

2012 RGA Conference

Rob Gordon, CEO, SunRice

“The return of Australian rice to the world”

Thursday 9th August 2012



The Rice Food Experts

SunRice today

- Return of the Australian rice industry
- Global rice market challenges and opportunities
- Our strategic outlook
- Roadmap for growth



Australian rice industry recovery

- 963,000 tonnes harvested
- 11,427 truck movements in one week
- 1,500 farms



Reactivation of operations footprint

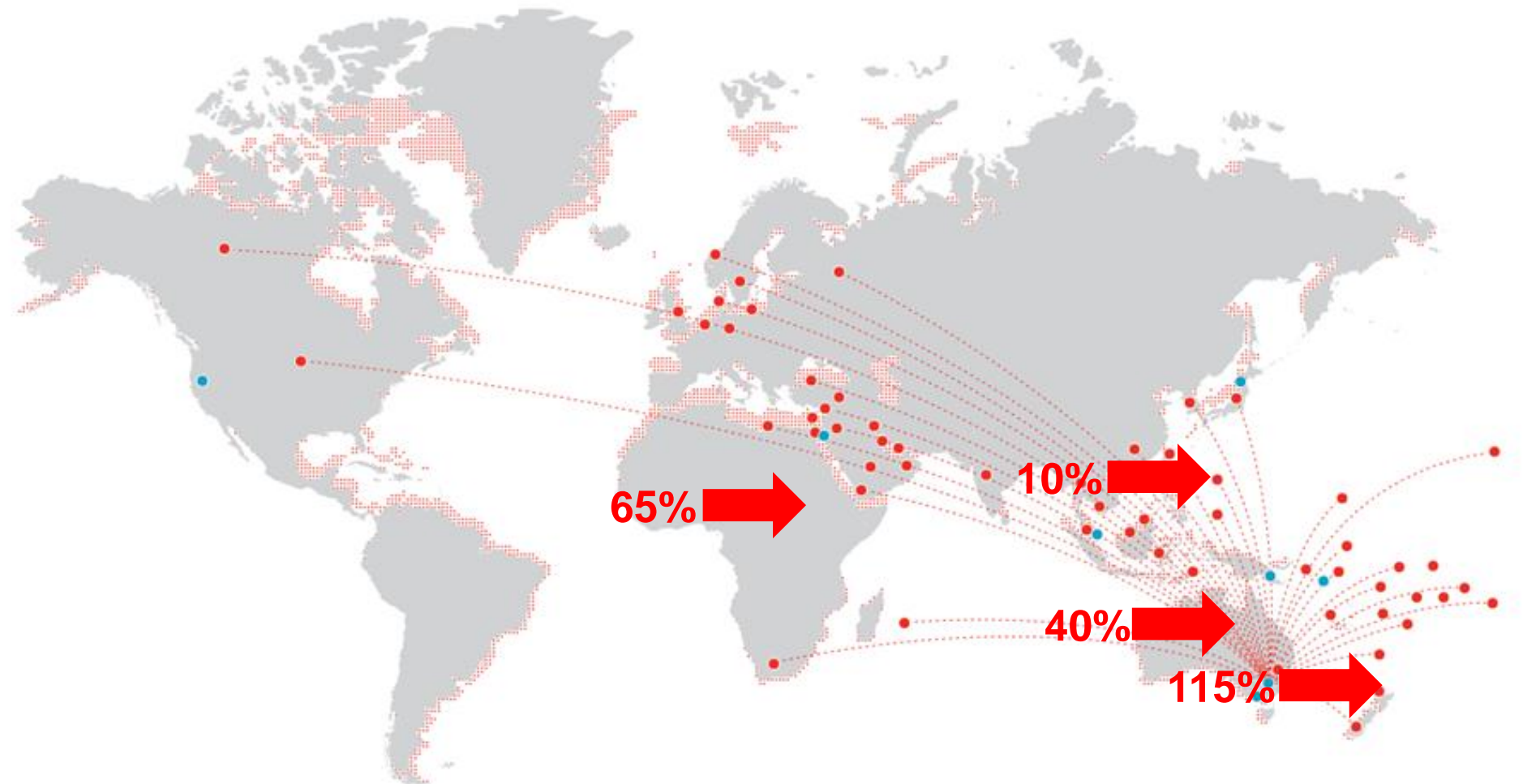
- \$2.5 million Denilquin Mill reactivation
- 450 people employed across the company
- Denilquin to Melbourne rail link re-established
- Coleambally Mill fully operational in November 2012



Returning to the world

- 8,000 tonnes sent to port weekly
- Close to 400,000 tonnes exported
- One of the top five exporters of containers through the Port of Melbourne

