

# Ricegrowers Limited (SunRice)

FY24 Result and Outlook

A consolidation year as headwinds = tailwinds

FMCG/Agriculture

3 July 2024

Ricegrowers Limited, trading as SunRice (ASX:SGLLV), has reported its FY24 result and provided some outlook commentary. RaaS adjusted EBITDA was \$141.7m, 25% above FY23 and in-line with RaaS estimates. The key surprise over H2 FY24 was Rice Food, with EBITDA +44% on the back of lower cost of goods (COGS), higher prices and new product launches. All divisions improved EBITDA over the year, with International +42% and CopRice +39% the standouts. Cycling this base, management says it is looking for a repeatable result in FY25, which is supported by stable bond-yields (corporate Weighted Average Cost of Capital or WACC), branded sales (corporate license fees and mix) and ample rice stocks. Net debt for the year was down \$67m with all corporate debt now paid down, placing the group in a strong position for organic and/or acquisition growth. The FY24 dividend of \$0.60/share includes a \$0.05/share special dividend due to property sales. We have made modest changes to our EPS estimates over the forecast period, with FY25f -4%, FY26f +6% and FY27f +11%, aided by the removal of the Dividend Reinvestment Plan (DRP). Our Sum-Of-The-Parts (SoTP) valuation is \$12.67/share (down from \$13.00/share), mainly due to a change in the selected peer comparative multiple for the International division.

## 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 fast-moving consumer goods (FMCG) space.

## Consolidation likely in FY25

Cycling 25% EBITDA growth in FY24 with a number of headwinds still in place including Indian export rice bans (International), FX challenges for importing businesses (Riviana and Trukai), freight disruptions and general inflationary pressures, holding FY24 EBITDA/NPAT in FY25 will be a good outcome, in our view. That said global rice demand remains solid while rice inventories remain at a six-year low, bond yields remain stable (corporate WACC) and a number of divisional mix initiatives still have some way to run, in our opinion (Rice Food, CopRice and International). RaaS forecasts 1% EPS growth in FY25 with no acquisition assumptions.

## SoTP valuation \$12.67/share or \$820m market cap

Our preferred valuation method for SunRice is a Sum of The Parts (SoTP) using adjusted consensus peer EBITDA multiples for FY24f. There are a number of listed peers with consensus data for comparison across the spread of SunRice businesses. Our SoTP valuation has reduced to \$12.67/share (from \$13.00) on the back of a change in the peer multiple used for the International division. Our discounted cash flow (DCF) calculation as a sense check is \$10.90/share but is somewhat limited given long-term rice harvest visibility. The group's Net Tangible Assets (NTA) were stated at \$7.75/share in April 2024.

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

Year end	Revenue*	EBITDA adj.	NPAT adj.	EPS adj.	PER (x)	Dividend Yield (%)
04/23a	1,634.4	113.7	54.3	0.91	8.1	6.8
04/24a	1,874.2	141.7	73.9	1.20	6.1	8.2
04/25f	1,855.0	145.3	75.2	1.21	6.1	7.5
04/26f	1,830.0	151.4	81.4	1.30	5.6	7.5

Source: Actual FY23 and FY24, RaaS estimates FY25f and FY26f; EBITDA, NPAT and EPS adjusted for one-time, non-recurring and non-cash items

### Share Details

ASX code	SGLLV
Share price (2 July)	\$7.36
Market capitalisation	\$476.2M
Shares on issue	64.7M
Net debt at 30-Apr-24	\$223.8M
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
- Long-term access to water
- Price competition/private label in key markets

### Board of Directors

Laurie Arthur	Non-Exec. Chair/Grower
Paul Serra	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
Melissa De Bortoli	Non-Exec Dir/Grower
Ian Mason	Non-Exec Dir./Grower
Julian Zanatta	Non-Exec Dir/Grower

### Company Interview And Transcript

[SunRice RaaS Interview 2 July 2024](#)

[SunRice RaaS Transcript 2 July 2024](#)

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## H2 FY24 Result Summary

As a reminder, H1 FY24 adjusted EBITDA increased 57% to \$61.6m and adjusted NPAT 94% to \$28m. The April half (H2) is seasonally strongest for SGLLV, capturing a number of festive events including Ramadan, Christmas and Chinese New Year. Key observations for the H2 FY24 result include:

