



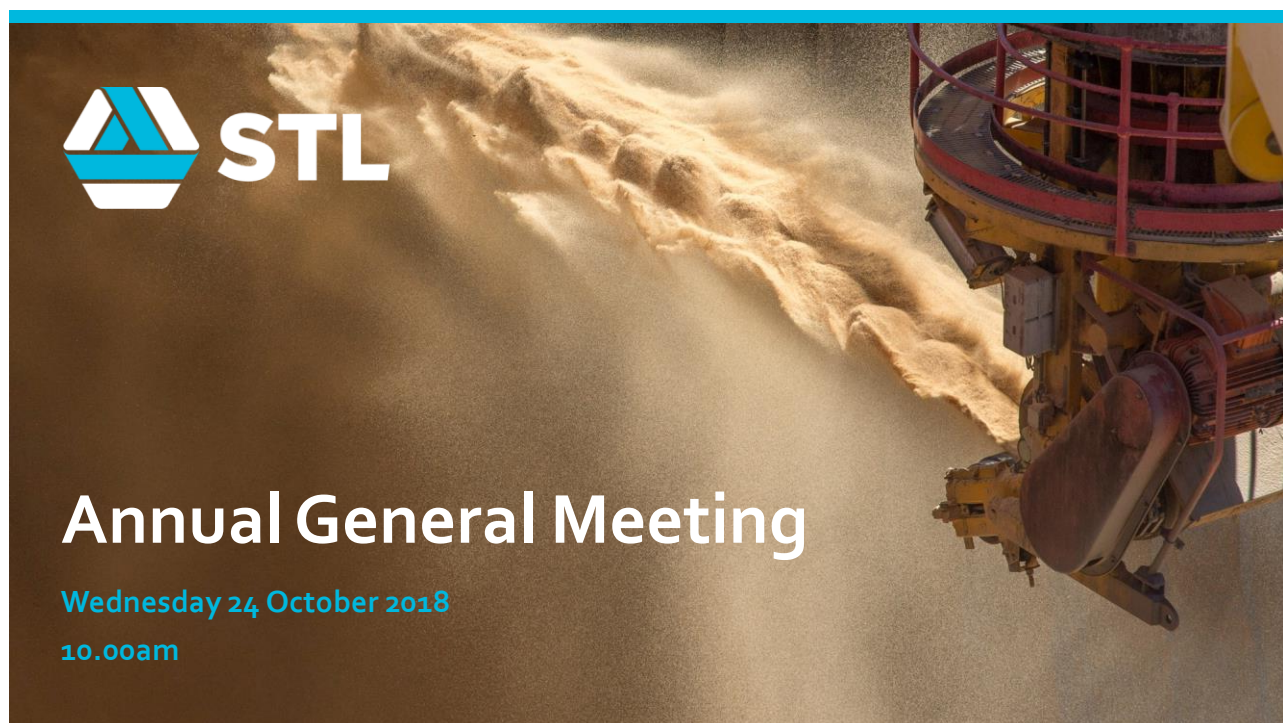
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NSX Announcement

Chairman's Address - 2018 Annual General Meeting

24 October 2018



Ladies and Gentlemen,

Good morning and thank you for joining us as we reflect on a defining year for Sugar Terminals Limited and a challenging time in the global market for raw sugar.

First, let me say how pleased I am to see so many familiar faces in the audience. When I stood here last year, we promised to make a concerted effort to get to know the people who are important to STL. We made that effort, and what a valuable and enlightening exercise it has been for us.

Our purpose is to be a sustainable, globally competitive provider of storage and handling solutions for bulk sugar and other commodities.

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Getting to know STL stakeholders



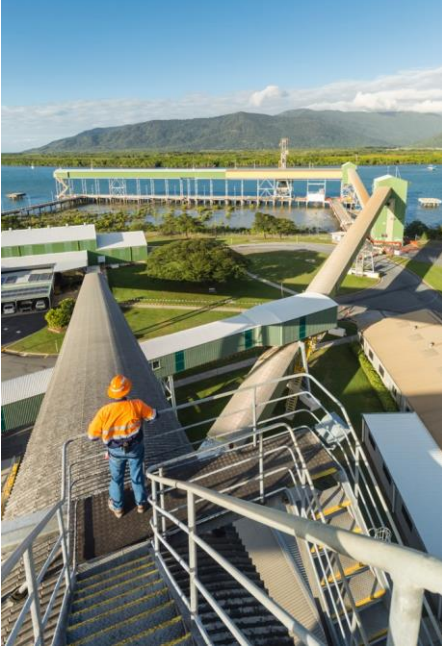
Over the last 12 months, we have met with more than 230 stakeholders at events in Cairns, Mourilyan and Bundaberg. For many of those who attended, it was their first visit inside a bulk sugar terminal.

