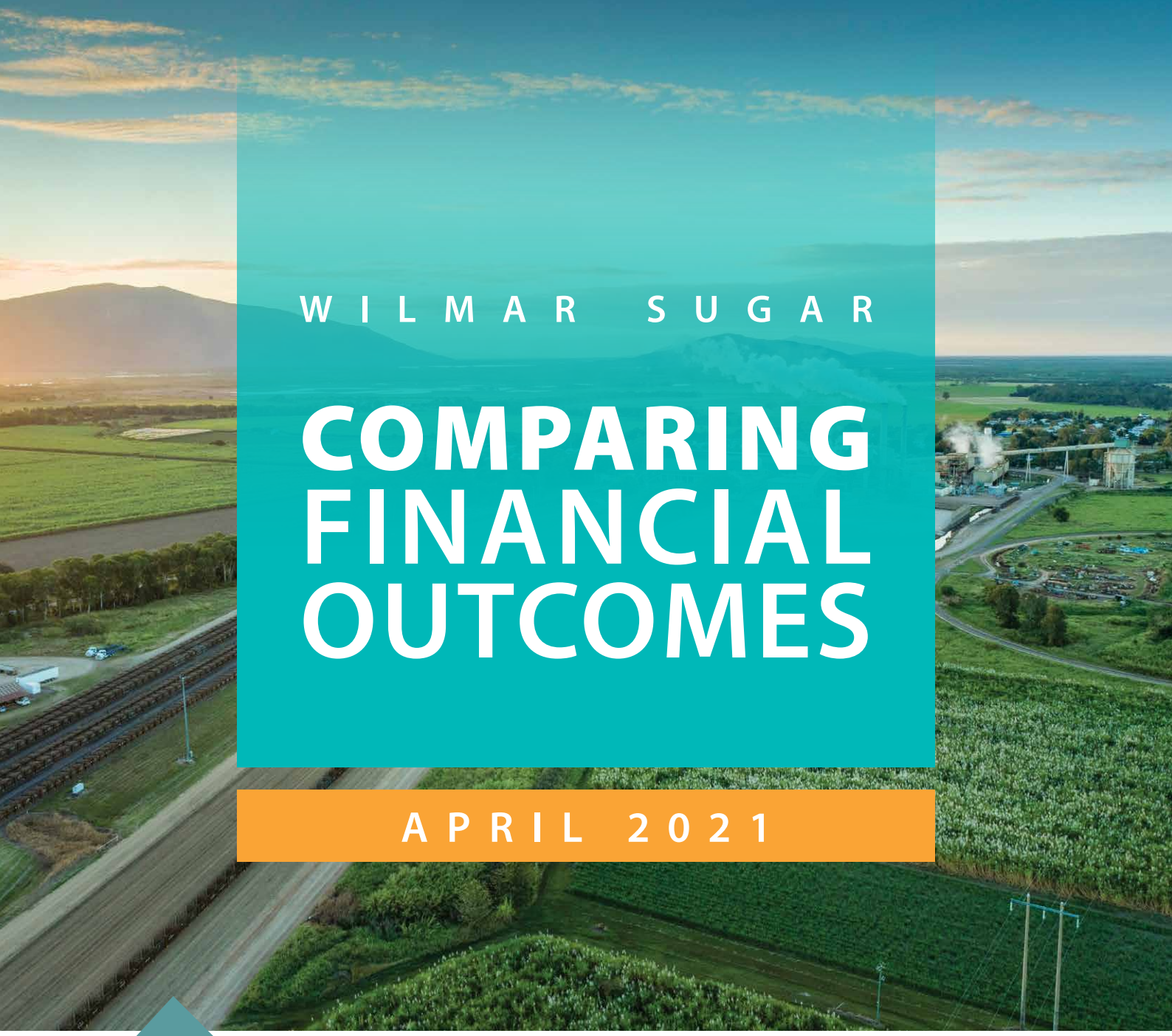




W I L M A R S U G A R

COMPARING FINANCIAL OUTCOMES

A P R I L 2 0 2 1

Choosing the best marketer for your farming business can be challenging.

