

2013 SunRice AGM

Chief Executive Officer's Presentation: Investing for Growth

Rob Gordon

23 August 2013



The Rice Food Experts

Agenda

- Group highlights
- Marketing update
- Crop Year 12 performance
- Global rice market outlook
- Business outlook
- Questions



Group Highlights and Marketing Update



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Third consecutive year of full production

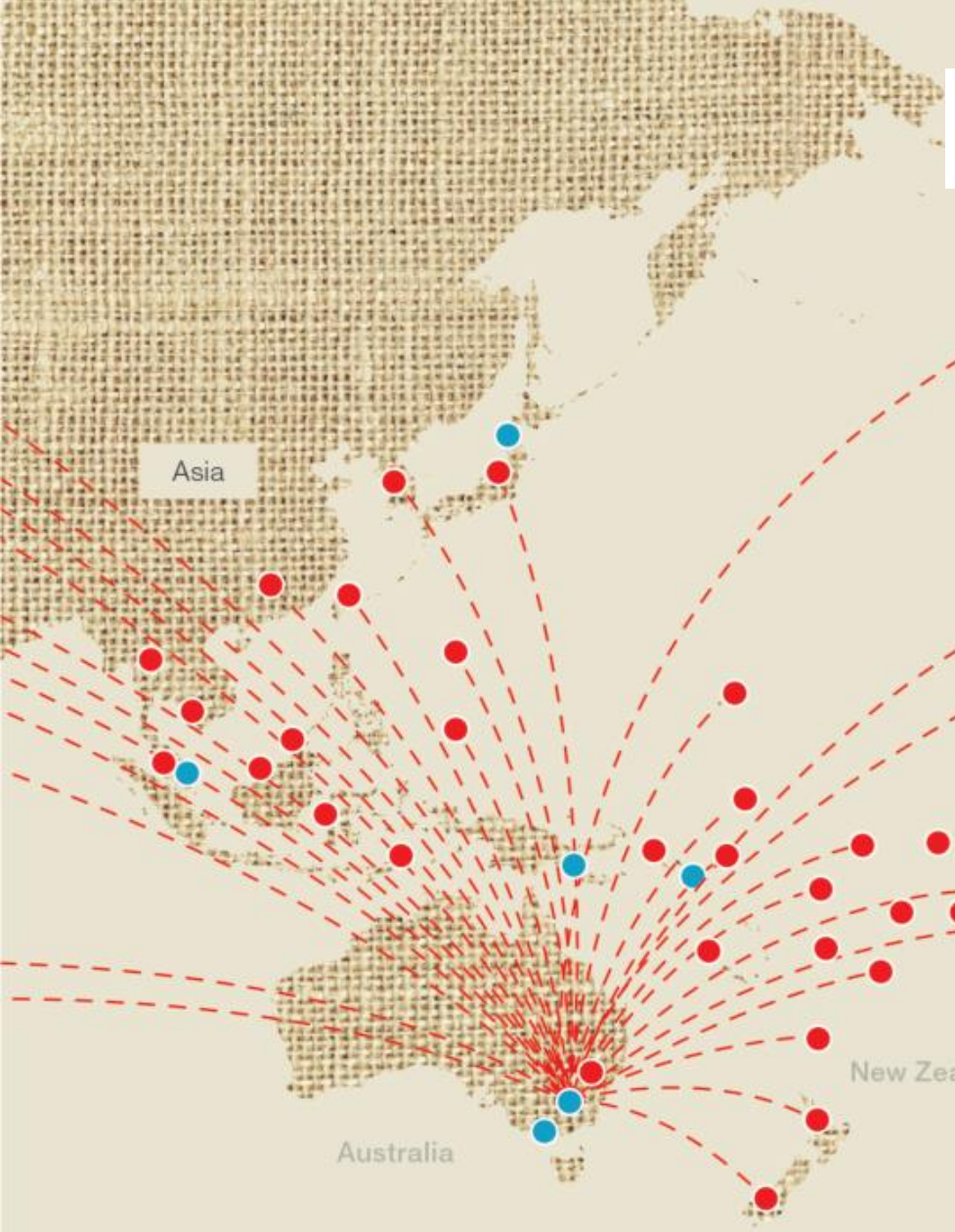
- Largest planting since C02
- AGS staff received a C13 crop of 1.16 million tonnes
- Across all depots, more paddy was received in April 2013 than in any previous April on record
- Coleambally Mill reinstated in an overflow capacity



Domestic category innovation

- 30 new products launched
- Volume increases in Core Rice, Microwave Rice, Ready-to-go Meals, Rice Cakes and Pickled Vegetables
- Reintroduction of Australian Koshihikari and Jasmine rice
- Launch of new consumer campaign 'Hundreds of Grains. Millions of Possibilities'

Global market strength



- Outstanding sales growth in the Pacific
- Solid expansion into key Asian markets, including SBS and OMA tenders
- Sunwhite tracked strongly across the Middle East, despite aggressive competition
- All delivered against a backdrop of softening international commodity prices and a strong AUD

Infrastructure investment program launched

- End-to-end supply chain review and focus on strategic investment
- Capital plan of \$18 million, with \$6 million already invested in Australian operations
- Capital investments were also made in SunFoods and Riviana to increase efficiencies
- \$6.5m upgrade to CopRice Leeton's extrusion plant and stock feed mill underway



Investing in our brands

- Consumer insights research project progressed
- Findings will drive future product innovation, brand strategy and consumer communications
- Research has already informed new advertising campaign and on-shelf product innovation due next month



Everyday Tier: “Everyday Essentials”



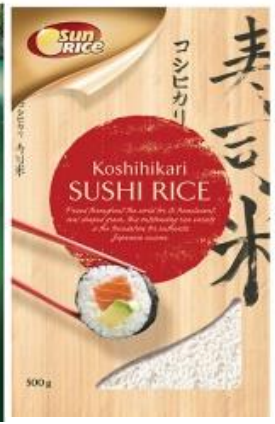
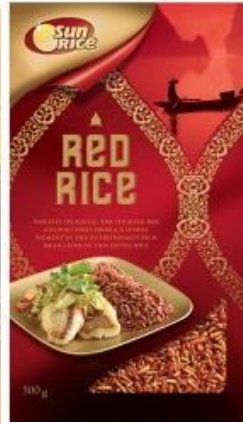
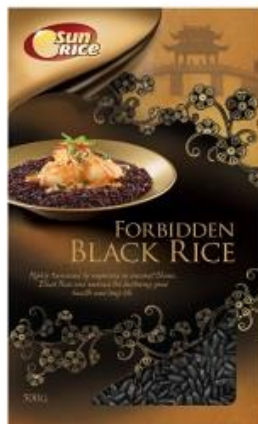
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Functional Tier: “Health and Wellbeing”



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Specialty Tier: “Gourmet”



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Major advertising campaign: 'Hundreds of Grains. Millions of Possibilities'



A smiling man in a white short-sleeved button-down shirt stands in a warehouse or storage area filled with large bags of rice. He is holding a smaller bag of Trukai Rice. The shirt has a logo on the left chest that says "Trukai" with a green leaf design and "TRUKAI INDUSTRIES LTD" below it. The background shows rows of large yellow and white bags of rice stacked on shelves.

