Research as a Service

Ricegrowers Limited (SunRice)

Global Rice Market Update

FMCG/Agriculture

26 April 2023

Global market forecasts positive for SunRice

The latest release of the USDA Rice Crop Outlook Report (April 13) provides useful data on the global and US rice markets, which has implications for the rice-related businesses within Ricegrowers Limited, trading as SunRice (ASX:SGLLV). The global rice market is forecast to see the second consecutive year of demand exceeding supply (due mainly to supply issues), with global-ending rice stocks expected to be the lowest since 2017/2018 and equal to just four months' demand. Prices for most grades, as a result, remain at record highs (US-medium-grain, which is a proxy for Australian grades) or trending higher in recent months (including Thailand +4%-5% and Vietnam +7%). Higher prices and supply shortages (ex-Australia) is generally positive for SunRice, providing opportunities for the International trading division, while encouraging domestic plantings which helps generate processing and licence fees. High prices are encouraging plantings in the US, with US planting intentions for the 2023/2024 harvest up 16% on the pcp, also aided by abundant rainfall and snow this winter. Australia (SunRice) has supplied most of the Californian crop shortfall over the past year and is likely to continue to do so until harvest levels/stocks are restored.

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.

Higher rice prices in general a positive for SunRice

A five-year low in global rice stocks on the back of predominantly weather events has seen the price of most grades of rice increase over the past 12 months, and in particular the last 2 months. Higher rice prices are generally a positive for SunRice on a number of fronts. Growers have the incentive to plant, ensuring a crop that covers allocated corporate overheads while generating Corporate processing and licence fees (~30% of EBITDA). The International division (~40% of EBITDA) has trading opportunities to supply countries "short" in key grades while in general the division will take its margin on a higher selling price (assuming prices can be passed-on), resulting in higher absolute earnings, further aided by a weaker A$ in recent quarters. The negative is higher input prices for Rice Foods (~9% of EBITDA) which, if not passed through, have to be absorbed in the gross margin.

SoTP valuation $8.67/share or $530m 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. Allowing for share price and earnings adjustments our SoTP valuation is $8.67/share (up from $8.50/share), with key assumptions centring around the assessed multiples for the two largest divisions, International Rice and Corporate. Our DCF as a sense check is $9.25/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)

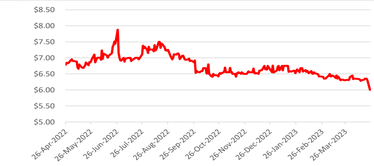
Year end	Revenue*	EBITDA adj.	NPAT adj.	EPS adj.	PER (x)	Dividend yield (%)
04/21a	1,022.2	47.5	20.8	0.35	17.0	5.5
04/22a	1,331.1	90.2	47.6	0.81	7.4	6.7
04/23f	1,611.1	107.6	53.6	0.88	6.9	5.8
04/24f	1,648.6	121.6	62.3	1.03	5.8	5.8

Source: Actual FY21 and FY22, RaaS estimates FY23f and FY24f; EBITDA, NPAT and EPS adjusted for one-time, non-recurring and non-cash items

Share Details

ASX code	SGLLV
Share price (24-Apr)	$6.00
Market capitalisation	$376.8M
Shares on issue	62.8M
Net debt at 30-Sep-22	$297.6M
Free float	~98%

Share Performance (12 months)



Upside Case

- Stability in water availability/pricing
- EPS-accretive acquisitions
- New product and market developments

Downside Case

- A return to drought conditions in the Riverina
- Lower AUD increasing import costs
- Price competition in key markets

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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RaaS Research as a Service

Global Rice Market Update

The latest release of the USDA Rice Crop Outlook Report (April 13) provides useful data on the global and US rice markets, which has implications for the rice-related businesses within SunRice.

Global demand – record high in 2022/23

2022/23 global rice consumption is forecast to reach a record 520m milled tons, up 0.9mt on the pcp.

Global supply – first year-to-year decline since 2015/16

2022/23 global rice production is forecast at 509.4m milled tons, 1% below the pcp and first year-to-year decline since 2015/16.

