

FY23 earnings beat and FY24-FY26 upgrades

Ricegrowers Limited, trading as SunRice (ASX:SGLLV), has reported its FY23 results and provided some outlook commentary for FY24. The FY23 result delivered adjusted revenue growth of 23%, EBITDA growth of 28%, NPAT growth of 18% and EPS growth of 14%, all above RaaS' estimates. The full-year dividend was raised from \$0.40/share to \$0.50/share (fully franked yield of 7.3%) and we view this level as sustainable near-term given outlook comments and have increased our assumptions accordingly. Management cites the positive impacts of cycling price increases, ample Australian rice available for sale in favourable rice markets, declining freight costs and the ongoing CopRice turnaround as reasons to be positive in FY24. The acquisition of the 33.8% stake in Trukai Industries (PNG) not already owned, adds to the outlook and, on its own, is estimated to increase EPS by 3%-4%. Incorporating the FY23 result and outlook commentary, we increase EPS estimates between 6% and 10% over the forecast period and upgrade our Sum of The Parts valuation from \$8.67/share to \$8.85/share despite lower peer multiples. SGLLV offers solid near-term growth, a 7.6% sustainable dividend yield (10.9% grossed up for franking), and acquisition optionality with an improving balance sheet likely in FY24.

Business model

SunRice has a unique and complementary corporate structure, balancing grower (A-Class shareholders) requirements for a rice crop that delivers them an acceptable Paddy Price, with the profit/dividend requirements of B-Class shareholders (including coverage of group overheads) delivered by the 'Profit Businesses' of International Rice, Corporate, Riviana Foods, Rice Food and CopRice. SunRice has domestic infrastructure to handle ~1m Paddy Tonnes across two Australian harvests, and multi-region/multi-origin sourcing to supplement harvests while taking advantage of opportunities globally. Growth is focused on acquisitions and organic growth in the branded FMCG space.

A more predictable, almost Goldilocks environment for FY24

In recent years, SGLLV management has had to deal with rapidly-rising input costs including freight, supply chain disruptions, varying regional rice markets and a rapidly-declining AUD, together with the aftermath of weak Riverina rice harvests in CY20 and CY21 and, of course, the COVID-19 pandemic. While many of these issues are still present, they have stabilised and/or are starting to reverse, providing management with confidence to comment that SunRice will "continue to grow both revenue and profit in FY24 and expect ongoing abundant supply of Riverina rice into FY25" due to current water storage levels in NSW. Tailwinds include lower freight costs, the Trukai minority acquisition, price increases, and the operational turnaround of the animal feed business CopRice.

SoTP valuation increases to \$8.85/share or \$563m market cap

Our preferred valuation method for SunRice is Sum of The Parts using adjusted peer EBITDA multiples for FY23f. There are a number of listed peers with consensus data for comparison across the spread of SunRice businesses. Our SoTP valuation has increased to \$8.85/share (from \$8.67/share) despite lower peer multiples due to higher earnings delivery. Key assumptions centre around the assessed multiples for the two largest divisions, International Rice and Corporate. Our DCF as a sense check is \$9.75/share but is somewhat limited given long-term rice harvest visibility, and the resulting impacts on working capital.

Historical earnings and RaaS' estimates (in A\$m unless otherwise stated)

Year end	Revenue*	EBITDA adj.	NPAT adj.	EPS adj.	PER (x)	Dividend yield (%)
04/22a	1,331.1	90.2	47.6	0.81	8.1	6.1
04/23a	1,634.4	115.1	52.5	0.93	7.0	7.6
04/24f	1,760.7	137.9	69.8	1.14	5.7	7.6
04/25f	1,805.1	142.6	75.5	1.21	5.4	7.6

Source: Actual FY22 and FY23, RaaS estimates FY24f and FY25f; EBITDA, NPAT and EPS adjusted for one-time, non-recurring and non-cash items

FMCG/Agriculture

26 June 2023

Share Details

ASX code	SGLLV
Share price (23-Jun)	\$6.55
Market capitalisation	\$416.9M
Shares on issue	63.3M
Net debt at 30-Apr-23	\$291.4M
Free float	~98%

