



FY2020 Financial Results

Celebrating 70 Years Of Innovation

25 June 2020

SunRice (ASX:SGL/SGLLV)

Important notice and disclaimer

This presentation is for information purposes only. This information is given in summary form and does not purport to be complete. It should be read in conjunction with the most recent financial report and the Information Memorandum. The content of this presentation is provided as at the date of this presentation (unless otherwise stated). Reliance should not be placed on information or opinions contained in this presentation as advice to investors or potential investors and, subject to any legal obligation to do so Ricegrowers Limited (trading as SunRice) does not have any obligation to correct or update content.

This presentation does not purport to contain all information necessary to an investment decision, is not intended as investment or financial advice, is not a recommendation, offer or invitation by any person or to any person to sell or purchase securities in SunRice in any jurisdiction, and must not be relied upon as such. Any decision to buy or sell securities or other products should be made only after seeking appropriate financial advice.

This presentation is of a general nature and does not take into consideration the investment objectives, financial situation or particular needs of any particular investor.

Any investment decision should be made solely on the basis of your own enquiries. Before making an investment in SunRice, you should consider whether such an investment is appropriate to your particular investment objectives, financial situation or needs and obtain independent advice from a qualified financial adviser.

The distribution of this presentation including in jurisdictions outside Australia, may be restricted by law.

Any person who receives this presentation must seek advice on and observe any such restrictions.

To the maximum extent permitted by law, SunRice, its related corporations, directors, officers, employees or agents disclaim a liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement and whether that liability is direct, indirect or consequential) for any loss arising from this presentation or reliance on anything contained in or omitted from it or otherwise arising in connection with this (whether foreseeable or not).

All amounts are in Australian Dollars, unless otherwise stated. Certain statements in this presentation (including those that contain terms such as "believe", "estimate", "plan", "project", "target", "anticipate", "expect", "intend", "likely", "may", "will", "could" or "should") relate to the future, including forward looking statements relating to SunRice's financial position and strategy. Whilst the forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed, these forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of SunRice to be materially different from the future results, performance or achievements expressed or implied by such statements. No representation or warranty, express or implied, is made as to the fairness, accuracy, reliability, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness, fairness, accuracy, reliability, completeness or correctness of any forward-looking statements. There can be no assurance or guarantee that these forward-looking statements will be realised.

This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of SunRice is available on our website: <https://investors.sunrice.com.au/investors/>.

About SunRice's structure
The structure of SunRice contains non-standard elements including its dual class share structure comprising A Class Shares and B Class Shares.

A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on ASX and may only be held by Active Growers. The right to vote is based on one member, one vote and no person may hold more than 5 A Class Shares. In practical terms the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice's constitution.

B Class Shares are quoted on ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.

For more details of the non-standard elements of SunRice's structure see: <https://corporate.sunrice.com.au/investors/>.



70 Years of Innovation

From the entrepreneurial spirit of a group of Riverina rice growers pooling their money to fund a single rice mill in 1950, to the truly global food group we are today, SunRice's journey spans 70 years of innovation.

1880s

Introduction of rice seed into Australian gold fields by Chinese prospectors.

1920s

The Murrumbidgee Irrigation Area Ricegrowers' Co-operative Society and rice industry infrastructure are established. The Rice Marketing Board for the State of New South Wales (RMB) is later formed in 1928.

1950



The Ricegrowers' Association (RGA) Central Executive forms the Ricegrowers' Co-operative Mills Limited (hereafter, RCM), which would later become RCL and then SunRice.

1950s

Mills are built at Leeton and Coleambally, and the Co-operative launched its own branded retail pack of Sunwhite rice.

1970s

Deniliquin Mill is built and remains the largest rice mill in the Southern Hemisphere today.



1970

Trukai Industries Limited is established in Papua New Guinea (PNG) to extend markets for Riverina rice.



1977

CopRice is acquired to process and sell rice milling by-products.



1980s

Some RMB and RCM functions are amalgamated and RCM is now known as Ricegrowers' Co-operative Limited (RCL). RCL begins a program of diversification towards value added products, including rice cakes, rice bran and horticultural products.

Rice Research Australia Pty Ltd (RRAPL) is established for the purposes of carrying out rice research and development and a Rice Cakes Plant is built at Leeton to manufacture value added rice products.



1990s

Solomons Rice Company Limited (SolRice) is acquired to further expand markets for Riverina rice. A second mill opens in Deniliquin for brown rice only, which is later upgraded to a brown and white rice mill.

