGHT

- **Vietnamese supply chain established**

SunRice exports approaching 600,000 paddy tonnes, which represents >5% of rice exports

MOU signed with An Giang Province (access to 10,000 hectares) - hopeful of further MOUs to secure additional land in the future

Assessing expansion of in-country operational footprint to include drying, milling and packaging facilities

Variety breeding programme established and yielding results

- **Further opportunities being investigated to secure additional supply**
- **SunFoods provides hedge against Riverina drought, especially for our Middle East medium grain markets**



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FY19 OUTLOOK

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While we expect a significantly lower crop in CY19, it is too early to provide an accurate forecast of size as the planting window for rice has not yet closed

FY19 GUIDANCE

- **Currently anticipate NPAT for FY19 between \$30-\$35 million**

Prevailing conditions in Asian tender markets

PNG Kina depreciation & foreign currency liquidity conditions in PNG

Carry over adjustments to counter the lower CY19 crop will reduce brand charges associated with lower in-year sales volumes

- **Lower CY19 crop is also likely to impact on FY20 performance**

Materially reducing revenues for the Rice Pool



//////////////// **FUNDING THE FUTURE**

FUNDING THE FUTURE

Ensuring access to funding, especially during challenging times of drought and cyclical market downturns, is critical to allow SunRice to accelerate the 2022 Strategy and secure its future

WE HAVE EVERY REASON TO BE OPTIMISTIC

- **Preparing for the present drought scenario by accelerating the implementation of the 2022 Strategy**

International supply chains rapidly expanding (An Giang MOU)

Implementing a programme to improve performance across the business, particularly enabling our Riverina rice to be even more competitive in premium markets

Track record of providing more certainty for our growers through offering fixed price contracts and broader payment options

- **Customers increasingly responding to our unique offering**

A vertically integrated supply chain, with the ability to ensure a reliable, sustainable and traceable product

- **CopRice & Riviana to support growth over coming years**

FUNDING THE FUTURE

The ASX proposal will provide SunRice with funding capacity that would allow for consistent expansion, whatever conditions might prevail in the Riverina or across global rice markets

ONGOING FUNDING IS CRITICAL FOR OUR FUTURE

- Decision to move B Class Shares to the ASX, while preserving grower shareholder control, is important for our company, the Australian rice industry and growers

More so now given the current drought conditions

- 2022 Strategy is designed to improve paddy prices, further diversify the business, strengthen the balance sheet and build resilience to mitigate business risks

Including, and especially, during times of adversity like now

- No near term plans to raise \$200-\$300 million in funding

However, funding will be needed over the medium to long term in order to accelerate the 2022 Strategy

- Ongoing funding is critical to underpin our ongoing resilience, future growth and financial performance

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**“By accelerating our 2022 Strategy we
aim to increase our resilience and to
expand our markets, so that we can ensure
our Riverina growers maximise returns
when planting rice is viable again”**

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