- **Weather-related production declines** forecast in Australia, Brazil, China, the EU, Ghana, Iraq, Japan, South Korea, Nigeria, the Philippines, Russia, the US and Uruguay.
- **Long-term declines in rice area** in Brazil, Japan and South Korea.
- **Supply chain disruptions in Sri Lanka.**

Global stocks – lowest since 2017/18

2022/23 global ending rice stocks forecasts lowered to 171.4m milled tons, the lowest level since 2017/2018.

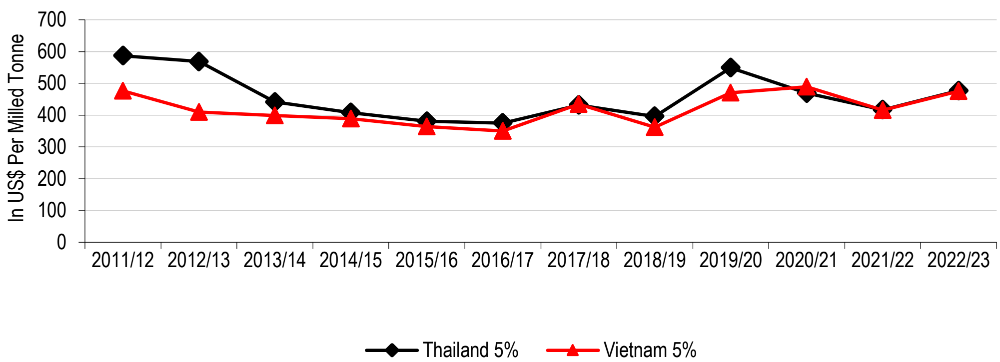
- **The bulk of the projected declines** came from Brazil, Burma, China, India, Pakistan, Thailand, the US and Vietnam.
- **The largest reductions in absolute terms** were seen in China and India.

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 14% on the pcp in April** and 4%-5% in April on March, aided by an increase in the value of the Thai baht.
- **Vietnam 5% broken prices are also up 14% on the pcp in April** and 7% in April on March, aided by demand from traditional buyers from the Philippines, Indonesia and China.
- **Indian prices remain the most competitively priced** source of Asian rice.

Exhibit 1: Thailand and Vietnam 5% broken prices (US$)



Source: USDA

US Rice Market Update

Planting intentions

High prices are encouraging plantings in the US, with US planting intentions for the 2023/2024 harvest up 16% on the pcp based on a survey by the National Agricultural Statistics Service (NASS), also aided by abundant rainfall and snow in the winter just gone, restoring reservoirs to normal or above-normal levels.

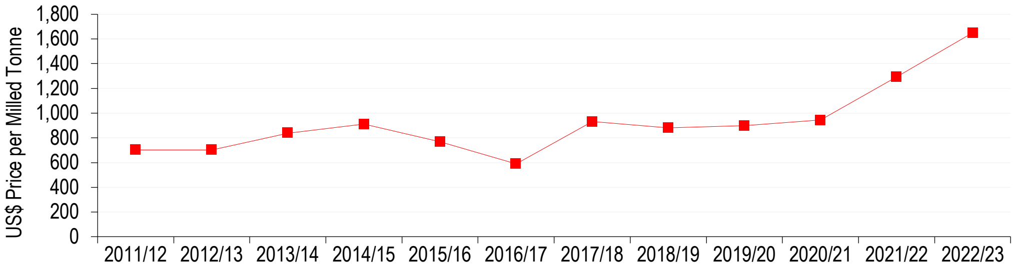
- **Long-grain planting indicated up 9%**.
- **Combined medium and short-grain plantings are indicated up 49%,** mostly from California.

With plantings in May and harvest in November, this supply will not hit the market until early CY24 but is likely to reduce demand for Australian medium-grain rice in the US.

Pricing

- **Californian medium-grain Number-1 Grade 4% brokens,** a proxy for Australian rice, has hit and maintained record highs at $1,650/ton.
- **US long-grained milled rice, Number 2 grade 4%-broken** kernels (Iraq specifications), maintained US$760/ton, which is the highest since 2008.

