

Ricegrowers Ltd (SunRice)

SOTP Compco valuation updated for FY20, now \$8.68/share

FMCG/Agriculture

6 July 2020

Ricegrowers (ASX: SGLLV) trading as SunRice, is a global fast-moving consumer goods (FMCG) business and one of Australia's largest branded food exporters with more than 30 brands across 50 countries. SunRice has announced FY20 NPAT of \$22.7m, down 31% on the previous corresponding period (pcp) but in line with the company's guidance for a lower though profitable second half. NPAT attributable to B Class shareholders was \$27.0m, down 14.2% on pcp. The company also maintained its 33cps fully franked dividend in line with guidance. As we noted in our initiation report of late last year [Quality Income from Branded Products](#), SunRice has built significant resilience into the business with its international footprint in rice supply and branded products and this was reflected in the FY20 result. The company noted that the CY20 rice harvest had now concluded, producing the second-smallest crop on record with just 45,000 paddy tonnes. In our view, the company is well positioned to trade through this turbulent time with leverage to upside from new consumer products emerging from the portfolio. Our sum-of-the-parts Compco valuation derives a range of \$7.73 to \$9.63/share (previously \$8.40-\$10.59) with a mid-point valuation of \$8.68/share (previously \$9.50/share).

Business model

SunRice is a market leader in both core rice and value-added rice products such as microwave rice meals, rice cakes, rice flour and has a growing presence in the healthy snacking category. The company is currently executing a second five-year strategic plan aimed at expanding its presence in the fast-growing healthy snacking category, capitalising on growing global demand for sushi rice, expanding the footprint for its branded low GI rice products and developing new markets for new rice-based, value-added ingredients.

Results snapshot

SunRice has reported an FY20 result in line with its guidance, with the dividend of 33cps maintained, revenue for the full year down just 5% on the prior year to \$1.13bn despite drought, currency and South Pacific economic conditions headwinds, and a 31% decline in Group NPAT to \$22.7m and 14.2% decline in NPAT attributable to B Class shareholders. The company noted that the CY20 rice crop just harvested was the second lowest on record. This will result in a base milling program at its Australian mills. SunRice also noted that revenue and margins in the short term could be impacted by rising international rice prices, ongoing deteriorating economic conditions in the Pacific markets and subdued out of home dining channels due to COVID-19. Some relief could be expected from a range of new product initiatives being launched across the group. We interviewed **CFO Dimitri Courtelis** on the results which can be [accessed here](#).

SOTP valuation adjusted for FY20 result

We have revisited our Sum-of-the-Parts Compco valuation following the company's results including the FY20 divisional performance in our five-year, through the cycle EBITDA estimates. We have also excluded Freedom Foods from our compco analysis. This derives a mid-point valuation of \$8.68/share (previously \$9.50/share). **This valuation does not give any guarantee regarding SunRice's future financial performance, its outlook or its share price performance. It should also be noted that this is a valuation not a target price and the analysis belongs to RaaS alone.** SunRice is trading at a PER discount of ~50% to a defined list of agricultural and food companies (median 12-mth trailing PER of 25.5x), a discount, which in our view is unjustified given its superior NTA (\$7.82) and yield (5.5%).

Historical earnings and ratios (NPAT attributable to B Class shareholders)

Year end	Revenue (A\$m)	EBITDA Adj.* (A\$m)	NPAT Adj. Attrib. Adj.*	NPAT Attrib.	EPS Rep. (c)	P/E (x)	DPS (c)	Yield (%)	NTA/share (\$)
04/16a	1,265.9	110.4	52.0	49.1	87.9	6.8	33.0	5.5%	6.84
04/17a	1,109.3	75.3	37.5	34.2	61.3	9.7	33.0	5.5%	7.10
04/18a	1,174.0	94.3	43.6	42.7	75.9	7.9	33.0	5.5%	7.49
04/19a	1,189.5	85.8	40.1	31.5	54.5	11.0	33.0	5.5%	7.64
04/20a	1,134.8	66.4	28.3	27.0	45.8	13.0	33.0	5.5%	7.82

Source: Company data *EBITDA and NPAT adj for one-time, non-cash items inc forex costs

Share details

ASX Code	SGLLV
Share price	\$5.97
Market Capitalisation	\$356.5M
Shares on issue	59.7M
Net debt at 30/04/20	\$82.6M
Free float	98%

Share performance (12 months)



