✆ 02 7251 8714
⦿ www.baysideam.com.au
✉ info@baysideam.com.au

DIVIDEND & FRANKING REPORT | HOLD

2ND OF JUNE 2026

ANZ Group Holdings Limited

ASX: ANZ · Entry Price A$34.72

ANZ Group Holdings Limited (ASX: ANZ) provides a broad array of banking and financial products to retail and institutional clients domestically and internationally. ANZ operates through several business segments: Australia Retail, Australia Commercial, New Zealand, and Institutional. Following the completion of the Suncorp Bank acquisition, ANZ has become Australia's third-largest home loan lender with approximately 16% of the mortgage market.

ENTRY PRICE	12-MONTH TARGET	FY26E DPS	FY26E YIELD	FRANKING
A$34.72	A$35.01	A$1.67	4.9%	75%

COMPANY OVERVIEW

ANZ is one of Australia's four major banking institutions, alongside CBA, Westpac (WBC), and NAB. The company has significant exposure to domestic and New Zealand banking markets, and a growing presence across institutional and trade finance segments in the Asia-Pacific region.

The completion of the Suncorp Bank acquisition has materially repositioned ANZ within the domestic mortgage market, giving the group control of approximately 16% of Australia's home loan book and significantly enlarging its retail banking footprint. New CEO Nuno Matos, who took the helm in late 2025, is overseeing a strategic reset including 3,500 job reductions by September 2026 and the reallocation of capital from buybacks into mortgage and commercial banking investment.

In FY2025, ANZ reported cash earnings down approximately 14% year-on-year, impacted by a one-off A$250 million ASIC penalty for misconduct in a government bond transaction and restructuring charges of A$1.1 billion. Underlying performance,

KEY DATA

ASX Code	ANZ
Sector	Financials
FY25A EPS	A$1.96
FY25A P/E	19.8x
Forward P/E	15.5x
FY25A DPS	A$1.66
FY26e DPS	A$1.67
Franking	75%
Market Cap	A$116.9B
52-Week Range	A$26.47–A$41.00
CET1 Ratio	12.4%

however, remained sound, with revenue growing 8.0% and the CET1 ratio remaining well above APRA minimums at 12.4%.

INVESTMENT THESIS — KEY FACTORS

Attractive Dividend Profile and Income Certainty

ANZ has historically maintained a dividend payout ratio of 60–70% of NPAT. In FY2025, the bank declared a full-year dividend of A$1.66 per share at 75% franking, equating to a grossed-up yield of approximately 6.4% on entry price. This compares favourably against peers, particularly given ANZ's capital surplus position above APRA minimums. Income-seeking investors benefit from the bank's consistent commitment to shareholder returns, underpinned by mature market positioning and limited high-growth reinvestment requirements.

Suncorp Acquisition — Scale and Re-Rating Potential

The completed Suncorp Bank acquisition has materially enlarged ANZ's mortgage portfolio and distribution network, positioning it as Australia's third-largest home lender. This acquisition addresses the longstanding valuation discount ANZ carried relative to peers due to its smaller mortgage exposure. As integration proceeds and cost synergies are realised, the market may re-rate ANZ upward, providing a tailwind to both earnings per share and the share price.

Defensive Moat via Regulatory and Capital Barriers

The Australian banking industry is characterised by high regulatory, compliance, and capital requirements, creating significant barriers to entry. These barriers reinforce the oligopolistic structure of the market, with the major banks commanding dominant market shares. ANZ operates within a relatively protected competitive environment, supporting more predictable long-term earnings and limiting disruption risk from neobanks or fintechs, which are yet to meaningfully erode the core retail and business banking franchises of the Big Four.

Balance Sheet Strength and Risk Management

ANZ maintains a CET1 ratio at 12.4%, well in excess of APRA's minimum requirement, providing flexibility for future dividends or capital deployment into accretive acquisitions. The bank has maintained conservative credit settings, with loan-to-value ratios (LVR) on new residential lending consistently below 70% and stable provisioning for expected credit losses. This prudence provides reassurance in a macro environment where geopolitical risks and higher-for-longer interest rates could threaten weaker players.

