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MEDIA STATEMENT

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Wilmar returns outperform growers in the QSL system

Wilmar achieved an average net sugar price on the sugar it marketed in the 2012 and 2013 seasons that was $45 per tonne higher than its growers received under the QSL system.

If growers had achieved the same sugar price as Wilmar, they would on average have received a cane price which was more than $4.00 per tonne higher, resulting in an increase of more than 50% in average farm gross margins.

This means a grower producing 10,000 tonnes of cane would have made an additional $40,000 per year over the last two years if they had received the same sugar price as Wilmar.

Wilmar's sugar pricing and marketing performance clearly demonstrates the potential for growers to access better returns under Wilmar's proposed joint marketing partnership.

Executive General Manager – North Queensland, John Pratt said, "These figures clearly demonstrate that Wilmar achieved better returns than growers received on average under the QSL system."

"The leadership of Canegrowers need to explain why they don't want their members to be part of a system that would deliver them extra income."

HIGHLIGHTS

Averaged over the 2012 and 2013 seasons:

- Wilmar net sugar price including marketing premiums was $45 per tonne higher than growers achieved on average in the QSL system
- Wilmar marketing premiums were 60% higher than QSL, equivalent to $11 per tonne
- At the Wilmar sugar price, average grower cane prices would have increased by more than $4.00 per tonne
- At the Wilmar sugar price, average grower gross margins would have been more than 50% higher.

These increases are based on sugar prices and net marketing premiums achieved by Wilmar on production it marketed over the past two years compared to the weighted average price received by all Wilmar growers under the QSL system. Gross profit margins are based on Wilmar's estimate of regional average grower cost of production.

Mr Pratt said, “The basis of the new marketing model is that growers have an opportunity to access improved returns and share control over the management of marketing, so they know they are getting transparency and the best financial results.”

The figures were presented at a meeting with Burdekin District Cane Growers, which represents nearly 60% of Burdekin cane production and some 30% of Wilmar’s total cane supply.

Wilmar was invited by the Burdekin group, which is not aligned with Canegrowers Queensland, to attend a meeting of the boards of the Invicta, Kalamia and Pioneer grower organisations to discuss the joint marketing proposal and interim forward pricing arrangements.

“We welcome the opportunity to continue dialogue with Burdekin District Cane Growers on the new marketing arrangements,” Mr Pratt said.

“While it is still early days, we appreciate that the Burdekin District Cane Growers are prepared to engage with us and judge our marketing proposal on its commercial merits.”

-ENDS-

Further information and updates on the grower consultation process can be found at www.wilmarsugarmills.com.

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