- Lower medium-grain rice prices, the result of higher US production out of drought resulted in flat H2 FY24 **Rice Pool** revenue (+34% H1), but still enough to cover allocated group overheads;
- **International** revenue increased 18% in H2 FY24 (+26% H1), aided by generally higher rice prices and sourcing opportunities that arose in a complex rice market (drought, export bans, currency). Adjusted EBITDA was 12% above H2 FY23, a slowdown from the 105% growth in H1 FY24;
- **Rice Food** H2 FY24 revenue increased 9%, mainly on the back of price increases and new product innovation. EBITDA increased 44%, well above RaaS estimates and the growth over H1 FY24 (+1%) on the back of lower COGS, manufacturing efficiencies and margin mix;
- **Riviana Foods** revenue increased 3% in H2 FY24, mainly on the back of price increases. EBITDA increased 25% off a low base and was slightly lower than RaaS estimates as FX, freight costs and private label competition continue to be headwinds;
- **CopRice** H2 FY24 revenue declined 1% (+16% H1), affected by lower stockfeed sales (wet weather) and some tightening in consumer spending. H2 FY24 EBITDA increased 11% (H1 FY24 +95%), aided by a continued mix shift to higher margin categories (equine/companion animals vs. stockfeed);
- **Corporate** EBITDA declined 10% in H2 FY24 despite higher 10-year bond yields but was as forecast as the previous corresponding period (pcp) contained some 'catch-up' as bond yields rose so quickly during that period. H1 FY24 EBITDA growth was 36% due to the rise in bond yields and branded sales;
- **Interest expense** was a touch lower in H2 FY24 on the back of lower average debt and a levelling of interest costs (stable Bank Bill Swap Rate).

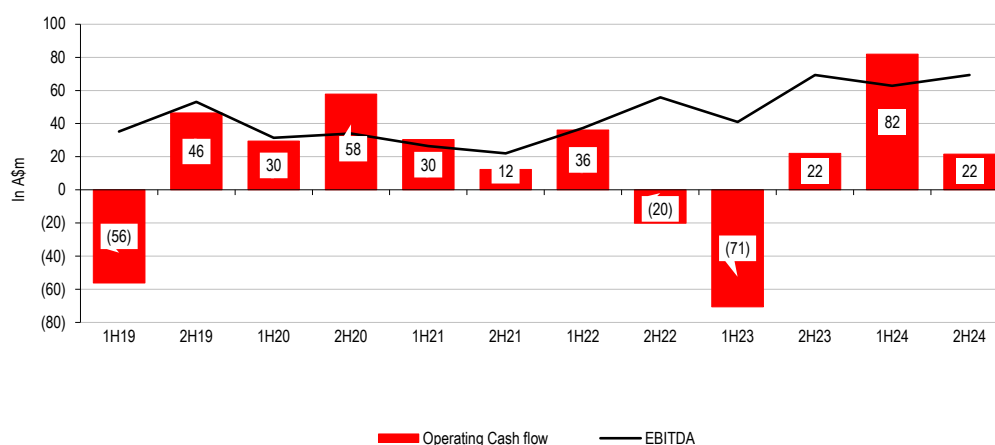
**Exhibit 1: SGLLV H2 FY24 result (in A\$m unless otherwise stated)**

Variable (A\$000')	H2 FY23	H2 FY24	% Chg	Comments
<b>Revenue</b>	<b>878.7</b>	<b>958.3</b>	<b>9</b>	
Rice Pool	189.5	189.4	0	Lower sell prices in H2
International	400.2	472.9	18	
Rice Food	57.2	62.2	9	
Riviana Foods	107.7	110.6	3	
CopRice	124.0	123.2	(1)	Wet summer reduced stockfeed sales
Other	1.1	2.1	98	
<b>Gross profit</b>	<b>349.2</b>	<b>381.3</b>	<b>9</b>	
GP margin %	39.7	39.8		
Operating costs	(274.9)	(301.1)	10	
<b>Underlying EBITDA</b>	<b>74.3</b>	<b>80.2</b>	<b>8</b>	<b>RaaS adjusted</b>
Rice Pool	0.0	0.0		
International	27.0	30.3	12	
Rice Food	6.5	9.4	44	Mix and margin improvements
Riviana	4.2	5.3	25	Off a low base and still below H2 FY22
CopRice	8.4	9.3	11	Mix improvement
Corporate	28.4	25.5	(10)	The PCP included some catch-up, excludes one-offs
D&A	(14.4)	(14.9)		
<b>EBIT</b>	<b>59.8</b>	<b>65.3</b>	<b>9</b>	
Interest expense	(9.1)	(8.3)		Lower average debt levels
PBT	50.7	56.9	12	
Tax	(10.6)	(9.4)		
Outside equity	0.3	1.5		
<b>Adj. NPAT</b>	<b>39.8</b>	<b>46.0</b>	<b>16</b>	
Abnormals/adjustments	(5.2)	(12.4)		Includes impairments and net property sales gains
Reported NPAT (B-Class)	34.6	33.6	84	