Exposure to the Australian Economic Cycle

ANZ's earnings are inherently cyclical, with a large proportion derived from mortgage and business lending. Economic conditions such as household income growth, employment rates, and housing market trends directly affect lending volumes and net interest income. During periods of expansion, lending activity increases, boosting profitability. Conversely, a decline in share price during downturns simultaneously raises the dividend yield, providing a natural hedge for income-focused investors — lower prices equating to higher income yield.

POTENTIAL CATALYSTS

NIM (NET INTEREST MARGIN) GROWTH

Net Interest Margins represent the difference between the interest rates at which ANZ lends and the rates it pays to depositors. When interest rates rise, or when funding costs ease while lending rates hold, NIMs expand — a positive catalyst for earnings and the share price reflecting improved profitability.

GREATER INDEX ETF INFLOWS

ETFs tracking the ASX 200 or banking indices are required to hold ANZ shares as a major index constituent. Capital inflows into these passive vehicles create structural buy pressure on ANZ's share price, independent of company-specific fundamentals, acting as a supportive tailwind.

GROWING AUSTRALIAN ECONOMY

During periods of economic growth, housing prices typically appreciate, household incomes rise, and corporate earnings expand — all of which boost ANZ's lending portfolio and profitability. Any acceleration in the Australian economic cycle, supported by RBA rate cuts or strong immigration-driven housing demand, could act as a meaningful re-rating catalyst.

RISKS TO THE DOWNSIDE

RECESSION & LOAN DEFAULTS

A recession in Australia could lead to an increase in loan and mortgage defaults, impacting ANZ's income at a time when it may be required to service its own debt obligations. To protect financial stability, ANZ may opt to retain more earnings, thereby reducing dividends or share buybacks. Given ANZ's already elevated payout ratio, this risk is material for income-focused investors.

FALLING PROPERTY VALUES

A decline in property values restricts the ability of individuals and businesses to refinance existing mortgages, increases delinquency rates, and reduces ANZ's lending revenue. Lower property values also diminish the borrowing capacity of prospective clients, resulting in fewer loans issued. Both factors could negatively impact ANZ's earnings and distributions.

LENDING & DEPOSIT COMPETITION

Increased competition in the lending market may put downward pressure on loan rates, while heightened competition for deposits may drive up funding costs — compressing NIMs. This "race to the bottom" scenario could reduce ANZ's revenue potential and negatively impact profitability. Additionally, ongoing regulatory and legal risk, including the A$250 million ASIC fine in December 2025, highlights governance-related headwinds.

CONCLUSION

ANZ represents a high-quality, income-focused exposure to the Australian banking sector. The company's strategic transformation through the Suncorp acquisition, strong balance sheet, consistent dividend profile, and cyclical leverage to Australia's economic recovery provide a multi-faceted case for long-term investors.

The combination of capital stability, reliable partially franked dividends, and re-rating potential through Suncorp integration offers compelling value relative to peers. Investors should remain conscious of near-term headwinds including the FY2025 one-off charges, the CEO-led restructuring, and ongoing regulatory scrutiny following the ASIC misconduct penalty.

As always, we encourage you to speak with one of our advisers before placing any trade. We also strongly recommend that every investor implements a stop-loss strategy for each position. Please contact your adviser to discuss which technical levels may be most appropriate. You can reach our advisory team directly by calling our landline on (02) 7251 8714.

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2ND OF JUNE 2026

APA Group Limited

APA
Australia's energy infrastructure partner

ASX: APA · Entry Price A$7.74

APA Group Limited (ASX: APA) is a premier Australian energy infrastructure company that develops, owns, and operates a wide-reaching portfolio of gas, electricity, solar, and wind assets. Operating across all mainland states, APA transports more than half of Australia's natural gas and plays a central role in supporting the nation's transition to a low-carbon economy. Its operations span Energy Infrastructure, Asset Management, and Energy Investments segments.