Share Performance (12 months)



Upside Case

- Stability in water availability and pricing
- EPS-accretive acquisitions
- New product launches and new market opportunities across the portfolio

Downside Case

- A return to drought conditions in the Riverina
- Customers claiming a share of cost reductions
- Long-term viability of Australian rice production

Company Interview

[SunRice RaaS Interview 26 June 2023](#)

Board of Directors

Laurie Arthur	Non-Exec. Chair/Grower
Rob Gordon	Chief Exec. Officer
John Bradford	Non-Exec. D-Chair/Grower
Luisa Catanzaro	Non-Exec. Dir/Non-Grower
Andrew Crane	Non-Exec. Dir/Non-Grower
Ian Glasson	Non-Exec. Dir/Non-Grower
Leigh Vial	Non-Exec. Dir./Grower
Ian Mason	Non-Exec Dir./Grower
Jeremy Morton	Non-Exec. Dir./Grower
Julian Zanatta	Non-Exec. Dir./Grower

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H2 FY23 Results Summary

- Improved availability of Riverina rice and sales into high-value markets such as the US and Middle East resulted in +21% increase in **Rice Pool** revenue (+62% H1), fully covering allocated overheads;
- **International** revenue increased 9% (+32% H1), also on the back of the improved availability of Riverina rice, sourcing opportunities across drought-impacted regions of Europe and the US, and generally higher sell prices. EBITDA was 4% above H2 FY23, still being impacted by freight costs;
- **Rice Food** revenue increased 9% (H1 +4%) mainly on the back of price increases. EBITDA increased 50%, aided by price increases and lower COGS associated with broken rice for rice flour production;
- **Riviana Foods** revenue increased 9% (H1 +10%) on the back of new category expansion, increased ranging, the return of Food Service, and price increases. EBITDA declined 42% (H1 down 68%) due to the lag in price increases to offset a range on input and freight cost pressures, the lower AUD, and supply chain disruptions across Europe;
- **CopRice** delivered revenue growth of 34%, aided by a full-half contribution from the Pryde's EasiFeed acquisition and continued market share and efficiency gains for the legacy business. EBITDA as result increased 392% to \$8.4m, having moved from loss to profit in H1 FY23;
- **Corporate EBITDA increased 93% (H1 +29%)** and was the major surprise in the result. Essentially, a higher WACC requirement for the business as a result of higher interest rates (both BBSW and the 10-year bond yield) was implemented in the half rather than over a two-year rolling period as we had forecast. Improving brand sales and the associated licence fees also contributed to the increase;
- **Interest expense** increased materially on the back of higher average debt (inventory rebuild) and higher interest costs (a higher BBSW). Much of this increase was recouped in Corporate; and
- **The \$0.3m outside Equity Interest** predominately relates to Trukai in PNG and implies a total NPAT of \$0.9m for the half, down on the PCP.

Exhibit 1: SGLLV H2 FY23 result (in A\$m unless otherwise stated)

Variable (A\$000')	H2 FY22	H2 FY23	% Chg	Comments
Revenue	767.7	878.6	14	
Rice Pool	156.2	189.5	21	Higher rice prices and improved product mix
International	367.2	400.2	9	Higher rice prices and new market opportunities
Rice Food	52.6	57.2	9	
Riviana Foods	99.2	107.7	9	
CopRice	92.6	124.0	34	Both acquisition and legacy growth
Other	1.8	1.1	n.m.	
Gross profit	289.6	349.2	21	
GP margin %	37.7	39.7		
Operating costs	(235.7)	(275.2)	17	
Underlying EBITDA	54.0	73.9	37	
Rice Pool	0.0	0.0		Overhead costs fully covered
International	25.7	26.7	4	Still being impacted by freight costs
PNG	1.0	3.9		
Balance	24.7	22.8		
Rice Food	4.4	6.5	50	
Riviana	7.3	4.2	(42)	Unable to recoup input and AUD costs
CopRice	1.7	8.4	392	Legacy turnaround and Pryde's Easifeed acquisition
Corporate	14.7	28.4	93	Driven by higher volumes and ROA requirements
D&A	(13.3)	(14.4)		
EBIT	40.6	59.5	46	
Interest expense	(1.9)	(9.1)		Higher debt and interest charges, recovered in Corporate
PBT	38.7	50.4	30	
Tax	(6.5)	(10.6)		
Outside equity	1.3	0.3		Trukai in PNG
Adj. NPAT	30.9	39.5	28	
Abnormals	0.1	(4.9)		Predominantly asset impairments
Reported NPAT (B-Class)	31.0	34.6	11	

