

NSX Announcement

Chairman's Address - 2020 Annual General Meeting

21 October 2020



Ladies and Gentlemen,

I'd like to welcome everyone to STL's 20th Annual General Meeting.

These are unprecedented times.

Due to COVID, this year's AGM is being held at a new, larger venue to cater for a smaller number of people. "Social distancing" has become a new theme for how we all now need to interact.

As I mentioned earlier, for the first time, we also have shareholders participating remotely via webcast.

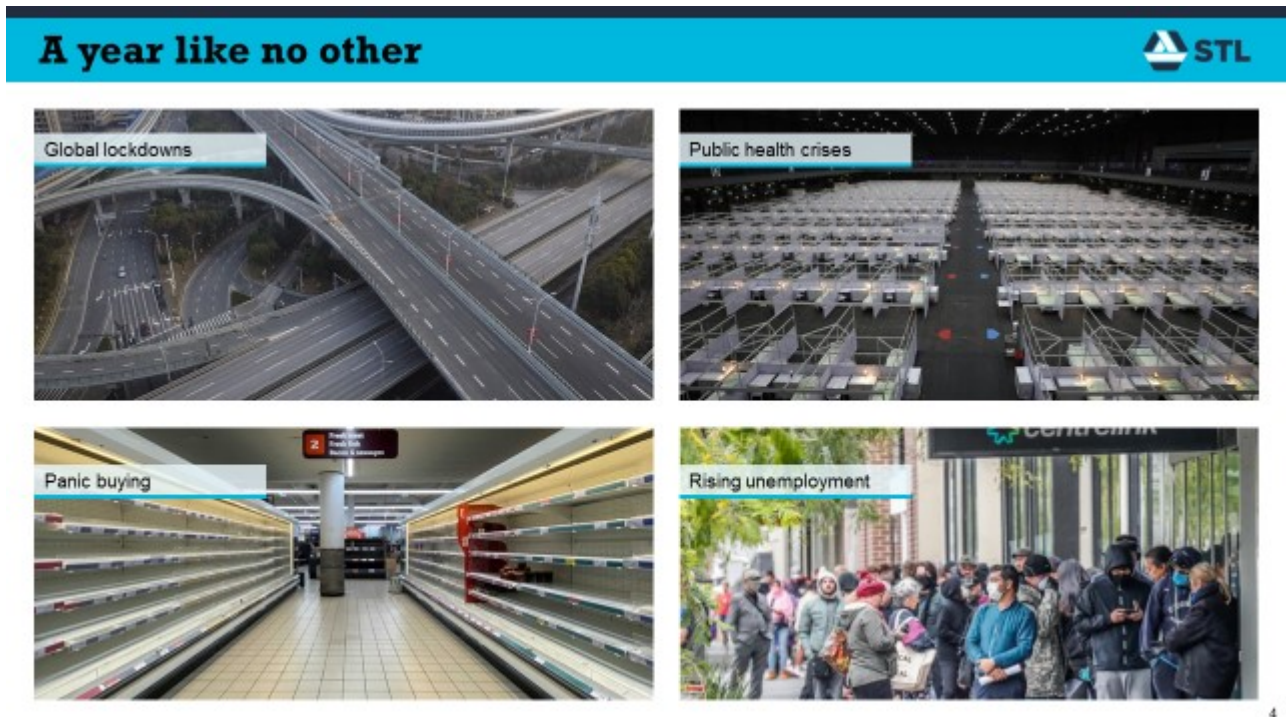
Our purpose is to be a sustainable, globally competitive provider of storage and handling solutions for bulk sugar and other commodities.

SUGARTERMINALS.COM.AU



This webcast allows shareholders who are unable to attend in person to view proceedings and ask questions.

It's no exaggeration to say this has been a year like no other.



COVID has triggered the greatest public health crisis in living memory.

The restrictive measures required to protect public health have caused severe economic dislocation, driving the economy into recession for the first time in almost 30 years.