Source: Company announcements and RaaS estimates/adjustments (Outside Equity)

Operating cash flow was \$22m in H2 FY24 and \$103m in FY24 despite higher inventory levels on the back of improved earnings. Net debt as a result has declined \$67m over the past 12 months.

**Exhibit 2: SGLLV reported operating cash flow by half year (\$Am)**



Source: Company financials

## FY25 Outlook

Management says it is aiming for a 'repeatable' result in FY25 relative to the strong result delivered in FY24, with key supporting factors including:

- **The CY24 harvest for sale in FY25/FY26 is 20% higher than CY23 at 618kt.** With ample carry forward stock SGLLV management has strongly advised growers to reduce the CY25 crop by 30%, which would imply a harvest of 430kt in CY25.

Even with a 30% lower CY25 crop, coverage of group overheads by the rice pool looks assured well into FY27 taking into account carryover volumes, reducing one of the key risks for the business.

- **Stable 10-year bond yields and high carryover inventory**, which is a key driver for the return requirements of the Corporate division (essentially its WACC and infrastructure use respectively) in the provision of assets and services, and associated funding costs, is supportive of stable corporate earnings.
- **The global supply/demand equation for rice remains favourable.** Higher rice prices are generally positive for the Rice Pool and International division notwithstanding some challenges around price pass through in tough economic times, particularly across the Pacific Islands (46% of international rice revenue in FY24).

Any loosening of the ban on non-basmati Indian rice exports is likely to improve sourcing opportunities for international while lowering global rice prices and resulting margin pressure.

- **Mix initiatives still playing out.** With branded sales now 70% of total revenue, most divisions still have initiatives in place to increase the branded mix and as a result margin opportunity. CopRice (equine/companion animal vs. stockfeed), Rice Food (new products) and new brands in international are divisional examples.
- **Leeton manufacturing facility upgrade** likely during FY25, and while no quantum has been revealed we have increased our capex assumptions in FY25, with benefits to Corporate earnings likely into FY26.

A summary of RaaS earnings changes considering the above is tabled in Exhibit 3 below.

**Exhibit 3: RaaS SGLLV earnings adjustments (in A\$m unless stated)**

Variable	FY24a	FY25f	FY26f	FY27f	Comments
<b>Revenue</b>					
Previous	1,845	1,854	1,797	1,785	Modest revenue change
Revised	1,874	1,855	1,830	1,849	- Mainly Rice Pool
% CHG	2	0	2	4	
<b>Adj. EBITDA</b>					
Previous	144.2	149.9	146.5	148.8	
Revised	141.7	145.3	151.4	157.6	
% CHG	-2	(3)	3	6	
<b>Adj. EPS (\$)</b>					
Previous	1.18	1.26	1.23	1.26	Boosted by DRP
Revised	1.20	1.21	1.30	1.40	removal
% CHG	2	(4)	6	11	