Source: Company announcements and RaaS estimates

FY24 Outlook

Key considerations for FY24 include:

- **The size of the CY23 harvest for sale in FY24/FY25**, which has come in at ~500k Paddy Tonnes, well above the December 2022 forecast by ABARE of 340k Paddy Tonnes but 27% below CY22.

We view this harvest as the Goldilocks level, offering ample Australian rice to cover overheads and supply key domestic businesses, supportive of attractive prices for growers, while not impacting on the International division (no need to source for shortfall or find a home for excess).

- **The cycling of significant freight induced earnings declines** across the International and Riviana divisions in FY23, but particularly H1 FY23. The FY23 cost impact ex-the Rice Pool (which is accounted for when setting the Paddy Price) is estimated at \$35m or 30% of reported EBITDA.
- **The ultimate level of interest rates**, and in particular the 10-year bond yield which is a key driver of the WACC and financing requirements for the Corporate division, which represented 38% of SGLLV EBITDA in FY23. Our FY24 Corporate expectations are more proportionate across H1 and H2.
- **The global supply/demand equation for rice and the resulting impact on rice prices.** 2022/23 will see the first reduction in the global supply of rice since 2015/16 due to weather and supply chain disruptions, resulting in the lowest stock levels since 2016/17. This has resulted in higher prices which in general is good for SGLLV as prices can be passed on to customers.

The 2023 US crop (due for harvest in November) is expected to be significantly higher than the last two years on the back of abundant rain and snow filling catchments. Planting intentions are up 49% on the PCP, according to the the National Agricultural Statistics Service (NASS), and will increase competition and potentially reduce exports of Australian rice into the US in H2 FY24.

- **The working capital position and impact on debt levels heading into FY24.** Assuming a similar harvest in CY24 (for sale in FY25) we expect a \$50m release of working capital in FY24 and no significant increases in FY25.

As a result, we expect net debt to fall to \$218m by April 2024 and \$170m by April 2025.

- **The acquisition of the 33.7% of Trukai Industries in PNG** that SGLLV does not own effective June 30, 2023. We estimate this transaction is EPS accretive to the tune of 3%, and is likely to simplify the supply chain going forward.
- **Risks** amongst the typical centre around pressure from customers to share in the cost reductions from normalising freight and other input costs.

Considering all the above we have increased our EPS expectations by 6%-10% over the forecast period, with key changes detailed below.

Exhibit 2: RaaS SGLLV earnings adjustments (in A\$m unless stated)					
Variable	FY23a	FY24f	FY25f	FY26f	Comments
Revenue					
Previous	1,611	1,644	1,729	1,667	
Revised	1,634	1,761	1,805	1,745	Price increases
% CHG	1	7	4	5	
Adj. EBITDA					
Previous	107.6	119.9	124.9	119.6	
Revised	115.0	137.9	142.6	143.6	Higher corporate
% CHG	7	15	14	20	
Adj. EPS					
Previous	0.88	0.87	1.02	1.09	
Revised	0.92	0.92	1.12	1.20	Higher interest costs
% CHG	5	6	10	9	

Source: RaaS estimates

Exhibit 3: SGLLV P&L summary (in A\$m unless otherwise stated)

