

# SunRice Capital Raising

June 2009



The Rice Food Experts

# Chairman's Introduction



# Agenda

- Business Update.
- Capital Raising Offer.
- Share Offer Mechanics.
- Chairman's Close.
- Questions.

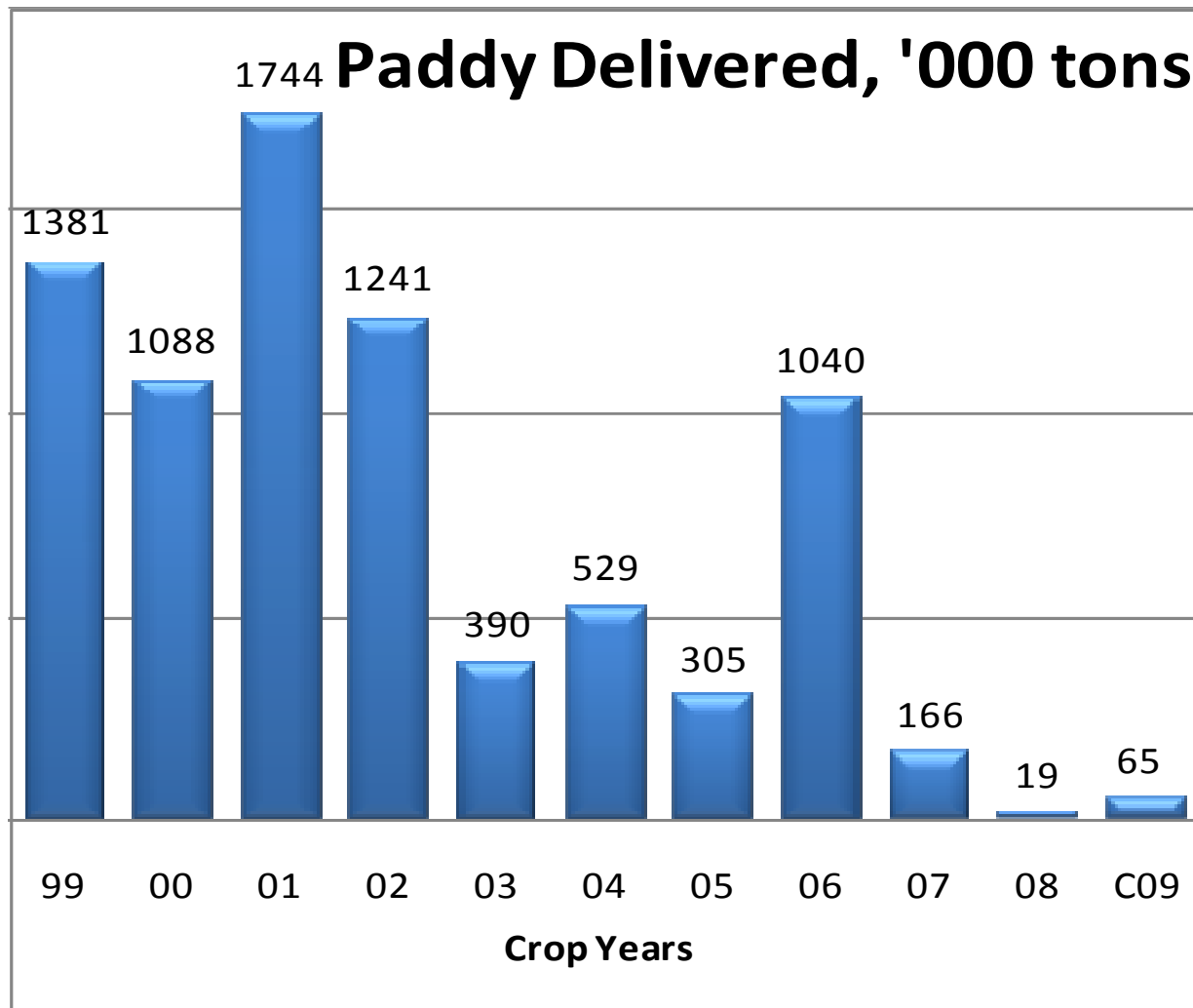
# Business Update

## Gary Helou



The Rice Food Experts

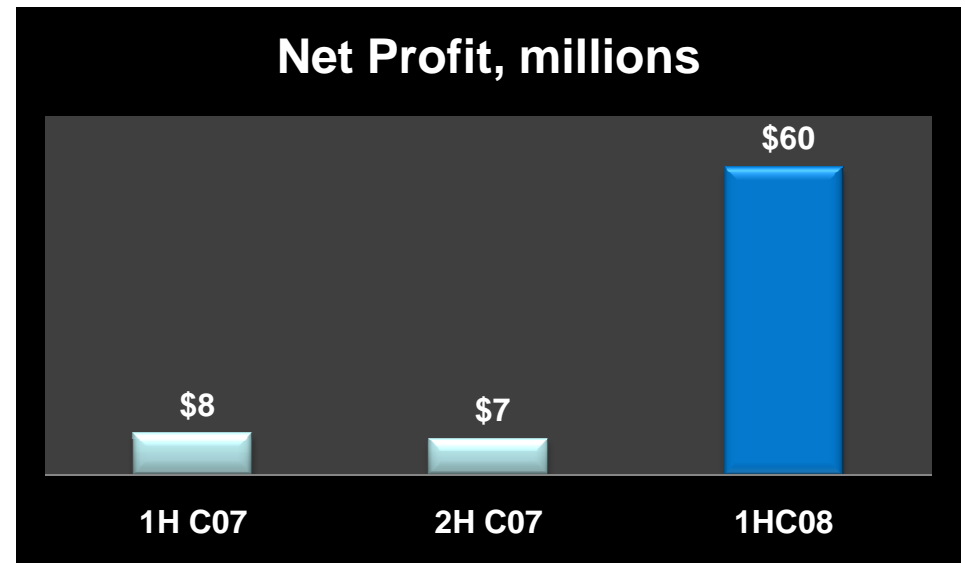
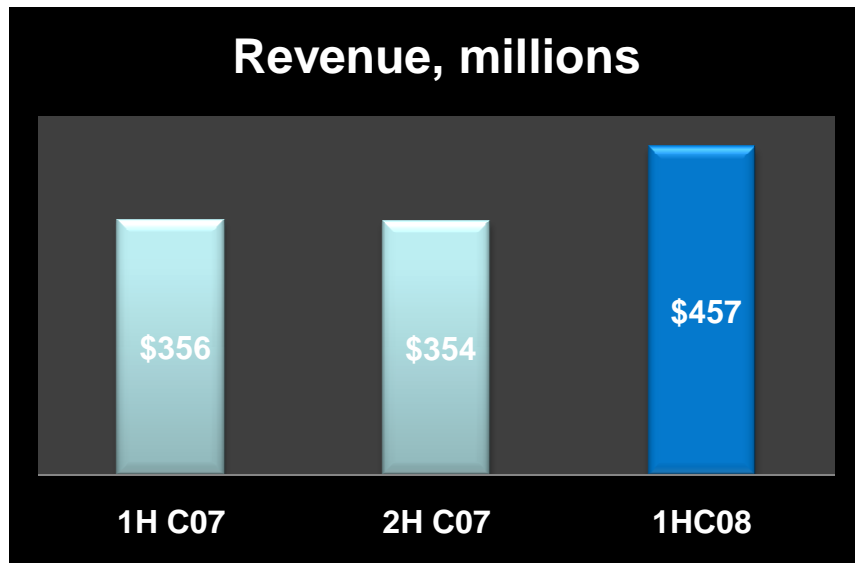
## C09 – The Riverina drought continues