ENTRY PRICE	12-MONTH TARGET	FY26E DPS	FY26E YIELD	FRANKING
A$7.74	A$9.03	A$0.58	5.8%	23%

COMPANY OVERVIEW

APA holds a commanding position in Australia's energy sector, managing over 15,000 kilometres of gas transmission pipelines, electricity interconnectors, and renewable assets. Around 90% of APA's income derives from lightly regulated assets or long-term "take-or-pay" contracts, which secure predictable revenue streams shielded from volume volatility and frequently linked to CPI.

In H1 FY2026, APA reported NPAT of A$95 million, significantly higher than A$34 million in the prior corresponding period, reflecting disciplined cost management and continued growth in regulated revenues. Revenue for FY2025 reached A$3.20 billion (+4.6%), with underlying EBITDA margins exceeding 70%. APA reaffirmed full-year EBITDA guidance for FY2026.

APA's FY2025 distribution of 57.0 cents per security represents a 1.9% increase on the prior year, consistent with its policy of distributing 60–70% of free cash flow. The company operates with a debt-heavy capital structure that optimises free cash flow

KEY DATA

ASX Code	APA
Sector	Utilities
FY26e DPS	58.0 cps
FY26e Yield	5.8%
Franking	23%
Pay Ratio	60–70% FCF
Market Cap	A$11.99B
Forward P/E	43.9x
52-Week Range	A$7.43–A$9.49
Pipeline Network	>15,000 km

through reduced tax obligations, making it sensitive to interest rate movements.

INVESTMENT THESIS — KEY FACTORS

Stable and Inflation-Protected Revenue Streams

APA Group maintains a robust financial foundation, with over 90% of revenues derived from long-term contracts that are either regulated or inflation-linked. This structure provides highly predictable cash flows and serves as a natural hedge against inflationary pressures. In H1 FY2025, APA reported a 9.1% increase in underlying EBITDA to approximately A$1.015 billion, with EBITDA margins exceeding 70%. This consistency of earnings underpins the reliability of distributions to securityholders.

Critical Infrastructure Moat — Transporting Half of Australia's Gas

APA operates over 15,000 kilometres of gas transmission pipelines, making it effectively irreplaceable within the national energy supply chain. The capital intensity, regulatory complexity, and long lead times required to build competing infrastructure create an almost insurmountable barrier to entry. This natural monopoly characteristic supports pricing power and long-term contract renewals at favourable terms, reinforcing earnings visibility.

Strategic Infrastructure Investments

APA is actively investing to enhance energy security and meet growing demand. Key projects include a A$75 million East Coast Gas Grid expansion to boost LNG transport capacity by 24%, a A$25 million Moomba to Sydney Ethane Pipeline upgrade, and a A$35 million early-stage Beetaloo and Surat Basin development to connect new gas sources to the east coast market. These projects mitigate gas shortage risk and reduce reliance on higher-cost LNG imports, supporting long-term earnings growth.

Natural Gas as Australia's Transitional Fuel

As Australia phases out coal-fired power, natural gas is emerging as a critical transitional fuel due to its lower emissions profile and reliability relative to intermittent renewables. APA is actively upgrading infrastructure such as the East Coast Gas Grid and the Western Outer Ring Main (WORM) to enhance capacity and ensure interstate supply continuity. These investments are expected to support stable earnings and reinforce APA's centrality in the country's energy supply chain through the transition period.

Commitment to Renewable Energy and ESG

APA is expanding its renewable energy portfolio in alignment with ESG objectives. This includes the Dugald River Solar Farm — Australia's largest remote solar project — and a Climate Transition Plan targeting net-zero operational emissions by 2050, with interim 2030 targets. Progress includes a 10% net reduction in gas infrastructure emissions and an 11.3% reduction in power generation emissions intensity vs the FY2021 base year.

POTENTIAL CATALYSTS

CAPITAL INVESTMENT IN GROWTH

APA's commitment to capital allocation towards new infrastructure projects that promise strong risk-adjusted returns supports long-term earnings growth. New build projects such as the Beetaloo pipeline and Brigalow Peaking Power Plant in Queensland (developed with CS Energy) will enhance APA's ability to meet increasing demand for gas transmission and electricity generation.