Outstanding export sales



Sales volume increases from 2009 –2011

Beyond re-establishment

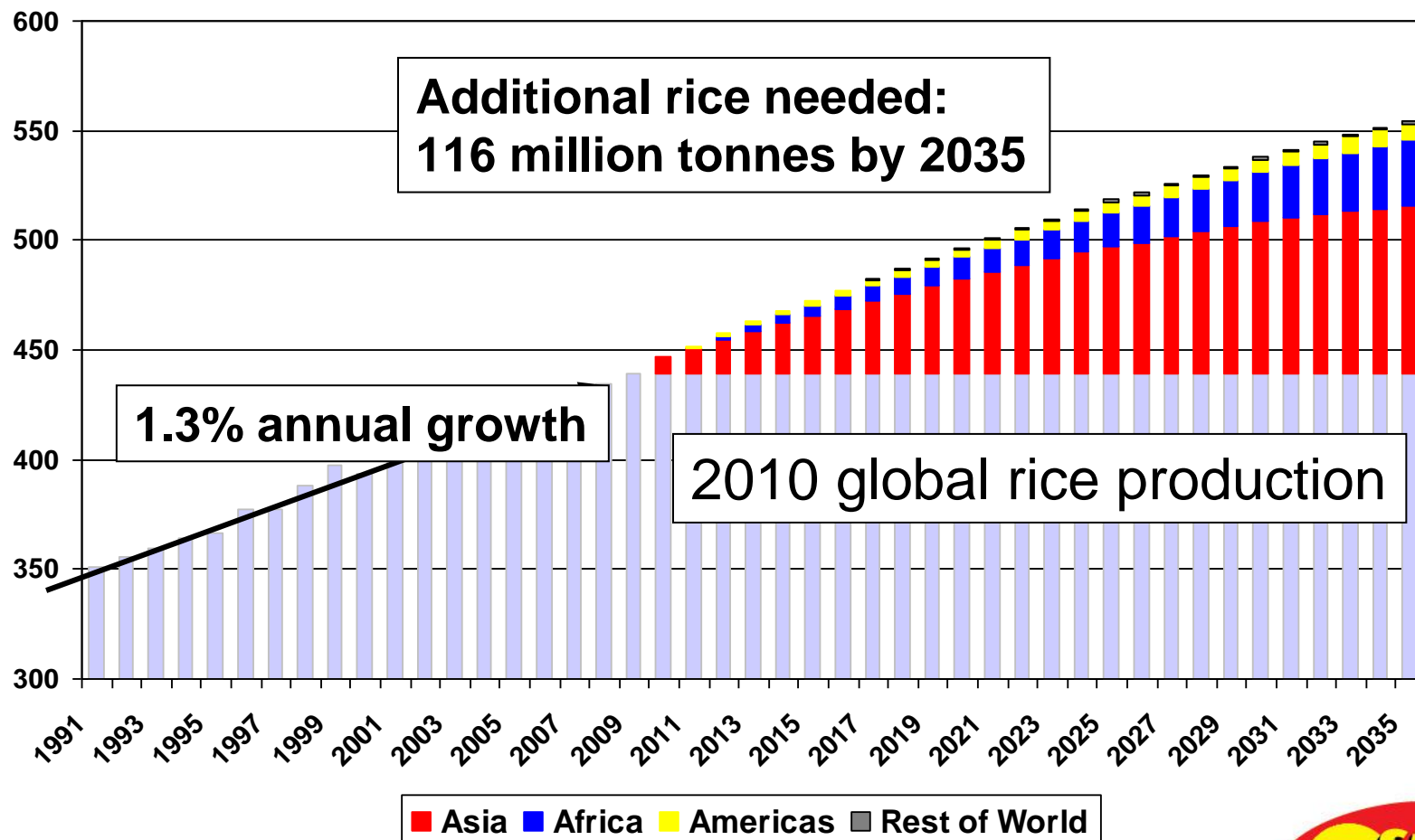


Strategic outlook



Global outlook for rice

Million tonnes milled rice



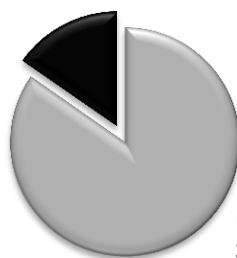
Source: USDA data, IRRI (International Rice Research Institute)
analysis July 2012

Global supply and demand

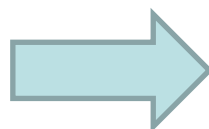
Long grain comprises 85% of total rice production and 92% of globally traded rice. Japonica comprises 15% and 8% respectively

Total World Production (464 million MT)

Japonica
71 MMT (15%)



Long Grain
393 MMT (85%)



Total Rice Exports (36 million MT)

Japonica
3 MMT (8%)