Line item	2022a	2023a	2024f	2025f	2026f
Revenue	1,334	1,638	1,764	1,809	1,748
Rice Pool	246	335	334	354	323
International	621	735	831	840	791
Rice Food	106	113	120	119	122
Riviana	197	215	228	235	239
CopRice	161	236	248	259	270
Other	3	3	4	4	4
EBITDA	90.2	115.1	137.9	142.6	143.6
Rice Pool	0.0	0.0	0.0	0.0	0.0
International	42.0	41.3	52.4	55.4	55.0
Rice Food	7.9	11.1	11.7	11.3	11.0
Riviana	14.0	6.3	14.1	15.2	15.6
CopRice	(0.5)	12.4	14.6	15.8	17.1
Corporate	26.8	44.0	45.0	45.0	45.0
Adjustments					
D&A	(26.1)	(28.3)	(29.1)	(29.1)	(29.2)
EBIT	64.0	86.7	108.7	113.6	114.4
Interest expense	(4.8)	(14.0)	(18.8)	(16.8)	(14.8)
PBT	59.2	72.7	89.9	96.8	99.6
Tax	(10.9)	(14.9)	(19.8)	(21.3)	(21.9)
NPAT before outside interests	48.3	57.8	70.1	75.5	77.7
Outside equity interests	1.2	2.2	0.3	0.0	0.0
Adj NPAT to B-Class	47.1	55.7	69.8	75.5	77.7

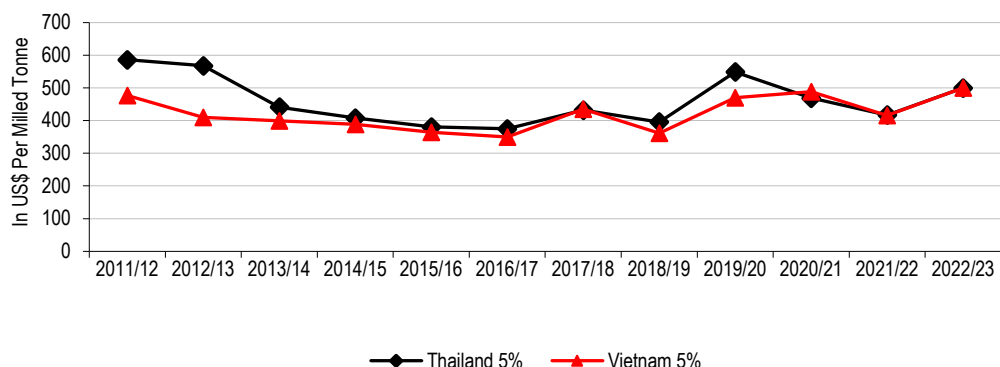
Source: Company announcements and RaaS estimates

Global pricing

Reducing stock levels has seen rice prices across most grades increase over the past 12 months, in particular:

- **Thailand 5% broken prices are up 20% on the pcp to June**, aided by an increase in the value of the Thai baht.
- **Vietnam 5% broken prices are also up 20% on the pcp to June**, aided by demand from traditional buyers from the Philippines, Indonesia and China.
- **Indian prices remain the most competitively priced** source of Asian rice.
- **Californian medium-grain Number-1 Grade 4% broken**s, a proxy for Australian rice, has hit and maintained record highs at \$1,650/ton, but is likely to decline as the CT23 crop is harvested and processed in November.
- **US long-grained milled rice, Number 2 grade 4%-broken** kernels (Iraq specifications), maintained US\$760/ton, which is the highest since 2008.

Exhibit 4: Thailand and Vietnam 5% broken prices (US\$)



Source: USDA

Peer Comparisons

Our assessed peer group for SGLLV has most of the following characteristics:

- Exposure to an agricultural cycle;
- Base product is essentially a commodity;
- An owner of market-leading FMCG brands sold into major supermarkets;
- Material infrastructure ownership; and
- Australian listed.

Key domestic and international peers that satisfy some or all of these requirements are listed in the peer comparison table below.

