



NSX ANNOUNCEMENT

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SunRice growth strategy delivers 39% uplift in first half profits, increased revenue and a boost in paddy price

- Consolidated revenue for the Group of \$607 million, up 9%
- Net profit after tax of \$22.7 million, up 39%
- Special dividend (fully franked) of 5.0 cents per B Class share
- Indicative C14 full year paddy price increase of \$20 to at least \$360 per tonne for medium grain (Reiziq) and \$490 per tonne for Koshihikari
- Full year net profit after tax of around \$47 million, an increase of 40% anticipated

Group profit

Leading branded foods business SunRice today announced an outstanding financial result for the six months to 31 October 2014 (HY 15), achieving a significant uplift in profit and revenue compared with the same period last year.

SunRice's consolidated revenue for the Group was \$607 million, up 9% compared with the same period last year. Net profit after tax was \$22.7 million, 39% higher than the six months to 31 October 2013. SunRice also announced a special dividend (fully franked) of 5.0 cents per share for B Class shareholders, to be paid on 15 January 2015.

SunRice CEO Mr Rob Gordon, said the Group anticipated continued positive conditions in the second half would deliver Group profit after tax of around \$47 million for the full year, an increase of 40% compared to the same period last year.

"The significant uplift in profit for the first half is particularly pleasing given the result was achieved despite unfavourable foreign exchange movements that adversely impacted our profit businesses," said Mr Gordon.

C14 full year paddy price

SunRice Chairman Gerry Lawson AM, said "The Board and I are delighted to announce a \$20 increase to the indicative C14 full year paddy price, lifting it to at least \$360 per tonne for medium grain (Reiziq) and \$490 per tonne for Koshihikari. This represents an additional \$16.6 million in payments to our growers. It gives me great pleasure to make this announcement in my final month as SunRice Chairman following my decision to retire.

"In our Australian Rice Milling and Marketing business, which underpins our paddy price, performance was driven by impressive sales growth across international markets. When combined with improved milling yields for the C14 crop and strong global pricing, this has had a positive effect on the C14 paddy price.

"This \$20 uplift will be paid via a special supplementary payment on 19 December 2014. Given the strong outlook for the second half we have also determined to bring the 23 February 2015 payment forward to 3 February," added Mr Lawson.

Operational performance

Commenting further on the first half performance of the Group, Mr Gordon said SunRice continued to successfully build on its position as a global food group. “The strong first half results reflect the successful execution of our strategy to grow sales in value added, branded products through innovation, combined with improved product mix, sales price increases and volume uplift.

“Our capital investment program of recent years has supported this growth, while our focus on controlling costs and driving greater efficiencies and productivity also helped to deliver improved operating performance during the first half.

“Our global businesses contributed to the profit improvement and helped to offset the challenging first half trading conditions faced by CopRice, driven largely by a weaker dairy feed sector.

“Riviana achieved improved performance in the first half through pricing gains, greater efficiencies and reduced costs despite pressure as a result of the weaker Australian Dollar and competitive domestic retail landscape,” added Mr Gordon.

The Group also benefited from a reduction in the effective tax rate to 31.6% in the first half.

Outlook

Mr Gordon said the strong first half performance, combined with the anticipated continuation of favourable trading conditions in the second half, have resulted in the company revising its full year outlook for Group profit after tax to around \$47 million, an uplift of 40% compared to the same period last year.

Closing

According to Mr Lawson, the first half performance, highlighted by profit and revenue growth, and a boost in the paddy price, is an outstanding result that the Board, management, shareholders, growers and employees should all be proud of.

“It is reassuring to know I leave the Group in an excellent position and in excellent hands to take advantage of growth opportunities in the future for the benefit of shareholders, growers, employees and the communities in which we operate,” he said.