A new specialty rice variety, Koshihikari, is successfully developed and launched for the Japanese rice market.



1993

Riviana Foods is acquired to diversify RCL's investment portfolio, including non-rice products.

2000s

SunRice becomes the new trading name for RCL and commissions a new Rice Flour Mill at Leeton. The construction of SunRice's Specialty Rice Foods plant for microwave ready products in Leeton begins.



2005

Growers vote to change the co-operative's structure. RCL registers as a company and changes its name to Ricegrowers Limited. It later lists on the NSX in 2007.

2010s

Brandon Mill in North Queensland is acquired to supplement supply of Riverina rice. Ricegrowers Singapore Pte Ltd is incorporated to extend markets and global sourcing capabilities across Asia.

2012

SunRice hits \$1 billion in turnover in FY2012.

2016

Riviana Foods acquires Fehlbergs Fine Foods, with pickled onions representing its core business.



2018

A and B Class shareholders vote to list SunRice on the ASX in 2018, with the company being admitted to the Official List of ASX Limited in 2019.



Riviana Foods acquires Roza's Gourmet. SunRice acquires a rice processing mill in Dong Thap Province in Vietnam's Mekong Delta.

2019

CopRice acquires the assets of Australian rice bran manufacturer FeedRite to expand its pet food capabilities.

2020s

SunRice celebrates 70 years. CopRice converts Coleambally Mill into a ruminant feed mill, the largest of its kind in Australia.

Results Snapshot



SunRice's FY2020 Financial Results demonstrate the Group's continued focus on earnings diversification and resilience, as well as the agility developed in our people, supply chains and operations – **key highlights for the business include:**

Reiziq is a medium grain rice variety developed by SunRice to be grown in the temperate climate of the Riverina of New South Wales.

Crop, or C19 in this presentation, 'crop year 2019' and 'CY19' refer to rice crop harvested in 2019, but processed and marketed in FY2020.

Consolidated Group Revenue

\$1.13bn

(5%) year-on-year

Net Profit after Tax (NPAT)

\$22.7m

(31%) year-on-year

Fully franked dividend

33c per B Class share

No Change

C19 paddy price

\$500 per tonne – fixed contract (Reiziq)

Results Commentary

- Ongoing drought conditions in Australia and deteriorating conditions in key global markets, particularly in our Pacific markets, combined with a depreciating AUD provided challenging operating environment for SunRice Group during FY2020; however depreciating AUD also provided increase in sales for Rice Pool
- International sourcing capability flexed significantly during the year to offset lower Australian crop and meet growing global demand for SunRice's products, with International Rice segment absorbing overheads as a result of the 91% reduction in C19 crop
- Adaptability of Group demonstrated in response to rapidly changing conditions, however several headwinds weighed against improved year on year performance in some international operations and drove the International Rice segment into a loss position
- Continued performance delivered against Growth Strategy, despite headwinds, has delivered significant value during FY2020 with new global supply chains, innovative product offerings across multiple segments and expanded production capabilities
- Response to COVID-19 in the last two months of FY2020 has demonstrated the resilience and agility that exists across our portfolio of businesses, and highlighted the strength of the Group's existing risk management and mitigating strategies
- Despite restructure of SunRice's Riverina operations during the year in line with lower production levels, Rice Pool was unable to absorb all overheads and recorded a loss in FY2020, impacted overall Group profitability
- SunRice experienced several significant one off costs during the year associated with COVID-19 and business restructuring as a result of the lower Australian Rice Pool

Additional highlights for SunRice during FY2020 include:

Employees who understand how their work contributes to SunRice's goals

86%

Kantar TNS Brand Health Tracking ranked SunRice in the

Top 4%

of the most iconic FMCG brands in Australia

- **Brand:** Continued investment in relationships and innovation to grow brand equity globally and differentiate from competition
- **Environment:** Development of SunRice's Sustainability Strategy and the Supplier Sustainability Program
- **Governance:** Creation of frameworks to capture and track sustainability data across the Group including baselines for FY2021

Continued progress against 2022 Growth Strategy including:

- Lap Vo Mill in Vietnam achieving profitability in it's first year of operation and rice export license, further diversifying global supply sources
- New \$10 million stabilised bran plant opened in Leeton, improving efficiency and the use of valuable rice by-products for the Rice Food and CopRice segments
- Repurposing the Coleambally Mill into Australia's largest ruminant nutrition plant for less than \$3 million
- Acquiring and upgrading for a combined \$6 million the FeedRite assets to expand CopRice's pet food production capabilities
- Extension of our healthier rice-based snacks range to Rice Puffs and Rice Cracker Chips, as well as expanding our geographic footprint and utilising existing channels in the Middle East and Asia
- Continuing to build sales for our Low GI table rice in Asian markets, including Singapore and Hong Kong, as well as building momentum in Australia and New Zealand
- Launching Low GI Instant Rice cups in China focussing on hospital and on-line channels as an option for diabetics
- Commencement of a \$4.5 million upgrade to Leeton's microwave rice facilities to increase capacity and significantly improve production capabilities

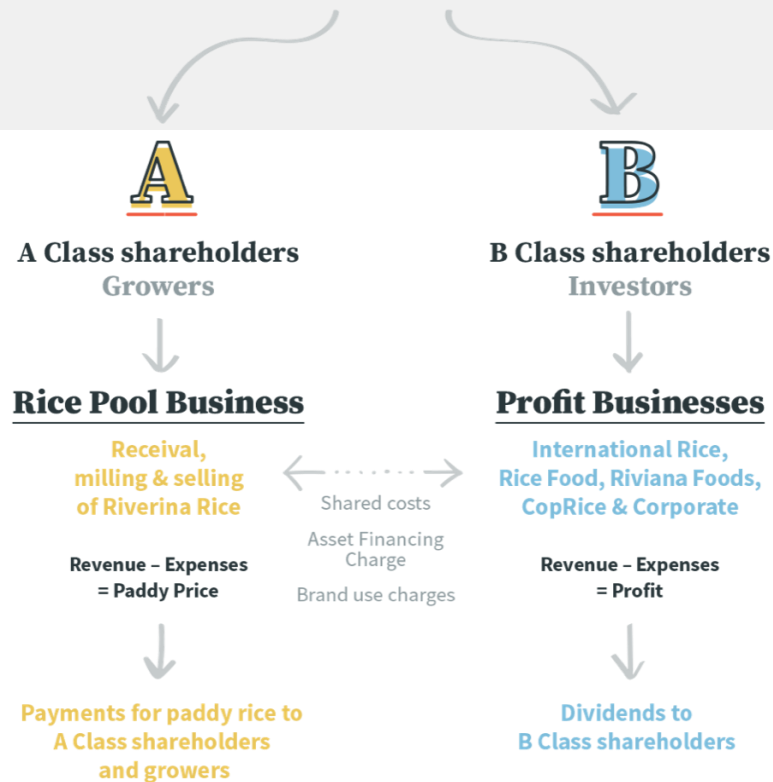
Unique and complementary corporate structure

In line with our evolution as a company, SunRice's structure protects the interests of our investors, who have the right to receive Dividends; and our Active Growers, who have control of the company.

This separation is achieved through the division of SunRice into two broad business groups – the proceeds of SunRice's **Profit Businesses** benefit our B Class shareholders and the proceeds of the **Rice Pool Business** are paid out to A Class shareholders and growers following the sale of their rice.

While separate, the two business groups complement each other, strengthening the alignment between our investors and growers.

Our objective is to optimise returns for both classes of shareholders through the complementary Rice Pool and Profit Businesses, which have mutually beneficial links and purposes



SunRice Group Segment Performance

- Agility, resilience and diversification of SunRice Group on full display during year which presented significant challenges
- Strategic expansion of supply chains allowed SunRice to backfill key markets and maintain continuity of supply during year with second lowest Australian rice crop on record* (54k tonnes)
- Prolonged drought conditions impacted demand for CopRice feed solutions as a result of de-stocking; investment in growth initiatives for the business continue in order to deliver value
- Forex impacts experienced in Riviana business, along with effects resulting from COVID-19
- Loss in Rice Pool, despite restructuring efforts in Riverina during year, impacted overall Group profitability

	Businesses	FY2020 Revenue (\$M)	Y-o-Y** %	FY2020 NPBT (\$M)	Y-o-Y** %
A Class	Rice Pool	223.2	(32%)	(4.1)	-
B Class	International Rice	531.4	10%	(1.4)	-
	Rice Food	99.6	Same	4.6	Same
	Riviana	136.6	8%	8.1	(8%)
	CopRice	139.9	(10%)	3.6	(58%)
	Corporate	-	-	18.3	(28%)

* The CY20 rice crop, at 45,000 paddy tonnes, has replaced the CY19 crop of 54,000 paddy tonnes as the second-smallest on record

** Y-o-Y: Year-on-Year comparison between financial year ending 30 April 2019 (FY2019) and financial year ending 30 April 2020 (FY2020)

Profit Businesses

International Rice

A growing global supply chain, delivering quality and sustainability.

