

A portrait of Jacques M. d'Unienville, Chief Executive Officer, smiling and wearing a dark suit, white shirt, and patterned tie. The background is a blurred green and blue setting with large plant leaves. A white curved shape on the left side of the page contains the text.

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Jacques M. d'Unienville
Chief Executive Officer

CEO Q&A 2015

Operational results have shown a marked increase this year. What are the main drivers behind this performance?

There are three main reasons behind this marked increase. The first one is the positive results of the sugar segment. You will recall that this segment faced a strike in November 2014 and had to shift part of the crop harvesting to 2015. As a result, we had two harvest periods in 2015, a mini crop in January and a normal crop from June to December, which translated into a 30% increase in cane harvested. In addition, the higher sugar price used to value the bearer biological asset and a 9.3% increase in refined sugar production impacted positively on the results.

The second reason is the full year operation of the bioethanol plant in 2015, which produced 18.3 M litres compared to 10.7 M litres in 2014. I am pleased to say that the plant is now producing high quality bioethanol and after stringent audits carried out in 2015, it is a referenced supplier for one of the most prestigious ethanol buyers in the world. Our strategic partner, the Alco Group has successfully completed the acquisition of minority shareholders to bring their shareholding to 40%, hereby reinforcing their commitment.

Another strategic partner in the energy cluster, Albioma, has further assisted us with the first full year of operations of the innovative woodchips and coal energy plant as well as the implementation of the CBO project. In the course of the year, the performance of the energy cluster has been up to expectations.

Finally, the Holiday Inn at Mon Trésor recorded reduced losses compared to last year. In fact, the hotel doubled its occupancy rate from 16% last year to 35% in 2015. This is the result of marketing efforts made with a focus on increased awareness of the hotel as not only a transit/business hotel but also as a place ideally equipped for residential business conferences and workshops. This hotel is also the launching platform for our Mon Trésor Smart City, to which it will add further value and credibility.

The sugar price is still under pressure under EU even though we are now seeing some positive signs of recovery. How is Omnicane reacting to this challenge?

Last year I explained how post 2017 the beet sugar producers on the EU market will increase their production

and as a result not only will the price be under pressure but our access to this market will be in jeopardy. We should not forget as the EU producers operate in an internal market which absorbs most of their production; they are protected against currency fluctuation, which is not the case for Mauritian producers.

To survive we will have to fight on several fronts. At national level, the Ministry of Agro-Industry and Food Security released in May 2015 the Landell Mills Report, which is indeed a road map for the industry to achieve a financially viable sugar price estimated at about Rs 16,000 per tonne in 2017, through the adoption of some key measures, as for example, a better remuneration of the bagasse and other by-products. The report also highlights the need for deeper reforms of certain industry institutions to adapt to the new competitive environment. We have identified the marketing and branding of our sugar as being critical to more value addition going forward. It is indeed important for Omnicane to be closer to the final client and to have a better understanding of their needs and expectations. The recent importation by Omnicane of 42,000 tonnes of sugar for refining in Mauritius has kick-started this process.

The import of sugar by Omnicane has been widely reported. Can you explain to us the rationale behind this transaction and how this fits in your sugar strategy?

One of the concerns of the industry is the decrease in land under sugar cane cultivation. The direct impact for us is idle capacity and this state of affairs was compounded by the lower sugar production in 2015. To mitigate this adverse impact, we decided to import 42,000 tonnes of sugar from Brazil for refining at La Baraque and then re-export it to regional and world markets. This transaction, which will be a recurrent feature for us, is very much in line with the Government's policy to boost the manufacturing sector, create value addition and increase exports from Mauritius with the support of a modernized and expanded port facility. I believe that we should be inspired by our country's success to create a seafood hub, whereby fish is imported for processing and then re-exported to new markets worldwide. If we can do it in the seafood sector, then why not in the sugar sector?

Can you tell us more about the structure you have put in place to ensure the success of this new venture?

We have set up a new freeport licenced company Omnicane Sugar Trading Limited, whose main role will be to import sugar from the world market for value creation in Mauritius. In this respect, we have set up a new marketing department at Omnicane, spearheaded by an experienced sugar development executive, for the sale of refined sugar as well as other special sugars that we intend to produce in a near future. In this process, we will brand our products to position ourselves as a reliable, quality-oriented and first choice regional sugar player in the region. I would like to mention here that our association with the Real Good Food Company plc in UK has also greatly helped us in this value addition strategy.

What are the main initiatives adopted in 2015 that translates Omnicane's sustainability engagement into action?

Our sustainability engagement is clearly spelt out in our vision and mission statements, and the Board acknowledges sustainability as one of the criteria for decisions and investment in projects. I would like to mention three main realisations to prove that we are 'walking our talk'.

The first one is the Mon Trésor Smart City where we have voluntarily decided to adopt the BREEAM Communities certification. This certification will ensure that we have a holistic framework with key target benchmarks that will have an impact on the environment, social and economic aspects of the development.

