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STL AGREES THREE-YEAR STORAGE AND HANDLING AGREEMENTS WITH RAW SUGAR MARKETERS

Sugar Terminals Limited (STL, NSX:SUG) has signed three-year storage and handling agreements with five of its customers. The contracts will become effective from 1 July 2018.

STL Chairman Mark Gray said the outcome was a result of consistent and effective engagement with customers.

“This is a major milestone for STL. The five agreements executed with MSF Marketing, Wilmar Sugar, Tully Sugar, Queensland Commodity Services and Bundaberg Sugar account for the majority of the raw sugar that STL handles each year.” he said.

STL began a six-month program of engagement with raw sugar marketers in October 2017 to put in place longer term storage and handling agreements that would provide a stable platform for future industry growth.

Mr Gray said the extensive consultation process provided customers with the opportunity to address issues and agree on terms for storage and handling services at the Company’s six bulk sugar terminals.

“We have extended agreements from an initial term of 12 months to three years, providing ongoing certainty and stability for the industry. We are very pleased with the results to date and look forward to continuing to work with our customers over the next three years,” Mr Gray said.

Mr Gray said a Customer Working Group, which was held in early 2018, revealed broad support for the new operating model and STL’s transition to the role of infrastructure services provider in the new competitive, multi-marketer environment.

“Only a handful of operational issues were raised at the meeting, all of which will be resolved before the start of the 2018 crushing season,” he said.

STL is working with its remaining customer, Queensland Sugar Limited, to finalise residual issues and have a contract in place prior to the commencement of the 2018 crushing season.

STL will advise the market of any further developments in line with its disclosure obligations.

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