Investing in our people

- High Performance Organisation initiative to increase collaboration and deliver maximum return on investment for growth
- Project Management Office established
- Employee branding project to help identify and communicate what makes SunRice an employer of choice

Crop Year 12 Performance

Australian Rice Milling and Marketing

- Sales revenue of \$337.7M (up 5.3%)
- Contributed NPBT was fully returned to the pool
- Volume growth across domestic business, including foodservice and some export markets



Global Business

- Sales revenue of \$386.8M (up 10.5%)
- Contributed NPBT of \$22.6M (up 70%)
- Increase in profits in global rice trading business
- Volume and market share improvements across our major Pacific markets
- Impairments taken in SunFoods following return of export milling to Australian operations



Riviana Foods

- Sales revenue of \$147.9M (up 1.2%)
- Contributed NPBT of \$9.7M (up 1.0%)
- Business faced unprecedented competition and rising operational costs
- Underlying result is less favourable when abnormals from 2011/12 are considered



A man with short dark hair, smiling, wearing a black polo shirt with a CopRice logo and a high-visibility yellow safety vest with reflective white stripes. He is standing in front of a large pile of colorful animal feed bags. The background is slightly blurred, showing various colors like orange, blue, and green on the bags.

CopRice

- Sales revenue of \$109.9M (up 12.1%)
- Contributed NPBT of \$8.7M (no change from last year)
- 14% growth in speciality sales and 6% growth in bulk sales
- Volume growth achieved despite difficult dairy industry conditions
- Awarded Supplier of the Year for Animal Nutrition

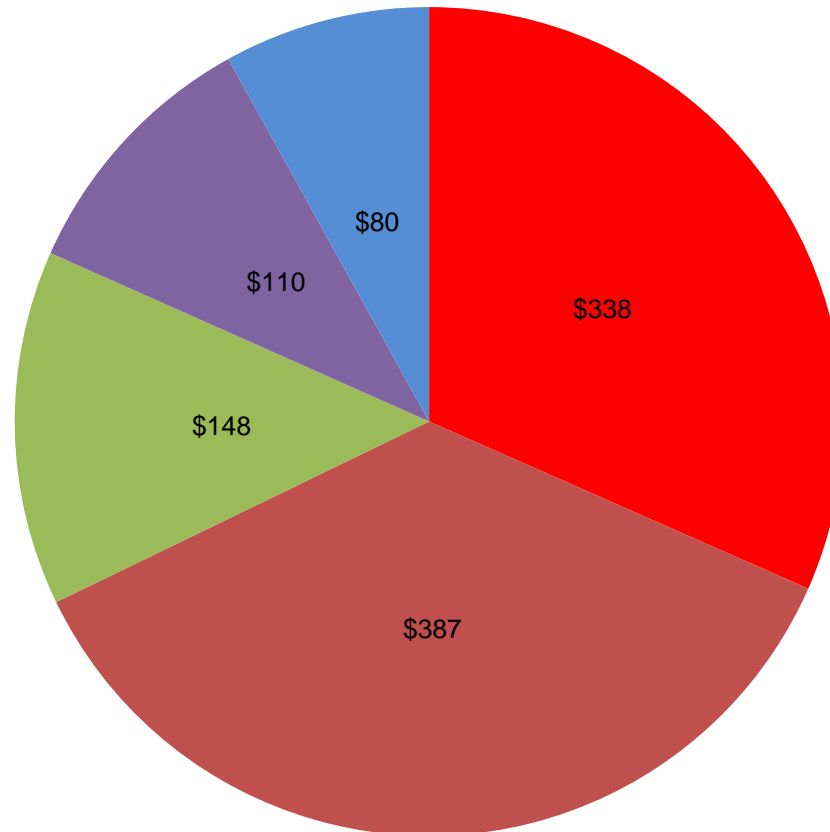
Other businesses

- Sales revenue of \$80.0M (down 3%)
- Contributed NPBT of \$17M (up 58.6%)
- Uplift in Specialty Rice Foods, including flour and retort
- Substantial improvement in interest income