Upside Case

- Significant opportunity in Asian rice markets
- Proven ability to develop and expand brands, deliver new product initiatives through cycles
- Significant growth opportunities in healthy snacks low GI and sushi rice

Downside Case

- Complicated corporate structure
- Poor harvests limit Rice Pool's ability to absorb fixed costs & overheads
- Competing with other crops for water allocation

Board of Directors

Laurie Arthur	Chairman
Rob Gordon	CEO
John Bradford	Grower director
Luisa Catanzaro	Non-Executive Director
Andrew Crane	Non-Executive Director
Ian Glasson	Non-Executive Director
Gillian Kirkup	Grower director
Ian Mason	Grower director
Jeremy Morton	Grower director
Leigh Vial	Grower director
Julian Zanatta	Grower director

Company contacts

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FY21 Outlook

SunRice noted that it was facing a range of potential challenging factors in FY21 including rising international rice prices, ongoing deteriorating economic conditions in key Pacific markets (which generates around 59% of the International Rice division's revenues), aggressive pricing from competitors, a fluctuating Australian dollar and current subdued 'out of home' dining channels due to COVID-19. In addition the just harvested CY20 crop is the second lowest on record (45,000 tonnes) and lower than that delivered in CY19. The company expects the crop together with crop carryover from previous years to allow it to maintain a base milling program at its two Riverina mills for the foreseeable future.

Offsetting these potential headwinds will be the launch of several new products and initiatives in FY21 including a range of infant rice formula and foods aimed at toddlers and preschool children in the Australian and Asian markets, continuing the expansion of the CopRice animal feed range into companion animals, continuing the international expansion of the rice snack portfolio including new products such as rice puffs and cracker chips and scaling Riviana's entertainment food brands through organic and acquired channels.

The company traditionally provides more detailed guidance on its full year at its interim results which it reports in December each year.

FY20 Results

SunRice delivered on its guidance for revenue largely in line with the prior year but for a reduced second half profit. The company also maintained the dividend for the year, increasing the payout ratio by almost 20% to 72%. Revenue declined just 5% in FY20 to \$1.13b but group NPAT declined 30.8% to \$22.7m due to a \$4.3m loss attributable to the Rice Pool which was unable to cover its share of brand and asset charges due to the low CY19 crop (54,000 paddy tonnes) and low carryover of rice from previous years. NPAT attributable to B Class shareholders declined 14.2% to \$27.0m while EPS reduced 15.9% to \$0.458/share. NTA per share increased 2% in FY20 over FY19 to \$7.82/share.

Exhibit 1: Results snapshot, FY20 vs FY19

In A\$m	FY19	FY20	% chg
Sales revenue	1189.5	1130.6	(5.0%)
Total Revenue	1194.4	1134.7	(5.0%)
EBITDA underlying	85.8	66.4	(22.7%)
EBITDA reported	77.2	65.1	(15.7%)
Profit before tax	48.4	31.1	(35.7%)
Group NPAT	32.8	22.7	(30.8%)
NPAT attributable to B Class shareholders	31.5	27.0	(14.2%)
EPS attributable to B Class shareholders	54.5	45.8	(15.9%)
DPS	33.0	33.0	0.0%
Dividend payout ratio	61%	72%	19.0%
NTA per share	\$7.64	\$7.82	2.0%

Source: Company data

Balance sheet strength

The company ended FY20 with net debt of \$82.6m, a reduction of \$47.3m on H1FY20 and \$27.0m on FY19. Gearing (net debt/net debt+ equity) is now below 15%, down from 20% in FY19 and below the median of 20% for the last six years, while interest cover (EBIT/interest) remains is still a healthy 6.1x (down from 7.7x in FY19). Tighter fiscal management was evident in the working capital to sales ratio which fell to 28% in FY20, from 33% in FY19 and well below the median ratio of 38% for the past six years.

Cashflow analysis

FY20 saw an uplift in operating cashflow generation with the company reporting operating cashflow of \$89.5m (compared with an operating cash loss of \$9.1m in FY19) and free cashflow of \$58.2m. The result was in part due to substantially lower cash receipts payable to growers due to the reduced C19 harvest (\$68.2m payable in FY20 versus \$266.8m paid in FY19 from the bumper C18 harvest).

Divisional Performance

SunRice demonstrated the strength of its portfolio in the results delivered by its International Rice, Riviana and Rice Food businesses. International Rice delivered a 10% increase in revenues and expanded its trading presence to 11 countries to source rice which it traditionally has generated from the Australian crop. The division reported a small loss of \$1.37m as a result of aggressive pricing strategies in the Pacific region which accounts for almost 60% of sales.

