



## MEDIA RELEASE

27 February 2014

### Mackay Sugar partners with global leader in sugar marketing

Mackay Sugar today announced it has reached agreement with the world's largest sugar and ethanol exporter Copersucar for the joint marketing of raw sugar into the Asian markets.

The agreement will see Mackay Sugar's marketing body Queensland Commodity Services (QCS) combine a portion of Mackay Sugar's raw sugar supply with Copersucar's supply to increase returns on the sugar sold to the Asian markets.

Up until now, Mackay Sugar's raw sugar has been exported exclusively through Queensland Sugar Limited (QSL); however, with QSL offering marketing rights to other industry players in 2013, Mackay Sugar has opted to export its economic interest sugar (~150,000 tonnes) from 2014 via QCS, leaving 300,000 tonnes of sugar to be exported via QSL.

Mackay Sugar Chief Executive Officer Quinton Hildebrand said that whilst Mackay Sugar remains a strong supporter of QSL, Mackay Sugar had to safeguard its export marketing and part of this need is to establish an alternative marketing channel outside of QSL.

"The agreement with Copersucar strengthens the long term interests of our company and our supplying growers, given the uncertainty of the traditional export marketing arrangements.

"Specifically, the agreement establishes our own access to the Asian markets and enables us to improve export returns with higher premiums and profit sharing arrangements on the gains achieved leveraging the supply from both origins into the Asian markets.

"The agreement offers our company full transparency on all sales into the Asian markets, as well as allowing us to access information on Brazilian production and global trade flows. This will greatly assist QCS in the pricing of all Mackay Sugar's production which is hedged on the Inter Continental Exchange No.11 (world market) for raw sugar.

"We have chosen to partner with Copersucar because of the superior value proposition they present and also the similarities in our ownership structures and culture - Copersucar's ownership also originates from a co-operative of millers with extensive cane growing interests," Mr Hildebrand said.

Copersucar's footprint of 47 mills covers the length and breadth of the Brazilian cane growing regions, with the company marketing 9 million tonnes of sugar annually and accounting for 11% of global sugar exports.

The agreement between Mackay Sugar and Copersucar will be effective from the 2014 Season.

**About Copersucar:** The Co-Operative of Sugarcane, Sugar and Ethanol Producers of the State of Sao Paulo was formed in 1959. In 2008, the Co-Operative established Copersucar, which is now the world's largest exporter of sugar and ethanol and Brazil's leading exporter of these products. It has an annual turnover of approximately US\$12.2bn. Copersucar markets sugar and ethanol on behalf of its 47 member mills, all of whom supply to Copersucar on a 100% exclusive basis. In addition to this, Copersucar sources sugar and ethanol from approximately 50 other non-member mills. Beyond its extensive operations in Brazil, Copersucar has an office in Hong Kong, to service the Far East market and has offices in North America and Europe. For further information, please visit the Copersucar website at [www.copersucar.com](http://www.copersucar.com)

**About Mackay Sugar:** Mackay Sugar is Australia's second largest sugar milling company, with over 130 years' experience and an annual turnover in excess of \$300 million. The company has four operating milling sites at

Farleigh, Marian, Racecourse and Mossman and holds a 25 per cent interest in Sugar Australia and New Zealand Sugar Company. Its products include raw and refined sugar, molasses and electricity (made from renewable sources). For further information, please visit the Mackay Sugar website at [www.mkysugar.com.au](http://www.mkysugar.com.au).

**About QCS:** Formed in January 2014 as a wholly owned subsidiary of Mackay Sugar, QCS is a licensed commodity business offering advanced price risk management and marketing services to sugarcane growers and millers throughout Australia. QCS is responsible for managing both the price risk and physical marketing of all raw sugar produced at Mackay Sugar's mills. In addition, QCS markets on behalf of Mackay Sugar up to 200,000 tonnes of molasses annually, in conjunction with its domestic and international marketing partners. For further information, please visit the QCS website at [www.qcs.com.au](http://www.qcs.com.au)

**ENDS**

**For further information please contact:**

**Lorelei van Dalen - Communications Manager - Mackay Sugar**

Ph: 07 4953 8543 | Mob: 0408 037 096 | [www.mkysugar.com.au](http://www.mkysugar.com.au)