STRATEGIC ACQUISITIONS

APA has a track record of pursuing value-accretive acquisitions to expand its pipeline and energy portfolio. By growing its reach, APA can cross-sell services to a broader customer base, enhancing the combined value of its infrastructure and further strengthening its market position and free cash flow generation.

INTEREST RATE EASING & GAS DEMAND

With a large debt book, APA is highly sensitive to interest rate changes. If economic growth slows and bond yields fall, APA can access lower-cost refinancing, improving free cash flow and potentially increasing distributions. Additionally, sustained demand for natural gas transmission would offer further upside to APA's long-term earnings profile.

RISKS TO THE DOWNSIDE

RISING INTEREST RATES

Increasing interest rates raise APA's borrowing costs, reducing the capital available for distribution. With a large debt book and assets generating over A$1 billion in annualised operating profit, any significant shift in rates could materially affect APA's cost structure and financial flexibility, adversely impacting distributions.

GAS PRICE VOLATILITY & STRANDED ASSET RISK

Rising gas prices may drive consumers and corporations towards alternative energy sources, potentially reducing gas demand and increasing the risk of stranded assets — those that no longer generate a return or cannot be sold at fair value. This may impact APA's long-term ability to return capital to securityholders.

REGULATORY & ESG RISK

APA's assets operate under light or full regulation, which governs achievable transmission prices. Attractive returns may invite regulatory scrutiny leading to downward tariff revisions. Policy initiatives such as Victoria's Gas Substitution Roadmap, combined with growing ESG pressure from institutional investors over the Beetaloo pipeline project, present additional headwinds to investor sentiment and capital access.

CONCLUSION

APA Group represents a high-quality, income-generating infrastructure asset with inflation-protected revenues, a disciplined capital management strategy, and a growing commitment to renewable energy. Its dominant market position and extensive asset base offer long-term defensiveness, while ongoing investments in gas and clean energy projects ensure strategic relevance during Australia's energy transition.

Despite facing regulatory, interest rate, and environmental risks, APA's fundamentals remain sound. H1 FY2026 results confirmed a strong recovery in NPAT and reaffirmed full-year EBITDA guidance, underpinning the sustainability of the 57-cent annual distribution. For income-focused investors, APA's ~6.2% distribution yield at current prices continues to offer attractive, infrastructure-backed income.

As always, we encourage you to speak with one of our advisers before placing any trade. We strongly recommend that every investor implements a stop-loss strategy for each position. You can reach our advisory team directly by calling our landline on (02) 7251 8714.

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DIVIDEND & FRANKING REPORT | BUY

25TH OF JUNE 2026

Ricegrowers Limited (SunRice Group)

SunRice GROUP

ASX: SGLLV · FY26 Result Released 25th of June 2026 · Income Focus

Ricegrowers Limited (ASX: SGLLV), trading as The SunRice Group, is a 75-year-old globally diversified rice food company that has transitioned from a Riverina growers' cooperative into a branded FMCG platform spanning close to 50 markets. For income investors, SunRice offers a fully franked dividend with a decade-long unbroken payment record — sustained even through near-total Australian crop failures — underpinned by a conservatively geared balance sheet and a multi-origin sourcing model. SunRice has now released its FY26 result, delivering a record fully franked dividend of A$0.70 (up 7.7%) and a beat on consensus earnings. Management has flagged a softer FY27 against a smaller Australian crop, but this cyclical step-down has been signposted since March and is already reflected in consensus and the share price. We initiate coverage with a **BUY**, viewing the current level as an attractive entry into a quality franked income name ahead of an expected FY28 recovery.

CURRENT PRICE	BROKER TARGET	FY26 DPS	FY26 YIELD	FRANKING
A$14.41	A$17.00	A$0.70	~4.9%	100%

COMPANY OVERVIEW

SunRice operates across four reportable segments: Consumer Packaged Goods Australia & New Zealand; Consumer Packaged Goods International; Bulk Rice and Animal Feed; and Corporate. Around 68% of revenue is generated through branded products and 57% from outside Australia. The Group is a member of the S&P/ASX 300 Index, reflecting improving liquidity and broader institutional recognition.