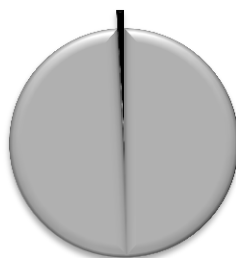


Long Grain
33 MMT (92%)

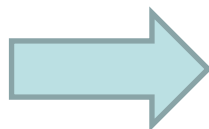
Australian rice makes up 1% of the world's Japonica production but 16% of exports

Japonica Production (71 million MT)

Australia
0.6 MMT (0.9%)



Other Producers
70 MMT (99%)



Japonica Exports (2.8 million MT)

Australia
0.45 MMT (16%)



Other Exporters
2.3 MMT (84%)

Source: USDA data July 2012, SunRice analysis
Volumes are milled tonnes (not paddy tonnes)

Emerging Japonica grain exporters

Traditional Japonica Exporters

1. US 970,000 T
2. Egypt 600,000 T (*but current ban on exports*)
3. Australia 450,000 T
4. EU 245,000 T
5. China 200,000 T
6. Japan 200,000 T
7. Russia 150,000 T
8. Turkey 75,000 T

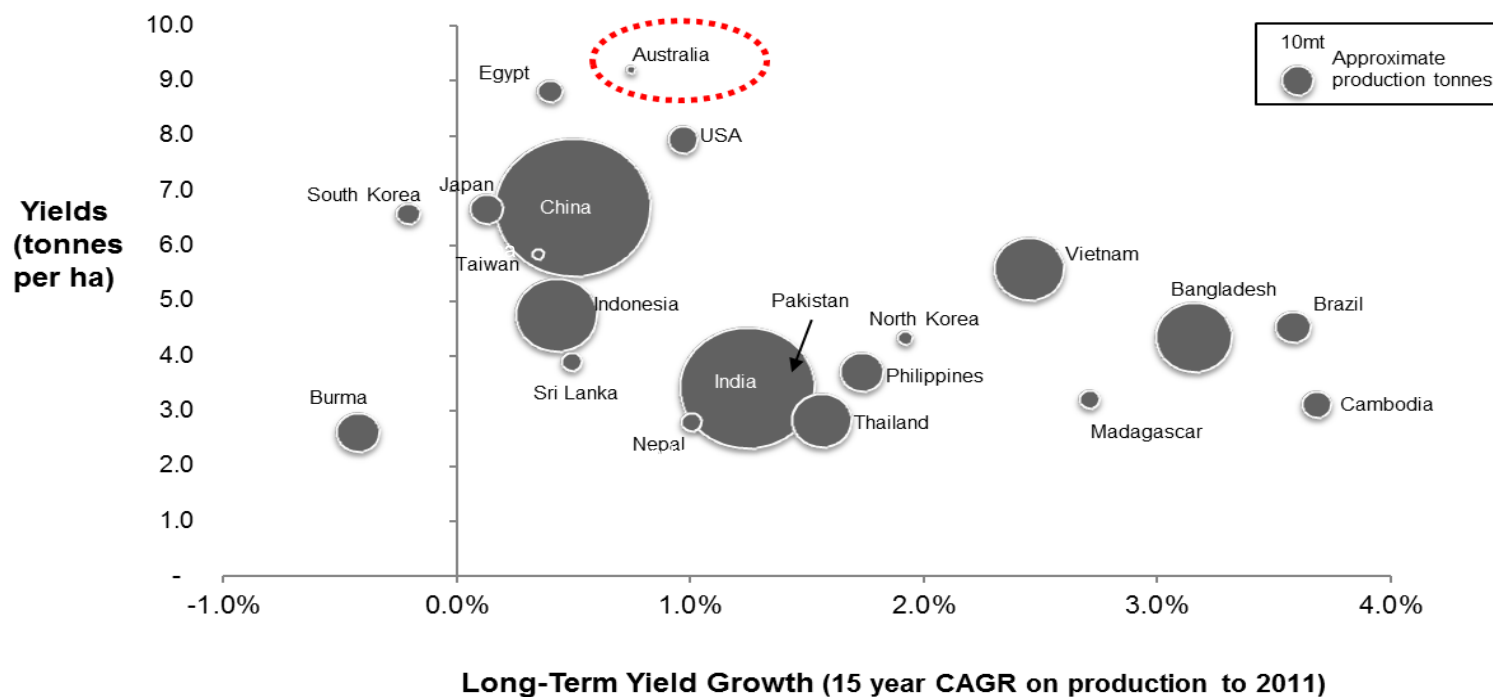
Emerging Exporters

1. Morocco – investment over the last decade has increased volumes
2. Sudan – Nile water & UAE investment
3. Russia – Caspian Sea
4. Indonesia – West Java has significant potential
5. Vietnam – high quality short grain since 2009