Source: Company data, RaaS estimates

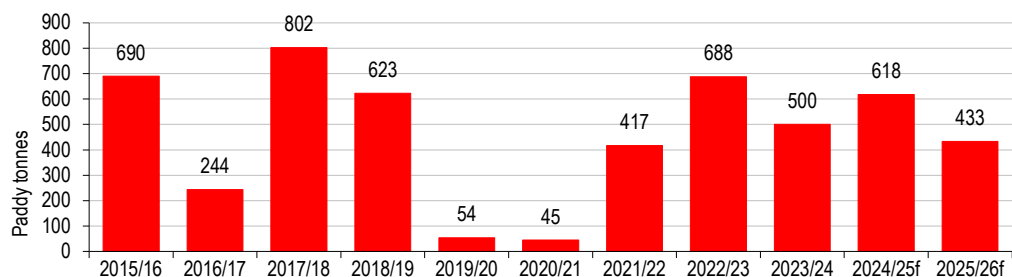
## Australian Rice Crop Update

Below we review recent Australian rice crops together with the desired harvest levels for CY25. For context the level of the Australian rice crop is important to cover fixed overheads such as processing and storage facilities while supplying demand from premium markets such as the Middle East.

In an ideal world RaaS estimates the 'goldilocks' harvest level is between 350k-500k tonnes. At this range SGLLV can cover overheads, maintain premium pricing for Australian rice in premium markets and have flexibility to supply a range of global markets with a range of globally sourced rice.

- **CY22** was the highest harvest since CY18 at 688k paddy tonnes but coming off record low drought induced harvests in CY19 and CY20, so required to boost stock levels.
- **CY23** was 500k paddy tonnes, providing ample product to supply the US market as a replacement for their drought affected harvests of CY21 and CY22, together with other markets.
- **CY24** was 600k paddy tonnes, 20% above CY23 and leaves a full carryover into FY26.
- **For CY25** it has been strongly recommended by SGLLV management that growers reduce their planting by 30%, implying a desired harvest of ~420k paddy tonnes. This level, together with carry over stock would cover overheads and adequately supply premium markets such as the Middle East.

**Exhibit 4: Australian rice crop (paddy tonnes)**



Source: SGLLV announcements 2015/16-2024/25, RaaS estimates 2024/25, Implied target 2025/26

## Global rice market update

According to the latest United States Department of Agriculture (USDA) rice crop report (June 2024<sup>1</sup>) global rice production will reach a record 527.6m tons in 2024/25, well above the 520m tons in 2023/24.

1 [www.ers.usda.gov/webdocs/outlooks/109360/rcs-24e?v=4129.7](http://www.ers.usda.gov/webdocs/outlooks/109360/rcs-24e?v=4129.7)

Global domestic and residual use is projected at a record 526.4m tons in 2024/25, up 1.0% on 2023/24. The major driver is an extension in India's free food grain plan for fiscal year 2024 (April-March) and population growth in the Philippines.

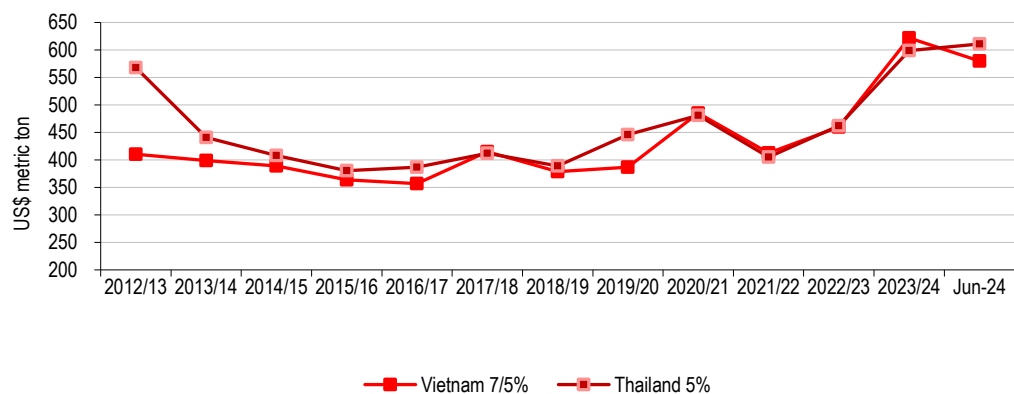
Global stock levels as a result are projected at 178m tons, according to the USDA, the first increase since 2020/21 and the result of record production.

The global export market (and SGLLV's International division) has been disrupted by the ban on Indian exports (ex-Basmati) since July 20, 2023. India is the world's largest exporter of rice, leaving Vietnam, Thailand, Pakistan and the US to take up some of the slack.