Revenue

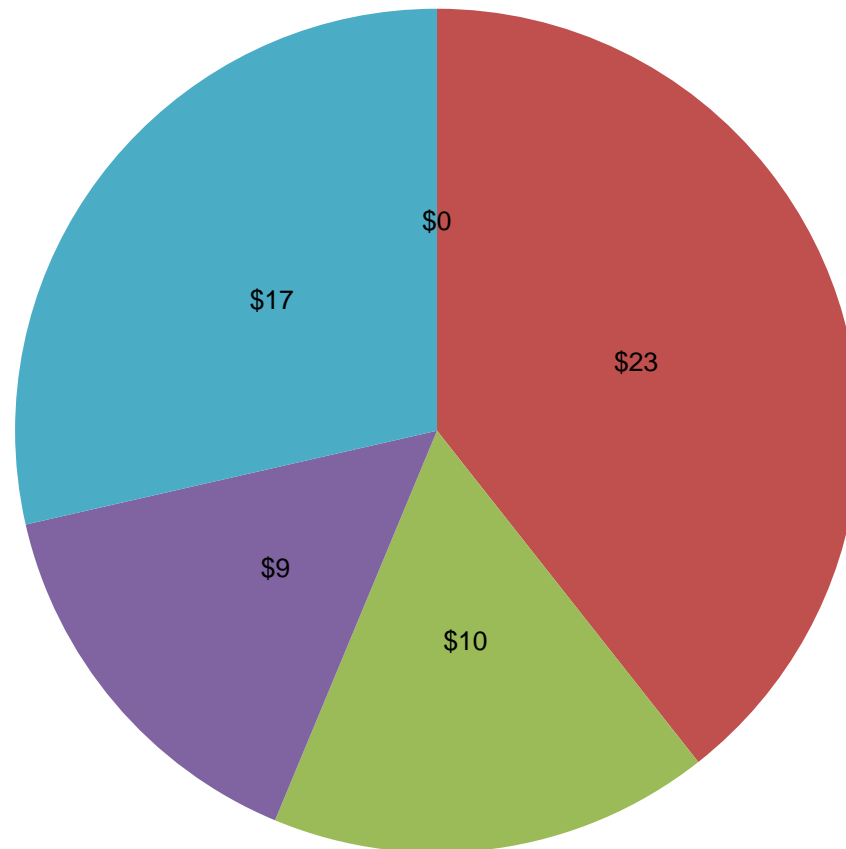
Revenue from External Customers \$m



■ Australian Rice ■ Global ■ Riviana ■ CopRice ■ All Other

Contributed Net Profit Before Tax

Contributed NPBT \$m

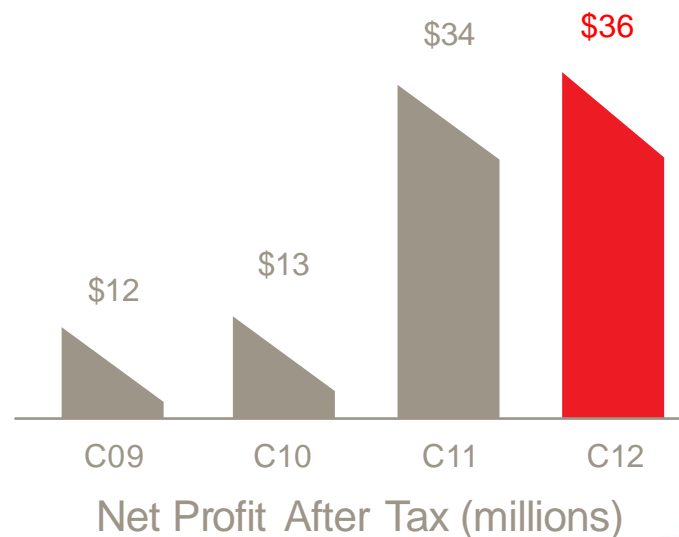
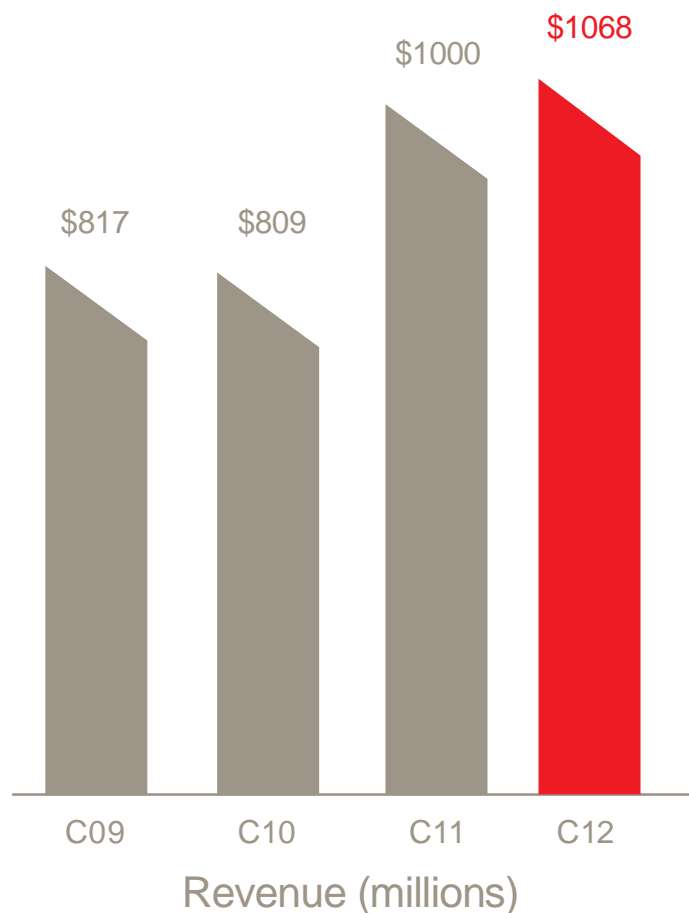


■ Australian Rice ■ Global ■ Riviana ■ CopRice ■ All Other



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Revenue and Net Profit After Tax



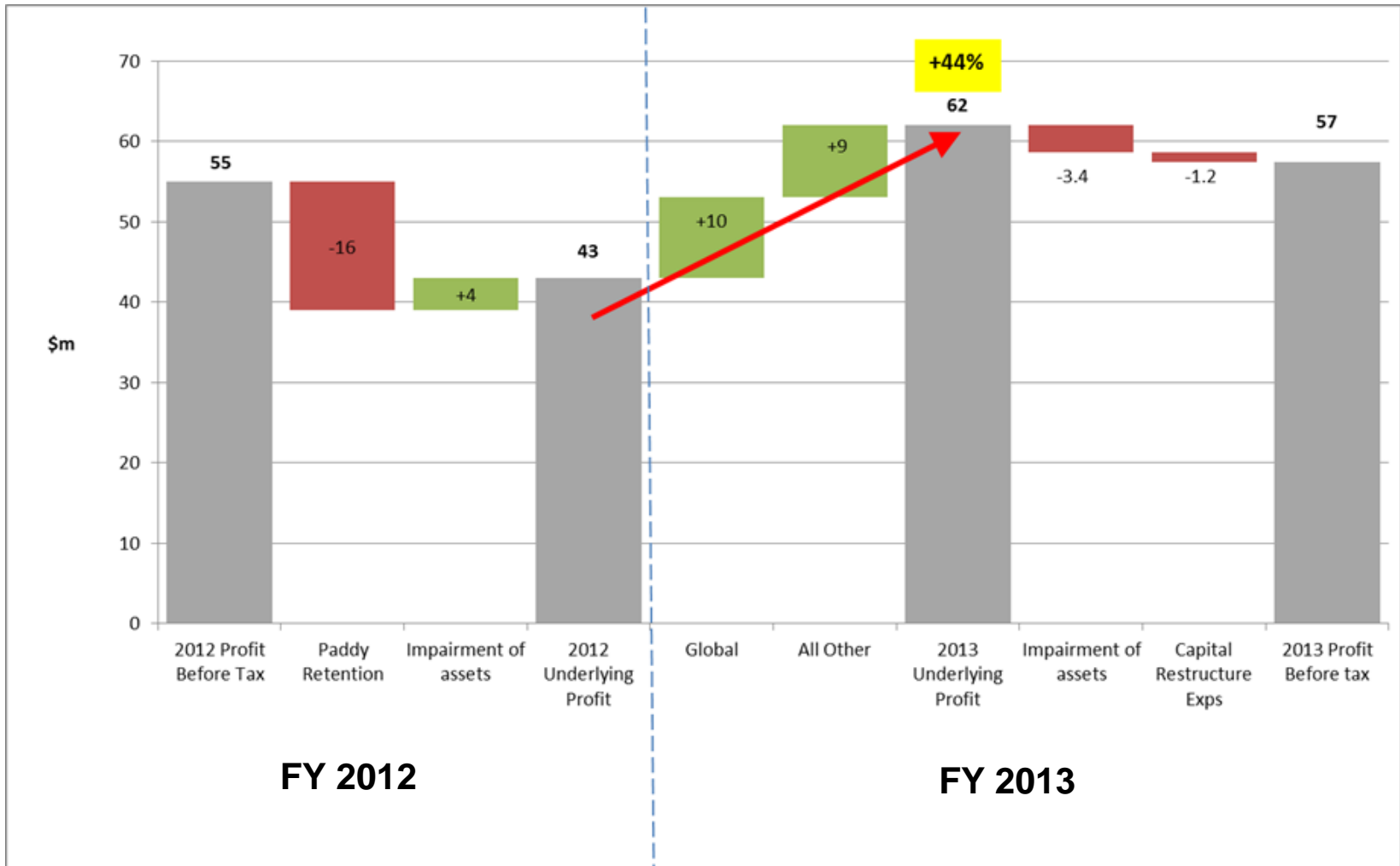
Note - Consolidated result before minorities