Source: USDA data July 2012, SunRice analysis
Volumes are milled tonnes (not paddy tonnes)

Medium grain yields

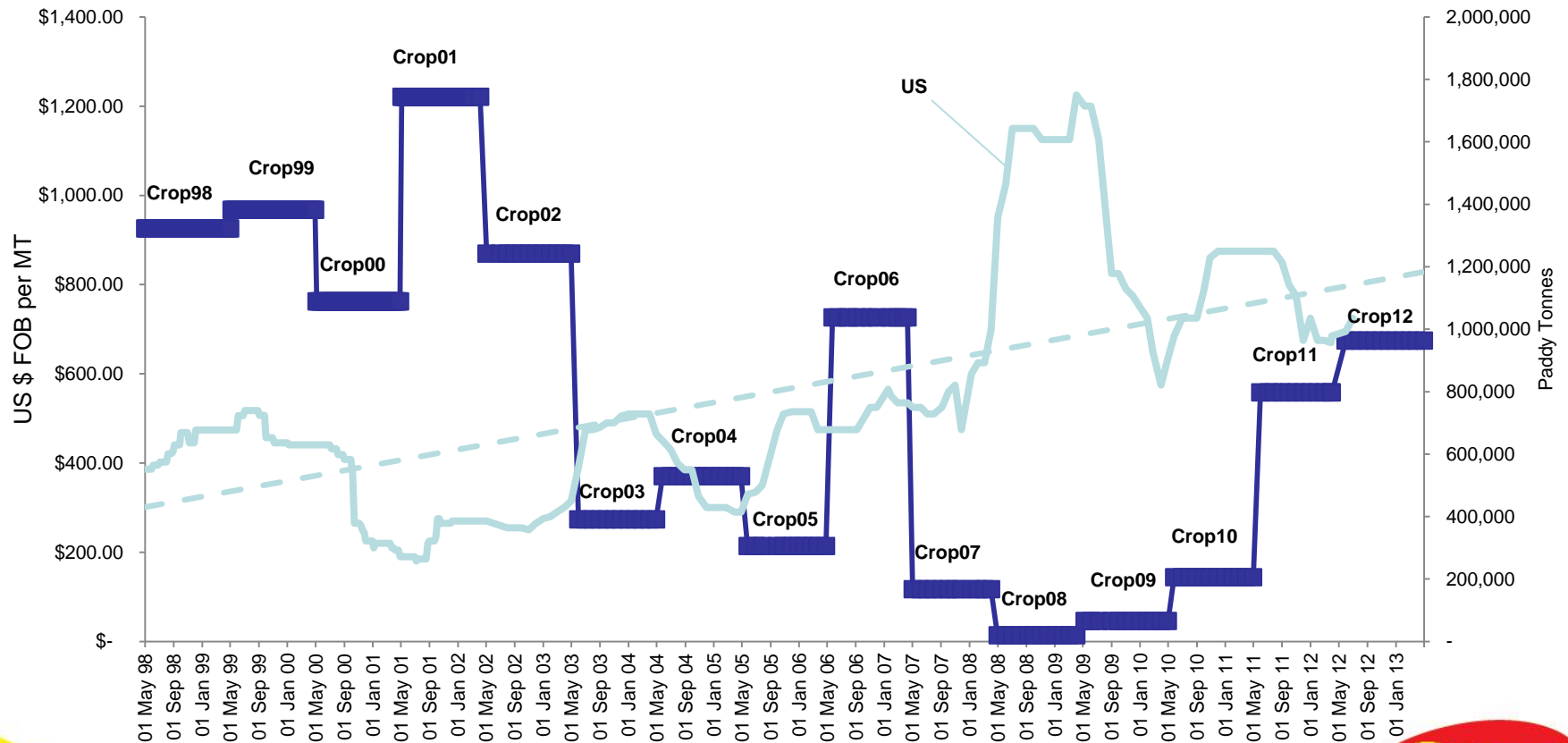
**Productivity of Major Rice Producing Nations
(2011, including Australia)**