Prices as a result have increased across most grades over the past 12 months, in particular:

- **Thailand 5% broken prices are up 32% on the average 2022/23 price,** primarily in response to India's export restrictions on regular milled white rice.
- **Vietnam 5% broken prices are up 26% on the average 2022/23 price,** the highest since 2008 and aided by tight supply, rising costs and increased demand, again in response to Indian restrictions.

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



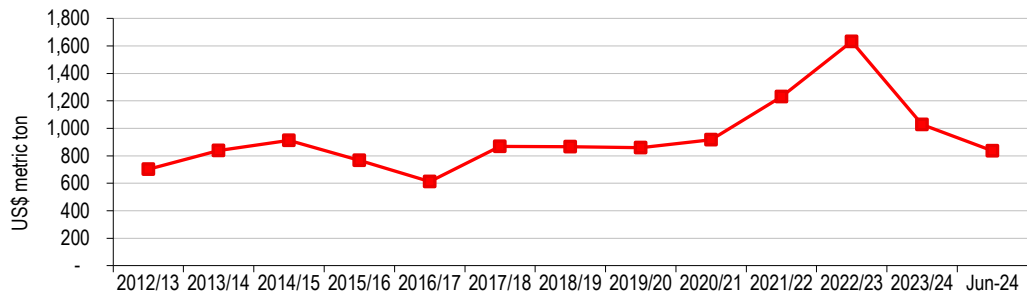
Source: USDA June 2024

US medium grain rice prices have been the exception, with:

- **Californian medium-grain Number-1 Grade 4% broken,** a proxy for Australian rice, well off the record highs (~\$1,650/ton) seen over 2022/23, down to \$835/ton in June 2024 as 2023/24 US rice production is the largest since 2011/12, coming off years of extreme drought.

This is an issue for the rice pool revenue, resulting paddy price range for Australian rice grower returns, and can be seen in the latest paddy price range set for 2024/2025 at \$370-\$430 per tonne which is below the 2023/2024 price of \$430 per tonne.

**Exhibit 6: US medium-rain Number 1 Grade 4% Broken (US\$)**



Source: USDA June 2024

## 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).

Exhibit 7 presents a Sum-of-The-Parts (SoTP) valuation for SunRice using EBITDA multiples, derived from FY24 LSEG consensus estimates adjusted for rental expense/right-of-use (subtracted from EBITDA), and then applied to RaaS FY24(a) adjusted SGLLV divisional EBITDA:

- An 8.8x EBITDA multiple for FMCG businesses, in-line with the average of the FMCG businesses in the peer group (BGA);
- An 8.1x 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;
- A 7.7x multiple for CopRice, in-line with RIC metrics which is essentially 100% animal feed; and
- A 6.4x EBITDA multiple for International, which is equal to what we regard as the closest global peer Ebro Foods and a change from the previous multiple approach being the ASX peer average;
- Actual April 2024 debt levels, which RaaS believes are reflective of ongoing sustainable debt levels given the near-term stable harvest outlook.

The net result is a SoTP valuation of \$12.76/share, with peer metrics detailed in Exhibit 8.

We would note using some FY24 peer multiples could inflate the SGLLV valuation as many of the peers are forecast by the LSEG consensus to record strong FY25 EPS growth (GNC 57%, ELD 46% and BGA 65%), thus lowering the implied FY25 multiples.

Exhibit 7: SGLLV Sum-of-The-Parts valuation – FY24 A\$m unless otherwise stated				
Division	FY24a adj. EBITDA	Adj. EBITDA multiple (x)	Valuation	Comments
International	55.6	6.4	356	Equal to Ebro Foods
Rice Food	13.8	8.6	118	FMCG peers
Riviana Foods	6.9	8.6	59	FMCG peers
CopRice	16.4	7.8	128	RIC is the key peer
Corporate	45.1	9.0	406	Average of ELD and GNC
<b>Less</b>				
33.8% of Trukai	3.6	6.5	-23	Same multiple as International
Net debt (Oct-23a)			-224	Actual as at Apr-2024
<b>VALUATION</b>			820	
Shares on issue			65	
<b>EQUITY VALUE</b>			<b>\$12.67</b>	<b>65% upside potential</b>
Source: LSEG consensus estimates and RaaS estimates				

