Chief Executive Officer's 2017 Season Media Update

1. OPERATIONS | National

Total cane crushed in 2017 increased by 18% year on year, a commendable effort after the damages of TC Winston in 2016 and floods in February 2017. The 2017 crop was 20% lower than forecast, largely due to the adverse impact of dry weather across the cane belt.

Sugar production increased by 29% compared to last year and TCTS improved by 9%

Mill Stoppages at national level reduced significantly recording a decline of 21% and 19% in Inside and Outside Stops respectively.

The Molasses percent cane was reduced by 9%. This was possible through regular process follow-ups and the implementation of the right boiling formulae after review every 24 hours.

2. OPERATIONS | Sugar Factories

2.1 LAUTOKA

A pleasing result from Fiji's largest mill this season, as total cane crushed for Lautoka increased by 24% compared to last year. This resulted in an increase of sugar production of 47% compared to the previous year. Cane quality was also enhanced.

However it must be noted that the cane is still recovering from the effects of TC Winston, February floods and minimal rain in the last three months of this year.

Tonnage of cane decreased significantly as the 2017 season progressed, due to the dry weather. Cane harvested was 9% lower than budget.

Inside Stops reduced by 32% and Outside Stops marginally reduced by 5%. Significant to note that stoppages caused by low cane supply increased by 25% compared to last year, highlighting the low cane production.

Molasses was reduced by 3% due to regular process follow ups and the review and implementation of the required boiling formulae.

2.2 RARAWAI

There were commendable improvements at Rarawai this season, as total cane crushed increased by 48% in comparison to last year. This positively impacted sugar production which increased by 104% compared to last year.

The mill was the most improved mill in terms of TCTS which was significantly reduced by 27%.

Inside Stops was reduced by 37%, one of the lowest in 5 years. As a result of the low stoppages, crushing rate improved by 11%. Outside Stops also reduced by 25%.

Molasses reduced by 26%, the lowest out of all the three mills. This was achieved through effective follow-ups in the Boiling house.

2.3 LABASA

Labasa mill performance this season was challenging at best. Although total cane crushed increased by 3% compared to last year, Inside Stops increased significantly, due to shredder and other mechanical breakdowns.

Cane quality at the mill was reduced by 3%, which is a direct result of the start-stop nature of the operations this season.

Despite the challenges in manufacturing due to lower mechanical efficiencies, molasses was well contained and a 2% decline recorded in molasses make.

National				
Year	2016	2017	Comparison last year	
			increase	decrease
Cane	1,387,034	1,631,301	18%	
Sugar	139,504	180,169	29%	
TCTS	9.9	9.1		9%
Cane Purity	81.7	82.5	1%	
POCS	10.80	11.47	6%	
Operating Time eff	58%	66%	14%	
Crushing Rate	231	232	0%	
Inside Stops per week	20.6	16.3		21%
Outside Stops per week	45.8	37.2		19%
Percent Burnt Cane	67.1	38.9		42%
Molasses Makes	59,617	64,837	9%	
Molasses % Cane	4.3%	4.0%		8%

3. JOINT VENTURE FARMS

FSC is pleased to announce the approval of its Board on 23rd November 2017, to accelerate Joint Venture Farm Development with local community land owning units. In addition to the area of 158 hectares already developed by joint ventures, a further 900 hectares is being secured for planting of sugar cane in 2017 and 2018. This is a further contribution to the strategic goal of the industry to increase the area under cane by 2023.

4. FINANCIAL | Summary

FSC financial result for the financial year ended 31st May 2017 reflected a mixed performance.

The 2017 turnover significantly declined by 38%, however, the net loss improved by 18.5% compared to 2016 financial year. The decrease in turnover for FY2017 was mainly due to adverse impact of Cyclone Winston on the cane production, quality of cane and hence reduced sugar make.

The Corporation's share of proceeds was $43.0 million compared to $58.7 million in the previous year. The trading loss for the FY2017 was $18.5 million whilst loss from operations was $39.6 million compared to a loss of $7.7 million and $26.1 million, respectively for the previous year. The operating loss for 2017 was $45.0 million compared to a loss of $53.4 million in the previous year.

The net loss for 2016 was higher due to a $10.2 million allowance for impairment on capital works in progress.

Also, an allowance for impairment loss on property, plant and equipment of $24.0 million was recorded in the books. No impairment adjustment was necessary for the 2017 financial year.

The Corporation is forecasting a marked reduction in net loss for the financial year 2018. This is due to improvement in operational and factory efficiencies as well as a rigorous approach to cost control from management.

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