For the full year ended the 30th of April 2026 (FY26), the Group delivered NPAT of A$73.3 million, up 4% on FY25 and ahead of consensus — a beat achieved despite a 2% revenue decline to A$1,804.6 million.

KEY DATA

ASX Code	SGLLV
Sector	Food / FMCG
Current Price	A$14.41
Broker Target	A$17.00
52-Week High	A$18.63
FY26 NPAT	A$73.3M (+4%)
FY26 Revenue	A$1,804.6M
EBITDA Margin	8.0%
FY26 DPS	A$0.70
FY27e DPS	~A$0.50

The EBITDA margin held flat at 8.0%, reflecting a deliberate shift toward higher-margin branded products and disciplined cost control. This margin-over-volume strategy supports the quality and durability of the earnings underpinning the dividend, and operating cash flow rose strongly to A$141.8 million (from A$116.4 million).

Critically for income investors, the Group declared a record fully franked annual dividend of A$0.70 per B Class Share (up 7.7%), at a payout ratio of 68%. Management has guided that FY27 NPAT will be lower on a smaller Australian crop, expected margin compression and FX. Importantly, that outlook was first signposted at the March 2026 trading update and is now embedded in published consensus — and the market's reaction to the result was a share price rise, not a fall, indicating the FY27 step-down was already discounted rather than a fresh surprise.

FY26 Yield	~4.9% (FF)
Book Value / Share	A$9.36
Index	S&P/ASX 300
Franking	100%

CAPITAL STRUCTURE — CRITICAL GOVERNANCE DISCLOSURE

SunRice operates a non-standard dual-class share structure that every income investor must understand before participating. The economic rights (dividends) and the governance rights (voting) are deliberately separated between two share classes. In plain terms, B Class holders own the economics while the farming collective controls governance.

A CLASS SHARES

Held exclusively by Riverina rice growers meeting production quotas (648 holders at the 31st of October 2025). Carry full voting rights — control board composition and constitutional change. Not ASX-listed. Receive **no dividends**; their return is realised through the Paddy Price paid for their crop.

B CLASS SHARES (ASX: SGLLV)

Publicly traded — the security income investors hold. Receive **all dividends**, fully franked. Carry no voting rights at general meetings, including no vote on director elections. No single holder may own more than 10% of B Class shares on issue.

A structural conflict is inherent — A Class interests are served by higher Paddy Prices (a cost to the B Class-owned profit businesses), while B Class interests lie in dividends and the share price. The Board manages this via a Paddy Pricing Policy and an Independent Committee of non-grower directors, and has balanced both classes across nearly 20 years of listing. A strategic review of these non-standard elements remains ongoing as at the FY26 Annual Report, with an update anticipated during FY27. Clients should regard this as a defining feature of the investment and size positions accordingly.

DIVIDEND POLICY & INCOME PROFILE

Income durability is the central pillar of this thesis. SunRice's formal Capital Management Framework targets a payout ratio of 50–60% of earnings, and the 10-year average payout has been 63%. Critically, the Group has paid a dividend in every year of the past decade — including FY20 and FY21, when the Australian crop fell to just 54kT and 45kT respectively amid drought. This is the clearest evidence that the multi-origin sourcing model protects distribution capacity from single-season weather shocks.

The FY26 result confirmed a record fully franked annual dividend of A$0.70 per B Class Share — a A$0.50 final plus the A$0.20 interim paid in January 2026 — up 7.7% on FY25, at a payout ratio of 68%. The final A$0.50 dividend trades ex on the 30th of June 2026 (record date the 1st of July, payment the 20th of July 2026). Dividends are fully franked at 30%, and the Dividend Reinvestment Plan remains in operation (no discount applies to this dividend).

