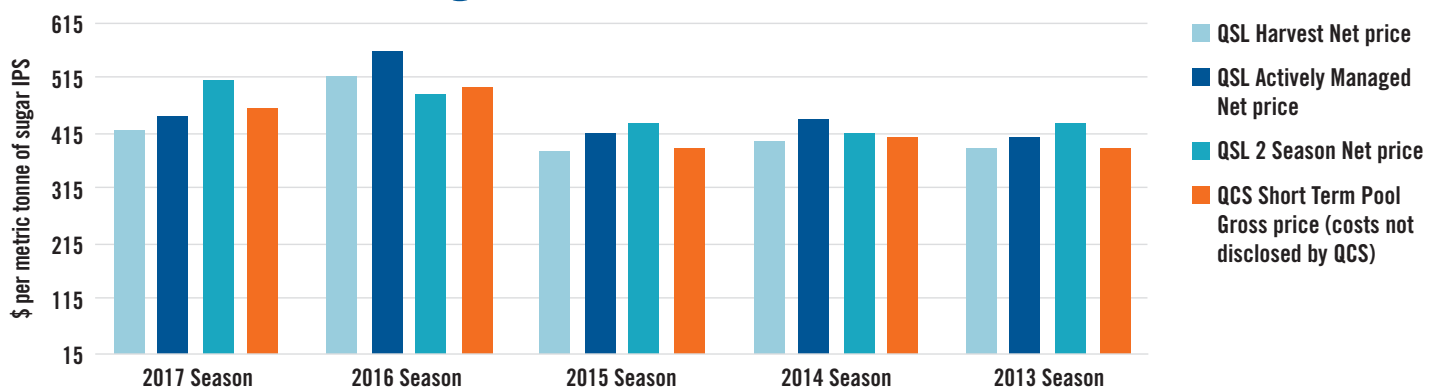


\$45/T BETTER?



HERE'S THE NUMBERS BEHIND THE QCS SPIN

QSL Managed Pools vs QCS Short Term Pool



All QSL pool results referenced are net prices and sourced from QSL Annual Reports, available at www.qsl.com.au. Pricing Pool Terms for each QSL product referenced are also available on our website. All growers using QSL also receive an allocation from QSL's USQ Pool, not quoted above as this is derived from the ICE 16. The QCS Short Term Pool results quoted are gross in that they do not include an allocation from the QCS Shared Pool (which is also believed to include an allocation for QCS US Quota), and are sourced from Mackay Sugar cane pay statements dated 18.7.14, 17.7.15, 27.7.16, 1.8.17 & 24.7.18. QCS pool descriptions are not publicly available for the seasons referenced or the 2018 Season. Please note this information does not constitute financial advice, and past performance is not an indicator of future performance.

HOW QSL STACKS UP

	QSL	QCS
> Owned by all Qld growers and millers (including you)	✓	✗
> Largest and most experienced marketer of Australian sugar	✓	✗
> Not-for-profit & income-tax exempt	✓	✗
> Used by thousands of Qld growers	✓	✗
> Multiple long-term blue chip customers	✓	✗
> Track record of publicly sharing results & product details	✓	✗
> State-wide sugar supply to manage weather & production issues	✓	✗
> Access to all 6 Qld bulk sugar terminals	✓	✗
> Choice of payment options, including pre-crush payment	✓	✗

It's not too late to stay with QSL for the 2019 Season

You still have until **5 March** to finalise your marketing nomination for the coming season.

The QSL team is available to answer your questions. Drop by for a chat at one of our local offices:

MACKAY: Level 2, Canegrowers Building, 120 Wood Street, Mackay

WALKERSTON: 5 Dutton Street (near the bakery)

Farm visits also available. Call 4967 4618 to book a time.



FREQUENTLY ASKED QUESTIONS



➤ **QCS claims they outperformed QSL by \$45/t in 2017. Is that right?**

Sadly, this is a misleading comparison that doesn't compare apples with apples and quotes a QSL average figure that no QSL grower actually received. QCS hasn't provided details of what their claimed pool figure includes, but our research indicates it includes pricing done over a longer timeframe (i.e. forward pricing), so a more appropriate comparison is most likely to be with our 2-Season Forward pool, which made **\$507/tonne** of sugar net IPS in 2017. That's **\$49 better** than the QCS Short Term Pool return quoted. Take a look at the chart on the other side of this flyer for a pool comparison for the past five seasons to get a better indication of what QSL growers were actually paid and how QCS fared in comparison.

➤ **I heard the domestic sales arrangement is very valuable and QCS needs my sugar for this.**

Unfortunately QCS does not publicly detail the net premiums it receives from this arrangement to enable an independent assessment. The biggest cost for any sugar refiner is the cost of sourcing the raw sugar they require. It is highly unlikely that Sugar Australia would be willing to pay QCS a physical premium that exceeds the cost of sourcing raw sugar from other mills in the region (i.e. Sugar Australia's majority owner is Wilmar – which has two of its own mills producing sugar locally).

Unlike QCS, QSL is not tied to a long-term supply arrangement with any one refiner, enabling us to use our extensive networks of long-term customers to sell your sugar to the highest-returning market – be that domestic or international. International sales offer the benefit of a regional premium, which

is where QSL is able to charge our Asian customers more than the actual cost of transport from Queensland, as their next-best option for supply is often Brazil which comes with higher transportation costs. The difference in the cost of the ships QSL uses and what the customer actually pays us is reflected in our Shared Pool as the Net Premiums. You can find these on our website and in our Annual Report (visit www.qsl.com.au for details).

➤ **Do I need to give some tonnage to QCS to help support the mill?**

Don't forget that your miller already receives around a third of the sugar produced from your cane crop in exchange for crushing your cane, and also has access to additional sugar through its own farms.

➤ **I don't want to do my own pricing. Does that rule QSL out of looking after me?**

No. If you choose QSL you can make absolutely no pricing decisions at all and just use our default option, or pick from a range of QSL-managed pools where QSL's pricing team prices sugar on your behalf. Once a year we'll ask you what you'd like to do and then the QSL pricing team will manage your sugar under your instructions until the end of the season.

➤ **I already have pricing in place. Does that mean I can't choose QSL for 2019 or beyond?**

No – You can still choose QSL as your marketer. Any pricing you have already done will be transferred to QSL at no cost and you'll be paid for the pricing achieved.

➤ **I've already submitted a marketing nomination form. Does that mean I'm locked in?**

No - You can change your marketing nomination for the 2019 Season by submitting a new form any time up until **5 March**.