**Exhibit 8: Peer group financial comparison – FY24 (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)	FY23 Working capital /Rev (%)	Debt/ EBITDA (x)
Treasury Wines	TWE	\$12.46	8,994	2,751	765.9	439.1	0.61	11.7	36	1.8
Select Harvest #	SHV	\$4.00	484	247	29.3	3.2	0.03	16.5	31	6.5
<b>PEERS USED</b>										
Elders #	ELD	\$8.93	1,997	6,361	232.4	75.5	0.34	8.6	14	1.6
Bega Cheese	BGA	\$8.24	1,288	3,030	137.1	74.6	0.48	9.4	19	3.4
Ridley	RIC	\$4.31	1,310	3,468	151.6	45.1	0.15	8.6	7	1.7
Select Harvests #	SHV	\$2.13	681	1,278	87.6	42.7	0.13	7.8	3	0.5
Lynch Group **	LGL	\$1.39	170	396	32.5	12.4	0.10	5.2	-3	2.4
<b>PEER AVERAGE</b>								7.9	15	2.5
<b>FMCG AVERAGE</b>								8.6	21	1.7
SunRice *	SGLLV	\$7.70	498	1,634	109.8	54.3	0.91	4.5	28	1.8
Ebro Foods (€) ^	EBRO:SM	15.52	2,387	3,142	370.6	196.2	1.28	6.4	24	1.5

Sources: Company financials, LSEG; Prices 28 June 2024; # Sept year-end; \* April year-end; ^ Dec year-end; ## Adj. EBITDA adds back RoU/rental expense (Pre-AASB16) \*\* Based on management guidance

## Investment Case Revisited

We believe the investment case for SunRice B-Class shareholders is managing a sweet spot in Riverina rice harvest volumes over the next three years while growing the footprint of key 'profit businesses' both organically and via acquisition:

- RaaS now forecasts a sustainable **dividend of \$0.55/share**, implying a fully franked dividend yield of 8.0%. History would indicate that the company does not cut dividends once set.
- **Continued availability of Riverina rice** supports international export opportunities while at the same time covering the overhead charge for the Rice Pool. That said to maintain this 'goldilocks' level SGLLV has guided growers to reduce CY25 plantings by 30% to maintain the supply/demand balance. Longer term the cessation of NSW rice vesting from July 2025 will help SGLLV better manage rice crop intake.
- **Global rice markets are generally supportive** for Australian rice demand and general sourcing opportunities for the International division over coming years with overall global stock levels the lowest in six years according to the USDA. New opportunities also exist in the UK (Free Trade Agreement), while a change in the current ban on Indian exports should also improve sourcing opportunities.
- **Solid return rates should continue for the Corporate division** (32% of FY24 EBITDA) as higher 10-year bond rates and branded sales drive higher return requirements from the group's infrastructure due to an increased Weighted Average Cost of Capital (WACC).
- **EPS-accretive acquisitions in the branded FMCG space** may well 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, suggesting more material EPS accretion is possible.
- **SGLLV is trading at a material discount to selected ASX peers** on key metrics including EV/adjusted EBIT, EV/EBIT and PER using FY24f consensus forecasts against RaaS FY24 divisional estimates.
- **Our Sum-of-The-Parts valuation is \$12.67/share, offering 65% upside potential to the current share price.**