FY2020 Revenue (\$M)

Year on Year %**

531.4 10%

FY2020 NPBT (\$M)

(1.4)

** Y-o-Y: Year-on-Year comparison between financial year ending 30 April 2019(FY2019) and financial year ending 30 April 2020 (FY2020)

Business Overview

- Primarily purchases, processes and markets rice to supply international branded markets, tender markets or other processors

Commentary

- In FY2020, SunRice brands retained their market leading positions, with the Group continuing to increase its global presence and activating new supply sources across Asia and South America
- Successful first year of operation at SunRice's Lap Vo Mill in southern Vietnam complete, with business now profitable and benefitting SunRice's value chain
- Singapore business rapidly flexed its sourcing capabilities in response to small Australian crop and growing global demand for products; however, gains in trading business were offset by margin pressure from rising global rice prices, forex movements placing lots of pressure on margins, and increased brand charge and Group overhead allocation compared to prior year
- Additionally, the Group continued to face deteriorating economic conditions in Pacific markets, compounded by aggressive competitor pricing strategies
- In response to these impacts, the Group has implemented cost saving initiatives and developed new low cost product offering to help maintain our positions



#1 rice brand in PNG and the Solomon Islands

#1 Japonica rice brand in the Middle East

#1 rice brand across 10 Pacific Island markets

Profit Businesses

Rice Food

Innovation in healthy snacking and food ingredients aligned to global food trends.

FY2020 Revenue (\$M)

Year on Year %**

99.6 No change

FY2020 NPBT (\$M)

Year on Year %**

4.6 No change

** Y-o-Y: Year-on-Year comparison between financial year ending 30 April 2019 (FY2019) and financial year ending 30 April 2020 (FY2020)

Business Overview

- Manufacturing, marketing and distribution of value-added rice-based products
- Rice cakes, snacks, rice flour, microwave rice and ready-to-go meals

Commentary

- Focus on innovation has continued across product portfolio, including launch of Low GI instant rice cups in China during the year
- Despite some impacts, SunRice retained its leading market share for microwave rice and rice cakes in Australia and New Zealand in FY2020; COVID-19 purchasing late in year helped business maintain revenues and profits in line with FY2019 levels despite significant devaluation in the AUD
- Rice Food continued to experience aggressive pricing of competitor products in FY2020, eroding both market share and margins in the ready-to-go meals and microwave rice categories
- Small Australian crop also impacted the business which in part relies on rice by-products from the Rice Pool Business; further impacts included the Australian dollar's decline against the USD affecting profitability of imported products



#1 microwave rice brand in Australia

#1 rice cakes brand in Australia and New Zealand

Profit Businesses

Riviana

Expanding our strong,
cash-generative diverse
portfolio.

FY2020 Revenue (\$M)

Year on Year %**

136.6 8%

FY2020 NPBT (\$M)

Year on Year %**

8.1 (8%)

** Y-o-Y: Year-on-Year comparison between financial year ending 30 April 2019 (FY2019) and financial year ending 30 April 2020 (FY2020)

Business Overview

- Specialty gourmet food distributor of both imported and locally manufactured goods to retail customers and food service channels

Commentary

- Riviana benefited from organic growth in most categories during FY2020, reflecting strong brand performance, particularly in Always Fresh and Fehlbbergs
- Core categories in supermarkets performed well, with strong growth across both the Pickled Vegetable and Premium Biscuits categories
- Continued benefit shown from diversification into the chilled segment via Roza's Gourmet, as well as further diversification in product mix through the launch of Roza's hemp-based sauces range and olives offering during year
- Decrease in summer holiday spending (peak time for the business) due to bushfire season was partly offset by increased COVID-19 purchasing at year end
- Conversely, COVID-19 delivered a significant contraction in Riviana's food service business after what had been strong year of growth
- Forex movements, notably AUD versus USD and Euro in last quarter increased cost of imported goods and impacted margins



#1 olives brand in Australia

#1 pickled vegetables brand in Australia

Profit Businesses

CopRice

Expanding our strong,
cash-generative
diverse portfolio.

