



4 July 2018

COMPANY UPDATE

BUDGET YEM19

The Board approved the budget for the year ending 31 May 2019 at their June meeting. The budget has been developed with the objective of continuing to fund operations as well undertake plant refurbishment targeting improved operational performance.

The budget is based on a crop estimate of 5.09 million tonnes for the Mackay region and a sugar make of 705,012 IPS tonnes. For Mossman the crop estimate is 1.15 million tonnes and 148,265 IPS tonnes of sugar.

This crop estimate together with the decline in the world sugar price, due to the world sugar surplus that is impacting all sugar exporters, has materially impacted on forecast revenue for this budget year. Total operating revenue is forecast at \$395m, with cane payments at \$227m, resulting in an Operating EBITDA loss of -\$10m (which excludes financing costs, depreciation and non-operating revenues which are in line with YEM17). Maintenance and capital expenditure are budgeted at similar levels to last year at \$52m and \$8m respectively focussed entirely on mill performance with no allocation to development capital expenditure.

Due to the current dry weather there could be a further slight decline in the crop in Mackay, and the Board will continue to monitor the impact of any decline in crop on the budget.

The ability of the Company to deliver this budget requires the continued support of its funders.

The level of funding for maintenance and capital expenditure to improve mill performance will ultimately depend on the outcome of the current recapitalisation process. The Board and management will continue to focus on the recapitalisation in order to place the Company in the best position possible to improve the factory performance and operations for the future.

M. R. Day
EXECUTIVE CHAIRMAN and CEO