

2011 RGA Annual Conference

“Meeting the Market”

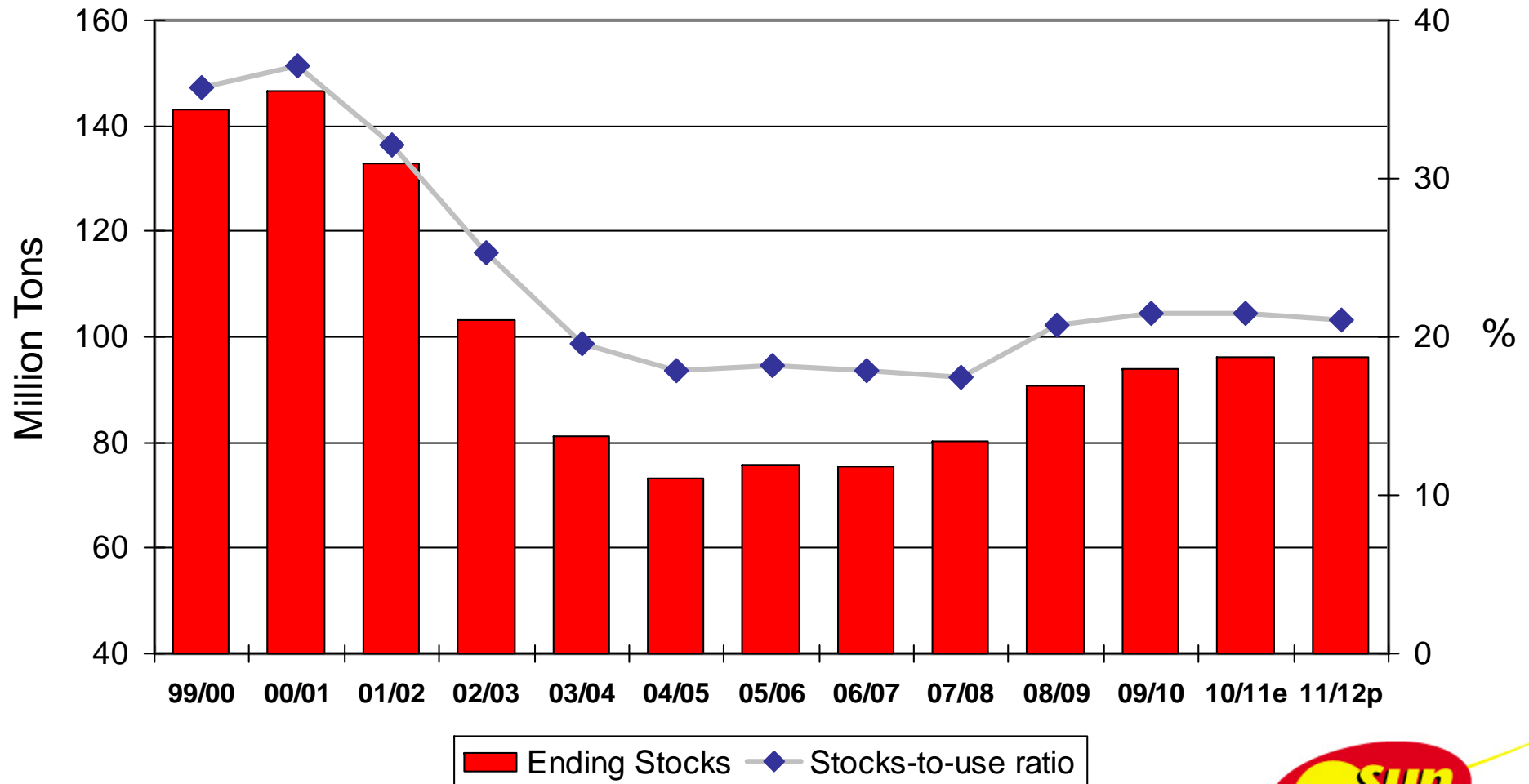
CEO Gary Helou



The Rice Food Experts