On the current price of A$14.41, the FY26 A$0.70 equates to a ~4.9% fully franked yield (~6.9% grossed-up), while even the lower FY27 ~A$0.50 still delivers a ~3.5% yield (~5.0% grossed-up) — a respectable fully franked return for a single trough year, with the dividend expected to rebuild as the crop normalises into FY28. Income holders are buying a quality franked payer at a cyclical low point, not a permanently reset distribution.

DIVIDEND HISTORY (FULLY FRANKED)

FY2022	A$0.40*
FY2023	A$0.50
FY2024	A$0.60*
FY2025	A$0.65
FY2026 (actual)	A$0.70
FY2027 (consensus)	~A$0.50

*Includes A$0.05 special dividend. FY26 a record, +7.7%; FY27 a forecast trough year.

BALANCE SHEET ASSESSMENT

The balance sheet is conservatively positioned and sits materially below management's own leverage

BALANCE SHEET (FY26, 30 APR 2026)

Net Debt	A$151M

targets, providing meaningful capacity to sustain distributions through the weaker FY27 crop year. At the 30th of April 2026, net debt had fallen to A$151 million (from A$218 million a year earlier) and gearing improved to 19%, supported by A$141.8 million of operating cash flow directed to debt repayment.

Leverage at 1.1x and gearing at 19% sit well below management's stated targets, and the Group notes that the lower Australian inventory levels expected from the smaller CY26 crop should support positive operating and free cash flow in FY27. In other words, even as FY27 earnings fall, the working-capital unwind from a smaller crop releases cash — a structural feature that helps protect the (reduced) FY27 dividend. Free cash flow rebounded to A$105.2 million in FY26, and the conservative gearing provides clear headroom to absorb the FY27 trough without balance-sheet stress.

Gearing	19% (tgt 30–40%)
Net Debt / EBITDA	1.1x (tgt 2.0–3.0x)
Operating Cash Flow	A$141.8M
Free Cash Flow	A$105.2M
Net Working Capital	A$398.8M
Return on Capital Empl.	13.5%
Core Facility	A$130M
Book Value / Share	A$9.36

INCOME THESIS — KEY FACTORS

Fully Franked Dividend with a Decade of Continuity

SunRice has paid a fully franked dividend every year for the past ten years, including through two near-total Australian crop failures. The 100% franking provides materially enhanced after-tax income for eligible Australian holders, and the formal 50–60% payout target gives a transparent, earnings-linked framework. For an income mandate, the combination of franking and proven continuity is the core attraction.

Margin-Over-Volume Strategy Protecting Earnings Quality

In FY26 the Group held its EBITDA margin flat at 8.0% and grew NPAT 4% to A$73.3 million despite a 2% revenue decline — sustaining earnings by trading down lower-margin Pacific and tender volumes in favour of branded growth. The International segment lifted its EBITDA margin to 11.8% and Bulk Rice & Animal Feed EBITDA rose 158%. This protects the earnings base that funds the dividend, and the FY26 beat on consensus is direct evidence of the discipline holding.

Multi-Origin Sourcing Insulates the Dividend from Crop Risk

Nearly two-thirds of SunRice's rice is now sourced internationally across 12 countries. This model proved itself in FY20 and FY21, when domestic crops collapsed yet the dividend was maintained. For an income holder, this is the single most important risk mitigant — it decouples distribution capacity from any single weather event in the Riverina, including the smaller crop already flagged for FY27.

Conservative Balance Sheet with Dividend Headroom

With net debt/EBITDA at 1.1x against a 2.0–3.0x target and gearing at 19% against a 30–40% target, plus net debt reduced to A$151 million, SunRice retains substantial capacity to fund distributions through a weaker earnings year without balance-sheet stress. The Group expects the working-capital unwind from the smaller CY26 crop to support operating and free cash flow in FY27 — the cushion beneath the (reduced) FY27 dividend.