The Rice Food Experts

# SunRice continues to perform very strongly.....

Half Year Group Results, May-Oct 08



## C2008 and Beyond

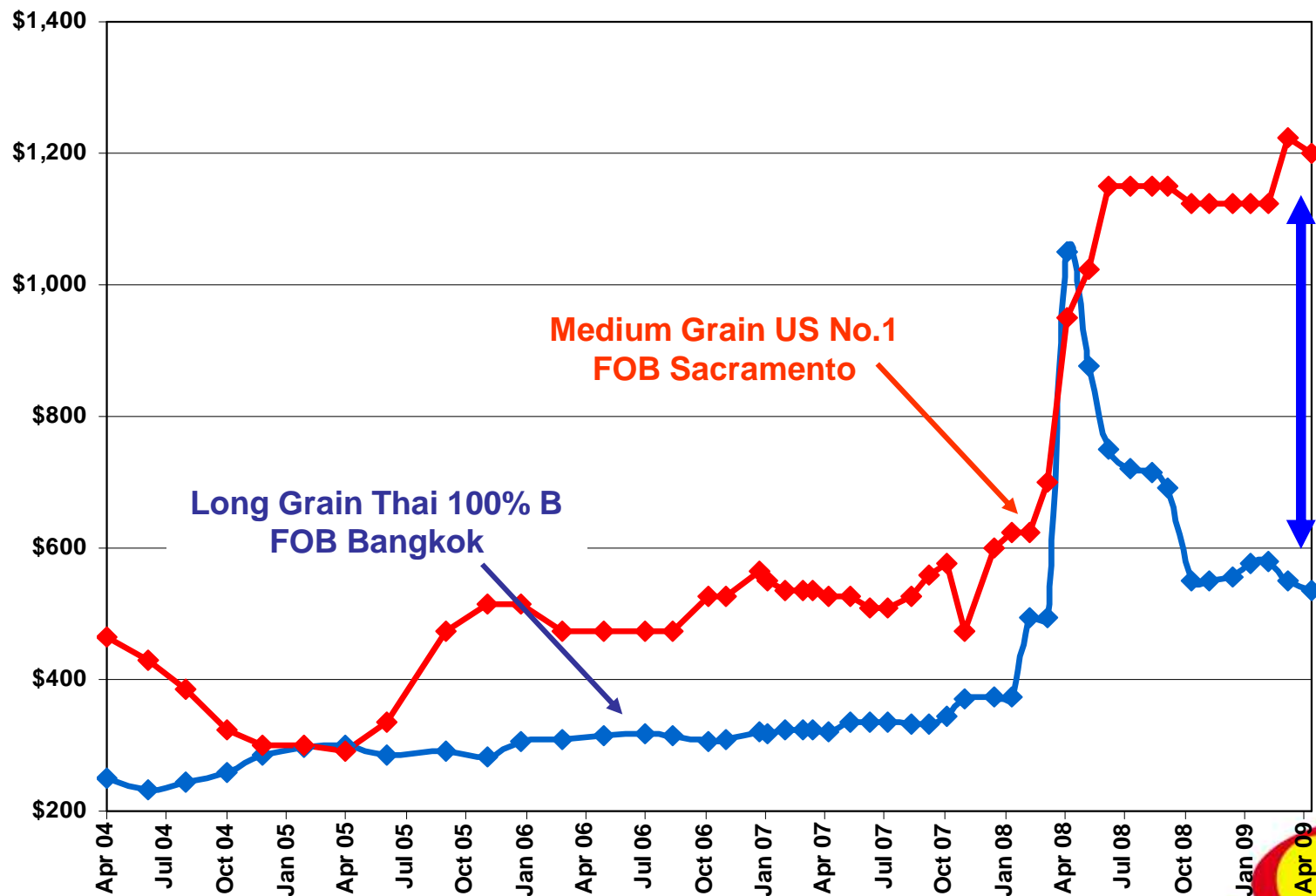
- Despite the ongoing Riverina drought, we continue to deliver strong results through:
  - Global Trading.
  - Rice Foods: Meals and Snacks.
  - Investments: Riviana and CopRice.

# Global Trading: Source of Profit and Growth

- SunRice brands are being drought-proofed
  - Flexible and global supply network.
  - Strategic Investments and Alliances:
    - US Investment: SunFoods securing supply of MG rice.
    - Supply Alliances in China, Thailand, Vietnam and Egypt.
    - Storage and Processing Assets: PNG and Aqaba Jordan.
  - Specialist Quality and Supply Chain resources deployed around the globe.



# Global Rice Markets: World medium and long grain prices



Source: Creed Reports



The Rice Food Experts

# Continued Focus on Value Add via Marketing Innovation

## Table Rice Packaging Innovation



## Ultra Convenience Meals



## Snacking



The Rice Food Experts

## Our Brands are not in drought.....

In C2008 we:

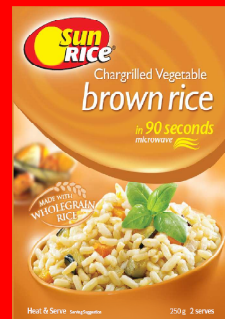
- Maintained supply of our brands in the face of extreme price and supply volatility in global rice markets.
- Upgraded Table Rice packaging.
- Executed new value-added product launches:
  - Middle East.
  - Retort family packs.
  - Ready-to-go meals.
  - Pasta and Couscous range.
- Appointed Stephanie Rice as SunRice Brand Ambassador.
- Joined UNICEF in a corporate partnership.



