

MEDIA RELEASE

15 May 2018

FSC Pre-Crush Season Update

2017 will be remembered as a year which saw FSC heralding in a new era of transformation, at Board level through to Executive Management and throughout the company.

This transformation continues today as the company adapts to a changing environment. FSC's five year Strategic Plan sees increasing cane production as the continued key focus this year, creating the platform for cash generation which will drive positive turnaround for the industry and FSC.

The total cane crushed last year increased by 18% year on year. This was still disappointing result, reflecting the damage of Cyclone Winston in 2016 and floods and drought in 2017. Sugar production increased by 29% and TCTS improved by 9%. At national level, Mill Stoppages recorded a decline of 21% and 19% in Inside and Outside Stops respectively.

Good progress has been made in financial performance this year and FSC is forecasting a further reduction in its net loss for the 2018 financial year. This is attributed to improvements in operational and factory efficiencies as well as a rigorous approach to cost control throughout the company.

In December 2017, FSC employees received a 5% wage increase as a cost-of-living-adjustment. This wage increase benefitted a total of one thousand nine hundred and twenty-eight employees across FSC's four mills.

Also in the month, ten of FSC's senior mill engineers graduated from India's Vasantdada Sugar Institute. Their graduation saw the culmination of three-years of advanced mill operations training, designed to enhance factory performance and responses to mill breakdowns and stoppages, to ultimately reduce factory downtime.

Right: CEO Graham Clark and Board Chairman Vishnu Mohan at today's Media Conference to provide an update post May 2018 FSC Board Meeting

In January this year, a \$3.05 per tonne special cane payment was paid to our growers in time for the start of



the 2018 school year. The payment was in line with an announcement by the Hon. Prime Minister, made in October 2017, of a final special cane payment to growers for the 2016 crop. This payment excluded deductions which was great news for growers.

FSC has commenced major repairs and upgrades to our sugar mills. This \$30 million investment is crucial to improving the operational capabilities of the mills, so that FSC is better prepared for future growth. Major renovations are being carried out at the Lautoka Diffuser plant which will enhance the sugar extraction process. Refurbishment and repairs are also being carried out in the Rarawai and Labasa Mills, to improve factory productivity.

The Hon. Prime Minister and Minister for iTaukei Affairs, Sugar Industry and Foreign Affairs, Rear Admiral (Retired) Voreqe Bainimarama, officially launched the company's Tractor and Implement fleet in late March 2018. The thirty tractors and implements have been dispatched to FSC's sector offices nationally. There are more mechanization developments to come later this year, including mechanical harvesters and haulage trucks.

Early April saw the industry impacted by two successive cyclones. These brought about widespread flooding across the sugar cane belt. The impact of the floods affected many growers, who up till that point, had on many accounts, been gearing up for a good year.

The Rarawai Mill was impacted extensively. When the Ba river burst its banks, the mill got flooded leaving behind huge amounts of silt and debris. The efforts of the Rarawai Mill management and staff are to be commended for the massive clean-up afterwards.

Prior to the floods, the industry was quite optimistic in regards to 2018 cane production estimates, at a forecast of 1.9 million tonnes of sugar. This forecast has been revised to 1.7 million tonnes after the devastation of the April floods. Whilst this revised figure is below the initial forecast, it is still higher than 2017 actual production figures by 100,000 tonnes.

The FSC Agriculture Services Team's engagement with the grower community has been most encouraging. Prior to the floods, they were successfully focusing on increasing sugar cane planting. After the floods, their focus shifted towards flood rehabilitation with the grower community, to accelerate recovery efforts.

The 2018 Crushing dates have been announced by the Sugar Industry Tribunal and the dates are as follows; Labasa Mill will commence crushing on Tuesday 19th June, Lautoka Mill on Tuesday 3rd July and Rarawai Mill on Tuesday 17th July.

FSC will continue efforts towards building a robust sugar industry as it gears up for the 2018 crushing season.

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