World Rice Stocks

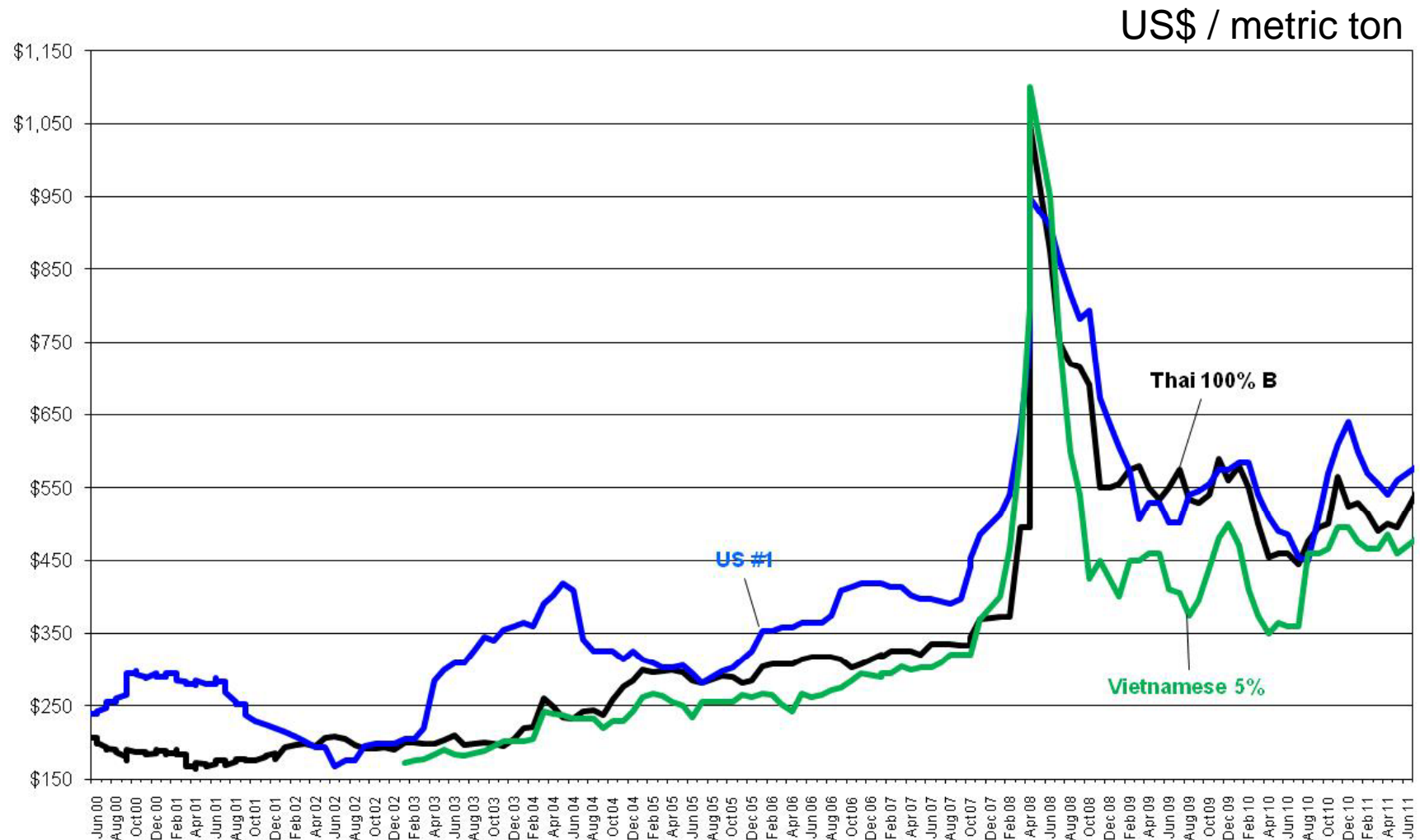
Average Global Consumption ~445 MMT



USDA WASDE July 2011 (Milled Basis)



