



Penrice Soda Holdings Limited

24 August 2009

Media Release

- **Penrice Delivers Strong Result**
- **Positive Outlook for 2010 Financial Year**

Penrice Soda Holdings Limited (ASX:PSH) today announced an underlying net profit after tax for the year ended 30 June 2009, excluding an unrealised hedge loss, of \$9.0 million, up 36% on the previous year. This was achieved on the back of an increase in sales revenue of 20% to \$162.3 million.

Statutory net profit after tax, including the unrealised hedge loss, was \$7.1 million, down 3% on the previous year.

The Board declared no final dividend.

Penrice Chairman John Heard said that the strong result in the face of difficult market conditions endorsed Penrice's strategy of pursuing leadership positions in markets offering more resilient and predictable earnings growth.

"Our strategy is delivering improved earnings in each of our businesses. That, combined with productivity gains, has delivered a strong performance.

"We completed the final phase of our Way Forward Plan, a substantial reinvestment in our two core businesses, Chemicals and Quarry, to build long term sustainable value for shareholders. This major reinvestment, combined with a desire to conserve capital in the current difficult financial markets, has led Directors to not declare a final dividend.

Highlights

"Highlights included -

- the significant improvement in underlying earnings before interest, tax and depreciation (EBITDA) of 36%, demonstrating the robustness of the Chemicals and Quarry businesses
- the early completion of the Way Forward Plan investment, which delivered an extra \$5 million EBITDA, with an additional \$4 million EBITDA to come by FY2011
- the completion of debt refinancing, now extended until March 2012.

Penrice Managing Director and CEO, Guy Roberts said, "Our Quarry business had an improvement in earnings of 32%, driven by increased revenues into civil markets of 26% and efficiency gains at its Angaston mine. The business is well located to take advantage of the continued growth in road and other civil projects in Adelaide's expanding northern region. The last phase of the major widening of the Angaston mine was completed, substantially reducing overburden extraction and cash mining costs going forward.

"Our Chemicals business had an improvement in earnings of 29%, driven by increased sales into Asian export markets of 18% and productivity improvements at its Osborne operations. The Chemicals business supplies robust and growing markets in Australia and in 28 export countries. The successful expansion of its sodium bicarbonate plant was completed on budget and on time, with strong demand in overseas food and pharmaceutical markets taking up expansion volumes.

"Penrice will continue to look at further expansion of the sodium bicarbonate plant, leveraging continued increasing demand in Asian markets.

Outlook

Chairman John Heard said, "The completion of the Company's Way Forward Plan a year early has set the Company up for increased profits and returns for shareholders in FY 2010, although in the short term it has maximised the balance sheet.

"The immediate focus is on cash flow improvement and reducing gearing. The Quarry business, with substantially reduced overburden extraction and inventory build, will require \$10 million less in cash investment in FY2010. With no expansion capital, the Chemicals business will require \$17 million less cash investment in FY2010. Both businesses are expected to generate increased cash flows from increasing sales volumes and reducing costs, with the Chemicals business also expected to improve margins.

"With debt funding secured until March 2012, the Company would now focus on strengthening its balance sheet.

"Subject to global economic conditions, increased sales and margins mean profit for FY 2010 is expected to exceed that for FY2009. Directors expect to resume dividend payments in FY2010 in line with the expected improved performance.

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