Exhibit 2: Californian medium-grain Number 1 Grade 4% broken price (US$)



Source: USDA

Supply/demand

Australia (SunRice) has supplied the bulk of the shortfall for medium and short grain due to supply issues in the US, namely:

- **US medium- and short-grain imports were a record 9.0m cwt, up 27% on the pcp** due to two consecutive weak harvests in California.
- **US medium- and short-grain supplies are projected at 54.3m cwt, 18% below the pcp** and the lowest since 1988/89.
- **China, Thailand and India remain the largest suppliers** of medium- and short-grain rice into the US.

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Summary

The Corporate division is 30% of RaaS forecast FY23 EBITDA and relies on an 'adequate' harvest to cover allocated corporate overheads, earn harvest processing & storage fees and brand licencing royalties.

High prices encourage the planting of rice relative to other commodity options provided weather conditions (read water costs) allow which they do currently given river/dam water levels across the Riverina. SunRice typically sets an indicative paddy price range before plantings and updates this range through the year.

Exhibit 3 shows the impacts of higher selling prices for the CY22 harvest, with the range beginning at $390-$450 per paddy tonne and upgraded to $450-$470 in February 2023 as higher prices were realised.

Exhibit 3: CY22 harvest pricing (April harvest for marketing May 2022-December 2023)

Date	Price range	Comments
August 2021	$400	Initial fixed price offer
November 2021	n.a.	CY22 crop estimated at 600kpt
March 2022	$390-$450	Initial Paddy Price range
April 2022	n.a.	Harvest completed; first payment made at $390
August 2022	$400-$450	Lower end upgraded; additional $10/t payment made
November 2022	$410-$450	Lower end upgraded; additional $10/t payment made
December 2022	$435-$470	Lower-end & upper end upgraded; additional $25/t payment made
February 2023	$450-$470	Lower-end upgraded, additional $15/t payment made
April-June 2023	n.a.	Final pricing for CY22 harvest set

Source: Company announcements

The initial CY23 harvest price range was set at $390-$450 per paddy tonne in February 2023.

Outside of harvest volumes the Corporate division will also benefit from higher interest rates in the calculation for required returns using a WACC formula that uses a 2-year rolling average 10-year bond yield.

The International division is 42% of RaaS forecast FY23 EBITDA and purchases, processes and markets rice for supply into both domestic and international branded markets, tender markets and other process. Sales are particularly strong into regions such as PNG (~30%), other Pacific Island (~15%), the Middle East (~8%) and more recently the USA (~35%).

As a general and simplistic comment higher rice prices are good for the International division as their margin can be taken on a higher absolute sell price, resulting in higher absolute earnings dollars. This is premised on higher prices being able to be passed through to customers, which can be an issue in PNG and other Pacific Islands.

The likelihood of higher US medium-grain harvests in 2023/24 due to higher plantings and more favourable growing conditions may reduce the opportunities in the US from March 2024 if alternate markets cannot be found.

Rice Foods represents 9% of RaaS forecast FY23 EBITDA and is the most vulnerable to higher rice prices given rice is the major input cost.

Peer Comparison Update

Our assessed peer group for SGLLV has 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 4: 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	$14.04	10,134	2,775	732.6	396.8	0.55	13.8	30	0.9
Graincorp #	GNC	$6.92	1,548	6,671	397.4	196.3	0.88	3.9	15	1.4
Elders #	ELD	$8.39	1,311	3,210	223.6	143.7	0.91	5.9	19	0.7
Costa Group ^	CGC	$2.56	1,189	1,318	166.9	40.2	0.09	7.1	2	0.2
Bega Cheese	BGA	$3.82	1,161	3,121	141.9	39.9	0.13	8.2	5	1.9
Ridley	RIC	$2.18	697	1,076	83.2	40.7	0.13	8.4	4	0.3
Select Harvests #	SHV	$4.49	543	216	32.9	8.5	0.07	16.5	70	4.1
Lynch Group	LGL	$1.69	206	404	43.2	18.8	0.16	4.8	-3	0.5
PEER AVERAGE								**8.6**	**18**	**1.2**
FMCG AVERAGE								**9.7**	**12**	**1.0**
SunRice *	SGLLV	$6.00	376	1,611	103.7	51.8	0.88	3.6	28	1.9
Ebro Foods (€) ^	EBRO:SM	16.98	2,613	2,851.0	295.0	130.6	0.86	8.9	28	1.9