These are assets owned by our shareholders – our growers and millers. As Directors of STL, we are merely stewards of those assets – entrusted to look after them on behalf of the real owners.

We've learned a lot from our investors, our customers and the people who live and work in the communities surrounding our sugar terminals. In the coming year, stakeholder events are planned for the remaining three terminals and initial plans are underway to look at the feasibility of holding our first AGM at a regional location, possibly Townsville.

I encourage you all to take the chance to meet the STL team, both Board and management, after today's meeting.

Our purpose



*To be a sustainable,
globally competitive provider of
storage and handling solutions
for bulk sugar
and other commodities*

During FY 2018, STL went back to basics, by building a new strategic plan to shape the direction of our company over the next few years.

As part of this exercise, we established a **Purpose** and **Values** for STL.

Our Purpose is very straightforward and clear – to be a sustainable, globally competitive provider of storage and handling solutions for bulk sugar and other commodities.

This Purpose has helped to define STL's goals for the next three years, which I will detail in later slides.

Our values



We are passionate about being

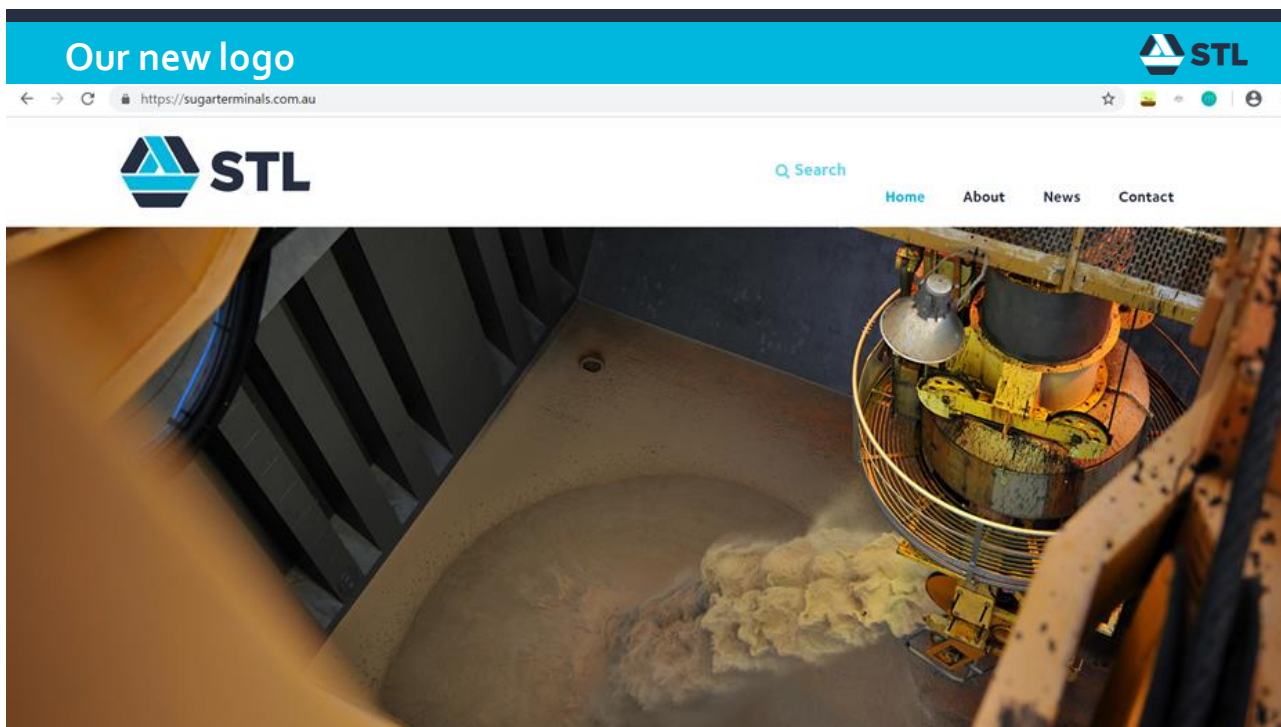
- *Safe*
- *Sustainable*
- *Service orientated*
- *Innovative*
- *Independent*



Our Values, shown on the slide, describe the way we work and the kind of business you are dealing with when you interact with us.

This is not a laundry list of aspirations. These are behaviours we exhibit as an organisation and as individuals.

They guide us each day and help us focus on what is important.