# Exhibit 9: SGLLV Financial Summary

Ricegrowers t/a SunRice						Share price (2 July 2024)						A\$ 7.36
Profit and Loss (A\$m)						Interim (A\$m)						
Y/E 30 April	FY2023	FY2024	FY2025F	FY2026F	FY2027F	1H23	2H23	1H24	2H24	1H25F	2H25F	
A	A	F	F	F								
Revenue	1,634.4	1,874.2	1,855.0	1,830.0	1,848.9	Revenue	758.0	876.5	918.4	960.4	898.4	960.1
adj EBIT DA	113.7	141.7	145.3	151.4	157.6	EBITDA	39.2	74.5	62.0	79.7	67.3	78.0
Depn	(25.4)	(25.9)	(26.1)	(26.2)	(26.3)	EBIT	25.3	60.0	48.0	64.9	53.0	63.2
Amort	(2.9)	(2.9)	(3.0)	(3.0)	(3.0)	NPAT (normalised)	16.1	40.3	28.9	47.1	34.6	42.6
EBIT	85.4	112.9	116.2	122.2	128.3	Minorities	1.9	0.3	0.6	1.5	0.8	1.1
Interest	(14.0)	(18.3)	(17.3)	(15.3)	(13.3)	NPAT (Class B)	14.3	40.0	28.3	45.6	33.8	41.5
Tax	(14.9)	(18.5)	(21.8)	(23.5)	(25.3)	EPS (normalised)	0.23	0.64	0.44	0.71	0.52	0.64
Minorities	(2.2)	(2.1)	(1.9)	(2.0)	(2.2)	EPS (reported)	0.23	0.64	0.44	0.71	0.52	0.64
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Dividend (cps)	0.10	0.40	0.15	0.45	0.15	0.40
NPAT pre significant it	54.3	73.9	75.2	81.4	87.5	Imputation	30.0	30.0	30.0	30.0	30.0	30.0
Significant items	(1.7)	(10.8)	0.0	0.0	0.0	Operating cash flow						
NPAT (Reported)	52.6	63.1	75.2	81.4	87.5	Free Cash flow						
Cash flow (A\$m)						Divisions						
Y/E 30 April	FY2023	FY2024	FY2025F	FY2026F	FY2027F	1H23	2H23	1H24	2H24	1H25F	2H25F	
EBIT DA (less rent)	108.8	136.4	139.8	145.9	151.9	EBITDA - Rice Pool	0.0	0.0	0.0	0.0	0.0	0.0
Interest paid	(14.0)	(18.3)	(17.3)	(15.3)	(13.3)	EBITDA - International Rice	12.9	27.0	26.4	30.3	27.0	29.2
Tax Paid	(3.2)	(30.5)	(20.1)	(22.6)	(24.4)	EBITDA - Rice Food	4.5	6.5	4.6	9.4	5.0	9.6
Working capital changes	(146.1)	10.5	(62.5)	13.4	(8.5)	EDIT DA - Riviana	2.1	4.2	1.8	5.3	3.0	5.3
Operating cash flow	(54.5)	98.1	39.9	121.3	105.7	EBITDA - CopRice	4.0	8.4	7.9	9.3	8.8	10.2
Mtce capex	(20.1)	(22.8)	(29.0)	(25.4)	(26.7)	EBITDA - Corporate	15.6	28.4	21.2	25.5	23.5	23.6
Free cash flow	(74.6)	75.2	10.9	95.9	79.0	TOTAL EBITDA	39.2	74.5	62.0	79.7	67.3	78.0
Growth capex	0.0	0.0	0.0	0.0	0.0	Costs - Raw materials	(433.7)	(530.5)	(554.3)	(579.1)	(548.0)	(585.7)
Acquisitions/Disposals	(0.3)	0.0	0.0	0.0	0.0	Costs - Freight and distributio	(113.3)	(112.6)	(100.0)	(106.3)	(95.0)	(95.0)
Other	0.0	0.0	0.0	0.0	0.0	Costs - Employee benefits	(89.0)	(89.5)	(98.3)	(98.3)	(100.0)	(102.5)
Cash flow pre financin	(74.8)	75.2	10.9	95.9	79.0	Other Operating Costs	(82.6)	(72.8)	(104.2)	(96.6)	(88.3)	(92.3)
Equity	0.0	0.0	0.0	0.0	0.0	Margins, Leverage, Returns		FY2023	FY2024	FY2025F	FY2026F	FY2027F
Debt	124.2	(98.2)	25.0	(50.0)	(30.0)	EBITDA		7.0%	7.6%	7.8%	8.3%	8.5%
Dividends paid	(18.5)	(25.9)	(38.5)	(35.6)	(35.6)	EBIT		5.2%	6.0%	6.3%	6.7%	6.9%
Net change in cash	30.9	(48.9)	(2.5)	10.3	13.4	NPAT pre significant items		3.3%	3.9%	4.1%	4.4%	4.7%