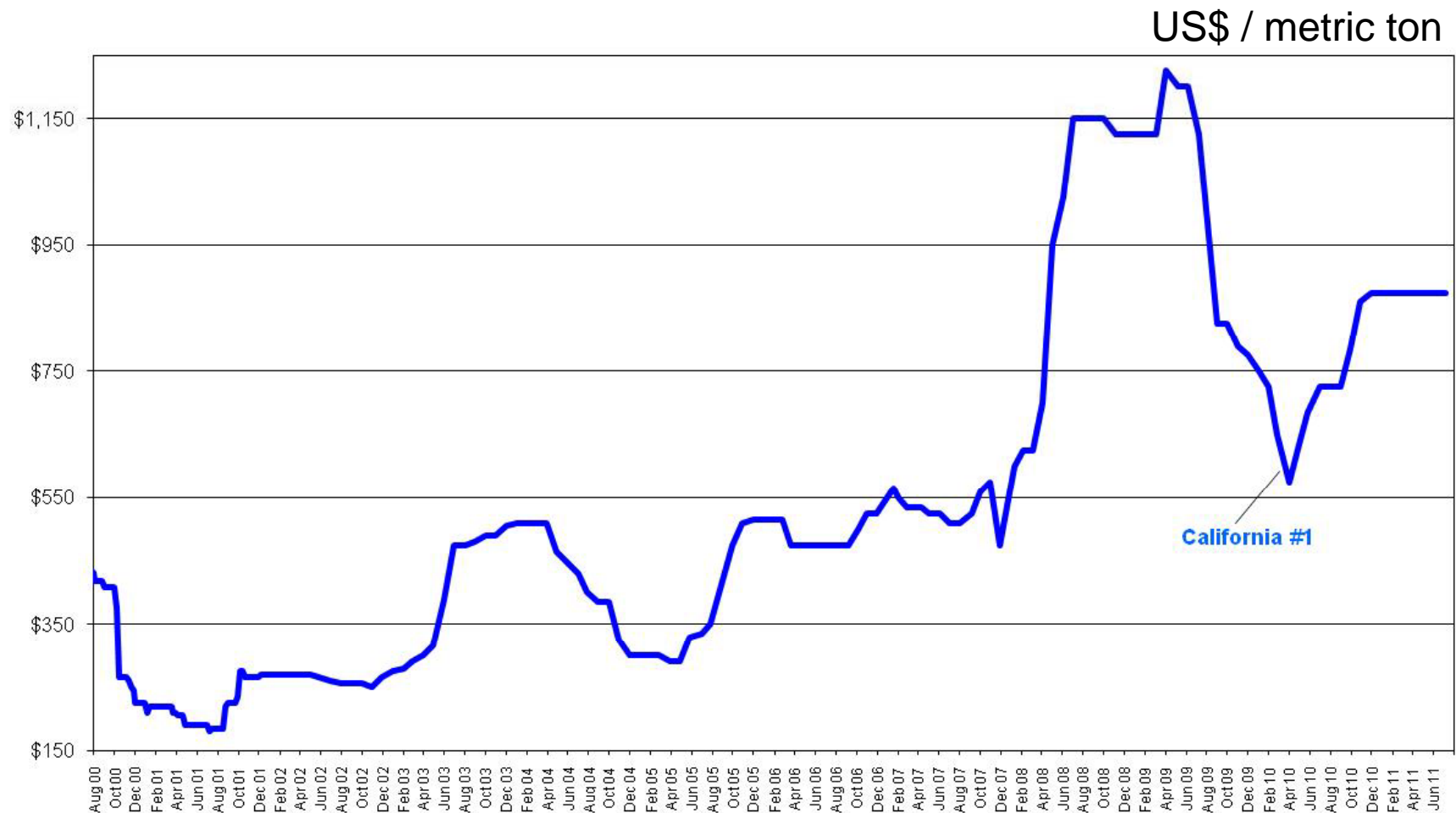
Global Long Grain Price Benchmarks



Global Factors Affecting Long Grain Rice

- Surplus rice in the world at present....but Governments are constricting world trade:
 - India has over 25 million tons of stock with a large crop to be harvested in October, but the Government is limiting exports due to concerns about domestic food inflation
 - The new Thai Government has “promised” a minimum price which could raise prices from the world’s largest exporter
- Few factors affecting global supply at present:
 - Some regions in China have had poor rainfall but offset by higher production elsewhere
 - Southern US production is 1.5 million tons below average, which is offset by higher supply from Asia and South America