There is a range of pools and pricing mechanisms. There are different costs, premiums and bonus schemes. And there are differences in how marketers report on results.

This new publication enables growers to directly compare the financial outcomes they might have achieved under Wilmar and QSL.

It looks at four alternative pricing allocation options available through both marketers and

presents the comparative results for the 2018, 2019 and 2020 seasons.

The historical analysis shows that, for all four options, a grower would have achieved a better financial outcome over that full three-year period with Wilmar as their Grower Economic Interest Sugar marketer.

The summary chart on the back page of this document shows a grower with 1,000 tonnes IPS of GEI Sugar would have been up to \$44,000 better off with Wilmar over that time.

PRICING ALLOCATION OPTIONS

In this analysis we assume that a grower has had 1,000 tonnes IPS of GEI Sugar in each of the last three seasons. We assume the grower has either nominated 100% of that quantity to Wilmar for marketing or 100% to QSL for marketing.

For each of the GEI marketers, we've calculated the financial outcomes that would have come from four alternative pricing allocation options – where different allocations of GEI tonnage

are made to different pools and/or pricing mechanisms.

The intent is to give you an idea of which marketer and what combination of pricing mechanisms would have produced the optimal outcomes over the last three seasons.

The following table shows the four alternative pricing allocations used for our comparisons.

	Target/Call Pricing	Wilmar Managed Pool or QSL Actively Managed Pool	Wilmar US Quota Pool or QSL US Quota Pool	Wilmar Production Risk Pool or QSL Harvest Pool
OPTION 1 Default pool	0%	0%	2-3%	97-98%
OPTION 2 Marketers' managed pools	0%	50%	2-3%	47-48%
OPTION 3 Balanced approach	30%	30%	2-3%	37-38%
OPTION 4 Taking more control	60%	0%	2-3%	37-38%

We have used historical pool/pricing outcomes for the 2018 to 2020 seasons to calculate the overall weighted-average price and total net pool/pricing revenue outcomes for each of the four options above, for Wilmar and QSL respectively.

The table below illustrates the Wilmar and QSL pooling and pricing outcomes as published by both parties. It also shows the break-up of the Gross Pool Prices, the Wilmar Allocation Account Amount or QSL Shared Pool, and the resulting Net Pool Prices.

Wilmar Pricing Outcomes	2018	2019	2020	QSL Pricing Outcomes	2018	2019	2020
Average Actual Target Pricing achieved by Wilmar growers (\$/t IPS)				Target Prices assumed equal to those achieved by Wilmar growers (\$/t IPS)			
Gross Target Price (\$/t actual)	\$434.76	\$438.20	\$455.16	Gross Target Price (\$/t actual)	\$434.76	\$438.20	\$455.16
Gross Target Price (\$/t IPS)	\$419.90	\$423.46	\$439.70	Gross Target Price (\$/t IPS)	\$419.73	\$423.38	\$439.47
Allocation Account Amount	-\$1.73	\$6.59	\$25.68	Shared Pool	-\$3.30	\$0.98	\$29.57
Default Advances Finance Charge	-\$3.42	-\$1.50	-\$1.21				
Net Pool Price	\$414.75	\$428.56	\$464.17	Net Pool Price	\$416.43	\$424.36	\$469.04
Wilmar Managed Pool returns (\$/t IPS)				QSL Actively Managed Pool returns (\$/t IPS)			
Gross Pool Price	\$360.87	\$402.23	\$382.39	Gross Pool Price	\$372.37	\$391.08	\$404.00
Allocation Account Amount	-\$2.21	\$6.03	\$25.32	Shared Pool	-\$3.30	\$0.98	\$29.57
Default Advances Finance Charge	-\$3.42	-\$1.50	-\$1.21				
Net Pool Price	\$355.24	\$406.77	\$406.51	Net Pool Price	\$369.07	\$392.06	\$433.57
US Quota Pool returns (\$/t IPS)				US Quota Pool returns (\$/t IPS)			
Gross Pool Price	\$761.76	\$789.26	\$753.01	Gross Pool Price	\$762.92	\$818.02	\$785.00
Allocation Account Amount	-\$94.23	-\$98.31	-\$92.87	Shared Pool	-\$121.06	-\$212.44	-\$81.65
Default Advances Finance Charge	-\$3.42	-\$1.50	-\$1.21				
Net Pool Price	\$664.12	\$689.45	\$658.93	Net Pool Price	\$641.86	\$605.58	\$703.35
Production Risk Pool returns (\$/t IPS)				Harvest Pool returns (\$/t IPS)			
Gross Pool Price	\$381.99	\$413.33	\$424.39	Gross Pool Price	\$371.99	\$405.13	\$403.00
Allocation Account Amount	\$0.72	\$9.02	\$28.54	Shared Pool	-\$3.30	\$0.98	\$29.57
Default Advances Finance Charge	-\$3.42	-\$1.50	-\$1.21				
Net Pool Price	\$379.30	\$420.85	\$451.72	Net Pool Price	\$368.69	\$406.11	\$432.57
IPS Conversion Factors	1.035391	1.034797	1.035165	IPS Conversion Factors	1.035806	1.035006	1.035701