The second project is the construction of the Carbon Burn Out (CBO) unit at La Baraque to optimise energy recovery from coal ash and produce an additive, known as a 'green' cement in the construction industry. The CBO unit will also enhance the energy efficiency of our operations through cogeneration.

Thirdly, we have been duly recognised for our sustainability engagement by being one of the first Mauritian companies to be listed in the Stock Exchange of Mauritius Sustainability Index.

How does Omnicane interact and engage with its stakeholders to promote sustainability and community empowerment?

First and foremost, I am pleased to note that in line with our sustainability reporting journey that started back in 2010, we have now successfully transitioned to the newer version of GRI, G4 which places greater emphasis on stakeholder engagement.

We also collaborate closely with the national institutions in various forums aimed at promoting sustainability and as a matter of fact our active participation in the 2015

World Environment Day exposition and the recognition we received from the Ministry of Environment and Sustainable Development bears testimony for that.

Last but not least, Corporate Social Responsibility occupies an integral part of Omnicane's business strategy as we believe in an inclusive development with and for the community. As a socially responsible organization, Omnicane has gone beyond its legal requirement by making a voluntary contribution of Rs. 2 million to the 2015 CSR budget over and above the mandatory 2% CSR value.

Can you update us on the Carbon Burn Out unit, which is a new addition at La Baraque cluster?

The Carbon Burn Out unit, in partnership with Terra, is currently under construction and expected to be commissioned by August 2016. At a project cost of USD 22 million, this project has been financed mostly from the European Investment Bank and the Agence Française de Développement's green loan facility. To recall, this Carbon Burn Out unit is in line with the recommendations of the Strategic Environmental Assessment of Multi Annual Adaptation Strategy in 2007 and the National Technical Advisory Committee on Coal Ash Management in 2009.

Omnicane seems to have made business expansion onto the African continent as a key strategic priority. Could you tell us more on the current status of projects in the pipeline?

We are moving forward with our ambition to replicate our industrial cluster activities at La Baraque in KISCOL, Kenya. Despite some teething problems, the KISCOL sugar mill had its first harvest as from August 2015 and crushed some 210,000 tonnes of sugarcane to produce 18,530 tonnes of sugar. A Power Purchase Agreement between KISCOL and Kenya Power and Lighting Company has been duly signed for the production and sale of electricity from bagasse.

I would like to put on record my appreciation for the sustained efforts of everyone at Omnicane and also our partners, the Pabari Group, involved in this huge project. On the financial side, the project has gone through a restructuring phase and the target is to reach financial close in June 2016.

Regarding the hydroelectric power plant situated in Muschishito, Rwanda, the construction has started for the first phase, which should be completed early next year. We have other small hydroelectric power plants in the pipeline situated in Rwanda and Uganda. We are continuing discussions and studies on two other sugar projects in Africa. The first one is the construction of a refinery in Ghana and the second is the revamping of a sugar mill and a bagasse power plant in South Africa.

The Group has invested massively during the last ten years and you just mentioned some other African projects in the pipeline. How do you assess the financial capacity of the Group going forward?

We have completed the first phase of the sugar reform, invested in African projects, and taken a significant shareholding in Real Good Food Company plc during the last few years. In this process we have invested massively, all the projects being capital-intensive ones. The structuring of these projects was done in a well thought manner with a special purpose vehicle (SPV) for each project. This ensured that the major risks remained at the SPV level. On the other hand, Omnicane Limited, which is the investment arm of the Group, had to raise funds to invest its part of equity.

During the year we have presented to the Board a new five-year business plan, which will aim at balancing the cash flows generated from the sale of some of our property assets with the funding requirements for future projects. In addition, we will raise bonds through a new Rs 3 billion programme to convert short-term debts into longer term ones. I have to say that completion of the Highland Rose project in 2016 and land development in the Smart City will be important sources of funds for us going forward to achieve our objective.

In line with the Government's vision to create smart cities in Mauritius, Omnicane launched its Smart City project in June 2015. How is this project progressing?

Covering an area of 482 hectares, our Mon Trésor Smart City was born and launched on 12 June 2015, by the Prime Minister, the Right Honourable, Sir Anerood Jugnauth. It is encouraging for us to get the full support of the Government of Mauritius to create and develop our Mon Trésor Smart City which shall benefit the country at large. In March 2016, we received our letter of intent for the development of the first phases of this Master Plan: the business and logistics parks, whose construction is expected to start in 2016. The Government has already started the construction of the new airport access highway, which will also open up access for the Mon Trésor Smart City. On completion, it is estimated that this Smart City will create some 900 direct jobs and at least 200 indirect jobs over the ten years.



A handwritten signature in black ink, appearing to be 'J. Unienville'.

Jacques M.d'Unienville
Chief Executive Officer