Exhibit 5: Peer group financial comparison – FY23 (in A\$m June year-end unless otherwise stated)

Company name	Ticker (ASX unless stated)	Share price (cps)	Mkt. cap.	Revenue	Adj. # EBITDA	Adj. NPAT	Adj. EPS	Adj. # EBITDA multiple (x)	FY22 Working capital /Rev (%)	Debt/ EBITDA (x)
Treasury Wines	TWE	\$11.44	8,257	2,448	673.0	370.5	0.49	12.3	30	0.9
Graincorp #	GNC	\$7.38	1,651	7,709	504.5	254.6	1.11	3.3	15	1.1
Elders #	ELD	\$6.20	969	3,377	198.4	117.7	0.71	4.9	19	0.8
Costa Group ^	CGC	\$2.76	1,282	1,483	230.9	70.0	0.14	5.6	2	0.1
Bega Cheese	BGA	\$3.51	1,067	3,378	132.1	46.4	0.09	8.1	5	2.0
Ridley	RIC	\$1.94	620	1,246	84.4	43.1	0.13	7.3	4	0.3
Select Harvests #	SHV	\$4.20	508	120	-96.9	-66.0	-0.58	-5.2	70	-1.4
Lynch Group	LGL	\$2.54	310	397	37.0	18.8	0.10	8.4	(3)	0.6
PEER AVERAGE								7.1	18	0.6
FMCG AVERAGE								8.6	12	1.0
SunRice *	SGLLV	\$6.55	417	1,634	111.2	55.7	0.93	3.7	28	1.8
Ebro Foods (€) ^	EBRO:SM	16.30	2,509	3,084.0	326.0	158.0	0.96	7.7	28	1.8

Sources: Company financials, Refinitiv Eikon; Prices 22 June 2023; # Sept year-end; * April year-end; ^ Dec year-end; ## Adj. EBITDA adds back RoU/rental expense (Pre-AASB16)

Looking at SGLLV relative to the domestic peer group, we would highlight the following:

- Trading at a material discount to peers on an EV/EBITDA multiple (subtracting rent paid), EV/EBIT and PER multiple using FY23 consensus data;
- Working capital to revenue for SGLLV at the higher end of peers, albeit impacted by the two strong harvests in recent years;
- Debt to EBITDA at the higher end of peers, again impacted by the working capital requirements of recent large harvests; and
- Capex to revenue and capex to core PP&E depreciation at the lower end of peers despite significant PP&E (low maintenance assets).
- Since March 30 the SGLLV share price has increased 4% against an average 3% increase in the peer average. Within the peer group LGL has increased 49% while ELD has declined 28%.

Valuation

Sum of The Parts

We view SunRice as a cross between an infrastructure business (Corporate), a brand owner (Corporate), a trading business (International), FMCG (International, Rice Food and Riviana) and Animal Feed (CopRice). The table below presents a Sum of The Parts (SoTP) valuation for SunRice using the following EBITDA multiples, derived from FY23 consensus estimates adjusted for rental expense/RoU (subtracted from EBITDA), and then applied to RaaS FY23(a) adjusted EBITDA:

- A 8.7x EBITDA multiple for FMCG businesses, in-line with the average of the FMCG businesses in the peer group (TWE, BGA and CGC). For Riviana we are using FY22 EBITDA given FY23 is not reflective of sustainable earnings in our view;
- A 4.5x EBITDA multiple for the Corporate business, the average of GNC and ELD multiple in recognition that SunRice Corporate provides both infrastructure (GNC) and brands (ELD) to its rice growers. The GNC multiple is currently dragging this average down despite recent guidance upgrades;
- A 7.5x multiple for CopRice, in-line with RIC metrics which is essentially 100% animal feed; and
- A 7.2x EBITDA multiple for International, which is the average of the peer group and now incorporates 100% of Trukai. The tax rate of this business is forecast to be well below peer averages.
- Forecast FY24 debt levels, which RaaS believes are more reflective of ongoing sustainable debt levels given the harvest outlook.

Issues with this approach include using FY23 earnings in isolation (Riviana as an example), limited regard for the replacement value of key infrastructure, varying tax rates which are not captured at the EBITDA line, other anomalies between each company (including the share structure of SunRice), a small sample size in some divisional comparisons, and volatility in peer multiples.