Medium Grain Global Rice Price Benchmarks

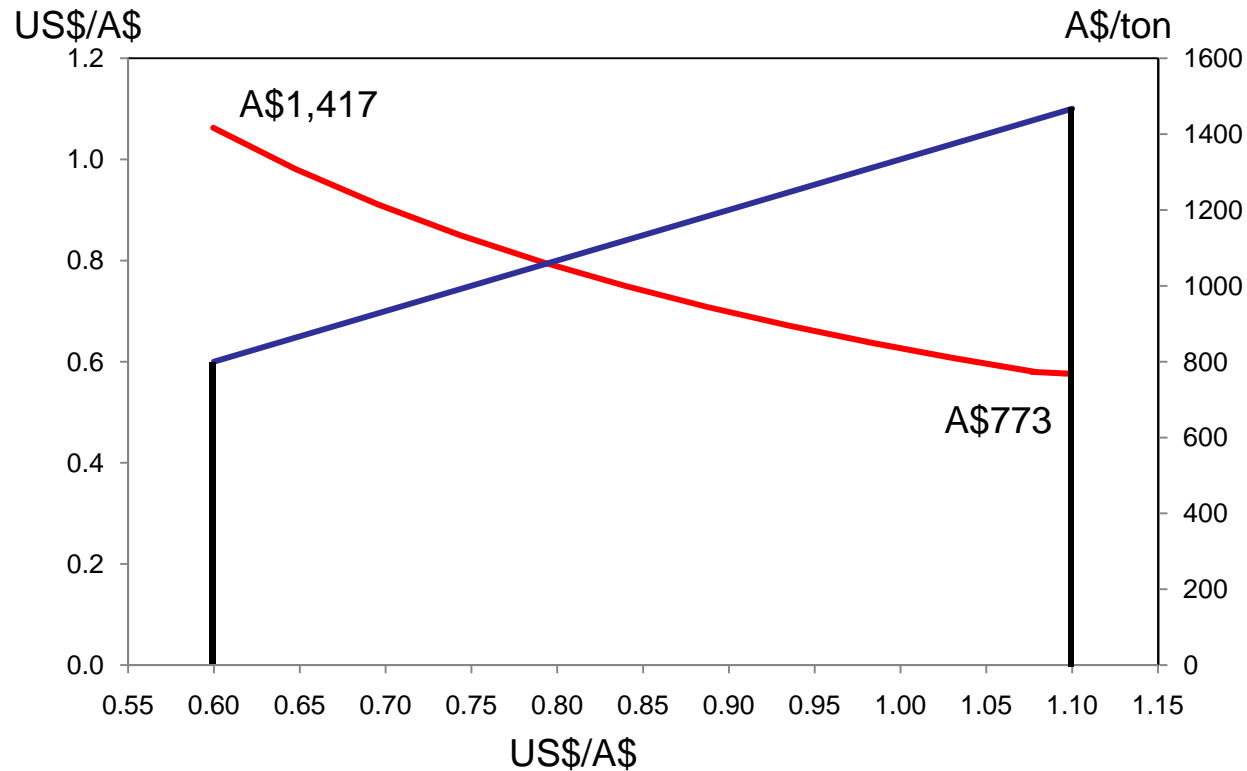


Global Factors Affecting Medium Grain Rice

- Australia and California are currently the only sources of Medium Grain in world trade:
 - China is limiting exports to key WTO markets – Japan and Korea
 - Egypt has stopped exports – the political situation will take some time to resolve
 - Upcoming crop in California is above average
 - Australian supply is back in world markets
- Australian supply is filling the gap from Egypt and China
- Prices are steady but expected to fall when the Californian crop is harvested
- The large premium over Long Grain continues to affect Medium Grain demand, with some consumers / markets switching over to cheaper Long Grain

Foreign Exchange Impact

- For example, an export selling price of US\$850 per tonne was A\$1,417 per tonne October 2008 (fx low of 0.60) and is A\$773 per tonne at an exchange rate of 1.10



Assuming the business has approximately US\$250m of exports per annum, every 1 cent increase in A\$ would reduce paddy price by A\$3.13 per tonne (assuming a crop size of 800K tonnes)

Market Challenges for SunRice

- Recover market share in traditional markets:
 - SunRice has aggressively targeted its traditional markets to recover share from California and other suppliers
 - This marketing commitment has a high cost
 - SunRice is maximising sales prior to the harvest of the new crop in California, which will create additional competition
- Support of the growers is essential to recover these markets:
 - Producing the varieties in the quantities based on market demand is critical to maximise the price
 - Early harvest helps better manage the milling and marketing program in this phase of recovery



Examples of In-Store Marketing



Examples of Outdoor Advertising



Examples of Outdoor Advertising



Success Through Market-Based Rice R&D

- Market-based varietal R&D is a critical factor in the success of SunRice and the industry
- Medium Grain markets are asking for a bolder grain:
 - A Reiziq type bold grain is competitive with Californian quality, as opposed to other MG varieties e.g. Quest/Sherpa
 - WTO markets, like Japan, require a bolder grain
- A bolder Medium Grain with cold tolerance and high yield is essential for SunRice to maximise price

	Sherpa	Reiziq
L	5.58 mm	6.16 mm
W	2.82 mm	2.82 mm
L/W	1.97	2.18

Questions



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