Underlying Profit Performance

- Underlying net profit before tax of \$62 million – up 44% on 2011/12



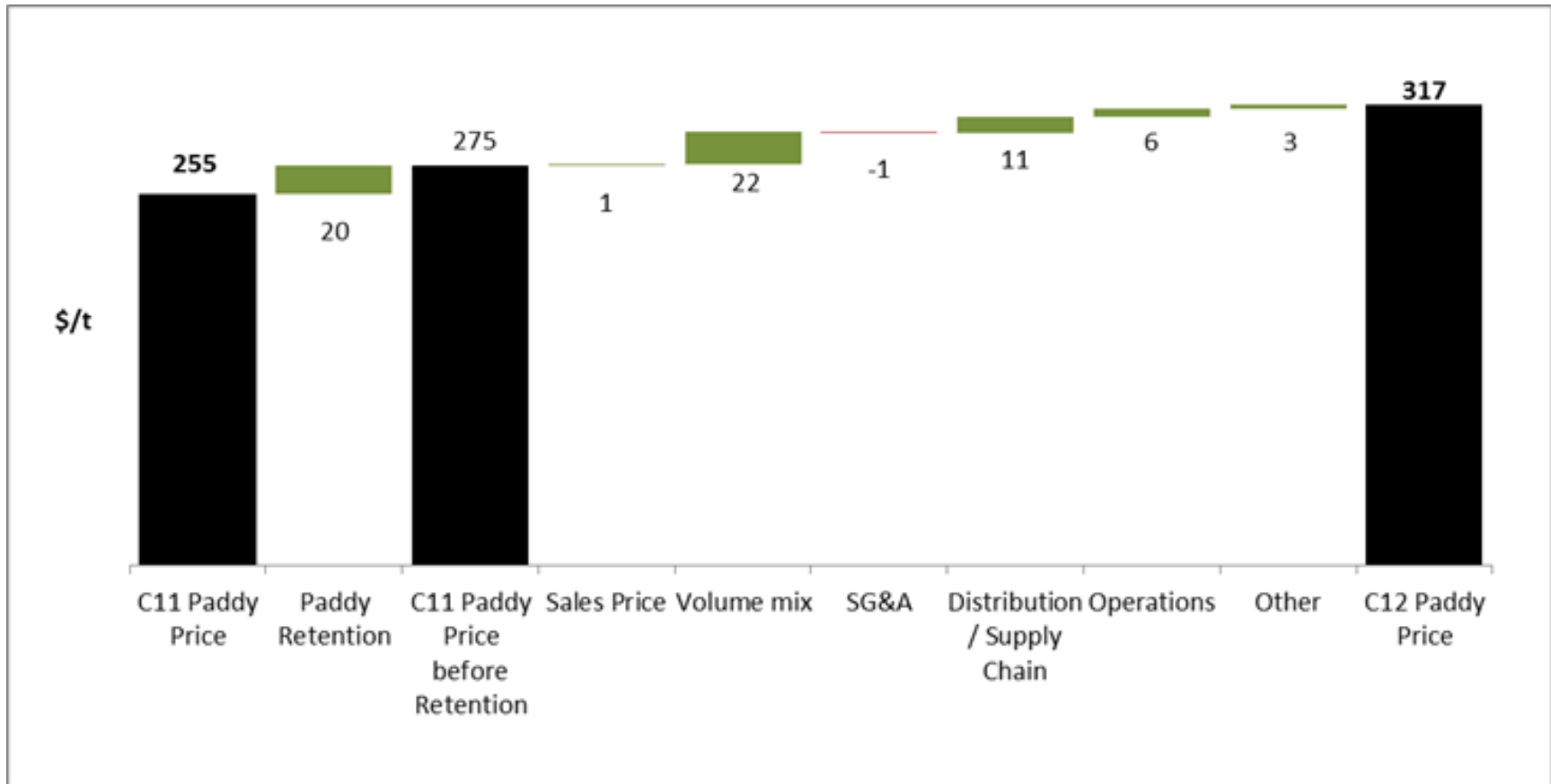
Group Underlying Profit 2012 to 2013



Paddy price

- Increased C12 medium grain paddy return of \$317.34 per tonne
- Up 15% on last year's pool performance
- Up 24% on last year's price paid to growers
- More than \$300 million paid out to our growers

Year-on-year paddy price



A wooden table set with a glass of water, a bowl of arugula, a bowl of olives, and a small dish of spices.