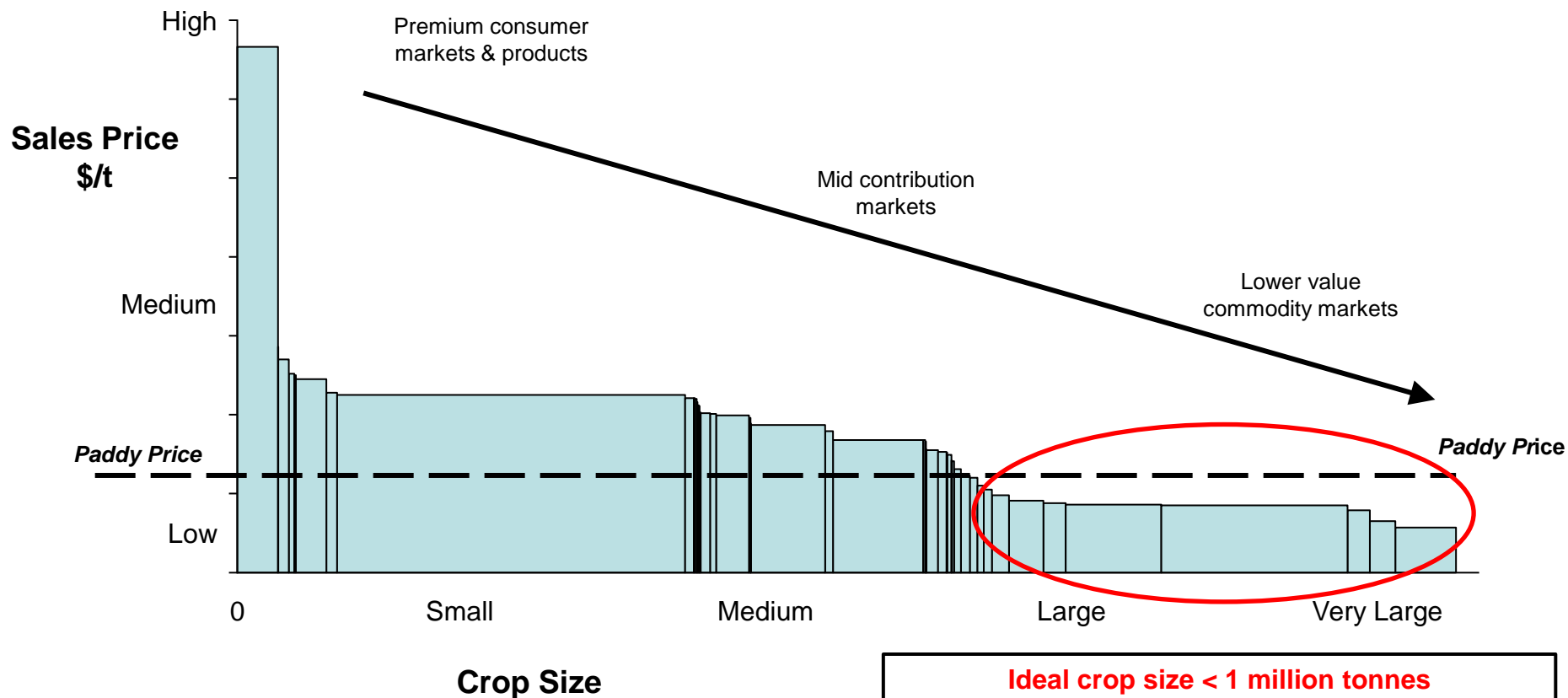
Source: US Department of Agriculture

Medium grain pricing linked to Australian crop size

U.S #1 Medium Grain Milled Rice 4% (Creed) vs AU Paddy Crop Tonnes



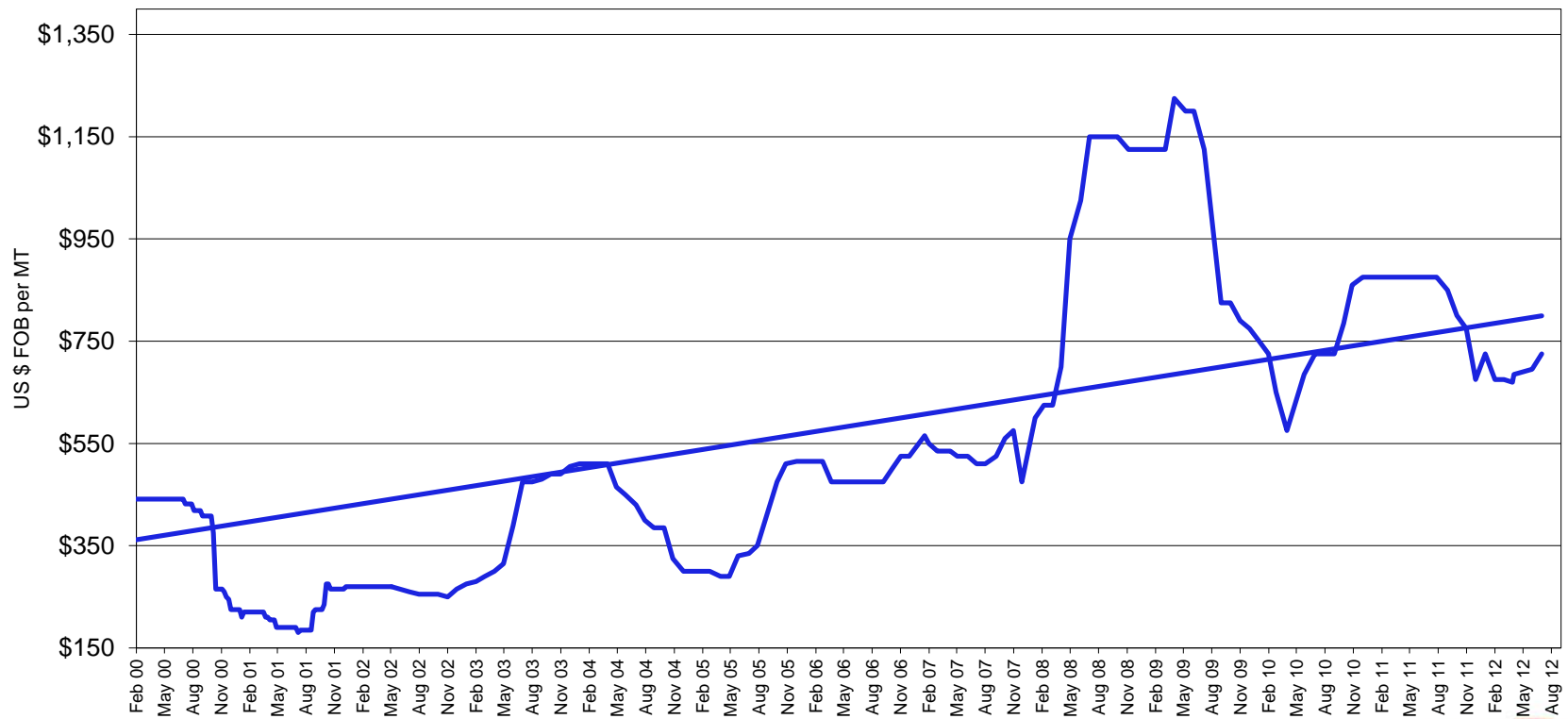
Effect of crop size on paddy price



Ideal crop size < 1 million tonnes
Incremental volumes sold into lower contribution
markets which dilute the paddy price