Exhibit 6: SGLLV Sum of The Parts valuation – FY23 A\$m unless otherwise stated				
Division	FY23 adj. EBITDA	Adj. EBITDA multiple (x)	Valuation	Comments
International	40.2	7.2	289	A key assumption given EBIT size
Rice Food	10.8	8.7	94	FMCG peers
Riviana Foods *	13.8	8.7	120	FMCG peers using FY22 EBITDA
CopRice	11.6	7.5	87	RIC is the key peer
Corporate	42.4	4.5	191	Average of ELD and GNC
Less				
Net debt (Apr-24 est.)			(218)	RaaS estimate as at April 2024
VALUATION			563	
Shares on issue			64	
EQUITY VALUE			\$8.84	Up from \$8.67

Source: Company announcements and RaaS estimates; *FY22 EBITDA

Investment Case Revisited

The investment case for SunRice B-Class shareholders is managing a sweet spot in Riverina rice harvest volumes, recouping significant freight costs, and growing the footprint of key 'profit businesses' both organically and via acquisition:

- SunRice has increased its **dividend to \$0.50/share** and we see this level of dividend as sustainable medium-term, allowing B-Class shareholders to ride out any near-term earnings volatility with fully franked dividends.
- **Improved availability of Riverina rice** opens up international export opportunities while at the same time reducing the overhead charge for other divisions and relieving some COGS pressures for the Rice Food division. The CY23 harvest (for sale in FY24) of 500k Paddy Tonnes is seen as a 'Goldilocks' harvest, and with 90% water storage capacity this should continue into CY24 (for sale in FY25).
- **Global rice markets are supportive** for Australian rice demand and general sourcing opportunities over coming years with overall global stock levels forecast to decline 8% in 2022/23, the second consecutive year of decline. The premium medium-grain Californian harvest (a peer to Australian production) is forecast to decline 30% in 2022/23, opening up sourcing and supply opportunities for SunRice. Niche sourcing and supply opportunities are also emerging in the EU and UK as a result of drought and Brexit/free trade respectively.

- **Cost recovery opportunities** exist across freight and distribution, with FY23 freight costs ex-the Rice Pool \$35m higher. Cost recovery and/or freight price reductions are supportive of earnings in FY24, particularly for Internationals and Riviana.
- **Improved return rates should continue for the Corporate division** (38% of FY23 EBITDA) as higher 10-year bond rates drive higher return requirements from the group's infrastructure due to an increased WACC.
- **EPS-accretive acquisitions in the branded FMCG space** are likely to continue, with the group building a solid brand portfolio across convenience and healthy rice snacks (Rice Food), animal feed (CopRice) and the branded entertainment/special occasion products (Riviana). The size of acquisitions has been progressively increasing, promising more material EPS accretion.
- **SGLLV is trading at a material discount to selected ASX peers** on key metrics including EV/adjusted EBIT, EV/EBIT and PER using FY23 consensus forecasts against RaaS FY23 SGLLV estimates.
- **Our Sum of The Parts valuation is \$8.85/share, offering 35% upside.**