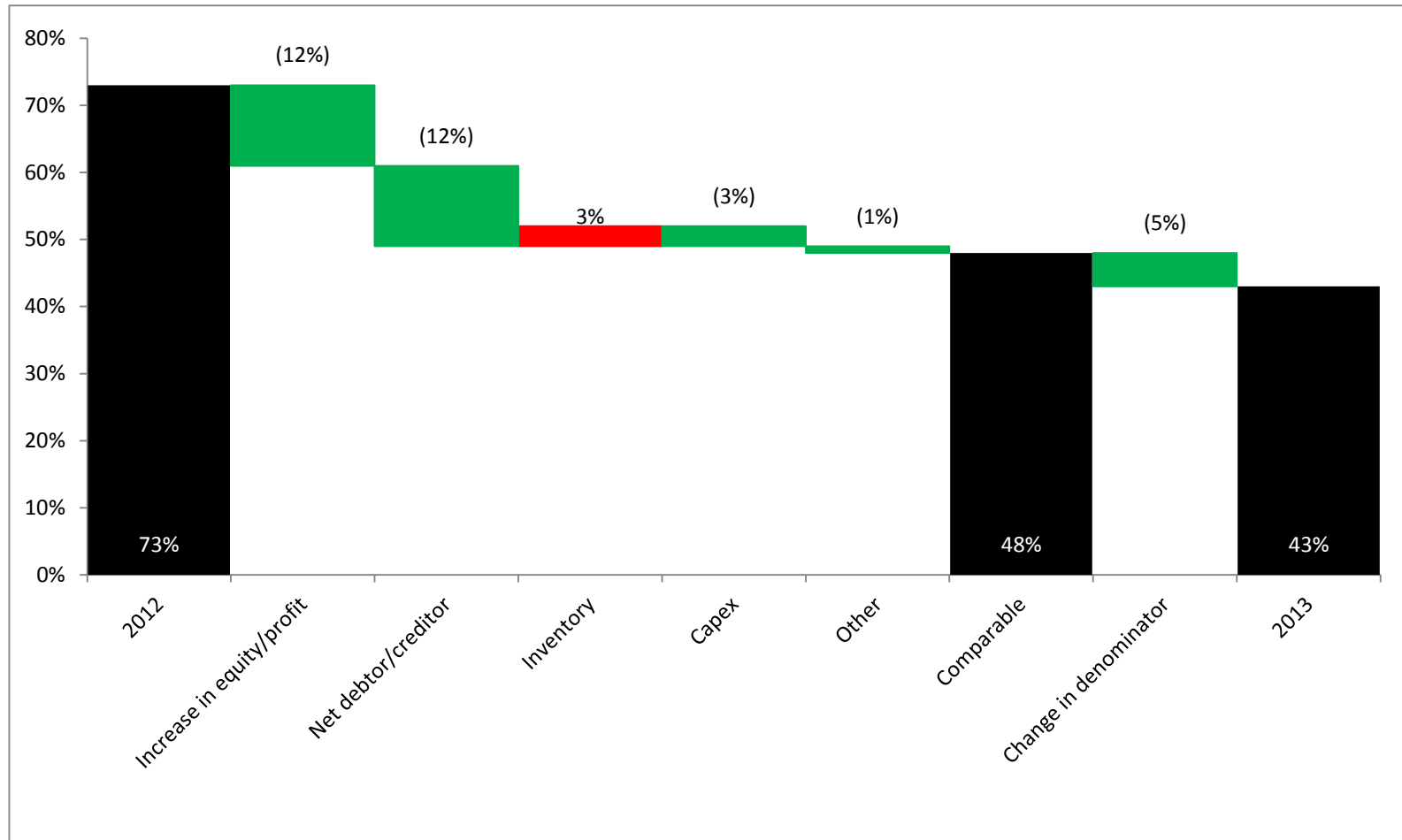
Dividend

- Fully franked dividend of 23 cents per B Class Share
- 28% increase on last year's dividend and a record for our company
- \$12.8 million paid to B Class shareholders

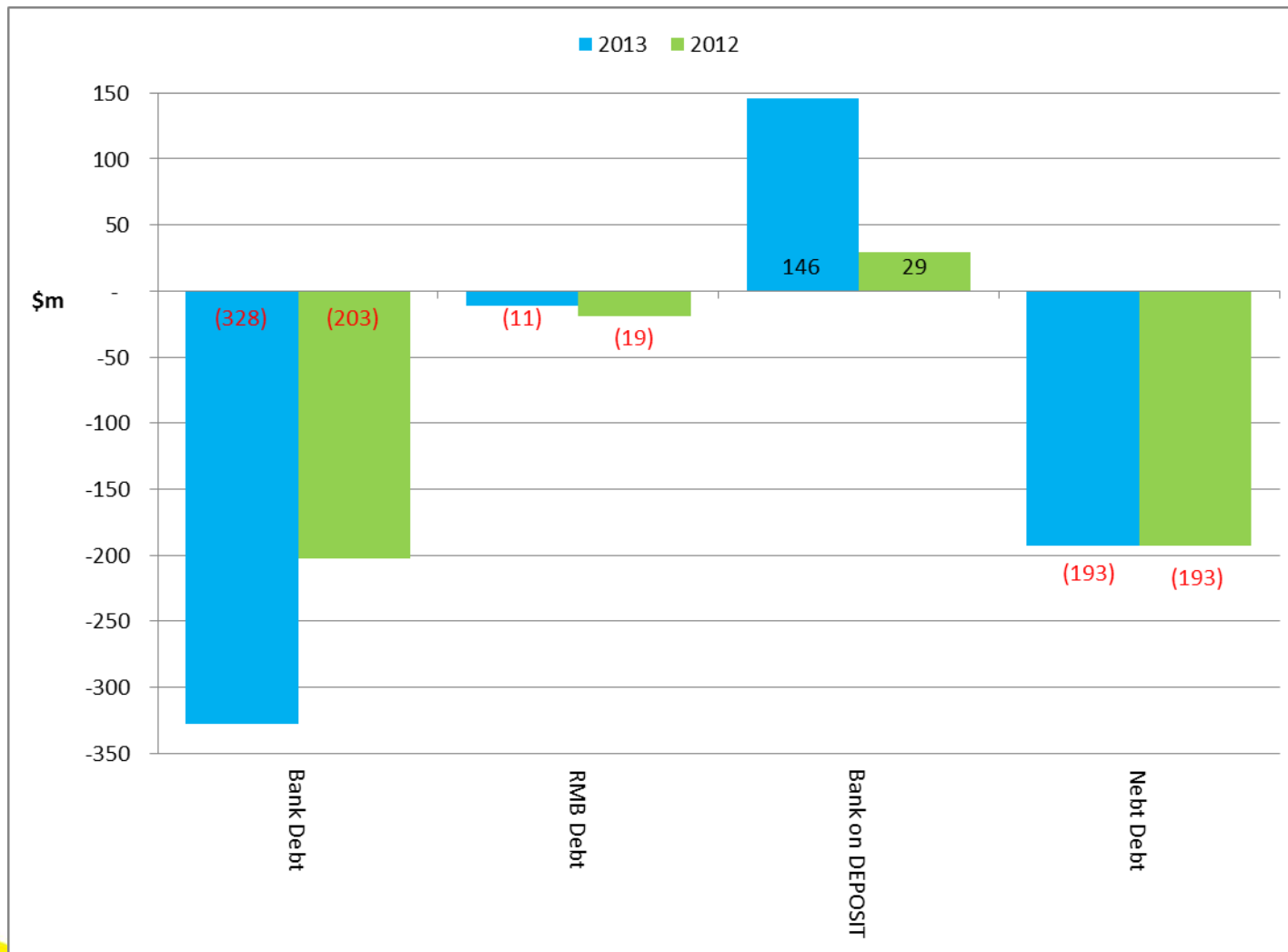
Debt and gearing

- Gearing at year end fell from 66% in 2011/12 to 61% in 2012/13
- Average gearing across the year fell from 73% in 2011/12 to 43% in 2012/13

Average gearing



Borrowings v Cash / 2013 v 2012



Global Rice Market Outlook

Global market outlook: supply dynamics

A close-up photograph of a person's hand holding a large quantity of white, long-grained rice. The hand is positioned in the center-left of the frame, with the palm facing upwards. The rice grains are piled high in the hand and spill out onto a surface that fills the entire background of the image. The lighting is bright, highlighting the texture and whiteness of the rice.