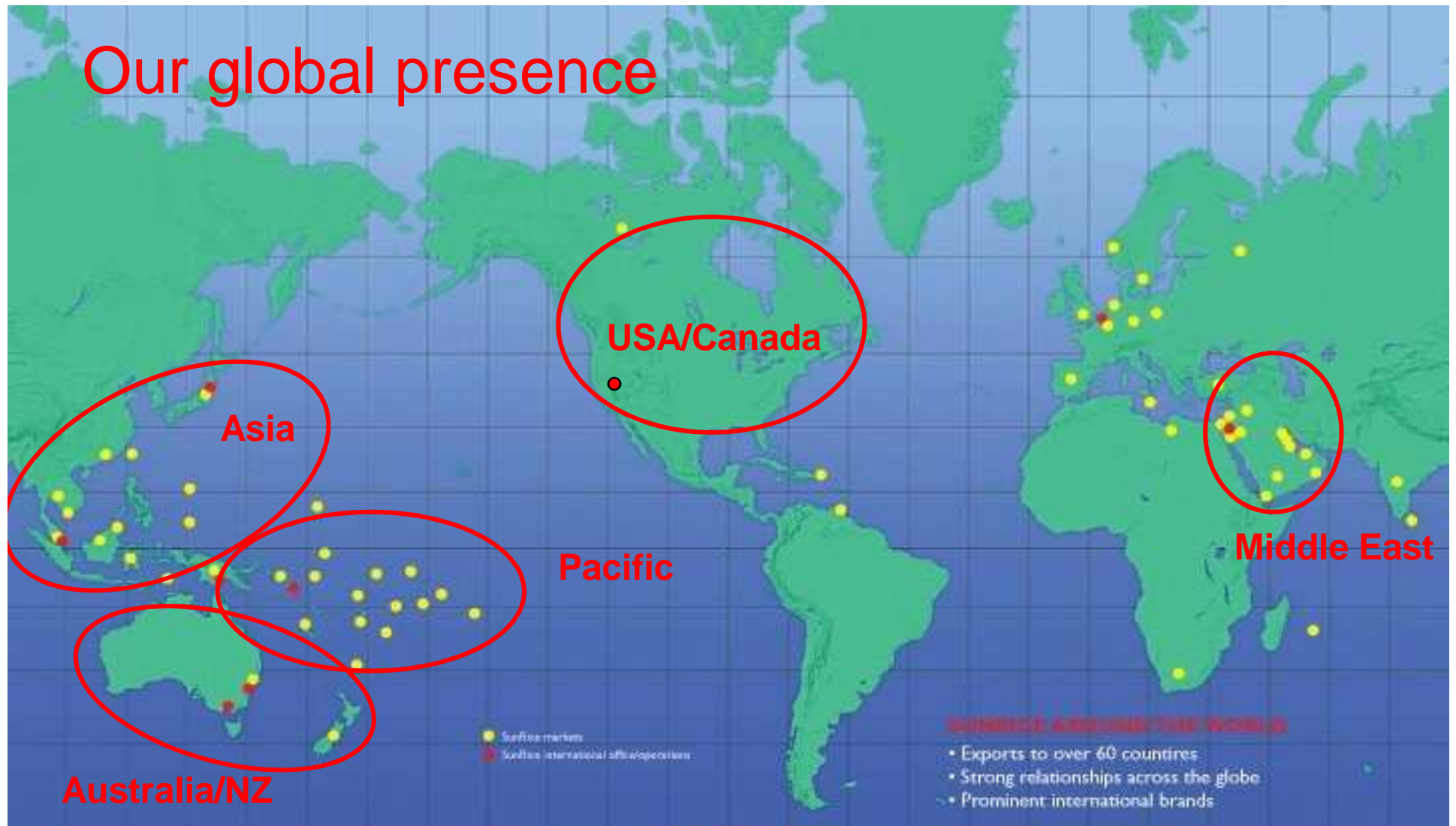


# Australian operations today

- A re-configured business structure.
- Retention of core skills and infrastructure in Australia.
- Integrated into flexible and global supply network.