The Rice Foods business, which produces a range of ready-to-go meals, microwaveable rice, rice cakes and rice snacks, reported a small increase in Profit before tax on flat revenues, despite currency headwinds, the lower Australian crop from which it traditionally sources rice for its Rice Flour products, and competition in the microwaveable rice market. Offsetting this, COVID-19 purchasing in the last few weeks of the financial year helped maintain revenues and profits over FY19.

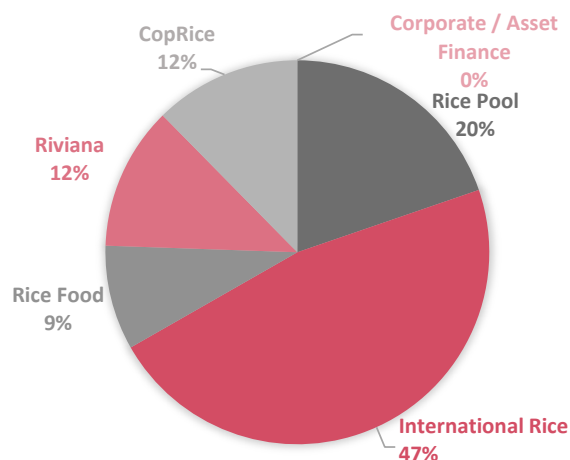
Riviana Foods reported an 8% increase in revenues but also was impacted by the Australian dollar decline against the USD and Euro which hurt margins, the effect of the bushfires on summer entertaining, and the contraction of the food service industry in the last months of the year due to COVID-19.

CopRice's result reflected the destocking of sheep and beef across Australia due to the prolonged drought, which limited the demand for supplementary feed. The business is extending its range into companion animals which over time may assist in smoothing out agricultural cycles.

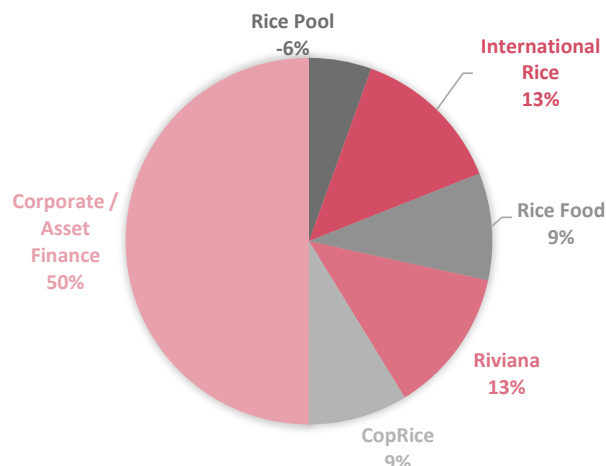
Exhibit 2: Segmental results by revenue and profit before tax FY20 vs FY19			
In A\$m	FY19	FY20	% chg
Rice Pool			
Revenue	325.926	223.151	(31.5%)
Profit before tax	0.000	(4.072)	n.m
International Rice			
Revenue	482.417	531.434	10.2%
Profit before tax	1.975	(1.365)	n.m
Rice Food			
Revenue	99.781	99.563	(0.2%)
Profit before tax	4.602	4.626	0.5%
Riviana			
Revenue	126.628	136.577	7.9%
Profit before tax	8.749	8.055	(7.9%)
CopRice			
Revenue	154.622	139.904	(9.5%)
Profit before tax	8.500	3.594	(57.7%)
Corporate			
Profit before tax	25.566	18.320	(28.3%)
Intersegment eliminations in Profit before tax	(0.981)	1.952	n.m
Total Revenue	1,189.474	1,130.629	(4.9%)
Total Profit before tax	48.411	31.110	(35.7%)

Source: Company data

It is worth noting that International Rice contributed a much larger share of revenues in FY20 versus previous years, reflecting the company's supply diversification strategy. In FY20, the division generated 47% of group revenues, compared with 41% in FY19, a combination of increased sales and a decline in the Rice Pool contribution to group revenues. Our estimates for divisional EBITDA, based on reported Profit before Tax plus depreciation and amortisation, estimated allocated finance costs and impairment charges, are demonstrated by share in the following charts.