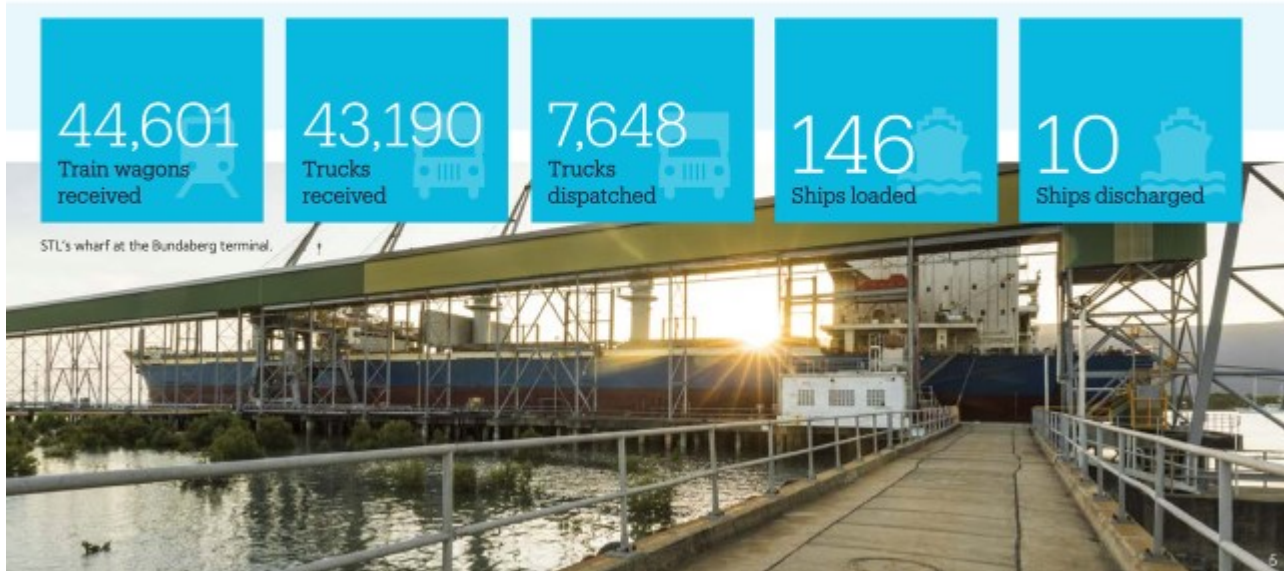
In our COVID economy, businesses have been forced to cut costs, re-think business models, change the way they operate, rapidly adopt new technology, and innovate to survive.

Against this grim landscape, I'd like to address how STL has responded.

Business as usual for STL



Operational statistics for the 12 months to 30 June 2020



I'm pleased to report that your Company has weathered adversity well.

We've continued to deliver on our promise of stability and reliability for customers and shareholders.

And we've maintained operations without disruption.

Thanks to the early and collective efforts of the Queensland sugar industry, and robust risk management, it was "business as usual" at all six STL terminals ahead of the 2020 crush.

To date, we've not suffered any operational delays or significant impacts as a result of the global pandemic. Importantly, no employees or workers at STL sites have tested positive to the virus.

STL and its key partners have demonstrated resilience and fortitude in the most difficult of circumstances.

This is on top of another year in which conditions in the sugar industry failed to improve – with depressed prices in world markets placing further economic pressure on growers, millers and marketers.

I'd like to outline three examples that demonstrate your Company's achievements in this extraordinary year.

1. Mackay reroofing project



On time and on budget

- Delivered safely
- \$12 million expenditure
- 40-year life extension
- 330 tonnes of roof sheeting
- 18,000 square metres
- 60 workers on site
- A third from Mackay
- Rigorous COVID measures



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The first example is the \$12 million reroofing project at Shed 1 in Mackay, which was completed last month.

Our team worked closely with Mackay-based firm V2R Projects to plan and deliver the project. This included the six-week shutdown in March and April when all community efforts were focussed on “flattening the COVID curve”.