Exhibit 7: SGLLV Financial Summary

Ricegrowers t/a SunRice						Share price (23 June 2023)						A\$ 6.55
Profit and Loss (A\$m)						Interim (A\$m)						
Y/E 30 April	FY2021	FY2022	FY2023	FY2024	FY2025	1H22	2H22	1H23	2H23	1H24F	2H24F	
	A	A	A	F	F							
Revenue	1,022.2	1,331.1	1,634.4	1,760.7	1,805.1	563.3	767.7	758.0	1,002.7	815.5	948.7	
EBITDA	47.5	90.2	115.1	137.9	142.6	36.4	53.7	40.9	74.2	60.8	77.1	
Depn	(23.2)	(23.5)	(25.4)	(26.1)	(26.1)	23.6	40.4	27.0	59.7	46.5	62.2	
Amort	(1.7)	(2.7)	(2.9)	(3.0)	(3.0)	NPAT (normalised)	16.3	32.0	17.8	40.0	28.5	41.6
EBIT	22.6	64.0	86.7	108.7	113.6	Minorities	(0.1)	1.3	1.9	0.3	0.0	
Interest	(4.8)	(4.8)	(14.0)	(18.8)	(16.8)	NPAT (Class B)	16.4	30.7	16.0	39.7	28.2	41.6
Tax	(0.8)	(10.9)	(14.9)	(19.8)	(21.3)	EPS (normalised)	0.27	0.50	0.25	0.63	0.44	0.65
Minorities	2.5	(1.2)	(2.2)	(0.3)	0.0	EPS (reported)	0.27	0.50	0.25	0.63	0.44	0.65
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Dividend (cps)	0.10	0.30	0.10	0.40	0.15	0.35
NPAT pre significant items	19.5	47.1	55.7	69.8	75.5	Imputation	30.0	30.0	30.0	30.0	30.0	30.0
Significant items	1.3	0.4	(3.2)	0.0	0.0	Operating cash flow						
NPAT (Reported)	20.8	47.6	52.5	69.8	75.5	Free Cash flow						
Cash flow (A\$m)						Divisions						
Y/E 30 April	FY2021	FY2022	FY2023	FY2024	FY2025	1H22	2H22	1H23	2H23	1H24F	2H24F	
EBITDA (less rent)	43.3	86.3	110.2	132.9	137.5	EBITDA - Rice Pool	0.0	0.0	0.0	0.0	0.0	
Interest paid	(4.8)	(4.8)	(14.0)	(18.8)	(16.8)	EBITDA - International Rice	16.3	25.7	14.6	26.7	21.0	31.4
Tax Paid	(5.6)	(6.1)	(3.2)	(17.3)	(20.5)	EBITDA - Rice Food	3.5	4.4	4.5	6.5	4.8	6.9
Working capital changes	5.6	(57.1)	(146.1)	50.2	2.4	EBITDA - Riviana	6.7	7.3	2.1	4.2	7.0	7.1
Operating cash flow	38.5	18.2	(53.1)	146.9	102.6	EBITDA - CopRice	(2.2)	1.7	4.0	8.4	6.0	8.6
Mtce capex	(17.6)	(16.5)	(20.1)	(21.1)	(22.1)	EBITDA - Corporate	12.1	14.7	15.6	28.4	22.0	23.0
Free cash flow	20.9	1.7	(73.2)	125.8	80.4	TOTAL EBITDA	36.4	53.7	40.9	74.2	60.8	77.1
Growth capex	0.0	0.0	0.0	0.0	0.0	Costs - Raw materials	(339.3)	(484.1)	(433.7)	(530.5)	(487.6)	(596.7)
Acquisitions/Disposals	(66.2)	(37.5)	(0.3)	(17.5)	0.0	Costs - Freight and distribution	(54.4)	(92.5)	(113.3)	(112.6)	(97.0)	(103.0)
Other	0.0	0.0	0.0	0.0	0.0	Costs - Employee benefits	(73.4)	(75.3)	(89.0)	(89.5)	(92.0)	(91.9)
Cash flow pre financing	(45.3)	(35.8)	(73.4)	108.3	80.4	Other Operating Costs	(61.5)	(67.9)	(81.0)	(73.1)	(81.3)	(76.8)
Equity	0.0	0.0	0.0	0.0	0.0	Margins, Leverage, Returns		FY2021	FY2022	FY2023	FY2024	FY2025
Debt	58.0	56.3	124.2	(60.0)	(40.0)	EBITDA		4.6%	6.8%	7.0%	7.8%	7.9%
Dividends paid	(14.5)	(19.8)	(18.5)	(34.6)	(32.0)	EBIT		2.2%	4.8%	5.3%	6.2%	6.3%
Net cash flow for year	(1.8)	0.6	32.3	13.7	8.5	NPAT pre significant items		1.9%	3.5%	3.4%	4.0%	4.2%