Exhibit 3: FY20 revenue breakdown by division


Source: Company data

Exhibit 4: FY20 EBITDA (est) breakdown by division


Source: Company data, RaaS estimates for EBITDA based on adding D&A and share of impairments to Profit before tax

Sum of the parts valuation updated for FY20 results

In our initiation information paper of November 26, 2019, we highlighted that SunRice was trading at a significant discount (70%) to a broad range of listed Australian FMCG and agricultural peers. Since then, there has been a narrowing of that gap with SunRice now trading on 13.0x PER for the last 12 months (LTM) versus the median 25.5x PER LTM of a group of domestic peers that we consider most relevant to SunRice.

Exhibit 5: Domestic peers used in sum-of-the-parts compco valuation

Ticker	Company	P/E LTM
BGA.AX	Bega Cheese	66.1
CGC.AX	Costa Group Holdings	25.5
ELD.AX	Elders	14.0
HUO.AX	Huon Aquaculture Group	51.2
ING.AX	Inghams Group	18.7
RIC.AX	Ridley Corporation	29.7
TGR.AX	Tassal Group	19.2
Median		25.5

Source: Refinitiv

There are no clear direct comparisons for the SunRice business in either the Australian or international markets. At a divisional level the two consumer-oriented businesses – Rice Foods and Riviana are focused on branded, fast-moving consumer goods. Raw material sourcing for these foods is both international and domestic. We use the sector ratios for the Australian Branded FMCG sub-sector as the best domestic comparison for these businesses but have excluded wine and milk export companies as they have attracted higher multiples due to growing Asian demand. Note we have also excluded Freedom Foods (ASX:FNP) from this analysis given the company is currently suspended.

Exhibit 6: FMCG Agricultural Companies

Ticker	Name	Primary Agricultural Exposure	Market Cap (A\$m)	Sector Weight	Beta 5 Year	EV/EBITDA 5 year average	EBITDA Growth 1 Year	EBITDA Growth 5 year	EBITDA Margin LTM
ING	Inghams	Poultry	1,491.6	3%	0.20	7.9	7.7%	20.2%	8.4%
BGA	Bega Cheese	Milk products	1,386.3	3%	0.46	14.2	9.2%	24.0%	10.9%
CGC	Costa Group	Horticulture	1,021.6	2%	0.41	15.7	7.4%	13.8%	9.0%
TGR	Tassal	Fish	990.0	2%	0.49	8.8	14.3%	23.6%	9.2%
HUO	Huon Aquaculture	Fish	874.4	2%	0.64	9.5	20.7%	14.6%	19.9%

Source: Thomson Reuters Eikon, RaaS Analysis

We use the long term (5-year average) EV/EBITDA multiple to derive a median multiple of 9.5x to which we apply a 25% and 50% discount to arrive at an EV/EBITDA range of 6.3x-7.6x (previously 7.9x-9.5x due to

Freedom Foods' inclusion). We acknowledge that the discount is arbitrary on our part. From this we derive a comparable valuation based on 5-year average EBITDA for the divisions below. We average EBITDA in this case to acknowledge the impact that changes in rice harvest size and foreign exchange rates can have on raw material costs for these divisions. SunRice divisional contribution to profit is reported post finance charges which are not disclosed by segment. We have made estimates on how finance charges are allocated by division by using segment asset weights to derive an estimated EBITDA.

Exhibit 7: Food/FMCG division valuations based on Peers

\$'000	5 Year Average EBITDA	FY20 EBITDA	EV/EBITDA range		Value range - Avg EBITDA FY16-FY20 (\$'000)	
Rice Foods	6,855	6,979	6.3x	7.6x	43,379	52,055
Riviana	10,439	9,465	6.3x	7.6x	66,059	79,271

Source: RaaS analysis

The CopRice business is at the higher value-added end of the livestock feed supply market, providing nutritional supplements rather than bulk feed. The best comparison domestically is clearly Ridley Corp despite a business mix which includes meat, pet food, livestock and fish feeds. Internationally, companies with significant feed businesses are trading in a similar range.