The project employed more than 60 people – a third from Mackay and the rest from regional Queensland – to replace 330 tonnes of roof sheeting and extend the shed's life by at least 40 years.

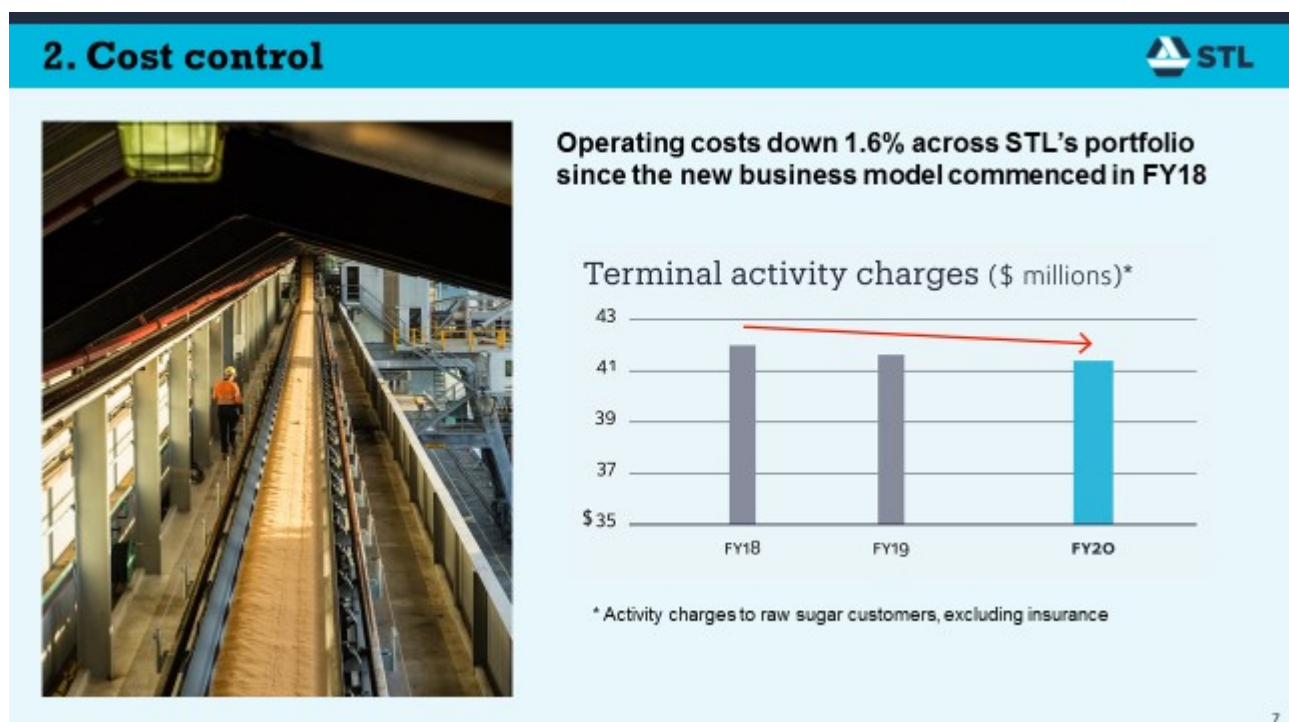
Like all of our reroofing projects, the work was technically challenging, with complex tasks being undertaken 20 metres in the air, over an area of 18,000 square metres (roughly the size of 15 Olympic sized swimming pools).

To complete the project on time and on budget in ordinary circumstances would be commendable. To achieve such a result within the constraints of restrictive COVID-safe management practices, is simply outstanding.

It speaks volumes about the skills, experience and commitment of our key partners.

With the challenges of the last 12 months, it's been important for STL to play its part in supporting the sugar industry.

This leads me to the second example.



Even before the advent of COVID-19, STL had been focused on responsible cost control while maintaining high service levels.



This has become even more critical in the current environment.