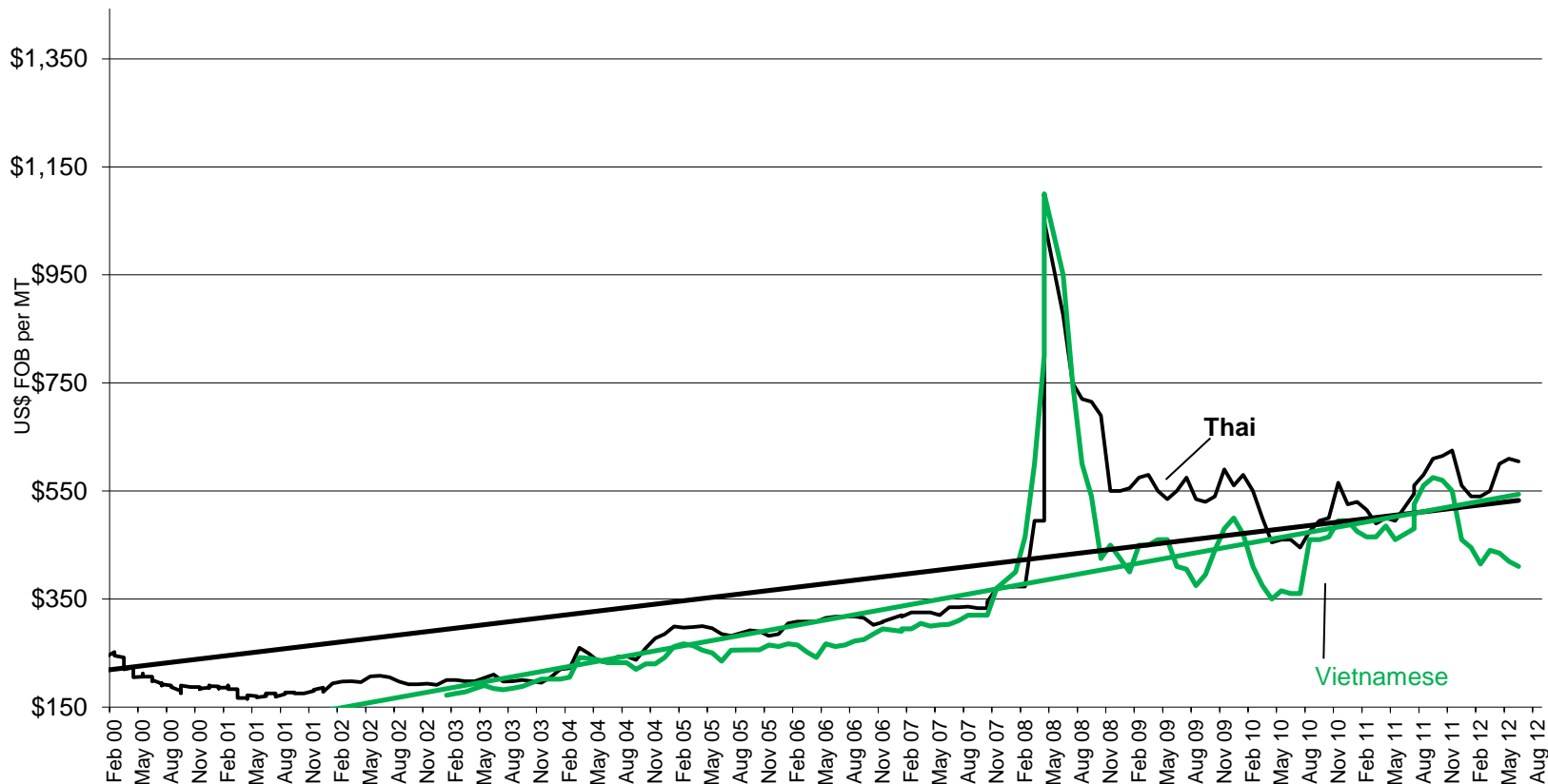
USA Medium Grain milled rice

U.S #1 Medium Grain Milled Rice 4% - Creed Rice Market Report



Long Grain milled rice

Long Grain Milled Rice - Creed Rice Market Report



Outlook in summary

- Increasing global rice consumption
- Some opportunities in premium markets
- Tough pricing environment, impacted by the strong AUD, rising electricity prices and other factors