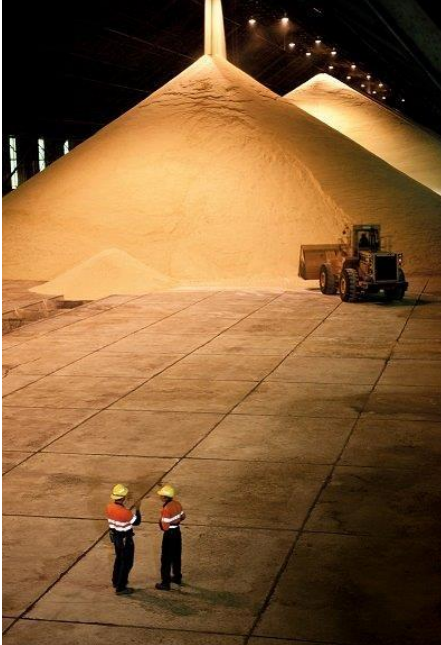


And as part of our new strategic direction, you'll notice that we've adopted a new logo with fresh new colours – to symbolise this new direction.

This new logo now features on STL's updated website (shown on the slide) and new signage at our terminals.

This morning, in keeping with our Purpose and our Values, I want to focus on you – our stakeholders – and share with you the work we have done over the last year to meet your needs as customers, investors and participants in Queensland's sugar industry.

Meeting the needs of the industry



- *Longer term storage & handling agreements signed with all customers*
- *Target to keep operational costs flat through improved efficiencies*
- *Keeping the terminals a safe place to work*

STL exists to provide storage and handling services to our customers. So customers need to be at the centre of everything we do.

Prior to 2017, STL had a limited focus – it was essentially a passive landlord of world class infrastructure assets.

Today, we are responsible for operating those assets and providing services to six raw sugar marketers – as well as a growing number of other bulk commodity producers. In the last year, we worked closely with our raw sugar customers to agree longer-term storage and handling agreements.

This involved a long and thorough process that took more than nine months, but the effort was worthwhile. Before the start of the 2018 season, we had executed three-year agreements with each of our customers, with options to extend for a further two years.

These longer term agreements provide certainty and security for our customers and the Queensland sugar industry at a time of disturbing market instability at a global level.



While STL's "service orientation" is focused on customers, it also reflects our broader responsibility to Queensland's sugar industry.

We understand the cost pressures facing the industry and we are determined to do our part to alleviate those pressures. As part of our strategy, the STL Board has set a goal of ensuring our terminal operating costs are held flat over the next three years.

What does that mean? In real terms, it means that we are doing everything we can to improve efficiency, offset growing electricity costs and optimise our storage capacity on a site by site basis.

In partnership with our operations contractor, QSL Operations, STL has already identified cost-saving opportunities to meet this goal for the coming year.

By keeping costs under control, we meet the needs of our customers but also support the industry as a whole in these difficult times. Our strategic operating agreement with QSL Operations is a critical relationship for our customers and industry alike.

We are pleased with the operational performance over the past 12 months, particularly the transition to the new operating environment which required new systems and processes to accommodate the multi-customer environment.

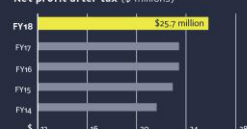
These have been implemented with minimal "teething pains" and is a testament to the planning and hard work that occurred behind the scenes.

Of critical importance, our Bulk Sugar Terminals continued to be a safe place to work – with QSL Operations maintaining its world class safety record and achieving accreditation to AS/NZS 4801.

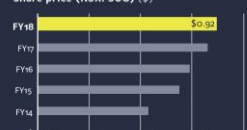
Adding shareholder value

2018 Performance

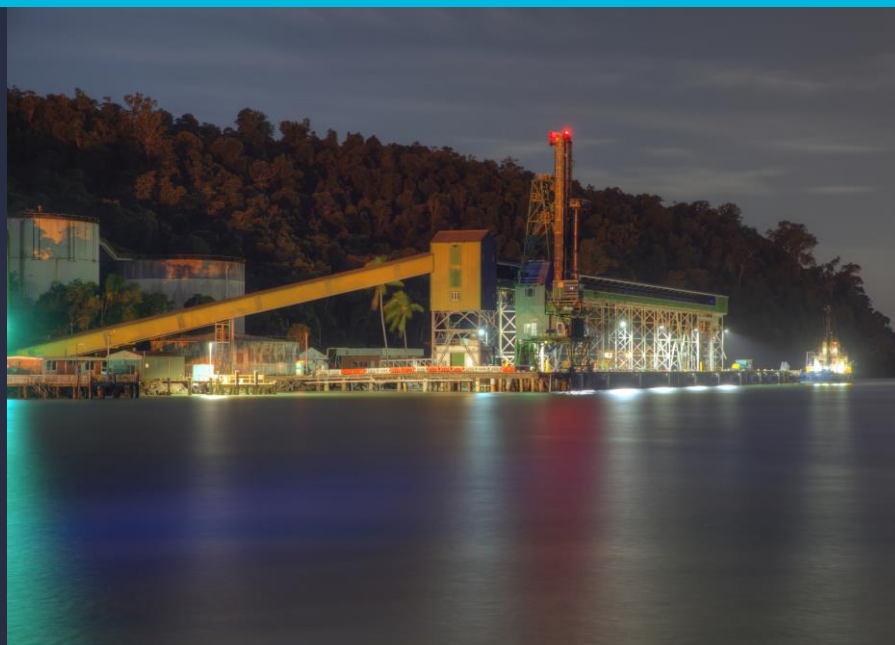
Net profit after tax (\$ millions)



Share price (NSX: SUG) (\$)



Dividends paid (cents per share)



In FY 2018, STL delivered a strong underlying profit of \$25.7 million, an increase of 9.8% on the previous year, on the back of terminal operating costs of \$38.7 million.

