

## **PRESS RELEASE: 2020 CANE CRUSHING SEASON**

### **2020 REVENUE FORECAST EXPECTED TO BE UP BY 5% DESPITE A CHALLENGING SEASON**



**04 December 2020**

With the 2020 Sugar Crushing Season now virtually completed, Fiji Sugar Corporation is forecasting an increase in projected revenue for the 2020/21 year of FJ\$7 million, despite the challenges this season.

Revenue is forecast at FJ\$152 million, compared to FJ\$145 million last year. The 5% increase will be delivered despite a lower volume of cane harvested and lower quality of cane delivered to the mills in 2020, resulting in lower sugar production than in 2019. This likely result will also have been achieved despite the damaging impact of the global CORONAVIRUS pandemic on world commodity and freight markets, reflecting superior pricing achieved by the FSC marketing team.

Vishnu Mohan, Board Chairman of Fiji Sugar Corporation commented on the projected results after an FSC Board meeting held today “The Team at FSC are encouraged by the financial results, particularly when 2020 has been an incredibly challenging year all round. We will be pleased to be able to contribute over \$150 million to the Fijian economy this year” he said.

The total cane crop for 2020 will be approximately 1.73 million tonnes, a 4% decrease in the cane crop compared to 2019. The reduction was caused by worse than expected damage caused by T.C Harold, which struck in the early part of the growing period, as well as the impacts of very dry weather thereafter in the Lautoka and Ba districts. Cane yields in these areas which had recovered well after T.C Winston from less than 40 tonnes per hectare to nearly 50 tonnes per hectare in 2019, fell to 45 tonnes per hectare in 2020. In Labasa growing conditions were more favourable for the season and cane yields maintained 2019 results of 48 tonnes per hectare. Cane quality in 2020 was affected by an increase in the percentage of burnt cane delivered for milling from 44.8% last year to 50.3% for 2020. High extraneous matter associated with mechanical harvesting, combined with burnt cane resulted in the lowest cane purity for the last three years. As a result final sugar production for 2020 will be approximately 152,000 tonnes, 9% lower than 2019.

Cane supply to all three mills has been consistent, which represented better harvesting strength. Factory stops for ‘no cane’ were 8% lower this season. Manual harvesting gangs operated well and all mechanical harvesters were fully utilised for the season. Furthermore, mill efficiency improved, and average mill stoppages reduced by 22% from the previous season.

The organisation also improved its operational efficiency, measured by an expected reduction in the current year of its overall cost base by FJ\$10 million. The reduction of the 2020 cost base follows similar annual cost improvements for the last two years. This reduction together

with higher revenue will positively impact the company's income statement for the year, and an operating profit is expected for the second year in a row.

Graham Clark, Chief Executive Officer of Fiji Sugar Corporation commented "Operationally we have seen improvements including less downtime in the mills and a decrease in factory stoppages. The improvements can be attributed to upgrades to the boilers and other milling equipment as well as better preparation and planning for the crushing season."

The company is now looking forward to 2021 and focussing on how to encourage the growth of more cane, the reduction of burnt cane and is further looking at upgrades to the mills and operations to build a stronger, more sustainable future for the sugar industry in Fiji.

## **UPDATE ON RECRUITMENT OF CEO**

The formality of advertising the position was completed on 27<sup>th</sup> November. A good response from both local and foreign applicants has been received and short listing has now commenced. Interviewing of the final short list of candidates should be completed by the end of December 2020.

## **ANNUAL GENERAL MEETING – 2020**

The Registrar of Companies has granted an extension to FSC to hold the 2020 Annual General Meeting by 28<sup>th</sup> February 2021. The delay in convening the meeting has been in order to enable FSC to progress its debt conversion and capital optimization plans. The Annual General Meeting will be held in January 2021.

Vishnu Mohan  
**Board Chairman**

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