NOTE: We have included QSL's Loyalty Bonus in the analysis, even though it is our understanding that this bonus is not paid to all growers nominating QSL. Growers who did not receive QSL's Loyalty Bonus would have received lower returns.



Our historical analysis shows a grower would have achieved a better financial outcome over the full three-year period with Wilmar as their GEI Sugar marketer.

IMPORTANT ASSUMPTIONS

The **Target Pricing outcomes** used in this analysis represent the actual average gross forward prices achieved by growers nominating Wilmar as their marketer in the 2018, 2019 and 2020 seasons. We've assumed those same prices for both marketers in the Wilmar versus QSL comparison. The Target Price includes any roll adjustment that occurred for unpriced Target Pricing at the expiry of the July and October ICE #11 contract positions.

To ensure the comparison is like-for-like, we have **capped the use of Target Pricing in Option 4 to 60% for each of the 2018-2020 seasons**. Although Wilmar enabled up to 70% of forward pricing during this period, QSL capped the maximum percentage for any growers nominating it as their marketer at 60%.

The **percentages of GEI Sugar** which growers nominating Wilmar have had in the **US Quota Pool** have been 1.82%, 2.21% and 3.20% in the 2018, 2019 and 2020 seasons, respectively. We have used these percentages for both marketers in this comparison exercise. While the percentages for growers nominating QSL may be different, to our

knowledge, QSL does not publish the percentage of a grower's GEI Sugar in its US Quota Pool, at least not in any public forum.

The **Net Pool Prices** in the analysis are those as reported by both Wilmar and QSL respectively. Also note that the 2020 season Net Pool Price assumptions are forecasts and will not be finalised until all physical sugar sales, ICE #11 and AUD hedging outcomes are completed in mid-2021.

Please note that no **harvesting costs, levies, liens or any other costs** are used in the calculations. This analysis looks purely at the revenues flowing from pooling/pricing decisions.

WHAT THE ANALYSIS SHOWS

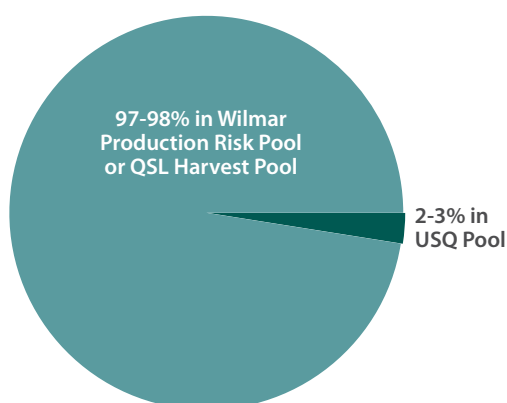
In each of the following sections, the pie chart illustrates the risk management approach chosen for analysis. It shows which combination of pooling or pricing mechanisms, either with Wilmar or QSL, have been selected.