Furthermore, we reinvested more than \$14 million in capital – including commencing a \$17 million project to re-roof the two sheds at Bundaberg. I can report that installation of the new roof on Shed 2 was completed on time and on budget in August.

Overall, we achieved a 7.1% return on assets.

For shareholders, we increased dividend payments in consecutive periods, resulting in a fully franked dividend of 6.5 cents for the year, a 3.2% increase.

Reflecting the successful year, we lifted the final dividend for FY 2018 paid in September to 3.4 cents, a further increase of 6.3% on last year. While the strong profit growth is pleasing, it reflects some one-off factors unlikely to be repeated.



With the transition to a new business model on 1 July 2017, the structure of revenue and cost items reported in our statutory accounts changed completely and one-off costs incurred in the lead up to the change were eliminated.

As a result, we do not expect that level of profit growth to be repeated in the next financial year. The expectation is that STL's profit will return to a more moderate growth path. Similarly, we expect to maintain steady, reliable and predictable growth in returns to shareholders.

Opportunities for higher profit growth may come from other business activities outside sugar, but we will not let any such opportunities detract from our core business of serving the sugar industry.

As Chairman of STL, I am committed to continually improving the company's relationship with our investors.

As already highlighted, over the past 12 months, we have held stakeholder events at three of our six terminals, which provided many STL shareholders with access to the Board and our management team.

Further stakeholder events are planned for the remaining three terminals in 2019. In addition, during the coming year, we aim to meet with our largest grower shareholders and all miller shareholders to discuss our future strategy and performance.

The Board wants to encourage increased ownership of STL by active sugar cane growers and reminds any inactive G Class shareholders of their requirement to divest their shares as per the STL constitution.

Future direction of STL



'Big 5' goals for STL:

- 1. Improve investor returns*
- 2. Improve service*
- 3. Grow other income*
- 4. Improve investor relations*
- 5. Plan for the future*

So what is the direction of STL?

At the beginning of this address, I alluded to STL's goals for the next three years. We call them our 'Big 5', as shown on the accompanying slide.

Collectively, they describe our strategy to strengthen our service offering, take advantage of emerging opportunities and respond to the key risks facing our business.

We want to be clear and transparent about our strategy, and we want there to be no surprises.

In FY 2019, we are focused on consolidating our operating model, improving the quality of our service offering, keeping operating costs under control and seeking opportunities to grow our revenues.

At the same time, we will continue to improve the way we engage with our stakeholders and plan for the future.

Building our team



To achieve our strategic goals, we will draw on the strengths and experience of the Board and our management team.

As a group, you have at your service a team with extensive experience in logistics and bulk commodities, coupled with several decades of specific experience in the sugar industry.

We have added new skills and experience to our team in the past year.

I take this opportunity to specifically recognise our latest Independent Director Leanne Muller, who joined the team in December last year, and who is the Chair of our Finance and Audit Committee.

Together, STL's team offers a wide range of skills and abilities that will help to guide your Company through this new era.



As part of maintaining a capable and diverse team, the Board has set an objective to gradually close the gap and move to parity in the fees of Industry Directors and Independent Directors.

This reflects the shared liability and responsibilities of all Directors and also the need to ensure that STL maintains the ability to attract and retain Industry Directors with appropriate skills and experience. I'm flagging this issue now, as a matter for further consideration at next year's AGM.

I'd like to thank the entire team for their contributions over the last year, as we've bedded down our new business model.

I'd particularly like to acknowledge Grower Director Con Christofides. After three terms on the STL Board, commencing in 2009, Con will bid us farewell after this AGM, having made a valuable contribution to the transformation of STL. I've appreciated Con's insights as a grower, whilst always acting in the best interests of the Company. We wish you well Con, and we thank you for your many years of service.

We look forward to working with our new Grower Director in the coming months.

Ladies and gentlemen, rest assured that your assets are in safe hands and the value of your investment will continue to grow. STL's team is working hard to fulfil our Purpose and support the industry it was created to serve.

That concludes my formal address.

A handwritten signature in black ink that reads 'Mark Gray'. The signature is fluid and cursive, with a long horizontal stroke at the bottom.

Mark Gray

Chairman | Brisbane | 24 October 2018