Balance sheet (A\$m)						Net Debt (Cash)		-291.4	-223.8	-251.3	-191.0	-147.6
Y/E 30 April	FY2023	FY2024	FY2025F	FY2026F	FY2027F	Net debt/EBIT DA (x)	(x)	2.6	1.6	1.7	1.3	0.9
Cash	74.3	32.8	30.3	40.6	54.0	ND/ND+Equity (%)	(%)	34.4%	27.1%	28.1%	21.7%	16.6%
Accounts receivable	306.4	329.5	333.2	336.2	340.4	EBIT interest cover (x)	(x)	6.1	6.2	6.7	8.0	9.6
Inventory	569.9	675.9	632.4	607.8	615.4	ROA		6.4%	8.3%	8.4%	9.0%	9.4%
Other current assets	0.6	2.7	2.7	2.7	2.7	ROE		9%	11%	12%	12%	12%
Total current assets	951.3	1,040.9	998.6	987.4	1,012.5	ROIC		10%	20%	22%	22%	24%
PPE	270.1	253.0	261.3	266.1	272.2	NTA (per share)		7.2	7.8	8.3	9.1	9.9
Goodwill& Intangibles	84.9	81.3	78.3	75.3	72.3	Working capital		638.3	752.8	710.2	686.4	694.9
Investments	5.7	5.5	5.5	5.5	5.5	WC/Sales (%)		39%	40%	38%	38%	38%
Deferred tax asset	14.6	22.1	22.1	22.1	22.1	Revenue growth		23%	15%	-1%	-1%	1%
Other non-current assets	0.5	0.0	0.0	0.0	0.0	EBIT growth pa		30%	32%	3%	5%	5%
Total non current assets	375.8	361.9	367.2	369.0	372.1	Pricing		FY2023	FY2024	FY2025F	FY2026F	FY2027F
Total Assets	1,327.1	1,402.8	1,365.8	1,356.5	1,384.7	No of shares (y/e)	(m)	62.7	63.9	64.7	64.7	64.7
Accounts payable	238.1	252.6	255.4	257.7	260.9	Weighted Av Dil Shares	(m)	62.7	63.9	64.7	64.7	64.7
Short term debt	299.1	146.0	171.0	121.0	91.0	EPS Reported	cps	0.84	0.99	1.16	1.26	1.35
Payable to Ricegrowers	112.5	243.5	138.4	128.0	128.0	EPS Adjusted	cps	0.91	1.20	1.21	1.30	1.40
Other current liabilities	50.6	43.8	44.2	44.5	44.9	EPS growth (norm/dil)		10%	32%	1%	8%	7%
Total current liabilities	700.2	686.0	609.0	551.2	524.9	DPS	cps	0.50	0.60	0.55	0.55	0.55
Long term debt	66.7	110.5	110.5	110.5	110.5	DPS Growth		25%	20%	-8%	0%	0%
Other non current liabs	3.5	3.0	3.3	5.9	8.6	Dividend yield		6.8%	8.2%	7.5%	7.5%	7.5%
Total long term liabilities	70.2	113.6	113.9	116.5	119.2	Dividend imputation		30.0	30.0	30.0	30.0	30.0
Total Liabilities	770.4	799.5	722.9	667.7	644.0	PE (x)		8.1	6.1	6.1	5.6	5.3
Net Assets	556.7	603.3	643.0	688.8	740.6	PE market		16.0	16.0	16.0	16.0	16.0
Share capital	152.5	161.5	161.5	161.5	161.5	Premium/(discount)		-50%	-62%	-62%	-65%	-67%
Reserves	(11.6)	(5.6)	(5.6)	(5.6)	(5.6)	EV/EBIT DA		6.6	4.9	5.0	0.0	0.0
Retained profits	392.5	420.8	460.4	506.3	558.2	FCF/Share	cps	(0.9)	1.5	0.6	1.9	1.6
Minorities	23.2	26.7	26.7	26.7	26.7	Price/FCF share		(8.5)	4.8	11.9	3.9	4.5
Total Shareholder func	556.6	603.3	643.0	688.8	740.7	Free Cash flow Yield		-11.8%	20.8%	8.4%	25.5%	22.2%

Source: Company data for actuals, FY24 EBITDA and NPAT before adjustments include RaaS adjustments for one-time profits from property sales and impairments; RaaS estimates for FY25f and FY26f

# FINANCIAL SERVICES GUIDE

RaaS Research Group 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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