In nominal terms, in financial year 2020:

- total activity charges were 0.2% lower than in FY19 and 0.7% lower than FY18 (which was the first year under the new operating model)
- excluding insurance (which is largely unavoidable), total activity charges in FY20 were down 1.6% from FY18

In real terms (taking account of inflation), the reduction in costs since FY18 is almost 3%

How have we achieved this?

Put simply, we've worked closely with our Operations Contractor, QSL, to identify and implement productivity improvements across the business.

At last year's AGM, I advised that STL and QSL had signed a Joint Statement of Commercial Intent that would form the basis of a strategic partnership focused on delivering operational and commercial best practice at STL terminals.

This year, I'm pleased to report that STL and QSL have developed a comprehensive performance framework that establishes detailed service requirements and critical performance indicators for all of STL's terminal operations.

2. Cost control (continued)



Seven key success areas:

1. **Safety, health and environment**
Meet our community, stakeholder and regulatory requirements
2. **Customer service**
Deliver on our promise to customers
3. **Financial**
Remain competitive and support the financial sustainability of the sugar industry
4. **Asset stewardship**
Manage infrastructure to support STL's long term future
5. **Innovation and improvement**
Implement commercial and operational best practice
6. **Income diversification**
Maximise the value generated by our assets
7. **Working together**
Develop effective strategic partnerships

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Key personnel from STL and QSL worked closely to identify seven key success areas for terminal operations (as shown on the slide).

This framework will drive operational and commercial best practice and better align with STL's strategic objectives.

Most importantly, this will ensure an ongoing focus on productivity improvements to lower costs to our customers.

I'd like to acknowledge the cooperation of QSL in finding ways to "work smarter", drive costs down and secure our business into the future.

And it is the future that leads me to my third, and final example, of STL's achievements this year.

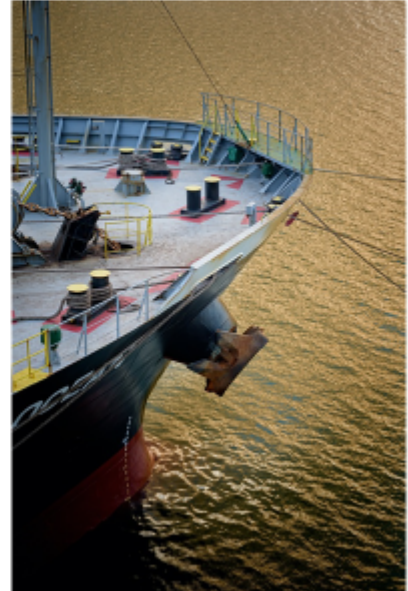
3. Income Diversification - Bundaberg BST



Common User Infrastructure Project at Port of Bundaberg will diversify our service capabilities, increase asset use and build STL's customer base:

Key milestones:

- Term sheet agreed with Gladstone Ports Corporation in June
- \$10M funding approval from Federal and State Governments in October
- Final approvals subject to completion of feasibility, design and further evaluation of prospective throughput
- Target is for construction to commence in 2021



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Bundaberg has been at the centre of STL's business development efforts in recent times.

In September last year, we signed a Memorandum of Understanding with the Gladstone Ports Corporation to investigate ways to expand and future-proof our operations at the Port of Bundaberg.

In recent weeks, another milestone was achieved, with the Federal and State Governments indicating that approval is imminent for \$10 million in funding for the Common User Infrastructure Project.

With this Government funding secured, we will begin detailed design for the new infrastructure, targeting commencement of construction in 2021.

Final approvals remain subject to the completion of detailed technical feasibility and design, and further investigation of prospective throughput.