The right-hand chart under each of the pricing allocation options below represents the aggregate net pricing revenue for a grower nominating Wilmar compared with a grower nominating QSL.

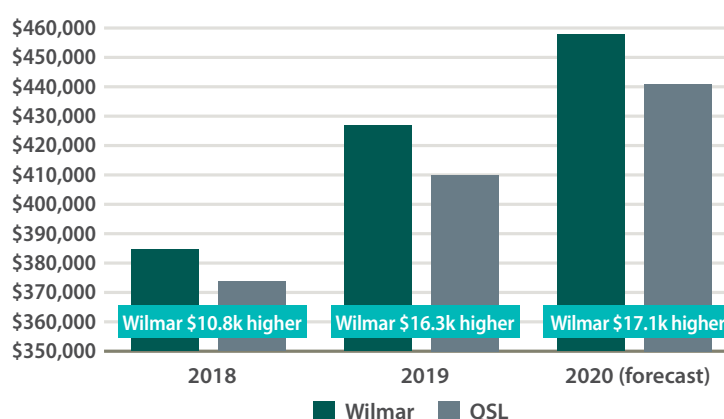
OPTION 1 - Default pool

Almost exclusively relying upon the Wilmar Production Risk Pool or the QSL Harvest Pool

Allocation to Pricing Mechanisms



Total Net Pool/Pricing Revenues



For each of the 2018, 2019 and 2020 seasons, a grower who had nominated Wilmar would have out-performed a grower who had nominated QSL.

Overall, across those three seasons, a grower nominating 1,000 tonnes IPS of GEI Sugar would have been more than \$44,000 ahead nominating the Wilmar pricing mechanisms, an average of about \$14,700 per season.

OPTION 1: Almost exclusively relying upon the Wilmar Production Risk Pool or the QSL Harvest Pool

For a grower who had nominated Wilmar as their GEI marketer

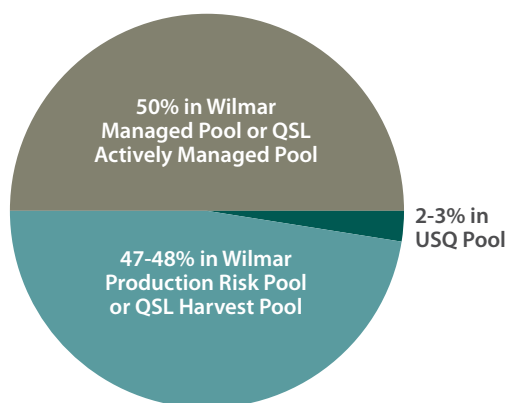
For a grower who had nominated QSL as their GEI marketer

	2018	2019	2020		2018	2019	2020
GEI percentage allocation to:							
Target/Call Pricing	0.00%	0.00%	0.00%	Target Pricing	0.00%	0.00%	0.00%
Wilmar Managed Pool	0.00%	0.00%	0.00%	Actively Managed Pool	0.00%	0.00%	0.00%
US Quota Pool	1.82%	2.21%	3.20%	US Quota Pool	1.82%	2.21%	3.20%
Production Risk Pool	98.18%	97.79%	96.80%	Harvest Pool	98.18%	97.79%	96.80%
Total	100.00%	100.00%	100.00%	Total	100.00%	100.00%	100.00%
GEI tonnage allocation to:							
Target/Call Pricing	-	-	-	Target Pricing	-	-	-
Wilmar Managed Pool	-	-	-	Actively Managed Pool	-	-	-
US Quota Pool	18	22	32	US Quota Pool	18	22	32
Production Risk Pool	982	978	968	Harvest Pool	982	978	968
Total	1,000	1,000	1,000	Total	1,000	1,000	1,000
Weighted average pool return (\$/t IPS)	\$384.48	\$426.78	\$458.35	Weighted average pool return (\$/t IPS)	\$373.66	\$410.52	\$441.23
Difference to QSL (\$/t IPS)	\$10.82	\$16.26	\$17.11	Difference to Wilmar (\$/t IPS)	-\$10.82	-\$16.26	-\$17.11
Total net pool revenue	\$384,480	\$426,782	\$458,346	Total net pool revenue	\$373,662	\$410,518	\$441,235
Difference to QSL	\$10,818	\$16,264	\$17,111	Difference to Wilmar	-\$10,818	-\$16,264	-\$17,111