Sources: Company financials, Refinitiv Eikon; Prices 21 April 2023; # Sept year-end; * April year-end; ^ Dec year-end; ## Adj. EBITDA adds back RoU/rental expense

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).

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(f) adjusted EBITDA forecasts:

- A 9.7x 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 5.0x 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;
- An 8.4x multiple for CopRice, in-line with RIC metrics which is essentially 100% animal feed; and
- An 8.6x EBITDA multiple for International, which is the average of the peer group. The tax rate of this business is forecast to be well below peer averages.

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 5: SGLLV Sum of The Parts valuation – FY23 (in A$m unless otherwise stated)

Division	FY23 adj. EBITDA	Adj. EBITDA multiple (x)	Valuation	Comments
International	43.9	8.6	377	A key assumption given EBIT size
Rice Food	8.9	9.7	87	FMCG peers
Riviana Foods *	13.8	9.7	134	FMCG peers using FY22 EBITDA
CopRice	11.5	8.4	97	RIC is the key peer
Corporate	30.8	5.0	154	Average of ELD and GNC
Less				
33.8% of Trukai	4.9	8.6	-42	Same multiple as International
Net debt (Apr-23 est.)			-263	RaaS estimate as at April 2023
VALUATION			**543**	
Shares on issue			63	
EQUITY VALUE PER SHARE			**$8.67**	**Up from $8.50**

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 delivered a **stable dividend stream** of at least $0.33/share over the past seven years ($0.40/share in FY22) irrespective of the Australian harvest size or other divisional earnings volatility. We expect this trend to continue, allowing B-Class shareholders to ride out any near-term earnings volatility with fully franked dividends. Our forecast 35cps in FY23 implies a fully franked yield of 5.3%.
- **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. ABARES has forecast a 51% decline in the 2022/23 rice crop (to 340kt), but the 688kt 2021/22 crop should provide a buffer into 2023/24, where growing conditions are expected to remain favourable.

- **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.
- While likely to be an FY24 story, **cost recovery opportunities** exist across freight and distribution, which increased 108% on the pcp in H1 FY23 against revenue growth of 34%, well above peers. We estimate the benefits are proportional to revenue across all profit businesses, but mainly in International ex-PNG and Riviana.
- **Improved return rates are likely for the Corporate division** (29% of FY22 EBITDA) as higher 10-year bond rates drive higher return requirements from the group's infrastructure due to an increased WACC. Using a rolling two-year average, we expect return rates to gradually increase ~200bps over the next 18 months. EBITDA estimates over this period are 20% higher than FY22 as a result.
- **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.