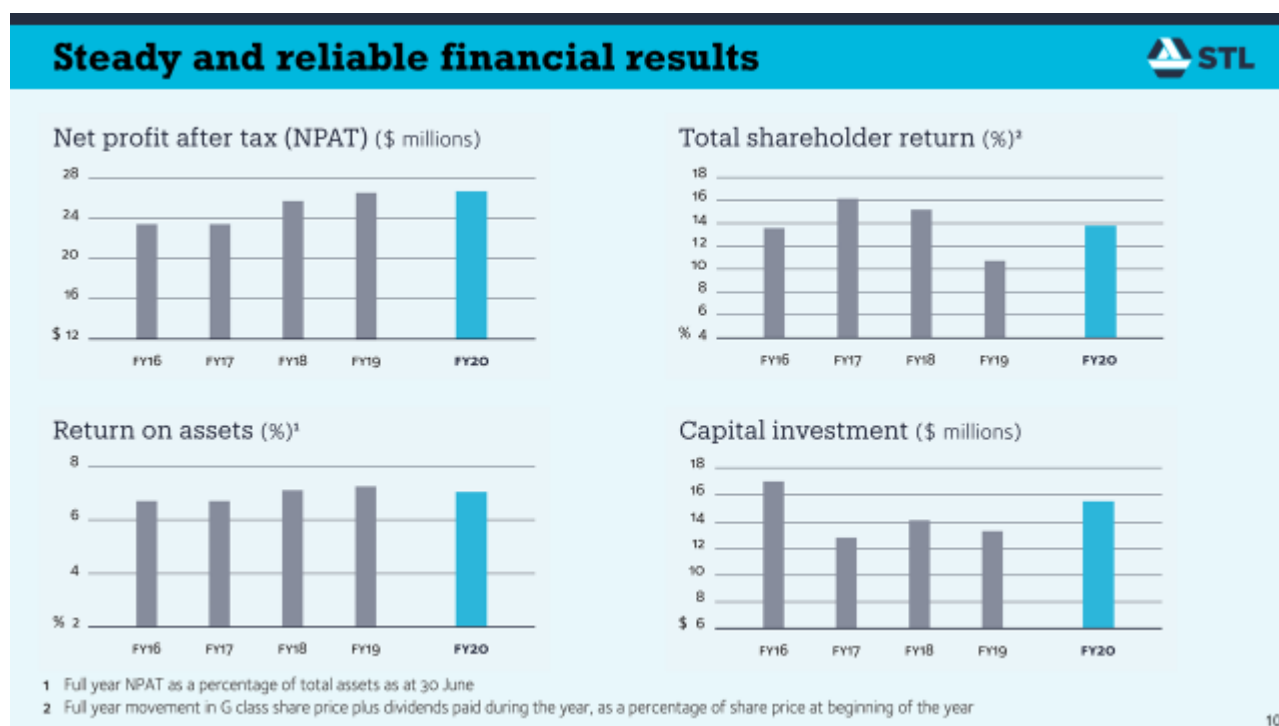
Apart from providing an economic boost and new jobs for the region, this project will help STL to diversify our service capabilities, better utilising our existing assets and building our customer base in Bundaberg.

We hope to replicate this approach at other locations over time, in order to:

- lower operating costs
- supplement our core business in raw sugar storage and handling
- improve shareholder value

Each of the three examples I've discussed today demonstrate our consistent focus on delivering a sustainable business for the long term that is globally competitive.

And each of those efforts in FY20 and many others have contributed to steady and reliable results for our customers and our shareholders.



STL's objective is to deliver steady increases in shareholder returns over time.

In a particularly difficult year, profit is largely unchanged from the previous year in headline terms, at \$26.7M. In underlying terms, profit is up 2.3%, after allowing for one-off factors in FY19.



Return on assets is 7.1%, slightly lower than last year, but an increase on the average over the last 5 years.

Dividends increased to 7.1 cents per share (fully franked), an increase of 2.9%, representing a yield of approximately 7%.

Despite the volatility and uncertainty in world stock markets, the STL share price increased by 6.9% during the year.

As a result, total shareholder returns for the year were 13.8% – an excellent return on investment for our shareholders.

Notably, as we face another difficult year, STL's six raw sugar customers have agreed to extend their existing storage and handling agreements by 12 months through to 30 June 2022.

This will ensure greater stability and certainty for the business over this period.

Investor engagement



Stakeholder events at STL sites will resume once the COVID threat has passed





In a year of lockdowns and travel limitations, investor engagement via Board visits to our terminals has had to be put on hold.