Balance sheet (A\$m)						Net Debt (Cash)		-147.9	-197.8	-291.4	-217.8	-169.3
Y/E 30 April	FY2021	FY2022	FY2023	FY2024	FY2025	Net debt/EBITDA (x)	(x)	3.1	2.2	2.5	1.6	1.2
Cash	23.5	42.6	74.3	88.0	96.4	ND/ND+Equity (%)	(%)	24.3%	28.1%	34.4%	27.7%	21.7%
Accounts receivable	175.8	260.0	306.4	336.5	342.4	EBIT interest cover (x)	(x)	4.7	13.3	6.2	5.8	6.8
Inventory	375.7	525.0	569.9	570.6	551.6	ROA		2.6%	6.0%	6.9%	8.1%	8.3%
Other current assets	4.3	3.5	0.6	0.6	0.6	ROE		5%	10%	10%	12%	13%
Total current assets	579.4	831.1	951.3	995.7	991.1	ROIC		5%	15%	17%	20%	22%
PPE	262.3	267.6	270.1	270.1	271.3	NTA (per share)		7.2	7.4	8.0	8.2	8.9
Goodwill& Intangibles	58.5	85.7	84.9	81.9	78.9	Working capital		407.6	567.3	638.3	645.7	628.0
Investments	5.4	5.6	5.7	5.7	5.7	WC/Sales (%)		40%	43%	39%	37%	35%
Deferred tax asset	15.9	8.5	14.6	14.6	14.6	Revenue growth		-8%	30%	23%	8%	3%
Other non-current assets	0.3	0.3	0.5	0.0	0.0	EBIT growth pa		-55%	183%	35%	25%	4%
Total non current assets	342.4	367.7	375.8	372.2	370.4	Pricing		FY2021	FY2022	FY2023	FY2024	FY2025
Total Assets	921.8	1,198.8	1,327.1	1,367.9	1,361.5	No of shares (y/e)	(m)	60.0	61.8	62.7	63.7	64.6
Accounts payable	143.9	217.7	238.1	261.4	266.0	Weighted Av Dil Shares	(m)	60.0	61.8	62.7	63.7	64.6
Short term debt	85.0	125.1	299.1	239.1	199.1	EPS Reported	cps	0.35	0.81	0.93	1.14	1.21
Payable to Ricegrowers	112.5	200.1	112.5	170.1	154.8	EPS Normalised/Diluted	cps	0.35	0.81	0.93	1.14	1.21
Other current liabilities	28.0	30.0	50.6	53.6	54.2	EPS growth (norm/dil)		-27%	128%	16%	22%	6%
Total current liabilities	369.4	572.8	700.2	724.2	674.1	DPS	cps	0.33	0.40	0.50	0.50	0.50
Long term debt	86.5	115.3	66.7	66.7	66.7	DPS Growth		0%	21%	25%	0%	0%
Other non current liabs	4.9	5.3	3.5	8.4	8.6	Dividend yield		5.0%	6.1%	7.6%	7.6%	7.6%
Total long term liabilities	91.4	120.6	70.2	75.1	75.3	Dividend imputation		30.0	30.0	30.0	30.0	30.0
Total Liabilities	460.8	693.4	770.4	799.3	749.3	PE (x)		18.5	8.1	7.0	5.7	5.4
Net Assets	461.1	505.3	556.7	568.7	612.1	PE market		16.0	16.0	16.0	16.0	16.0
Share capital	134.6	142.5	152.5	152.5	152.5	Premium/discount		16%	-49%	-56%	-64%	-66%
Reserves	(5.5)	(21.4)	(11.6)	(11.6)	(11.6)	EV/EBITDA		11.4	6.7	6.1	4.6	4.2
Retained profits	315.1	364.8	392.5	427.7	471.2	FCF/Share	cps	214.9	103.5	(85.0)	97.5	69.3
Minorities	16.9	19.4	23.2	0.0	0.0	Price/FCF share		3.0	6.3	(7.7)	6.7	9.5
Total Shareholder funds	461.1	505.3	556.6	568.6	612.2	Free Cash flow Yield		32.8%	15.8%	-13.0%	14.9%	10.6%

Source: Company data for actuals, RaaS estimates

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

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Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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

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