Exhibit 8: Feed Comparable Company

Ticker	Name	Primary Agricultural Exposure	Market Capitalisation A\$m	Sector Weight	Beta 5 Year	EV/EBITDA 5 year average	EBITDA Growth 1 Year	EBITDA Growth 5 year	EBITDA Margin LTM
RIC	Ridley Corp	Feed	366.3	1%	0.67	8.81	4.91%	4.52%	5.60%

Source: Thomson Reuters Eikon, RaaS Analysis

We have used a smaller valuation range given the clear comparability of the businesses. CopRice has grown capacity in the last three years and we expect further revenue growth in stock feed demand in the next two years, particularly with the commissioning of the new Leeton stabilised rice bran plant and the repurposed Coleambally mill. For our current valuation, we have used the 5-year average EBITDA of CopRice, which is a little below the estimated EBITDA for FY20. Taking Ridley's long-term EV/EBITDA multiple of 8.81x, we have applied a discount of 25% and 50% to give us a range of 5.9x-7.1x. We view this conservatism appropriate in this current environment.

Exhibit 9: CopRice valuation based on peer comparison

\$'000	5 Year Average EBITDA	FY20 EBITDA	EV/EBITDA range		Value range Avg EBITDA FY16-FY20 (\$'000)	
CopRice	6,416	6,486	5.9x	7.1x	37,700	45,240

Source: RaaS Analysis

International Rice is primarily a trader and distributor of branded consumer product in the Pacific and the Middle East. The closest comparable companies found are Asian, South American and European entities – some of which are also more diversified. Focusing on the closest comparables gives us the selection shown below.

Exhibit 10: International Comparable Companies

Ticker	Name	Domicile	Primary Agricultural Exposure	Detail	Market Cap in US\$m
EBRO.MC	Ebro Foods	Spain	Rice production, processing and trading	Rice 51% and Pasta products - inc Riviana	3,196
BG	Bunge	US	Feed and Oils	Global Agribusiness and Food	5,700
KRBL.NS	KRBL	India	Rice production, processing and trading	Agricultural products, chiefly rice	815

Source: RaaS Analysis, Thomson Reuters Eikon

Exhibit 11: International Comparable Companies, performance

Ticker	Name	Beta 5 Year	EV/EBITDA 5 year average	EBITDA Growth 1 Year	EBITDA Growth 5 year	EBITDA Margin LTM
EBRO.MC	Ebro Foods	0.0	9.8	12.33%	3.02%	13.09%
BG	Bunge	1.02	8.9	3.70%	1.11%	2.90%
KRBL.NS	KRBL	1.74	12.6	19.35%	12.21%	18.85%

Source: Thomson Reuters Eikon, RaaS Analysis

These companies are more diversified than SunRice’s International Rice division and are clearly of larger scale. The observed EV/EBITDA range has been reduced to 6.5x-7.8x (a 25%-50% discount to the compco of 9.8x). We use the five-year average of divisional EBITDA to account for the unusual impact of currency and the headwinds in the South Pacific on the FY20 result.

Exhibit 12: International Rice valuation based on peer comparison

\$'000	5 Year Average EBITDA	FY20 EBITDA	EV/EBITDA range		Value range - Avg EBITDA	
International Rice	21,982	9,950	6.5x	7.8x	143,297	171,957

Source: RaaS Analysis

SunRice’s corporate division is structured as a profit-making entity - unlike most corporate head-offices. However, SunRice covers costs associated with maintaining Rice Pool operations and marketing the crop by booking asset charges and associated costs as a profit in the Corporate segment. We have estimated brand charges and asset charges received by Corporate based on disclosures in the FY20 results presentation. The Rice Pool has no direct net impact on valuation as it is essentially a “not-for-profit” service to rice growers. However, fees earned from the pool by Corporate are a source of profit. The closest comparison we find in the sector is Elders which provides a range of services to the rural sector in Australia.

Exhibit 13: Ag Services Comparable Company

Ticker	Name	Market Cap A\$m	Sector Weight	Beta 1 Year	EV/EBITDA 5 year average	EBITDA Growth 1 Year	EBITDA Growth 5 year	EBITDA Margin LTM
ELD	Elders	895	2%	0.50	11.3	4.4%	26.6%	4.4%

Source: Thomson Reuters Eikon, RaaS Analysis

Elders is more diversified - geographically by service and by commodity, than SunRice Corporate and it can be argued is priced on depressed earnings – inflating the long term EV/EBITDA multiple. This division is also more dependent on the rice harvest – in a low harvest year there may be an under-recovery of costs giving a higher possibility of a recorded loss across the combined corporate and rice pool divisions. Accordingly, we discount the Elders’ long run EV/EBITDA multiple of 11.3x by 25%-50% to further reflect this relative volatility. We apply a range of 7.6x-9.1x EBITDA to our 5-year average EBITDA.