However, when circumstances permit, the Board looks forward to resuming our site-based activities, to once again provide shareholders and other stakeholders with opportunities to see our operations for themselves and engage with our Directors on an informal basis.

Until that time, we'll continue to expand upon online opportunities, like this webcast of the AGM, to increase shareholder participation in the business of STL.

A recording of this AGM presentation will be uploaded to the STL website in coming days.

At this point, I'd like to highlight an important proposal related to Directors' fees, that shareholders are being asked to approve today.

It's a proposal that was mentioned in the address at last year's AGM.

Since then, the Board has consulted with stakeholders and explored ways to implement this proposal without adding to the burden on customers.

Directors' fees

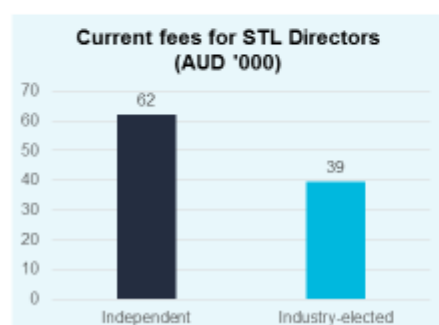


Proposal

Increase the maximum aggregate sum that may be paid to Non-executive Directors to ensure fees to Industry-elected Directors can match fees already paid to Independent Directors.

Directors' fees are not aligned

In FY20, STL's Industry-elected Directors were paid \$22,485 less than STL's Independent Directors even though they have the same level of responsibility, obligation and liability.



Considerations:

- The initiative will not result in an overall cost increase due to savings achieved by STL
- There has been no CPI increase in fees since July 2018
- There will be no CPI increase in FY21
- The proposed increase will provide for possible CPI increases in coming years

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Shareholders are asked to consider passing a resolution to increase the remuneration pool that may be paid to STL's Non-executive Directors each year – raising the current limit from \$400,000 to \$550,000.

The purpose of this resolution is to ensure that Directors who are elected by G Class and M Class shareholders are able to be paid the same as Independent Directors.

This is because all STL Directors have the same level of responsibilities, obligations and liabilities – irrespective of how they are appointed to the Board.

As it stands, annual fees for STL's industry-elected Directors are \$22,485 below the annual fees of STL's independent Directors.

This is about equity for industry-elected Directors.

In addition, consistent with good governance and market practices, it's proposed that the Chairs of the Finance and Audit Committee and the Safety, Health, Environment and Risk

Committee should be paid a small additional allowance in recognition of their additional responsibilities,

The following points are relevant in considering the proposed increase in the Director pool:

- the proposed increase will be absorbed within STL's existing costs with no increase in overall costs, due to other savings within the business
- there has been no CPI increase in fees for Directors since July 2018, and there will be no increase again this year
- the proposed increase will not be fully utilised initially, but rather will provide for possible CPI increases over the next several years

Leadership changes



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As you will have seen in the annual report and subsequent notice of meeting, two of our most experienced Directors will retire from the STL Board today.

Shayne Rutherford and Drew Watson have each served three terms as Non-executive Directors and will today step down after nine years in service of shareholders and the Queensland sugar industry.

Shayne Rutherford will be missed for his sharp mind, tireless work ethic and eagle-eyed attention to detail, not just at the Board table but also as a member of STL's Safety, Health, Environment & Risk Committee.

Drew Watson will be missed for his extensive knowledge of the Queensland sugar industry and his understanding of the specific concerns and needs of cane growers.

We wish Shayne and Drew well for the future and look forward to welcoming two new Directors to the STL Board today.



After three and a half years as STL's Chief Executive Officer, we also bid farewell to John Warda, who retires after our Board meeting this afternoon.

During his tenure, John has achieved a great deal in advancing the work of STL.

Supported by the Board and his very capable team, he has:

- overseen an extensive restructure of the Company
- established STL as a highly-valued brand in the Queensland sugar industry
- created a culture that encourages all who work for STL to act safely, sustainably and with integrity and fairness.