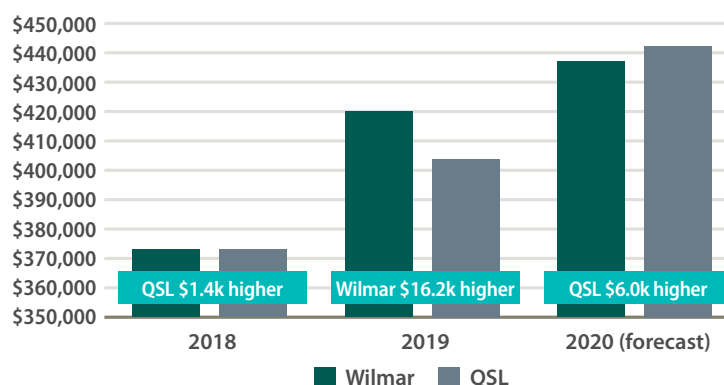
OPTION 2 - Marketers' managed pools

Exclusively relying upon the marketer's managed pools

Allocation to Pricing Mechanisms



Total Net Pool/Pricing Revenues



In this option, a grower nominating Wilmar would have quite significantly out-performed a grower who nominated QSL in the 2019 season. QSL would have achieved modestly better results in 2018 and 2020.

Overall, across the three seasons, a grower nominating 1,000 tonnes IPS of GEI Sugar would have been nearly \$8,900 better off nominating the Wilmar pricing mechanisms, an average of about \$3,000 per season.

OPTION 2: Exclusively relying upon the marketer's pools

For a grower who had nominated Wilmar as their GEI marketer

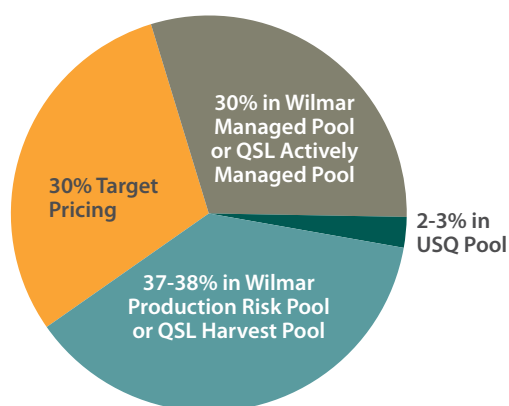
For a grower who had nominated QSL as their GEI marketer

	2018	2019	2020		2018	2019	2020
GEI percentage allocation to:							
Target/Call Pricing	0.00%	0.00%	0.00%	Target Pricing	0.00%	0.00%	0.00%
Wilmar Managed Pool	50.00%	50.00%	50.00%	Actively Managed Pool	50.00%	50.00%	50.00%
US Quota Pool	1.82%	2.21%	3.20%	US Quota Pool	1.82%	2.21%	3.20%
Production Risk Pool	48.18%	47.79%	46.80%	Harvest Pool	48.18%	47.79%	46.80%
Total	100.00%	100.00%	100.00%	Total	100.00%	100.00%	100.00%
GEI tonnage allocation to:							
Target/Call Pricing	-	-	-	Target Pricing	-	-	-
Wilmar Managed Pool	500	500	500	Actively Managed Pool	500	500	500
US Quota Pool	18	22	32	US Quota Pool	18	22	32
Production Risk Pool	482	478	468	Harvest Pool	482	478	468
Total	1,000	1,000	1,000	Total	1,000	1,000	1,000
Weighted average pool return (\$/t IPS)	\$372.45	\$419.74	\$435.74	Weighted average pool return (\$/t IPS)	\$373.85	\$403.49	\$441.73
Difference to QSL (\$/t IPS)	-\$1.40	\$16.25	-\$5.99	Difference to Wilmar (\$/t IPS)	\$1.40	-\$16.25	\$5.99
Total net pool revenue	\$372,451	\$419,742	\$435,741	Total net pool revenue	\$373,852	\$403,493	\$441,735
Difference to QSL	-\$1,401	\$16,249	-\$5,994	Difference to Wilmar	\$1,401	-\$16,249	\$5,994