Medium grain:

- Egyptian political instability: off again/on again export ban
- Strong Californian and Australian crops impacting price outlook

Long grain:

- Record production
- Record stocks

Global market outlook: demand dynamics

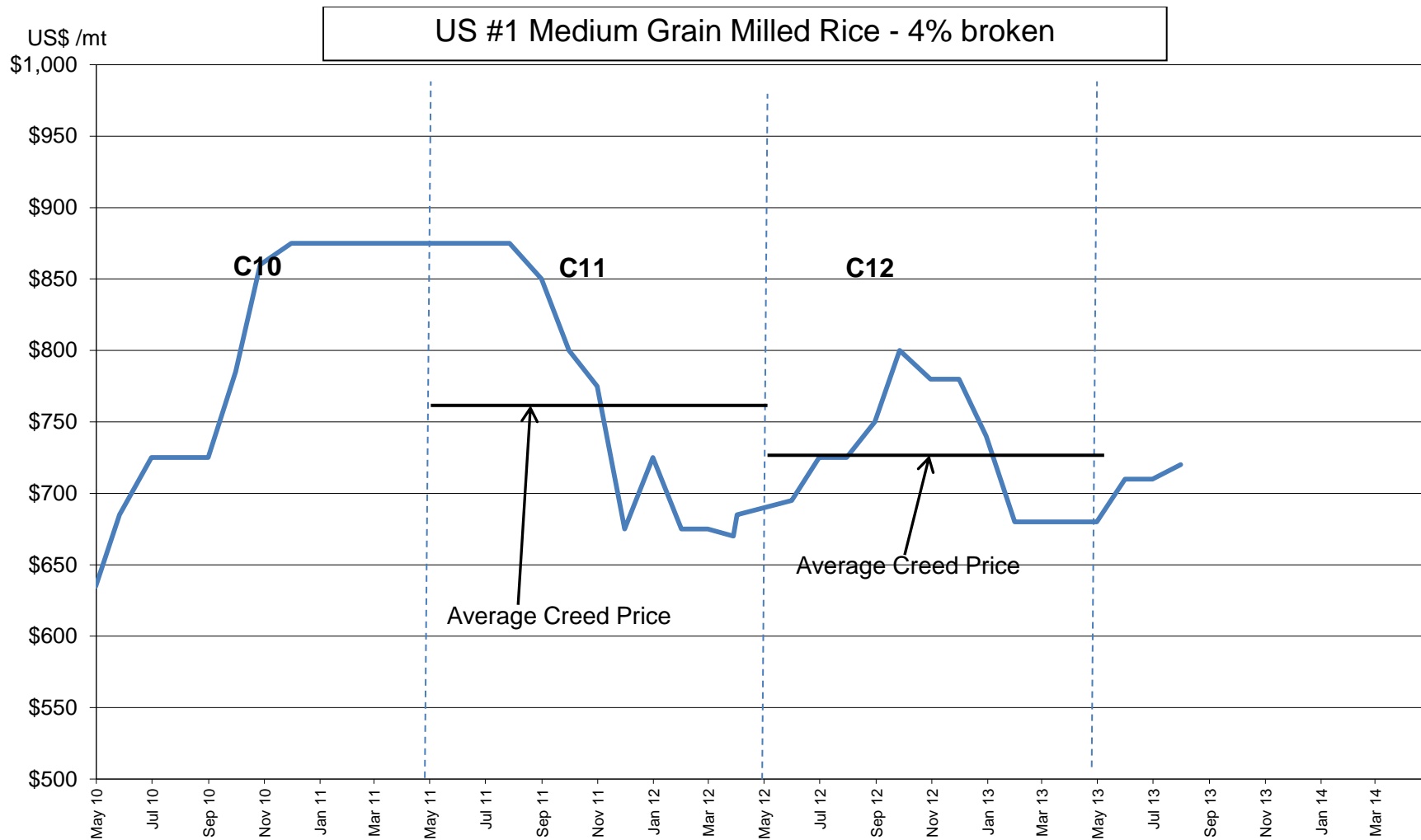
Medium grain:

- Competition from Egypt in medium grain markets, including the Middle East
- China remains closed, although Government efforts continue

Long grain:

- China: top importer in 2012





Creed US MG 4% Broken, US\$ per mt sacked containerised Oakland

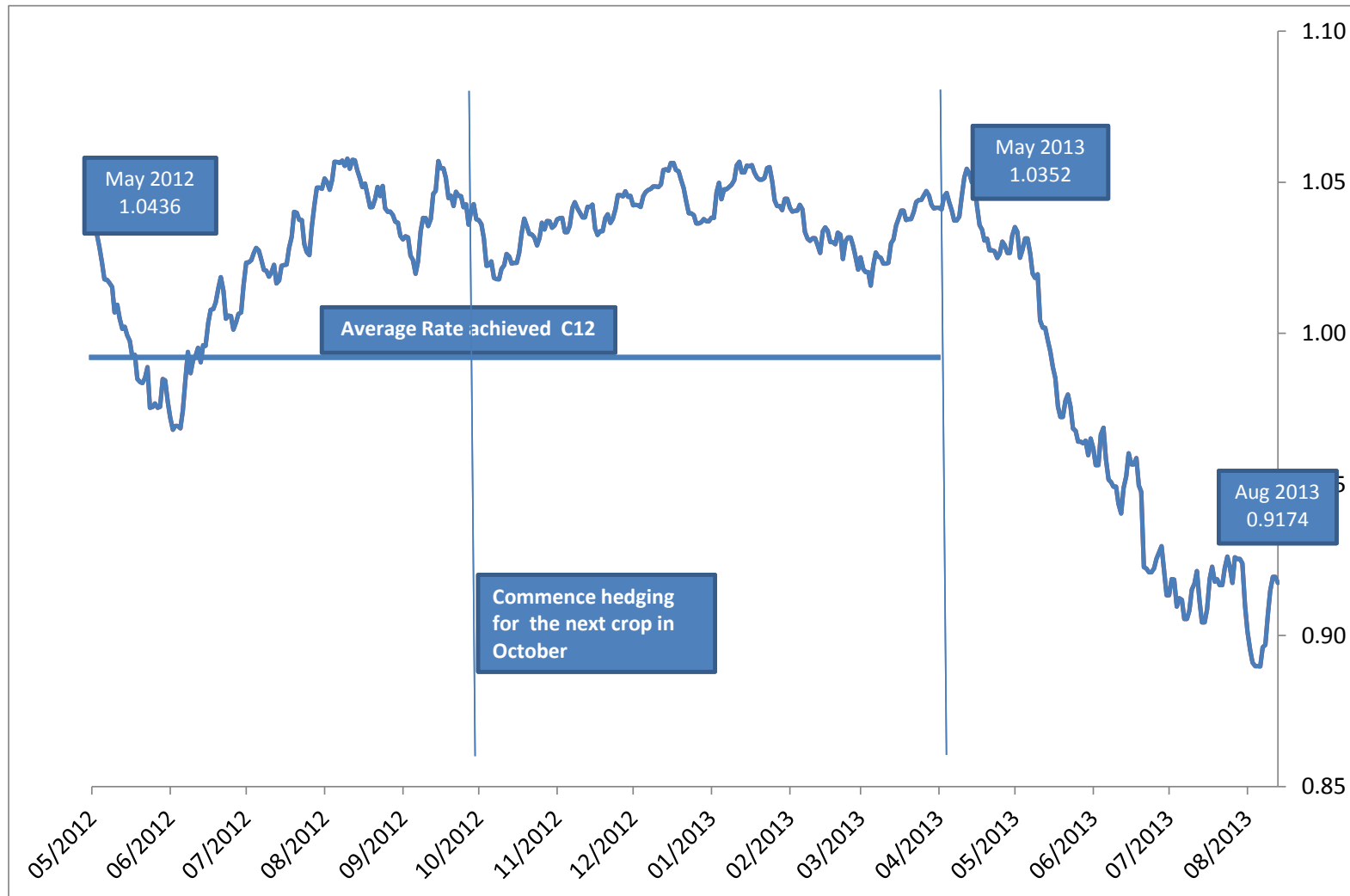
Business Outlook

Business outlook

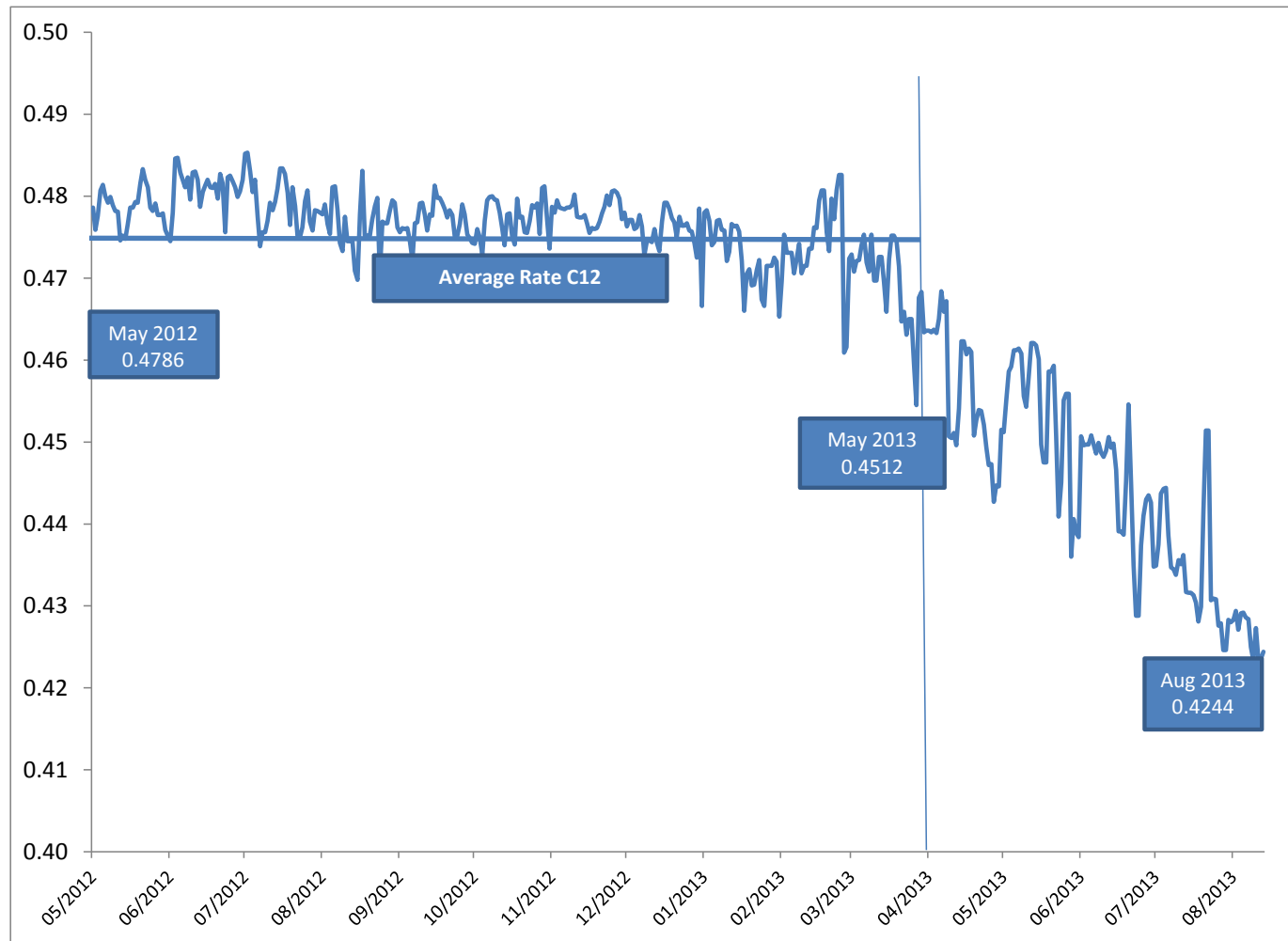
A sunset scene over a body of water. In the foreground, there are silhouettes of bridge structures and cables. The sun is low on the horizon, creating a bright glow and reflecting on the water. The sky is filled with soft, orange-tinted clouds.