# Our global presence

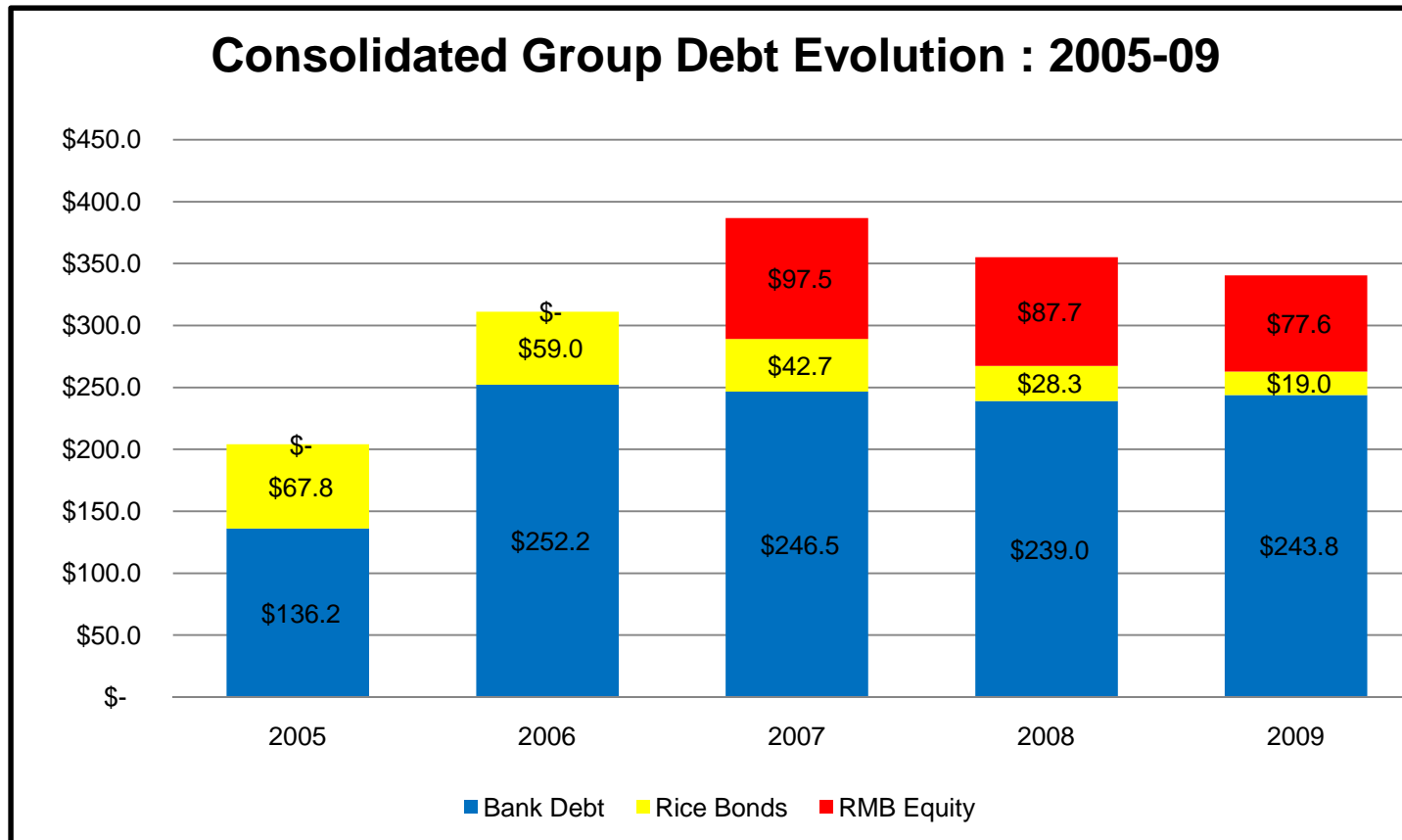




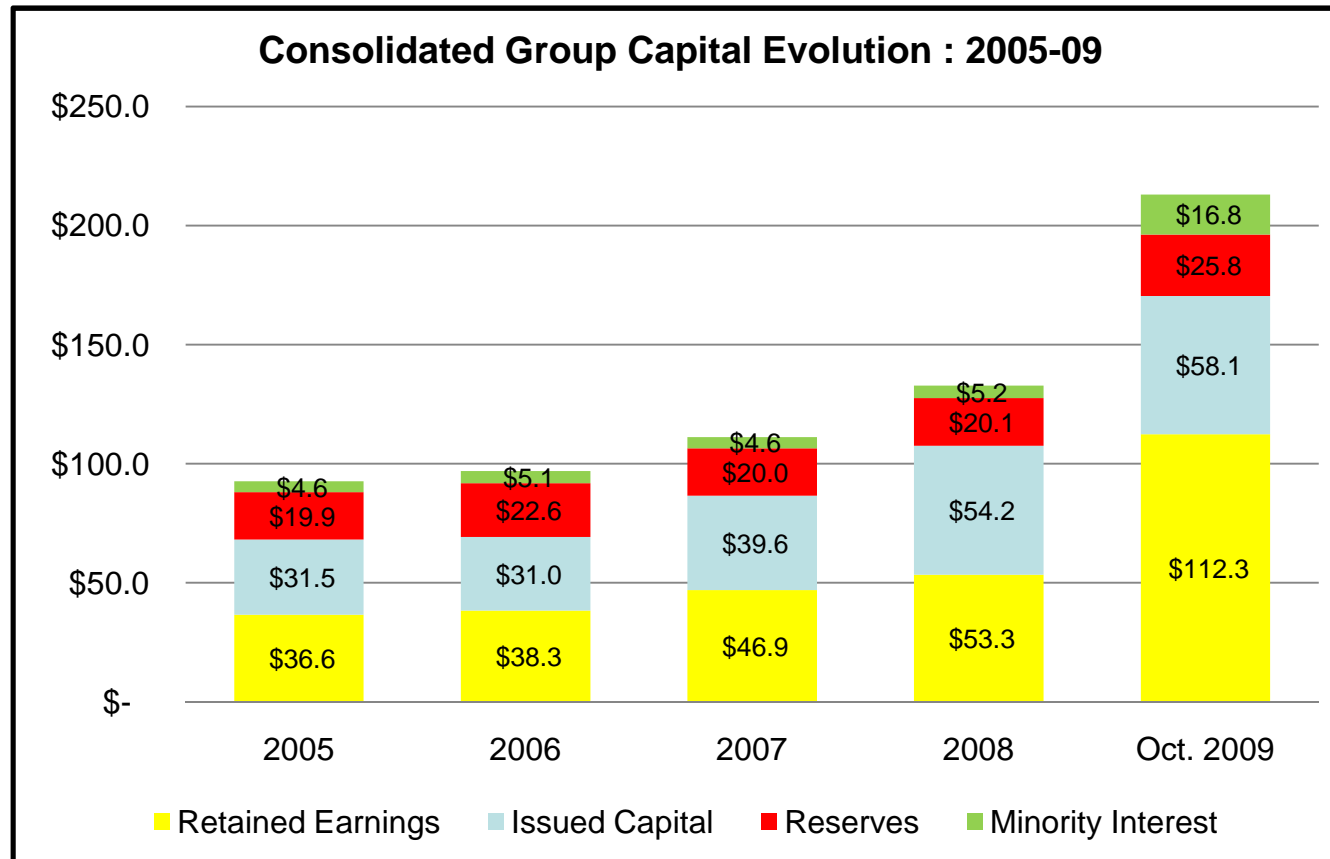
## SunRice needs to address its Capital Structure in order to fund growth ....

- It is important that SunRice develop and grow its permanent share capital base to:
  - Reduce reliance on short term funding.
  - Reduce overall debt.
  - Reduce gearing ratio.
  - Fund its growing rice and rice food businesses.
  - Capitalise on strategic investment opportunities as they arise.