OPTION 3 - Balanced approach

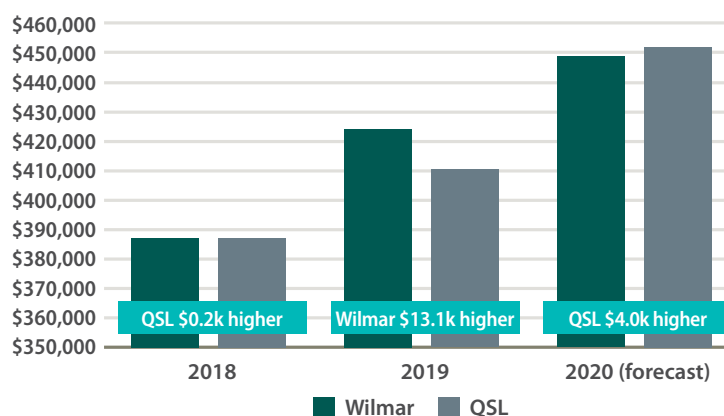
A balanced approach, utilising Target Pricing to cover 30% of pricing exposure

Allocation to Pricing Mechanisms



A grower nominating Wilmar would have out-performed a grower who nominated QSL by some margin in the 2019 season. A grower nominating QSL would have achieved a fractionally better result in 2018 and a modestly better result in 2020.

Total Net Pool/Pricing Revenues



Overall, across the three seasons, grower nominating 1,000 tonnes IPS of GEI Sugar would have been about \$8,900 better off nominating the Wilmar pricing mechanisms, an average of nearly \$3,000 per season.

OPTION 3: A balanced approach, utilising Target Pricing to cover 30% of pricing exposure

For a grower who had nominated Wilmar as their GEI marketer

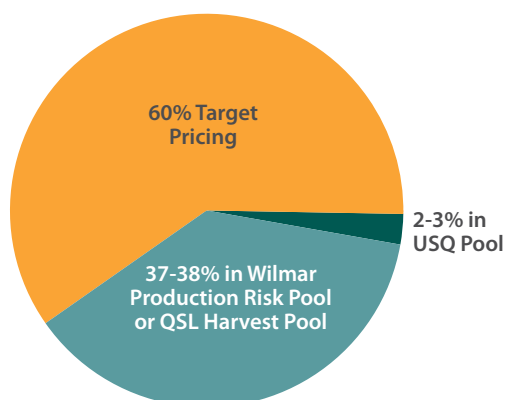
For a grower who had nominated QSL as their GEI marketer

	2018	2019	2020		2018	2019	2020
GEI percentage allocation to:							
Target/Call Pricing	30.00%	30.00%	30.00%	Target Pricing	30.00%	30.00%	30.00%
Wilmar Managed Pool	30.00%	30.00%	30.00%	Actively Managed Pool	30.00%	30.00%	30.00%
US Quota Pool	1.82%	2.21%	3.20%	US Quota Pool	1.82%	2.21%	3.20%
Production Risk Pool	38.18%	37.79%	36.80%	Harvest Pool	38.18%	37.79%	36.80%
Total	100.00%	100.00%	100.00%	Total	100.00%	100.00%	100.00%
GEI tonnage allocation to:							
Target/Call Pricing	300	300	300	Target Pricing	300	300	300
Wilmar Managed Pool	300	300	300	Actively Managed Pool	300	300	300
US Quota Pool	18	22	32	US Quota Pool	18	22	32
Production Risk Pool	382	378	368	Harvest Pool	382	378	368
Total	1,000	1,000	1,000	Total	1,000	1,000	1,000
Weighted average pool return (\$/t IPS)	\$387.90	\$424.87	\$448.52	Weighted average pool return (\$/t IPS)	\$388.10	\$411.78	\$452.48
Difference to QSL (\$/t IPS)	-\$0.20	\$13.09	-\$3.96	Difference to Wilmar (\$/t IPS)	\$0.20	-\$13.09	\$3.96
Total net pool revenue	\$387,899	\$424,871	\$448,519	Total net pool revenue	\$388,098	\$411,778	\$452,476
Difference to QSL	-\$199	\$13,093	-\$3,957	Difference to Wilmar	\$199	-\$13,093	\$3,957