- Foreign exchange
- Outlook for pool business
- Outlook for profit contributing businesses
- Outlook for SunRice Group

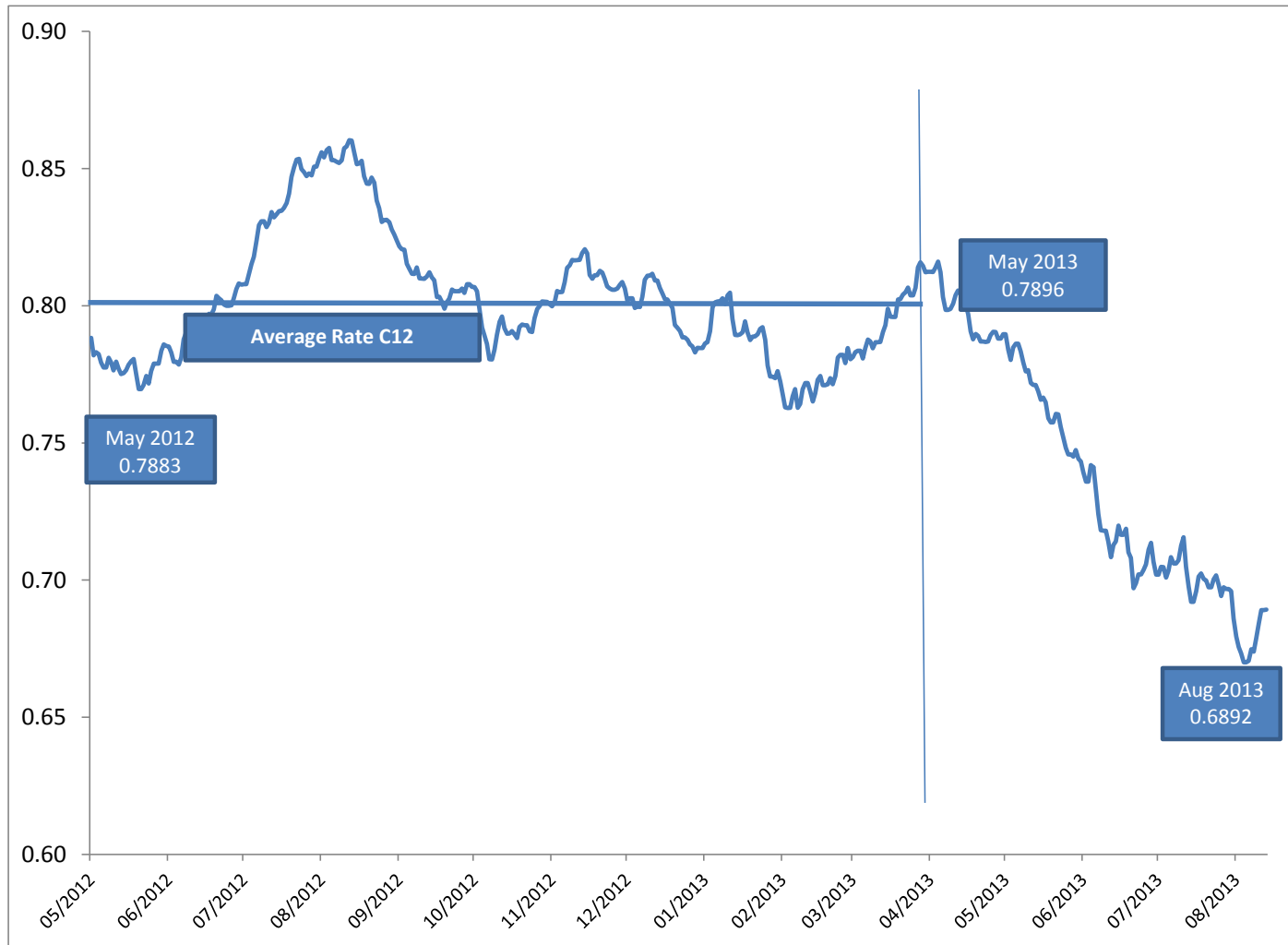
A\$ v US\$ - May 12 to Aug 13



Kina v US\$ - May 12 to Aug 13



A\$ v Euro - May 12 to Aug 13



C13 Business Outlook: Australian Rice Milling and Marketing

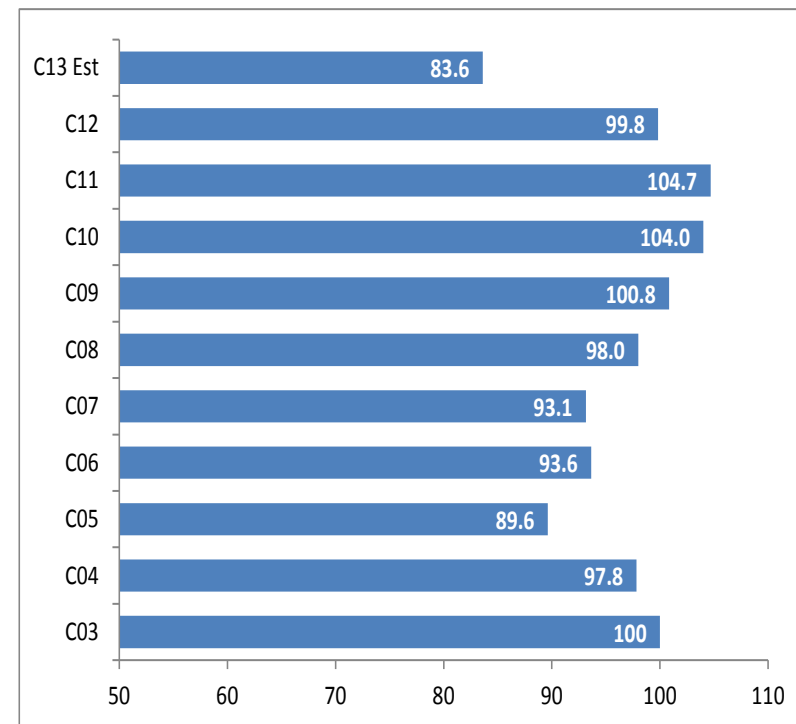


- Weakening AUD benefits the pool (each 1c movement = \$0.9m or approx \$0.78 per paddy tonne)
- Trading well in major markets in the US, Middle East, Pacific and Australasia
- Global prices likely to soften in second half

C13 Business Outlook: Australian Rice Milling and Marketing cont.

- Milling yields for C13 crop are 15% lower than normal
- Operational footprint at capacity
- Higher costs expected to offset currency gains
- Limited upside for C13
\$260 per tonne paddy return announced

Indexed Milling Yields C03 = 100



C13 Business Outlook: Riviana Foods

- Net importer and trading company
- Negatively impacted by lower AUD
- Operations consolidated to lower costs
- Pushing price, however margin pressures will remain throughout C13



C13 Business Outlook: Trukai Industries

- Difficult economic outlook locally
- Price sensitive market
- Falling Kina impacts in-market cost of goods and SunRice receivables
- Significant margin pressure



C13 Business Outlook: SunFoods

- SunFoods yet to establish itself as a standalone business post drought
- Remains a strategic investment, despite impairments
- Significant work to be done over the next 12 months



C13 Business Outlook: CopRice

- Unaffected by the FX
- Impacts of good pasture growth and higher grain prices being offset by volume
- Trading expected to be in line with prior year



SunRice Group Outlook

- 2013/14 likely to be a tougher trading environment
- C13 crop issues being well managed, but will offset currency gains in the pool business
- Profit businesses under pressure due to foreign exchange
- Trading in first quarter ahead of last year
- Profit for the half year anticipated to be in line with last year
- Full year forecast NPAT likely to be 15% lower at current foreign exchange rates

Investing for growth



Questions



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