

# Sumitomo's investment in Emerald- FAQ

## Transaction details

**Q: What is the nature of the Sumitomo investment in Emerald?**

A: Global company Sumitomo Corporation has taken a 50% equity stake in Emerald Group Australia.

**Q: When will the transaction take effect?**

A: The sale of this equity will take place effective from the first week of March 2010.

**Q: Why has Emerald taken on a major investor?**

A: To allow Emerald to continue to offer the best services possible to our grower customers, we believe that we needed greater access to the international grain markets. With the ongoing consolidation of the Australian grain companies and the recent entry of foreign companies, such as Viterra, Toepfer and Olam into the Australian grain accumulation market, our linking to a global firm was an important, strategic move to benefit our customers, supporters and staff.

**Q: Why did you pick Sumitomo as this partner?**

A: Emerald has been working successfully with Sumitomo for many years. This alliance has been very successful, and, working with Emerald, Sumitomo is the largest importer of Australian wheat into the premium Japanese market. Sumitomo has a significant international office network, strategic infrastructure assets in Australia and a culture aligned with Emerald's.

**Q: Doesn't this investment now mean that Emerald is no longer Australian-owned and independent?**

A: Emerald is and continues to be an Australian company, with some shareholders who are international and some shareholders who are Australian. It is business as usual for Emerald. An important part of our negotiations with Sumitomo have been to ensure our ongoing independence and flexibility. Our grower customers will continue to be Emerald's focus and we will continue to operate a business model that seeks to minimise risk and maximise returns for our growers.

**Q: What is the dollar value of the transaction?**

A: As Emerald is a private company, the details on the value of the transaction will not be made public. Needless to say, we recognise it is a fair value for our shareholders and has been sustained by independent valuation.

**Q: Will Emerald be changing its name?**

A: There will be no change to Emerald as it currently trades.

## **The Future**

**Q: What is Emerald's vision for the future?**

A: To be Australia's leading grain accumulation and grower service firm. The linkage with Sumitomo increases the likelihood of us achieving this vision and we expect it will happen much faster.

**Q: Will Emerald be setting up any business operations in Japan?**

A: No

**Q: Is this part of a broader strategy that will see Emerald take on any other investors?**

A: We are not considering any further investors other than our own staff.

## **Financial Stability**

**Q: Does this investment signal any financial concerns for Emerald's operations? Did Emerald require an injection of capital to continue in business?**

A: No, not in any way. The strong profit performance of Emerald has meant that we have been able to raise all the debt funding that we needed and we have continued to get outstanding service from our bankers.

**Q: How has the transaction impacted on Emerald's gearing and its ability to raise more debt?**

A: There will be no change on this front. We will continue to operate with our existing Australian bankers.

## **Our grower customers**

**Q: How will the new partnership impact on our grower customers?**

A: There will be no change in how our grower customers deal with Emerald, Southern Quality Produce, EP Grain or Southern Ag Grain. The same range of flexible products will continue to be offered to growers directly and through our joint venture partners. Through our partnership with Sumitomo our growers will have greater access to world markets and have offices in 66 countries working to maximise their returns.

**Q: Does this mean that Emerald will have to export all grain through Sumitomo?**

A: Definitely not. While Emerald is a leading exporter of Australian grain into Japan through Sumitomo, Emerald will continue to seek maximum pool returns and deliver real value for its grower customers through any available markets that provide the best price. Emerald will operate independently and ensure that Sumitomo are only buying at market prices.

## **Emerald's Joint Ventures and Joint Venture Partners**

### **Q: What does this partnership mean for Emerald's Joint Venture partners?**

A: Emerald's Joint Venture (JV) partners and their grower customers will not see any change to their businesses as a result of Sumitomo's equity stake in Emerald.

### **Q: What stake will Emerald now have in the Joint Ventures?**

A: Emerald's stake in the JVs SQP, EP Grain, Southern Ag Grain will remain the same, with Emerald having an equal share with its JV partners of around 50% shareholding. Sumitomo will have no direct investment in the JVs.

## **About Sumitomo**

### **Q: Who is Sumitomo Corporation?**

A: Sumitomo Corporation is an integrated trading company with global operations spanning 66 countries, including 145 offices. The company is listed on several stock exchanges in Japan. Sumitomo's business in Australasia commenced in 1961.

### **Q: Does Sumitomo have any other investments in Australia?**

A: Sumitomo is already active in Australia and their investment in Emerald forms part of a long-term investment strategy in Australia. Sumitomo has investments in agriculture, mining and industrial markets in Australia. For more information on Sumitomo visit their website <http://www.sumitomocorp.com.au/>