FY2020 Revenue (\$M)

Year on Year %**

139.9 (10%)

FY2020 NPBT (\$M)

Year on Year %**

3.6 (58%)

** Y-o-Y: Year-on-Year comparison between financial year ending 30 April 2019 (FY2019) and financial year ending 30 April 2020 (FY2020)

Business Overview

- Manufacture, distribution and sales of stockfeed and companion animal products

Commentary

- While early drought conditions in FY2019 had a positive impact on sales though increased demand for supplementary feed, ongoing drought conditions in FY2020 had the reverse effect, by way of lower volumes and higher input costs for the business including commodities such as wheat and barley which could not be passed onto customers
- Sheep and beef feed categories continued to perform well above historical averages, however were down on prior year, largely due to destocking from prolonged drought
- In the agricultural retail sector, CopRice experienced solid margin growth after relaunching both the Working Dog range and a revitalised stabilised rice bran premium equine offering
- CopRice continues to pursue growth initiatives, such as the investments in the new rice bran stabilisation plant in Leeton and repurposing of the Coleambally rice mill to a ruminant feed plant; these initiatives realised incremental profit in second half of FY2020 and will contribute to a greater extent in the future once larger crop volumes return



**2019 Australian Independent
Rural Retailers National
Supplier of the Year**

**A leading supplier of third party
pet food products to grocery
and pet specialty stores**

Rice Pool Business

Rice Pool

**Supplying premium
branded Australian rice,
built on provenance and
our heritage.**

FY2020 Revenue (\$M)*

Year on Year %**

223.2 (32%)

FY2020 NPBT (\$M)

Fixed price contract C19 -
Reiziq FY20 (\$/tonne):

(4.1) 500

** Y-o-Y: Year-on-Year comparison between financial year ending 30 April 2019 (FY2019) and financial year ending 30 April 2020 (FY2020)

Crop, or C19 in this presentation, 'crop year 2019' and 'CY19' refer to rice crop harvested in 2019, but processed and marketed in FY2020.

Business Overview

- Deals with the receival, milling, marketing and selling of Riverina Rice
- Paddy Price in average year of production is calculated by aggregating all revenue from sale of Riverina rice and deducting relevant costs; fixed price contracts were offered in FY2020 to incentivise a minimum level of production and maintain baseline operations

Commentary

- Rice Pool Business was significantly impacted by ongoing drought conditions, low water availability and high-water prices, resulting in the CY19 crop becoming the second lowest on record*
- 300k paddy tonnes carried over from CY18 crop was milled during FY2020, sustaining baseline Riverina assets and assisting in absorption of overheads; crop carry over together with the surge in demand associated with COVID-19 prevented a larger loss to the Rice Pool than would have otherwise occurred
- During the year Rice Pool continued to successfully prioritise the supply of Australian rice into premium markets, securing high prices, which helped contain losses within the segment
- Despite challenging conditions linked to water availability in FY2020, including absorption of \$4.5 million in redundancy costs, investment continued in key projects within the Riverina to ensure maintenance of core facilities and our workforce to ensure the business can ramp up once conditions improve

* The CY20 rice crop, at 45,000 paddy tonnes, has replaced the CY19 crop of 54,000 paddy tonnes as the second-smallest on record

Connection with profit businesses (B Class shareholders) include:

- Contributes to Group NPBT through payments to Corporate for use of brands and assets
- Shares overheads with SunRice business



#1 rice brand in Australia
& New Zealand grocery

#1 rice brand in Australian
food service channels

Profit Businesses

Corporate

**strong portfolio of physical
and intangible assets**

FY2020 NPBT (\$M)

Year on Year %**

18.3 (28%)

Profit generated primarily from

Asset Finance Charge	\$14.6 million	Y-o-Y (13%)
Brand Charge *	\$5.7 million	Y-o-Y (34%)

* Represents amount charged to Rice Pool only

** Y-o-Y: Year-on-Year comparison between financial year ending 30 April 2019 (FY2019) and financial year ending 30 April 2020 (FY2020)

Business Overview

- Captures the income and costs of holding and financing assets that are used by both the Rice Pool Business (A Class shareholders) and Profit Businesses (B Class shareholders)
- Holds rice receival and storage facilities across the Riverina as well as rice milling and packing facilities across Australia
- Holds ~30 SunRice brands

Commentary

- Decrease in profit for FY2020 primarily driven by non-recurring costs associated with the increased level of risk due to COVID-19
- The low interest rate environment also drove down the cost of capital during the year, reducing the asset financing charges normally payable by the Rice Pool Business -> the offset of which positively contributed to the Rice Pool, helping reduce its loss



Our Approach to Sustainability

With such deep community roots, looking after the places we operate in and the environment we depend upon has never been a side business; it is our business and a huge part of SunRice's success in becoming a major global player in the FMCG sector.