Exhibit 14: Corporate division valuation based on peer analysis

\$'000	5 Year Average EBITDA	FY20 EBITDA	EV/EBITDA range		Value range - Avg EBITDA	
Corp Brand Charges	12,742	11,478	7.6x	9.1x	96,227	115,473
Corp Asset Charges	23,924	29,399	7.6x	9.1x	180,670	216,804

Source: RaaS Analysis

Summarising, based on this analysis of comparable company trading multiples and using an average, through-cycle style, historical earnings assessment we arrive at a valuation range of \$7.73 to \$9.63 per share from historical earnings with a mid-point of \$8.68/share. As a sense

check the mid-point puts SunRice on a PER LTM of 19.0x versus its current 13.0x, still a significant discount to the peer group of 25.5x.

Exhibit 15: Comparable Company Sum of the Parts Valuation							
Division	Method	5 Year Average EBITDA	FY20 EBITDA	Multiple range		Value range \$'000	
Rice Foods	Avg EBITDA	6,855		6.3x	7.6x	43,379	52,055
Riviana	Avg EBITDA	10,439		6.3x	7.6x	66,059	79,271
CopRice	Avg EBITDA	6,416		5.9x	7.1x	37,700	45,240
International Rice	Avg EBITDA	21,982		6.5x	7.8x	143,297	171,957
Corp Brand Charges	Avg EBITDA	12,742		7.6x	9.1x	96,227	115,473
Corp Asset Charges	Avg EBITDA	23,924		7.6x	9.1x	180,670	216,804
Sub-total \$'000						567,332	680,799
Less							
Net Debt FY20		\$M	82.6				
Minority share of Net Assets		\$M	23.0				
Equity Value		\$M				461.8	575.2
Shares on Issue Apr 2020		m	59.7				
Comparable Value Range						\$7.73	\$9.63
Average Valuation							\$8.68
Net Assets ex intangibles at 30/04/2020		\$M	467.0				\$7.82
Share price at 3 July 2020							\$5.95