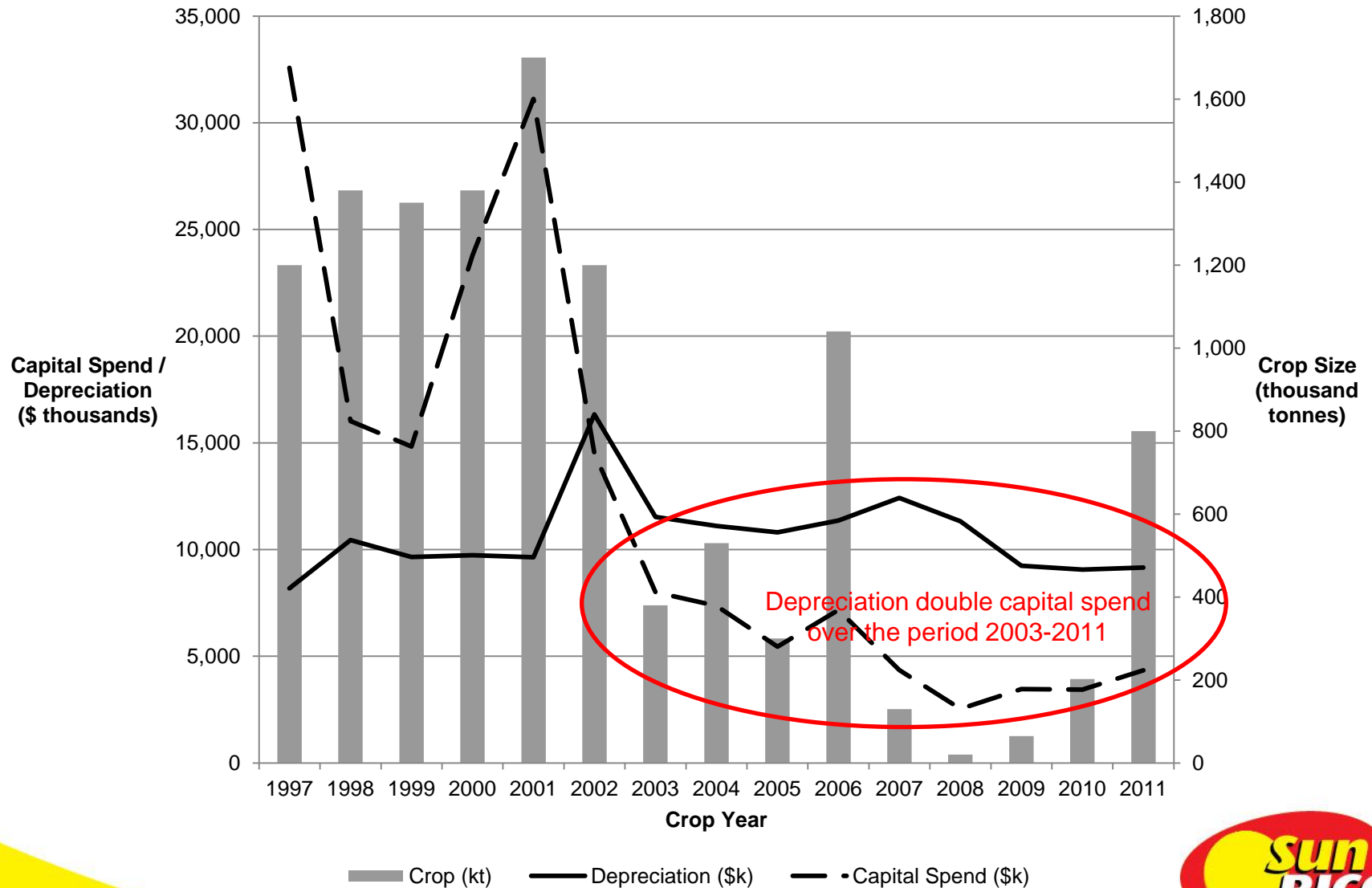


Roadmap for growth

- Research and development
- Operations and supply chain
- Consumer brands and innovation

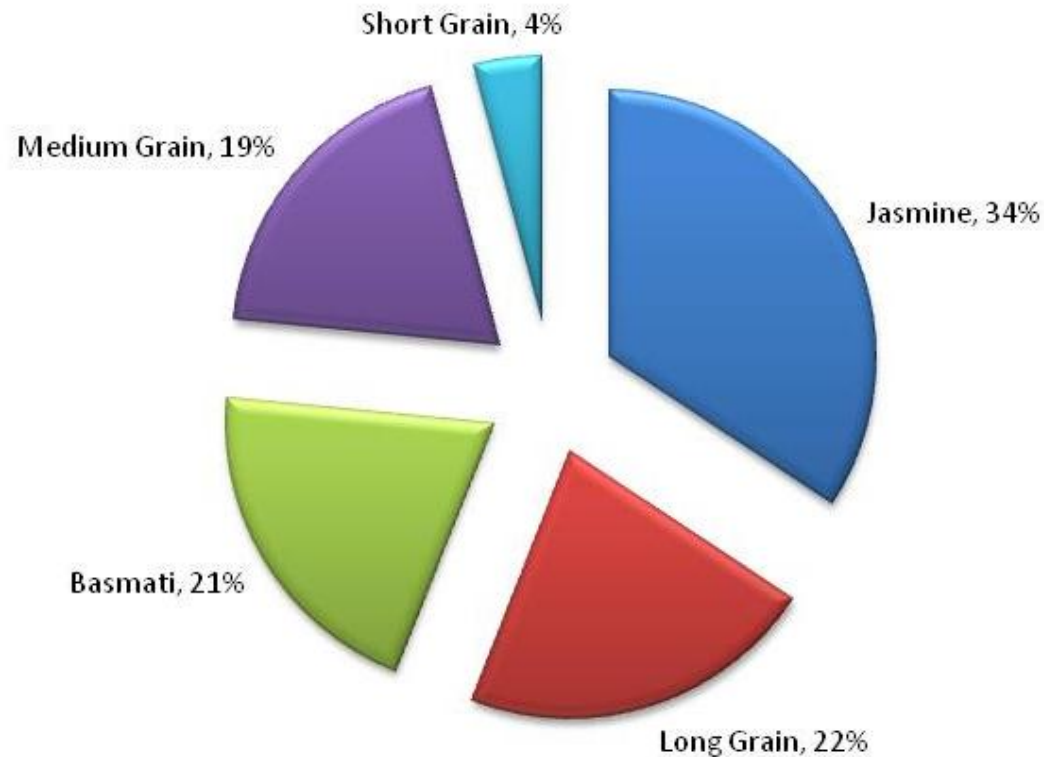


Capital investment



Balancing varieties and volume

Australian Rice Market - Sales by Variety (CY11)



Retail and Food Service

Meeting the market



The biggest selling
varietal in Australia is
Jasmine



Consumers are
moving to more
aromatic varieties

Role of research and development

- Investment in breeding programs to increase yields for long, short and fragrant varieties



Consumer research in
Australia shows rice is
positioned for growth



Health and wellbeing

- Australians taking control of food choices
- Rice is a natural fit for the health and wellbeing space
- Low GI Brown Rice just launched





Exotic and adventurous

- Consumers experimenting with their cooking experiences
- Black Rice launched
- Premium Australian Jasmine Rice launched

Convenience

- Ready when you are
- Making lunchtime an occasion
- Healthy alternative for a quick dinner



Opportunities

- Leverage trends
- Increase our relevance to consumers
- Target high margin opportunities and market share
- Invest in innovation and brands

Conclusion

- SunRice in good shape
- Positive outlook
- Ready to face future challenges



Questions

