



31 July 2019

## Circular to Shareholders

### Completion announcement

#### **Nordzucker invests \$120m in Mackay Sugar**

Mackay Sugar is pleased to announce that Nordzucker AG has acquired a 70% controlling interest in the share capital of Mackay Sugar Limited through an investment of \$60 million in equity and the provision of a shareholder loan of up to \$60 million to the company.

Nordzucker AG is one of the leading sugar manufacturers in Europe and is headquartered in Braunschweig, Germany.

Chairman and CEO of Mackay Sugar Mark Day said "This is the culmination of an extensive process to find a partner for Mackay Sugar who can assist us through capital and expertise to restore the performance of the mills and the local sugar industry. Nordzucker is not only a leading sugar producer in Europe, but as a grower owned sugar company with 180 years in the industry it has a heritage very similar to Mackay Sugar. The Board of Mackay Sugar would like to thank our growers and shareholders for supporting this transaction and we look forward to Mackay Sugar and the local sugar industry remaining a vital part of our local communities and economy."

CEO of Nordzucker, Dr Lars Gorissen said "We are pleased that the transaction has now completed and we would like to thank the growers and shareholders of Mackay Sugar and the State Government of Queensland for their support of our investment in Mackay Sugar. We look forward to working with all stakeholders to restore Mackay Sugar so that it can realise its full potential."

#### **Details of the transaction**

The completion of Nordzucker's investment in Mackay Sugar follows a comprehensive 18-month long worldwide search by Mackay Sugar to find a partner to invest in the business and improve milling performance.

A shareholder meeting to vote on the transaction was held on Monday, 29 July 2019 at which the shareholders of Mackay Sugar overwhelmingly voted to support the deal.

The debt and equity contribution of Nordzucker will be utilised, in part, to undertake capital and maintenance works on the mills to significantly improve mill performance over several years and reduce the company's debt burden. The company also acknowledges the ongoing support of its financiers Rabobank and NAB and Noteholders who have continued to support the company through a difficult period.

Under the terms of the deal, half of the \$2 per tonne grower contribution, up to a maximum of \$10 million, will be repaid to growers within 30 days. The remaining half will be payable 12 months later.

Following completion of the transaction, Nordzucker has appointed three new directors to the Board of Mackay Sugar and Mark Day will remain as an executive director and CEO. The current Directors will resign following the selection of three new Grower Directors to represent the interests of Mackay Sugar's growers on the board, with nominations now open to all Mackay Sugar growers.

**The Nordzucker Group**, based in Braunschweig, Germany, is one of the leading sugar manufacturers in Europe, with 18 production and refinery facilities producing up to 2.7Mt of refined sugar annually. The Group also processes sugar beet into bioethanol and animal feed. Sustainability along the entire value chain is a top priority for the company. Nordzucker has approximately 3,200 employees producing its products and services to provide a strong foundation for further growth.

**Mackay Sugar Limited** is a public unlisted company and is Australia's second largest sugar milling company. MSL has three operating raw sugar mills in Mackay at Racecourse, Marian and Farleigh, all in Queensland Australia. MSL employs around 780 people. Its revenue base includes mostly raw sugar as well as refined sugar, molasses and renewable energy. The three mills produce raw sugar for both the domestic market and export distribution. MSL also holds a 25 percent interest in Sugar Australia and New Zealand Sugar, a sugar refining joint venture within Australia and New Zealand.



**Mark Day**  
**EXECUTIVE DIRECTOR and CEO**