



MEDIA UPDATE

8 July 2018

LAUTOKA MILL OPERATIONS UPDATE

FSC's Lautoka Mill operations have stabilised after crushing for the last four days, since starting up on Tuesday 3rd July 2018. Two notable mechanical issues have impacted on the operations so far; both have been rectified by the FSC engineering team. The first stoppage resulted from electrical outages as the old electrical system was integrated with a new upgrade. This caused successive boiler feed disruptions. Thereafter, issues with a major gear-box resulted in an extended stop in order to replace the unit. These have since been rectified and the mill operations are consolidating.

It should be noted that the number of Lautoka Mill factory stoppages this year are 10% lower than the same period last season.

Operationally, FSC is on an upward trajectory having recorded very good improvements in mechanical efficiency last season. Breakdowns in our three mills reduced last year by some 20% and our sugar recoveries nationally improved from over 10 to 9.1 tonnes of cane per tonnes of sugar (TCTS) and we expect further improvements in 2018. Lautoka Mill was our best performing factory in 2017 with a 30% reduction in breakdown, and achieving a TCTS for the season of 8.4, a 16% improvement year on year.

FSC CEO Graham Clark says "in regard to the need for factory readiness audits before start up in the season, there is no reference or requirement for this contained in the Sugar Industry Master Award, and this would be most unusual in my sugar industry experience. It is normal to fine tune and commission sugar factory equipment on the run. Planning is the key activity and in this regard FSC has sought widespread external input into both our operational and upgrade needs".

Last year a comprehensive review of all FSC factories was undertaken by respected Indian Consultants - Avant Garde Sugar Engineers and Consultants, together with FSC Engineers. The FSC factory laboratories were also subjected to a technical audit by a team from Vasantdada Institute from India. These produced a clear strategy for upgrades and equipment replacement which is currently being followed.

In regard to our project and factory upgrade work FSC has involved experts from Belgium on the Lautoka diffuser (the original manufacturers), EPCE Consultants from Australia on electrical upgrades and Peter Brotherhood from the UK in regard to our turbo generator work. Caterpillar Australia has also supplied standby generators to all three factories, and ABB Australia consulted on their integration into the factories.

The Lautoka Mill is now continuously crushing close to 800 tonnes of cane per shift and with more consolidation; the crushing rate will improve further. We are expecting that crushing will stabilize by this evening.

The Lautoka Mill is over 100 years old, but there have been strategic investments in the recent years to improve mill performance. FSC is committed to continue with this as this is a long term investment to replace redundant equipment and technology to make it operate more efficiently for our requirements. A distinction needs to be made between maintenance and capital projects work. The adequacy of our maintenance will be measured against the consolidation of our operations. Our major project and equipment upgrades at Lautoka Mill are operating to expectations and will be a worthwhile investment for the future.

FSC will from this year also introduce technical and operational benchmarking of our factory performance with similar sized sugar factories in India, Africa and Mauritius. It is worthy of note that on initial review, FSC is already operating at comparative levels in some but not all areas. There is room for improvement and this is what we will strive for going forward.

Due to the impact on harvesting operations of mill stoppages at Lautoka, commencing from tomorrow July 2018, FSC Field staff will be contacting cane farmers to assess the impact on their harvesting status. The Rarawai Mill will commence crushing on 17th July, 2018. The Labasa Mill is now operating well after starting on 19th June 2018.

FSC is grateful to the Lorry Associations, the Drivers and cane farmers for their understanding and support. FSC has been providing meals and refreshment as well as any support required to ensure the welfare of our lorry drivers is looked after. At the moment there are less than twenty cane lorries in the factory yard and these are expected to be cleared shortly. Fresh quotas for cane deliveries from Monday morning will be issued later today.

ENDS

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