Exhibit 6: SGLLV Financial Summary

Ricegrowers t/a SunRice					
Profit and Loss (A$m)					
Y/E 30 April	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
	A	**A**	**F**	**F**	**F**
Revenue	1,022.2	1,331.1	1,611.1	1,648.6	1,732.9
EBITDA	47.5	90.2	107.6	121.6	126.6
Depn	(23.2)	(23.5)	(24.8)	(24.9)	(24.7)
Amort	(1.7)	(2.7)	(3.0)	(3.0)	(3.0)
EBIT	22.6	64.0	79.8	93.7	98.9
Interest	(4.8)	(4.8)	(10.3)	(10.8)	(9.3)
Tax	(0.8)	(10.9)	(13.9)	(18.2)	(19.7)
Minorities	2.5	(1.2)	(3.7)	(2.4)	(2.2)
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0
NPAT pre significant it	**19.5**	**47.1**	**51.8**	**62.3**	**67.7**
Significant items	1.3	0.4	1.7	0.0	0.0
NPAT (Reported)	**20.8**	**47.6**	**53.6**	**62.3**	**67.7**
Cash flow (A$m)					
Y/E 30 April	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
EBITDA (less rent)	43.3	86.3	103.6	117.6	122.6
Interest paid	(4.8)	(4.8)	(10.3)	(10.8)	(9.3)
Tax Paid	(5.6)	(6.1)	(12.4)	(16.1)	(19.0)
Working capital changes	5.6	(57.1)	(103.3)	41.8	(6.0)
Operating cash flow	**38.5**	**18.2**	**(22.4)**	**132.5**	**88.4**
Mtce capex	(17.6)	(16.5)	(20.0)	(21.0)	(22.1)
Free cash flow	**20.9**	**1.7**	**(42.4)**	**111.5**	**66.3**
Growth capex	0.0	0.0	0.0	0.0	0.0
Acquisitions/Disposals	(66.2)	(37.5)	(1.8)	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Cash flow pre financin	**(45.3)**	**(35.8)**	**(44.2)**	**111.5**	**66.3**
Equity	0.0	0.0	0.0	0.0	0.0
Debt	58.0	56.3	40.0	(60.0)	(10.0)
Dividends paid	(14.5)	(19.8)	(24.8)	(26.5)	(22.4)
Net cash flow for year	**(1.8)**	**0.6**	**(29.0)**	**25.1**	**33.9**
Balance sheet (A$m)					
Y/E 30 April	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
Cash	23.5	42.6	17.4	42.5	76.4
Accounts receivable	175.8	260.0	310.4	317.4	322.6
Inventory	375.7	525.0	558.0	556.1	538.3
Other current assets	4.3	3.5	3.5	3.5	3.5
Total current assets	*579.4*	*831.1*	*889.3*	*919.5*	*940.7*
PPE	262.3	267.6	266.8	266.9	268.3
Goodwillc& Intangibles	58.5	85.7	83.5	80.5	77.5
Investments	5.4	5.6	5.6	5.6	5.6
Deferred tax asset	15.9	8.5	8.5	8.5	8.5
Other non-current assets	0.3	0.3	0.0	0.0	0.0
Total non current assets	*342.4*	*367.7*	*364.4*	*361.5*	*359.8*
Total Assets	**921.8**	**1,198.8**	**1,253.7**	**1,281.0**	**1,300.6**
Accounts payable	143.9	217.7	259.9	265.7	270.0
Short term debt	85.0	125.1	165.1	105.1	95.1
Payable to Ricegrowers	112.5	200.1	133.1	174.2	151.2
Other current liabilities	28.0	30.0	34.9	35.6	36.1
Total current liabilities	*369.4*	*572.8*	*592.9*	*580.4*	*552.3*
Long term debt	86.5	115.3	115.3	115.3	115.3
Other non current liabs	4.9	5.3	11.4	15.3	17.7
Total long term liabilities	*91.4*	*120.6*	*126.7*	*130.6*	*133.0*
Total Liabilities	**460.8**	**693.4**	**719.6**	**711.0**	**685.3**
Net Assets	**461.1**	**505.3**	**534.1**	**569.9**	**615.2**
Share capital	134.6	142.5	142.5	142.5	142.5
Reserves	(5.5)	(21.4)	(21.4)	(21.4)	(21.4)
Retained profits	315.1	364.8	393.6	429.4	474.7
Minorities	16.9	19.4	19.4	19.4	19.4
Total Shareholder func	**461.1**	**505.3**	**534.1**	**569.9**	**615.2**