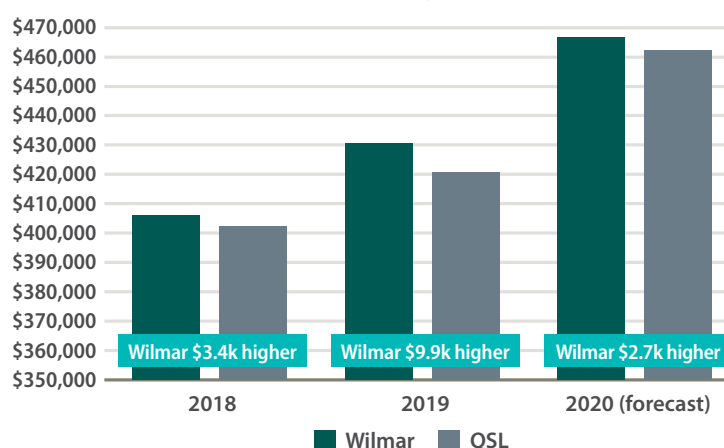
OPTION 4 - Taking more control

Taking more pricing control, utilising Target Pricing to cover 60% of pricing exposure

Allocation to Pricing Mechanisms



Total Net Pool/Pricing Revenues



A grower with Wilmar would have out-performed a grower with QSL in all three seasons.

Overall, across those seasons, grower nominating 1,000

tonnes IPS of GEI Sugar would have been nearly \$16,100 better off nominating the Wilmar pricing mechanisms, an average of nearly \$5,400 per season.

OPTION 4: Taking more pricing control, utilising Target Pricing to cover 60% of pricing exposure

For a grower who had nominated Wilmar as their GEI marketer

For a grower who had nominated QSL as their GEI marketer

	2018	2019	2020		2018	2019	2020
GEI percentage allocation to:							
Target/Call Pricing	60.00%	60.00%	60.00%	Target Pricing	60.00%	60.00%	60.00%
Wilmar Managed Pool	0.00%	0.00%	0.00%	Actively Managed Pool	0.00%	0.00%	0.00%
US Quota Pool	1.82%	2.21%	3.20%	US Quota Pool	1.82%	2.21%	3.20%
Production Risk Pool	38.18%	37.79%	36.80%	Harvest Pool	38.18%	37.79%	36.80%
Total	100.00%	100.00%	100.00%	Total	100.00%	100.00%	100.00%
GEI tonnage allocation to:							
Target/Call Pricing	600	600	600	Target Pricing	600	600	600
Wilmar Managed Pool	-	-	-	Actively Managed Pool	-	-	-
US Quota Pool	18	22	32	US Quota Pool	18	22	32
Production Risk Pool	382	378	368	Harvest Pool	382	378	368
Total	1,000	1,000	1,000	Total	1,000	1,000	1,000
Weighted average pool return (\$/t IPS)	\$405.75	\$431.41	\$465.82	Weighted average pool return (\$/t IPS)	\$402.31	\$421.47	\$463.12
Difference to QSL (\$/t IPS)	\$3.45	\$9.94	\$2.70	Difference to Wilmar (\$/t IPS)	-\$3.45	-\$9.94	-\$2.70
Total net pool revenue	\$405,753	\$431,409	\$465,818	Total net pool revenue	\$402,306	\$421,468	\$463,117
Difference to QSL	\$3,447	\$9,941	\$2,700	Difference to Wilmar	-\$3,447	-\$9,941	-\$2,700