# Consolidated Group Debt Evolution: 2005-09

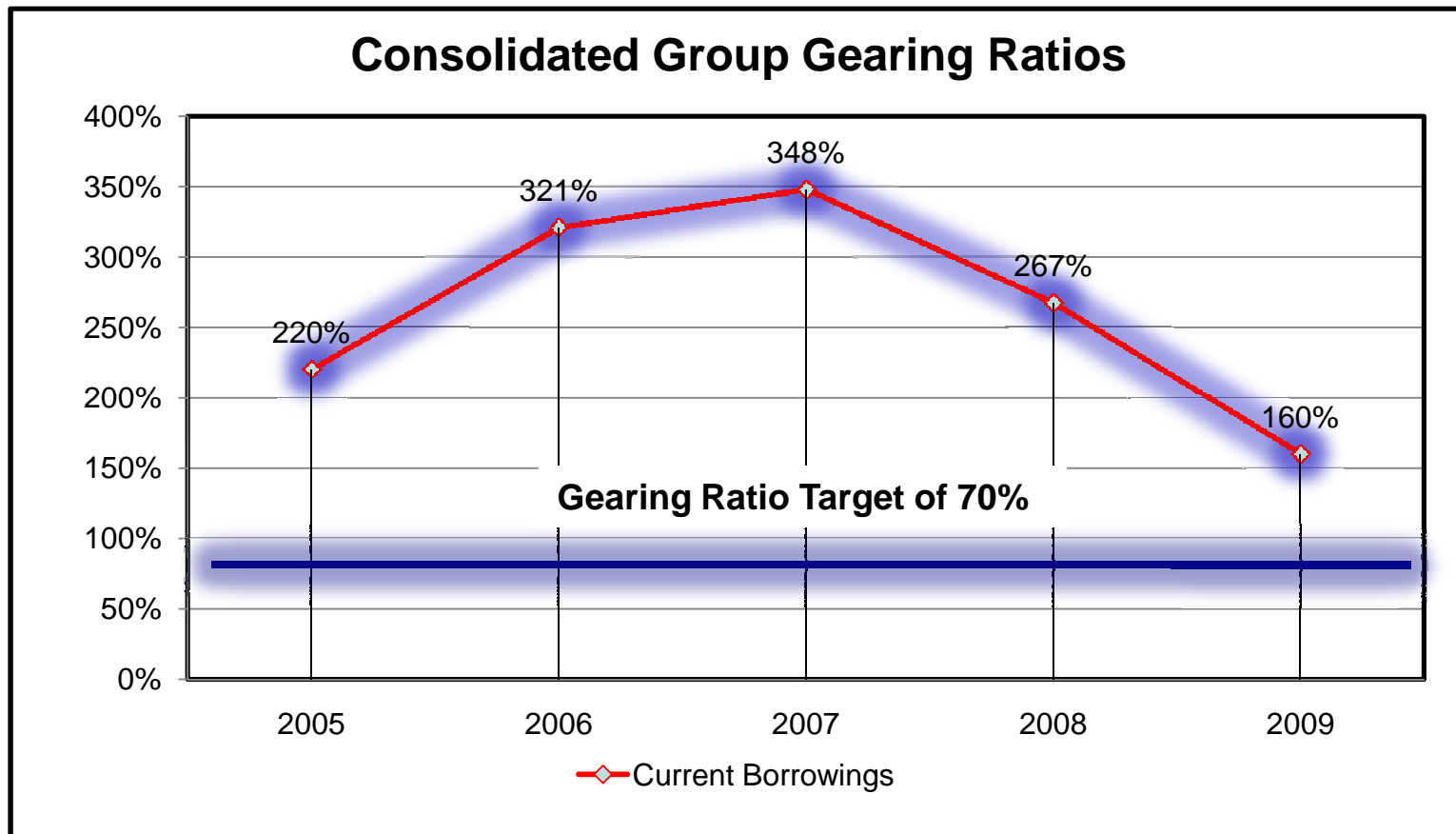


# Consolidated Group Capital Evolution: 2005-09





# Consolidated Group Gearing Ratios



# Gearing Ratio Reduction

- Gearing Ratio (Debt/Equity) is a measure of financial leverage, demonstrating the degree to which a firm's activities are funded by owner's funds versus borrowed funds. Gearing is a key financial benchmark in today's credit squeezed financial markets.
- Gearing Ratios of peer group businesses are approximately –
  - ABB: 55%
  - Graincorp: 85%
  - Goodman Fielder: 65%
  - Ridley: 30%
- Ricegrowers' targeting to reduce Gearing Ratio from 160% to 70%.
- \$100m Capital Raising and/or retention will be needed to deliver a Gearing Ratio in the range of 70%.

# Capital Raising Offer

## Grant Latta



# Capital Raising Rationale

- In the current financial climate, SunRice requires a solid base of share capital to:
  - Ensure its financial strength and stability by:
    - Reducing its reliance on short term funding and debt.
    - Improving its gearing ratio.
  - Provide the flexibility to make sound decisions and undertake long-term commitments in order to:
    - Fund its growing rice and rice food businesses.
    - Capitalise on strategic investment opportunities as they arise.

# Capital Raising Offer

- A Prospectus will reach you shortly detailing an opportunity to subscribe for B Class Shares, which can be purchased via:
  - Cash, Rice Bonds, and the RMB Equity Rollover Payment due to be paid in July 2009 (as in previous offers).
  - A new RMB Equity Conversion Offer, which enables all RMB Equity Holders to voluntarily convert **all** of their RMB Equity and receive a partial upfront cash payment, and the balance in B Class Shares.
- This is part of our five year Capital Raising Program.
- All new shares are eligible for dividends, including the fully franked dividend of 22.5 cents per share for the year ended 30 April 2009.

# RMB Equity Conversion Offer

The Prospectus is accompanied by:

- A personalised letter detailing what the offer means to you; and
- An independent expert's report, prepared by KPMG, assessing the fairness of the RMB Equity Conversion Offer.

The Offer comprises:

- A cash component, which represents 10% of all your RMB Equity, with amounts payable from 2010 discounted at the net present value rate of 9% to reflect the time value of money.
- A share component, which will see the remaining 90% of your RMB Equity used to acquire B Class Shares, at escalating share prices, based on the maturity date of your RMB Equity.