Thank you for your drive and dedication, John. We wish you well in your retirement.

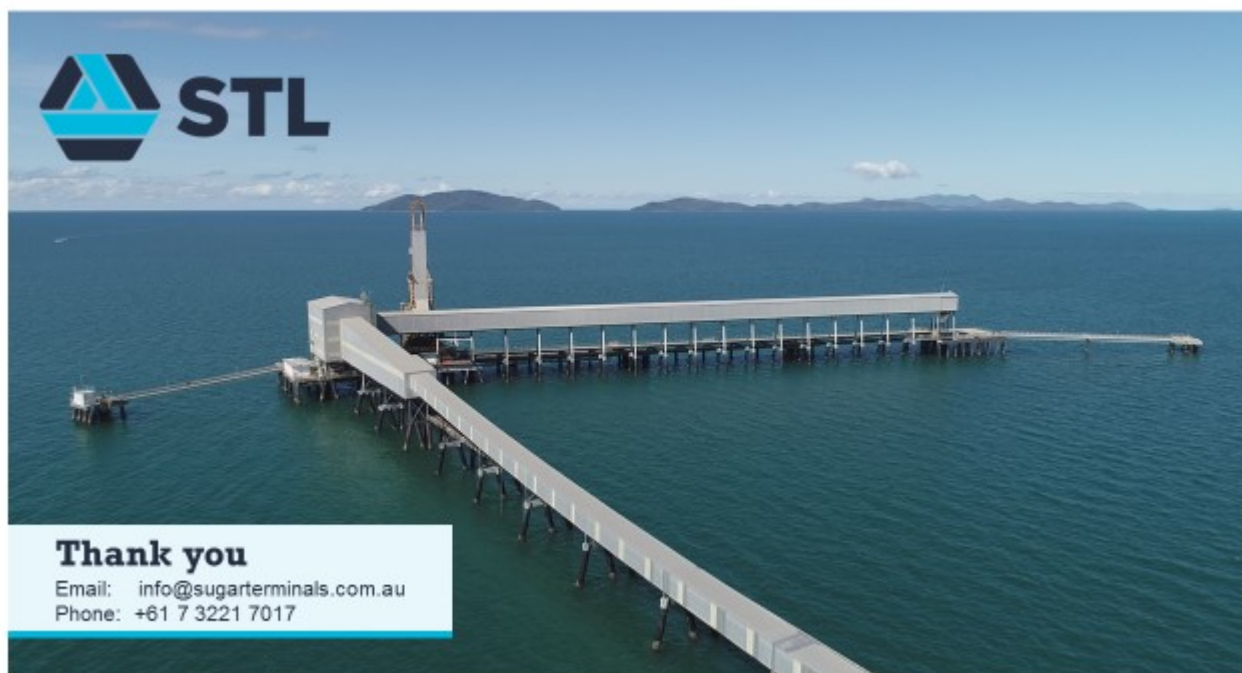
We are joined today by our newly appointed Chief Executive Officer, David Quinn.

In a very strong field of candidates, David stood out for his vast experience of supply chain logistics, asset management and business expansion.

His exposure to a wide variety of industries in Australia and internationally, means he is ideally placed to support STL's strategy for growth and diversification.

David will travel to all STL sites as part of his introduction to the business and looks forward to meeting and engaging with our shareholders.

Please join with me in bidding farewell to John and welcoming David.



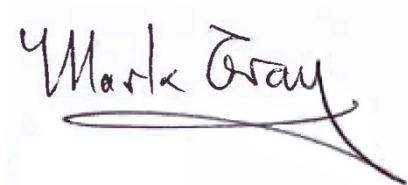
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In closing, I'd like to acknowledge our shareholders – both those here in person and those joining online – for your ongoing support of STL.

Please rest assured that your Company is in safe hands through these difficult times, and we all look forward to better times ahead.

Thank you.

That concludes the formal address.



Mark Gray

Chairman | Brisbane | 21 October 2020