SUMMARY

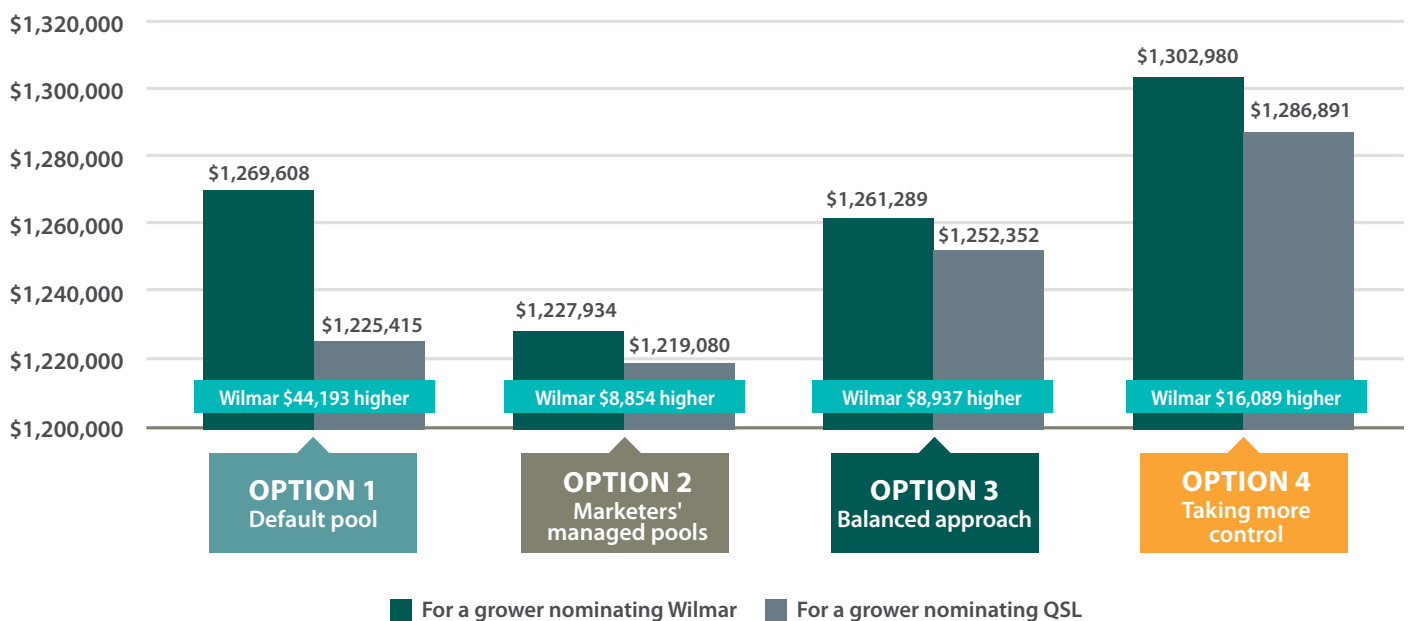
The following chart aggregates the total net revenue for each of the four pricing allocation options, for the full 2018-2020 period, for a grower who may have nominated Wilmar versus a grower who may have nominated QSL.

Under each of the four options, a grower nominating 1,000 tonnes IPS of GEI Sugar to Wilmar would have achieved superior results across the full three-season period than for a grower nominating QSL.

The historical analysis illustrates that, under all four GEI pricing exposure options, a grower would have been better off with Wilmar.

In dollar terms, the financial benefit of marketing with Wilmar ranges from \$8,854 to \$44,193 over the full three-year period.

Total Net Pool/Pricing Revenues over 2018-2020 Seasons



HOW WE CAN HELP

We recognise that the four pricing allocation scenarios in this publication might not represent the option/s you use, or would like to see analysed.

To personalise the analysis to suit your situation, we have a pricing comparison model that can take into account your farm production, your forward pricing outcomes and the specific pricing mechanisms you have used or might consider in future.

Please contact one of our Grower Marketing Consultants to arrange for a personal consultation.



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