# Share Price Calculation

- Under the RMB Equity Conversion Offer, share prices will range from \$2.14 for RMB Equity maturing in 2009, through to \$3.715 for RMB Equity maturing in 2016.

Year of Maturity	Share Issue Price
2009	\$2.140
2010	\$2.365
2011	\$2.590
2012	\$2.815
2013	\$3.040
2014	\$3.265
2015	\$3.490
2016	\$3.715

## Share Price Calculation

- The annual escalation in the price of the B Class Shares reflects the time value of money, as non interest bearing RMB Equity repayable over the next 7 years is being exchanged for tradeable B Class Shares with an immediate entitlement to participate in any future dividends.
- You will note that each year the increased price per B Class Share equates to the historical dividend paid by SunRice.
- We obviously cannot guarantee future payment of dividends, but suffice to say SunRice has a good track record of paying dividends and achieving what we set out to do.



## Cash Flow Impact

- The RMB Equity Conversion Offer has been designed to ensure growers have cash flow arising from the offer in July 2009.
- This cash flow would come from:
  - The 10% cash component; and
  - The dividends you will receive from new shares.
- On average, this approximates the value of the RMB Equity Rollover payment maturing in July 2009.

# Share Offer Mechanics

Claude Cassar

# The Offer

Shares are offered for subscription by:

- Existing B Class Shareholders or their Approved Entities i.e. Super Funds; and
- RMB Equity Holders:
  - Who wish to accept the RMB Conversion Offer and convert all of their RMB Equity into B Class Shares; or
  - Who wish to acquire shares in cash, Rice Bonds and/or via their maturing 2009 RMB Equity Rollover payment.
- All shares issued will be fully paid and eligible to receive the fully franked dividend of 22.5 cents per share announced on Monday, 1 June 2009.

## Offer to Existing B Class Shareholders

For B Class Shareholders who do not participate in the RMB Equity Conversion Offer:

- The issue price of the shares will be \$2.14/share.
- Flexible Payment Options, including any combination of:
  - Cash (cheque or EFT).
  - Rice Bonds (any series).
  - RMB Equity Rollover Payment due to be paid in July 2009.
- Rice Bonds will be paid pro rata interest up until the date on which New Shares are issued.

# Existing B Class Shareholders Application and Allocation

- The Prospectus contains an Application Form which covers the use of any or all of the forms of payment previously mentioned.
- You make the selection and we will calculate the number of shares to be issued and the interest payable to you:
  - Details to be provided when shares are allotted, or
  - Discuss with Grower Services if you need assistance.

# The RMB Equity Conversion Offer

- As previously presented, the Conversion Offer has both a cash and share component.
- RMB Equity Holders who accept the Conversion Offer will acquire B Class Shares by:
- The conversion of 90% of their RMB Equity into shares in accordance with the terms of the offer.
  - The escalating price gives effect to the time value of money.
  - The prospectus covers this aspect in detail.
- Applying, at their discretion, the 10% discounted cash component to subscribe for further B Class Shares.

## RMB Equity Conversion

- If you're an RMB Equity Holder, your Application and Acceptance Form includes a calculation of the cash payment and the number of B Class Shares that you would receive if you accept the Conversion Offer.
- If you require any assistance, please contact Grower Services.

***Note: SunRice expects to send a Prospectus to shareholders in the coming week. You should consider the Prospectus before applying for B Class Shares under the Offer and all applications will need to be made on the application form in the Prospectus.***

# Chairman's Close



# Your Company. Your Future.

- This Capital Raising Offer is important to shareholders, RMB Equity Holders, and SunRice.
- The RMB Equity Conversion Offer releases non-interest bearing equity into tradeable B Class Shares, with immediate dividend entitlements, while investing in the future of our company. It delivers:
  - On average, the equivalent of RMB Equity Holders' 2009 Rollover Payment will equate to the dividend on the shares issued under the Conversion Offer and the 10% cash component.
  - A liquid instrument you can trade.
  - Access to an annual dividend stream.
  - An instrument you may be able to borrow against.
  - Ownership in the company.

## Your Company. Your Future.

- This Capital Raising Offer is important and we are seeking a strong response.
- Please read the Prospectus and consult your financial advisor before applying.
- Hear more at our Investor Road Shows, to be held at 10am in Deniliquin and 2pm in Darlington Point on 15 June 2009.
- Closing date for applications is 30 June 2009.

# Questions