Source: RaaS Analysis

Exhibit 16: Financial Summary

Ricegrowers t/a SunRice						Share price (3 July 2020)						A\$ 5.97
Profit and Loss (A\$m)						Interim (A\$m)						
Y/E 30 April	FY2016	FY2017	FY2018	FY2019	FY2020	1H18	2H18	1H19	2H19	1H20	2H20	
Sales Revenue	1,265.9	1,109.3	1,174.0	1,189.5	1,130.6	54.7	632.3	582.6	610.0	542.9	591.6	
Total Revenue	1,269.6	1,112.2	1,176.9	1,192.6	1,134.5	51.2	42.1	35.3	41.9	31.8	33.3	
EBITDA reported	107.5	72.0	93.3	77.2	65.1	40.3	32.1	25.8	31.0	19.4	18.1	
EBITDA Adjusted*	110.4	75.3	94.3	85.8	66.4	NPAT Reported	24.1	21.1	13.8	19.0	12.5	10.2
Deprn	(19.5)	(18.8)	(18.9)	(19.5)	(21.6)	Minorities	(0.9)	(1.6)	(0.5)	(0.7)	2.4	2.0
Amort	(2.6)	(2.6)	(2.0)	(2.2)	(6.0)	NPAT attributable to B Class shareholders	23.2	19.5	13.3	18.2	14.8	12.2
EBIT Adjusted*	88.4	53.9	73.3	64.1	38.8	EPS (attributable to B Class holders)	41.4	34.5	23.3	31.8	25.3	20.4
Interest	(12.3)	(10.3)	(9.3)	(8.4)	(6.4)	Dividend (cps)	0.0	33.0	0.0	33.0	0.0	33.0
Tax	(21.2)	(6.1)	(17.7)	(15.6)	(8.4)	Imputation	30.0	30.0	30.0	30.0	30.0	30.0
Minorities	(2.9)	(0.0)	(2.4)	(1.3)	4.3	Operating cash flow	(37.7)	118.1	(56.3)	47.2	29.5	60.0
Equity accounted assoc	0.1	0.0	(0.2)	1.3	0.0	Free Cash flow	(50.0)	108.7	(76.9)	27.0	10.4	47.8
NPAT Adjusted*	52.0	37.5	43.6	40.1	28.3							
Adjustment for one time items	(2.9)	(3.3)	(1.0)	(8.6)	(1.3)	Divisions	1H18	2H18	1H19	2H19	1H20	2H20
NPAT (attributable to B Class shareholders)	49.1	34.2	42.7	31.5	27.0	Rev - Rice Pool	159.1	219.9	182.5	143.4	124.1	99.1
NPAT reported for whole group	52.0	34.2	45.1	32.8	22.7	Rev - International Rice	217.4	239.3	208.7	273.7	235.1	296.4
						Rev - Rice Food	55.3	51.7	52.6	47.1	49.8	49.8
						Rev - Riviana	59.0	61.1	59.1	67.5	64.5	72.1
						Rev - CopRice	52.4	58.7	77.9	76.7	67.5	72.4
						Costs - Raw materials	(339.4)	(371.3)	(358.4)	(377.9)	(332.1)	(374.9)
						Costs - Freight and distribution	(57.3)	(59.8)	(56.3)	(53.9)	(52.0)	(54.3)
						Costs - Employee benefits	(68.9)	(71.4)	(74.1)	(69.4)	(74.2)	(68.8)
						Other Operating Costs	(34.0)	(87.2)	(60.3)	(66.6)	(52.8)	(59.9)
						EBITDA reported	51.2	42.1	35.3	41.9	31.8	33.3
						Margins, Leverage, Returns		FY2016	FY2017	FY2018	FY2019	FY2020
						EBITDA		8.5%	6.5%	7.9%	6.5%	5.8%
						EBIT		7.0%	4.9%	6.2%	5.4%	3.4%
						NPAT pre significant items		4.1%	3.4%	3.7%	3.4%	2.5%
						Net Debt (Cash)		177.4	84.9	42.5	109.6	82.6
						Net debt/EBITDA (x)	(x)	1.7	1.2	0.5	1.4	1.3
						ND/ND+Equity (%)	(%)	31.3%	17.3%	8.9%	19.1%	14.6%
						EBIT interest cover (x)	(x)	7.2	5.2	7.9	7.7	6.1
						ROA		9.2%	6.1%	8.0%	6.9%	4.7%
						ROE		13%	9%	10%	7%	6%
						ROIC		11%	7%	11%	9%	5%
						ROCE		18%	11%	14%	12%	7%
						NTA (per share)		\$ 6.84	\$ 7.10	\$ 7.49	\$ 7.64	\$ 7.82
						NTA per share growth		7%	4%	5%	2%	2%
						NTA premium (discount) to price		15%	19%	25%	28%	31%
						Working capital		478.3	393.2	528.9	395.6	314.4
						WC/Sales (%)		38%	35%	45%	33%	28%
						Revenue growth		2.2%	(12.4%)	5.8%	1.3%	(5.0%)
						EBIT growth pa		8.1%	(36.9%)	45.0%	(12.5%)	(39.6%)
						Pricing		FY2016	FY2017	FY2018	FY2019	FY2020
						No of shares (y/e)	(m)	55.8	55.8	56.2	57.8	59.0
						Weighted Av Dil Shares	(m)	55.8	55.8	56.2	57.8	59.0
						EPS Reported	cps	87.9	61.3	75.9	54.5	45.8
						EPS Normalised/Diluted	cps	93.2	67.3	77.6	69.4	48.0
						EPS growth (norm/dil)		19.7%	(23.5%)	26.7%	(10.6%)	(30.9%)
						DPS	cps	33.0	33.0	33.0	33.0	33.0
						DPS Growth		0%	0%	0%	0%	0%
						Dividend yield		5.5%	5.5%	5.5%	5.5%	5.5%
						Dividend imputation		30.0	30.0	30.0	30.0	30.0
						Dividend payout ratio on EPS reported		37.5%	53.9%	43.5%	60.6%	72.0%
						Dividend payout ratio on EPS normalised		35.4%	49.1%	42.5%	47.6%	68.8%
						PE (x) based on EPS reported		6.8	9.7	7.9	11.0	13.0
						PE market		16.7	16.7	16.7	16.7	16.7
						Premium/(discount)		(59.3%)	(41.6%)	(52.9%)	(34.4%)	(22.0%)
						EV/EBITDA		4.7	5.8	4.1	5.9	1.3
						FCF/Share	cps	7.8	214.9	104.4	(86.3)	98.8
						Price/FCF share		76.1	2.8	5.7	(6.9)	6.0
						Free Cash flow Yield		1.3%	36.0%	17.5%	(14.5%)	16.5%

Source: RaaS Advisory, Company data



FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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