



QSL UPDATE - COVID-19

As the national response to COVID-19 ramps up, we appreciate that you may have some questions regarding the implications for your QSL pricing and payment arrangements.

To date, QSL has experienced no substantial impacts on raw sugar sales or export shipments as a result of the COVID-19 pandemic, and continues to monitor the situation closely.

Although our local marketing offices around the state are currently unmanned while the QSL Grower Services Team works from home, your QSL rep is still on the job and available by phone and email (you can find their contact details below).

We've also pulled together the following **Frequently Asked Questions** to help answer common queries and keep you in the loop. We'll continue to issue updates as the situation unfolds over coming weeks, but please don't hesitate to contact us if you require support or additional information.

Sincerely,

Your QSL Grower Services Team.

FREQUENTLY ASKED QUESTIONS

What's happening with your offices?

Like businesses throughout the country, QSL has implemented government hygiene and social distancing recommendations to help curb the spread of COVID-19, and as part of this, is enabling our staff to work from home wherever practical. As a result, our regional marketing offices will be unmanned while your local QSL Grower Services rep works from home. So for a little while there'll be less face-to-face appointments, group training sessions and grower information meetings, and more chats with your local QSL rep via the phone or email.

What's this COVID-19 disruption doing to the sugar price?

The spot ICE 11 price dipped below 11 USc/lb last week but has since climbed back above this mark. The Australian dollar's decline has helped to offset some of this for Queensland producers and at this stage, with recent 2020-Season gross sugar prices above A\$400/tonne and over A\$450/tonne for the 2022 Season.

Has it impacted global demand for sugar?

Early suggestions are that demand levels have stayed relatively stable to date despite current COVID-19 challenges.

Has it impacted Advances?

At this stage there have been no changes to QSL's current Advances program, with the Advance rate scheduled to increase to 90% in April.

Is this impacting sales?

There has been no significant impact at this stage on sales demand.

Are shipments still getting out?

Yes. There's been no significant disruption to shipments to date.

Is it safe for us to be exporting?

Strict quarantine procedures are in place for all QSL export shipments, including a requirement for export vessels to spend a minimum of 14 days at sea prior to coming into

port for loading.

What's this doing to the longer-term sugar outlook?

While ICE 11 sugar prices for the 2020 and 2021 Seasons have fallen from the rally experienced earlier this year, the market has improved in recent days and appears to be optimistic longer-term, with gross prices in recent days above A\$450/tonne in the 2022 Season.

Is QSL's funding at risk?

We use multiple top-tier banks to minimise our exposure in this space.

What happens if the mills don't crush our cane or we can't deliver our full estimate?

QSL Growers concerned about their sugar production can still cancel committed pool nominations and unfilled pricing orders for the 2020 Season, and default this tonnage to the Harvest Pool up until 30 April. The Harvest Pool is QSL's uncommitted pricing option, so growers who do this can take comfort in the knowledge that regardless of production challenges in the season ahead, they'll be paid for the tonnage they eventually deliver without any commitment to do so. Please read the full QSL Pricing Pool Terms for details.

I've already filled some grower-managed pricing orders. What happens if I can't deliver the sugar for this?

As in past seasons, QSL uses your GEI Sugar deliveries to meet your committed pricing first, with any remainder allocated to the QSL Harvest Pool. Should you be unable to deliver your committed pricing tonnage, we have a number of ways to address your shortfall, including washing out the pricing or rolling it forward to the next season. The option used to address any shortfall is ultimately determined by the position of the grower's committed pricing and the state of the market when the shortfall needs to be addressed. But in each instance, QSL works with the individual grower to find the lowest-cost option in the available market conditions based on the pricing choices they have made.

I'm worried my miller won't crush my cane and I've got filled orders. Can I unwind pricing now?

Unwinding pricing is only available where failure to deliver committed tonnage has occurred, or is highly likely to occur.

Do you know what's happening with my mill?

Under the terms of our supply contracts with Queensland millers, they must advise us if a delivery failure is likely to occur. This has not occurred as yet for the 2020 Season and we remain optimistic that all arms of government will be supportive of the Queensland sugar industry, and Australian agriculture in general, continuing food production wherever possible this year.

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