Making a Difference to the Sustainability of Places and Lives

by



Making a Difference to Our Environment



Making a Difference to Our Communities



Making a Difference with Nourishing Products

through our focus areas



Agricultural Research



Wasting Nothing



Sourcing Globally



Thriving Communities



Respecting People



Employee Experiences



Nourishing Products

To address the material topics to our business



R&D and agronomics



Water management



Energy efficiency & emissions reduction



Climate change



Secure rice supply



Labour practices



Role in local economies



Anti-bribery & corruption



Workplace health & safety



Our people



Product safety & quality



Financial challenges in the supply chain

All of which deliver on

As a member of the United Nations Global Compact Network Australia, and as part of our Sustainability Charter, SunRice is guided by the 10 principles of the UN Global Compact and we continue to focus on the role SunRice can play in making a meaningful contribution to the UN Sustainable Development Goals. We have identified eight SDGs which we have made a meaningful contribution to in the year:



Continued progress with execution of 2022 Growth strategy

SunRice continued to leverage its strong balance sheet to execute our 2022 Growth Strategy in FY2020. An active capital investment program was maintained for much of the year with the pursuit of new merger and acquisition opportunities to further diversify and increase earnings, as well as a strong focus on embedding sustainability across our operations.

In the Rice Pool, Rice Food, and International Rice segments, the innovation pipeline remains strong, with the launch of several initiatives in FY2021 expected to deliver benefits across the coming year:

- Launch of SunRice's new infant range in Australia and China in late 2020 (calendar year), spanning baby rice cereal, rice puree and rice snacks;
- Continued growth of expanding rice snack portfolio through broader distribution channels internationally;
- Further strengthening and diversifying of international supply chains and infrastructure to source quality rice during a period of high demand and macroeconomic instability;
- Maintaining SunRice as the leading supplier of rice flour to food manufacturers focused on meeting demand for 'free-from' foods; and
- The upgrade of Leeton Rice Food facilities to increase capacity and significantly improve production capabilities and product innovation, which is due for completion in FY2021.

Strategic initiatives for CopRice in FY2021 include:

- Building our industry-leading animal nutrition business with initiatives spanning dairy, sheep, beef, equine and companion animals;
- Bringing 'FMCG thinking' to agriculture retail with products that cater to the whole life cycle of companion animals;
- Investment in our manufacturing processes to deliver further operational efficiencies; and
- Continuing to pursue and integrate value accretive merger and acquisition opportunities.

In Riviana Foods, strategic initiatives for FY2021 include:

- Further scaling to increase Riviana's share of the 'entertaining platter' and the premium food category in Australia;
- Growth of the Always Fresh, Fehlbergs and Roza's Gourmet brands through continual new offerings in retailers; and
- Continuing to pursue and integrate value accretive merger and acquisition opportunities.

Outlook for FY2021

The SunRice Group continues to deliver against our 2022 Growth Strategy and is focused on the further expansion and diversification of earnings.

- While the CY20 crop is lower than CY19, when coupled with crop carried over from prior years, this reduced volume of rice is expected to maintain a base milling program at the Deniliquin and Leeton mills for the foreseeable future.
- Range of factors that have the potential to impact revenue and margins in the short term continue to be closely monitored, including:
 - Rising international rice prices;
 - Fluctuating Australian dollar affecting input costs in a number of the Group segments;
 - Ongoing deteriorating economic conditions in key Pacific markets;
 - Aggressive pricing strategies from competitors;
 - Global uncertainty due to the COVID-19 pandemic; and,
 - ‘Out-of-Home’ dining channels remaining subdued, impacting Riviana’s food service business.
- In the Rice Food, Riviana Foods, CopRice and International Rice segments, the innovation pipeline remains strong, with the launch of several initiatives in FY2021 aligned with our 2022 Growth Strategy expected to deliver benefits across the coming year.
- Strategic opportunities will continue to be explored in both our CopRice and Riviana Foods segments during FY2021, including a focus on further value accretive M&A opportunities for each business.



Thank you