

## **INTERVIEW: Royal Sugar deal to revive Greek beet industry, develop cane refining business: CEO**

Royal Sugar's deal to take over the management and operation of Hellenic Sugar's production plants at Platy Imathia and Serre for the next 28 months, with an exclusive right to buy them out for Eur15.2 million (\$16.8 million) and Eur10.8 million, respectively, at the expiration of the lease, will "change the sugar landscape in Greece," CEO Christos Karathanasis told S&P Global Platts in an interview Monday.

Royal Sugar is already one of the largest players in the Greek sugar market, with a current market share of 35% and is the exclusive representative of Dutch sugar producer Suiker Unie and British sugar producer British Sugar in Greece, Cyprus and the Balkans, however this deal "vertically integrates Royal Sugar SA further up the value chain, adding sugar production to its current focus on distribution," said Managing Director Elli Limpou.

Limpou also said that for the 2019 sugar beet campaign, Royal Sugar has taken on the liability for all sown beets and payment to farmers. This promise is likely to be well received by Greek sugar beet farmers, and welcomed by the Greek Government, as until this point, the farmers had no confirmation they would be paid for this year's crop.

With a nod to the future and Royal Sugar's search for business partners, the company said in a when announcing the deal it will seek talks with all Greek producers, with the aim of "seeking cooperation and signing contracts for the immediate sowing of beet for sale and sugar production by Royal Sugar during the forthcoming 2020 campaign." In the longer term, the company said it plans a "gradual increase in arable land," whilst also committing to modern farming practices in order to improve sugar yields.

Royal Sugar said in the statement it aimed to fulfill the country's production capacity by exploring all potential by-products. Limpou said Monday "the potential for the production of both molasses and animal feed has to be investigated", in order to "to modernize the Greek sugar industry," bringing it up to the same speed with factories in the traditional beet growing belt of France and Germany, who already utilize all their by-products.

### **COMPANY TO INVEST IN REFINING IN 2020**

The company said in the statement it "foresees a large investment in refining sugar cane starting in 2020", with the aim of providing feedstock to its operations all year round, maintaining the ability to produce sugar all year, and bringing in the benefits from economies of scale.

Karathanasis said there was a natural balance to be found between domestically produced sugar beet and imported raw sugar for refining, but noted the attractiveness of refining raw sugar in a deficit country, and confirmed plans to ship in sugar from developing nations where imports to the EU are duty free.

In the longer term, domestic production and refined sugar can build up the potential for Royal Sugar to export sugar, Karathanasis said, with neighboring countries in the Balkans as targets. However, he said there needed to be "sustainable growth and relationship building in Greece", before the company looked too far afield.