FY27 Trough Is Already Discounted — The Entry Opportunity

The stock de-rated heavily on the March trading update, from around A$18.60 toward the low A$11s, as the market absorbed the smaller-crop outlook. With FY26 now confirming a beat and a record dividend, the shares have recovered to around A$14.41 — yet still sit well below both the 52-week high of A$18.63 and the standing broker target of A$17.00 (~18% upside). Consensus already embeds the FY27 reset (EPS ~A$0.75, DPS ~A$0.50), and the share price rose on results day despite that guidance, signalling the trough is in the price rather than ahead of it. A holder from three years ago is already on a ~10% yield-on-cost, illustrating the compounding on offer for patient capital.

POTENTIAL CATALYSTS

FY28 CROP & DIVIDEND RECOVERY

FY27 marks a cyclical trough tied to the smaller CY26 crop. A normalised CY27 Riverina crop would restore Australian rice volumes, reverse under-absorption costs and support a recovery in earnings and the dividend from the FY27 low.

FX HEADWIND UNWINDING

AUD strength that pressured the ~57% offshore revenue base and FY26 translation is a swing factor. A softer AUD into FY27/28 would be a translational tailwind to reported earnings and distribution capacity.

BRANDED MIX & GROWTH MARKETS

FY26 showed the International segment lifting margins to 11.8% and momentum in the US, Middle East and ANZ bakery/pet (Toscano, SavourLife). Continued branded growth supports the structural margin trajectory beneath the dividend.

RISKS TO THE DOWNSIDE

FY27 EARNINGS & DIVIDEND TROUGH

FY27 NPAT is expected lower on a smaller crop, margin compression and FX, with the dividend easing to ~A$0.50 (from A$0.70). The principal risk is that the crop or FX proves worse than forecast, deepening or extending the dip beyond FY27.

LIQUIDITY CONSTRAINT

Even on result day, turnover was ~92k shares; in normal conditions the stock trades thinly (~A$600–700k/day). Position entry and exit must be staged across multiple sessions, and a forced sale in a risk-off period could move the price against the holder.

GOVERNANCE STRUCTURE

B Class holders have no vote; the farmer collective controls the Board. The structural review of these non-standard elements remains ongoing, with an update anticipated during FY27. Distributions are earnings-linked, not a fixed commitment.

CONCLUSION & RECOMMENDATION

SunRice's FY26 result validated the income thesis: a record fully franked dividend of A$0.70 (up 7.7%), a beat on consensus earnings, a flat 8.0% EBITDA margin, strong operating cash flow of A$141.8 million, and net debt reduced to A$151 million at 19% gearing. The fully franked, decade-long dividend record and conservative balance sheet remain genuine attractions for an income mandate.

FY27 will be a softer year — a smaller Australian crop, some margin compression and FX translation point to lower earnings and a dividend easing to around A$0.50. We do not regard this as a reason to wait: the outlook has been public since the March trading update, it is already built into consensus. The multi-origin sourcing model protects supply continuity, and the working-capital unwind from a smaller crop actually supports cash flow through the dip. This is a one-year cyclical trough, not a structural impairment, with earnings and the dividend expected to rebuild into FY28.

Our recommendation is **BUY**. SunRice is a quality, fully franked income holding available at an attractive point in its crop cycle: the bad news has been disclosed and discounted, the shares sit well below both their 52-week high and the A$17.00 broker target, and even the trough-year ~A$0.50 dividend offers a ~3.5% fully franked yield (~5.0% grossed-up) while investors wait for the recovery. Given the stock's limited liquidity, we suggest accumulating the position across multiple sessions rather than in a single order.

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to our Financial Services Guide for further information about our services and any fees that may apply.

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Past performance is not a reliable indicator of future performance. Returns are not guaranteed. The value of investments may rise or fall, and investors may receive back less than the amount originally invested.

All investments carry risk. The level of risk appropriate for you depends on your investment objectives, financial situation, and investment time horizon. You should consider these factors before making any investment decision.

Sources: Ricegrowers Limited FY26 Full Year Results Presentation and ASX announcements (25th of June 2026); FY26 trading update (19th of March 2026); FNArena/FactSet consensus forecasts; Morningstar. FY27 figures are market consensus forecasts, not company guidance, and actual results may differ materially.