Share price (24 April 2023)						A$ 6.00
Interim (A$m)	**1H22**	**2H22**	**1H23**	**2H23F**	**1H24F**	**2H24F**
Revenue	563.3	767.7	758.0	890.6	801.0	851.1
EBITDA	36.4	53.7	40.9	66.7	51.8	69.8
EBIT	23.6	40.4	27.0	52.8	37.7	56.0
NPAT (normalised)	16.3	32.0	17.8	37.8	26.0	38.7
Minorities	(0.1)	1.3	1.9	1.9	1.4	1.0
NPAT (Class B)	16.4	30.7	16.0	35.9	24.6	37.7
EPS (normalised)	0.27	0.50	0.25	0.57	0.39	0.59
EPS (reported)	0.27	0.50	0.25	0.57	0.39	0.59
Dividend (cps)	0.10	0.30	0.10	0.25	0.17	0.18
Imputation	30.0	30.0	30.0	30.0	30.0	30.0
Operating cash flow						
Free Cash flow						
Divisions	**1H22**	**2H22**	**1H23**	**2H23F**	**1H24F**	**2H24F**
EBITDA - Rice Pool	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA - International Rice	16.3	25.7	14.6	30.5	18.0	31.3
EBITDA - Rice Food	3.5	4.4	4.5	4.6	4.8	4.9
EDITDA - Riviana	6.7	7.3	2.1	6.6	7.0	7.9
EBITDA - CopRice	(2.2)	1.7	4.0	8.3	6.0	8.1
EBITDA - Corporate	12.1	14.7	15.6	16.7	16.0	17.7
TOTAL EBITDA	**36.4**	**53.7**	**40.9**	**66.7**	**51.8**	**69.8**
Costs - Raw materials	(339.3)	(484.1)	(433.7)	(516.7)	(478.9)	(509.9)
Costs - Freight and distributio	(54.4)	(92.5)	(113.3)	(106.7)	(97.0)	(98.0)
Costs - Employee benefits	(73.4)	(75.3)	(89.0)	(91.0)	(92.0)	(93.4)
Other Operating Costs	(61.5)	(67.9)	(81.0)	(75.6)	(81.3)	(80.0)
Margins, Leverage, Returns		**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
EBITDA		4.6%	6.8%	6.7%	7.4%	7.3%
EBIT		2.2%	4.8%	5.0%	5.7%	5.7%
NPAT pre significant items		1.9%	3.5%	3.2%	3.8%	3.9%
Net Debt (Cash)		-147.9	-197.8	-263.0	-177.9	-134.0
Net debt/EBITDA (x)	(x)	3.1	2.2	2.4	1.5	1.1
ND/ND+Equity (%)	(%)	24.3%	28.1%	33.0%	23.8%	17.9%
EBIT interest cover (x)	(x)	4.7	13.3	7.7	8.7	10.6
ROA		2.6%	6.0%	6.5%	7.4%	7.7%
ROE		5%	10%	10%	11%	11%
ROIC		5%	15%	16%	19%	21%
NTA (per share)		7.2	7.4	7.7	8.2	9.0
Working capital		407.6	567.3	608.6	607.8	590.9
WC/Sales (%)		**40%**	**43%**	**38%**	**37%**	**34%**
Revenue growth		-8%	30%	21%	2%	5%
EBIT growth pa		-55%	183%	25%	17%	6%
Pricing		**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
No of shares (y/e)	(m)	60.0	61.8	62.6	63.6	64.5
Weighted Av Dil Shares	(m)	60.0	61.8	62.6	63.6	64.5
EPS Reported	cps	0.35	0.81	0.88	1.03	1.10
EPS Normalised/Diluted	cps	0.35	0.81	0.88	1.03	1.10
EPS growth (norm/dil)		-27%	128%	9%	17%	7%
DPS	**cps**	**0.33**	**0.40**	**0.35**	**0.35**	**0.35**
DPS Growth		0%	21%	-13%	0%	0%
Dividend yield		5.5%	6.7%	5.8%	5.8%	5.8%
Dividend imputation		30.0	30.0	30.0	30.0	30.0
PE (x)		17.0	7.4	6.9	5.8	5.5
PE market		16.0	16.0	16.0	16.0	16.0
Premium/(discount)		6%	-53%	-57%	-63%	-66%
EV/EBITDA		10.7	6.3	5.9	4.6	4.1
FCF/Share	cps	214.9	103.5	(85.0)	97.5	69.3
Price/FCF share		2.8	5.8	(7.1)	6.2	8.7
Free Cash flow Yield		35.8%	17.2%	-14.2%	16.3%	11.6%

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

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