

MEDIA RELEASE

4 January 2019

FSC CONCLUDES 2018 CANE SEASON

2018 cane season concluded and despite challenges a major achievement has been an increase in cane production.

After a decade of sustained losses and as a back-drop to the 2018 cane season, the Fiji Sugar Corporation recorded a consolidated trading profit of \$844,000 for its 2017/2018 financial year, compared to a loss of \$18,471,000 in the previous financial year.

Acknowledging this milestone, CEO Graham Clark says, “this was possible due to the continued commitment from Government, and drive of all stakeholders, from the FSC’s Board to our mill employees, farmers, sector teams, harvest and transport operators”.



Left: MV Erraldale, bound for China, seen here being loaded at the Lautoka Wharf with Fiji sugar in September last year.

Financially in 2017/18, there was also a significant improvement in loss from operations which was \$10,290,000 compared to \$39,600,000, the previous year. Another key financial indicator, Earnings

Before Interest, Tax, Depreciation and Amortisation (EBITDA), improved from negative \$19,217,000 to positive \$555,000 for the 2017/18 year. FSC's operating loss for 2017/18 was \$24,626,000, a drop of \$20,381,000 from the previous year.

Battling the effects of two successive cyclones at the beginning of the 2018 cane season, notably affecting the Rarawai Mill, the company managed to sustain increasing levels of sugar milling, aptly supported by a rejuvenated and passionate grower community. The average weekly crush by the FSC mills has increased from 64,814 tonnes in 2016 to 67,336 tonnes in 2018. Lautoka Mill alone crushed a record 40,000 tonnes of cane in one week during the season.

In a year of marketing achievements, FSC resuscitated exports to China having secured its first export to the orient, after a lapse of decades. Sales to the Pacific Islands continued and Fairtrade sales increased which directly benefitted grower associations.



Above: A new joint venture farm in Macuata, Vanua Levu, belonging to Mr Iokimi Lutua being prepared in September 2018.

Cane production in 2018, increased by 4%, reaching 1,696,880 tonnes compared to 1,631,000 tonnes the previous year.

"The increase in cane production is a good result; despite challenges from the two cyclone-related floods and drought, our growers are now planting more cane and focusing on cane yields. It is our goal to produce 3.5 million cane by 2023, and every effort towards achieving that goal is reassuring for the FSC", says Clark.

Sugar production this year at 160,204 tonnes, dropped by 11%. Production issues faced by the Rarawai Mill's aging boiler contributed much to this. Additionally production was affected by the impact of the flooding experienced early this year, brought on by the two successive cyclones Josie and Keni, which impacted cane quality more severely than expected.

As a direct result of this, major project maintenance on the Rarawai Mill boiler began immediately after the conclusion of its 2018 crushing season. The mill's aging boiler will get a complete overhaul in time for the 2019 season.

Clark said "FSC recently signed a contract for a full upgrade and refurbishment of the boiler at the mill to produce 115 tonnes of steam per hour. This will cost \$9.2 million, but will boost production and settle

operations at Rarawai going forward. Additionally, the power station would be upgraded giving the mill more power supply".

The Lautoka Mill was this year overall, the best performing of the three mills. Operating efficiency and crushing rate improved by 2% and 7% from last year respectively, and the mill's total stops improved by 29% from previous year.

Clark adds "what this means is that refurbishments done to the mill's Diffuser, showed the results as expected this season. We envisage a similar experience with Rarawai's boiler, we are hopeful the refurbishments will positively impact the mill's sugar processing performance in 2019".

The Labasa Mill completed a steady year and although slightly less cane was crushed compared to 2017, all operating parameters were similar or better than the previous season. Labasa achieved the best sugar recovery of the three FSC mills due to the cane quality not being as badly affected by the weather, compared to Lautoka and Rarawai.

Looking at the year ahead, Clarks says "Fiji has a great opportunity to supply sugar to the world market, at above average prices". FSC is looking at five shipments in 2019, with discussions on two sugar export contracts already concluded.

Clark says "this year our off-season maintenance and repair work will be lifted somewhat and will be very thorough, as we want to ensure that major defects are taken care of and removed for the next season".

Labasa and Lautoka Mills will also see equipment upgrades costing an additional \$5 million each.

Clark ends "we thank all our stakeholders as we collaborate and work together towards our goal of 3.5 million tonnes come 2023. We are grateful to our grower community, to the Fiji Government for their continued support and our people for their continued perseverance".

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