

## **Topics of Discussion**



- Introduction to STL
- Operational Update & 2022 Crush
- Storage & Handling Agreement Update
- Infrastructure Investment
- Focus for the Future

#### **Introduction to STL**



- Role: receival, storage and outloading of raw sugar on behalf of customers
- Listed NSX entity, owned 2/3 by growers, 1/3 by millers
- 7 member Board (includes 3 independents including the Chair)
- Current share price: \$1.03
- Market capitalisation: \$370M
- Share price growth since NSX listing (2004): +329%
- Share price growth since change to new operating model (2017): +20%
- Average returns to shareholders (last 5 years): +12.3% (15.8% when allowing for franking credits)
- Written-down value of assets: \$331 million
- Replacement value of assets: \$2.2 billion

### **Operational Update and 2022 Crush**



- All BSTs open for receival & outloading with first sugar received late May 2022
- Overall storage volumes in BST's just prior to 2022 Crush were at ~ 20% (lower than normal)
- Reflection of strong sugar demand and pricing
- Discrete Covid outbreaks at sites being managed without disruption to receival or outloading
- As at end June circa 8% (~300K) of the nominated 2022 crush has been received
- Nominated volumes are up ~7% as compared to 2021 crush actuals
- Almost all Sugar Mills now operating
- Strong shipping schedule planned for July & August 2022

## **Storage & Handling Agreement (SHA) Update - Process**



- One SHA single document applies to all 6 STL customers
- Previous SHA commenced 1 July 2018 and expired on 30 June 2022
- Option to extend previous agreement not exercised by 2 parties, necessitating negotiations with all parties on terms of a new agreement
- Due to competition principles, STL required by law to negotiate individually with all customers and ultimately eventual outcome must then be applied uniformly across all 6 customers
- Discussions commenced with each customer in October 2021 and a series of 'negotiating principles' adopted. Clear and transparent timetable established and maintained by STL
- 5 separate drafts of the new SHA produced over 5 months along with detailed supporting information and concessions made by all parties (including STL) on multiple fronts to reach agreed terms
- STL clear from outset that receiving and outloading of sugar from the 2022 Crush would continue, irrespective of SHA outcome – no disruption to industry

#### **Storage & Handling Agreement Update - Outcome**



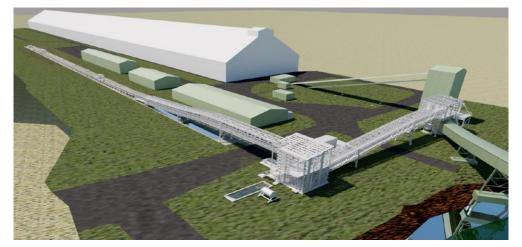
- So far, 5 of 6 customers have agreed to new 3 year SHA with 2 x 1 year options to extend
- Provides long term stability and certainty to industry and allows these customers to return focus to crushing & marketing raw sugar
- Key amendments made by STL in order to reach agreement include but are not limited to:
  - reduced term to 3 years (from proposed 5 years) to recognise changing dynamics in the industry
  - indexing of Excess Capital Charge resulting in reduced charges on customers
  - materially increased liability limits which in turn increases STL's risk profile whilst giving additional protections to customers
  - included ability for customers to claim demurrage and port charges against the liability limits in certain insurances
  - material changes to domestic storage allocation and pricing regime
  - reduced period for transfer of title in raw sugar from 5 days to 1 day
  - availability charge refunded to customers where access denied due to STL breach of contract or negligence
  - establishment of a regime of Ring Fencing, Operating Costs and 'Most Favoured Nation' audits to satisfy customer concerns
  - requirement to consult with customers on material amendments to Weighing and Sampling Manual.

#### **Infrastructure Investment**



- FY23 Capital Budget approved: further \$21M of investment in STL infrastructure to address immediate priorities
- Re-Roofing of Shed #1 at Townsville BST: last of 12 sheds to be re-roofed. Completion in October 2022, will end 10 year \$100M investment by STL
- Lucinda Belt and Tail End Structure Capital Works: planning & preparations underway for replacement of 12km Lucinda Conveyor Belt & tail end remediation works
- Condition of Assets: major audit of condition of assets, which will guide future capital investment priorities to enhance performance & longevity for industry and shareholders





#### Focus for the future



- Common User Infrastructure at Bundaberg BST: civil works now underway, with completion expected in April 2023. Diversification to address problems in region, without compromising service to sugar industry
- Navy redevelopment alongside Cairns BST: working with Navy re plans to extend their wharf to abut STL wharf. Suitable commercial and priority access arrangements established
- Continue to engage with wide variety of non-sugar customers: to explore use of STL facilities without comprising service offering to Sugar Industry or compromising asset life
- Driving greater efficiency: continuous improvement in operations and capital management to improve performance, reduce costs and ensure competitive service



# **Questions?**

