

SSA Performance Highlights for 2012/2013

The areas covered in the performance highlights are informed by the material issues that were identified in crafting the integrated reporting framework for SSA in 2012/13. **Sugar sales up by 6%**

Total sugar sales increased by 40 298 tons from 625 412 tons in 2011/12 to 665 710 tons in 2012/13, reflecting an increase of 6, 4%. Even though SACU sales reduced by 7 901 tons, export sales to the EU increased by 48 199 tons. SACU sales were affected by the influx of low cost sugar from world market sources, especially Brazil. The EU sales were boosted by SSA's ability to engage in swaps to create more value for the industry, through importing regional sugar to meet local requirements while exporting Swazi production to the higher value market in the EU.

Revenues up by 28%

Through achieving an optimal market mix for the various products sold and the ability to place Swazi sugar in the most lucrative markets, SSA was able to achieve higher revenues.

Revenues increased from E3,1 billion in 2011/12 to over E4,0 billion in 2012/13. This was supported by increased sales, in all market segments, for all products.

Favourable pricing, exchange rates and supply terms in the markets where Swazi sugar is sold were the main contributors to the increase in revenue. However revenue performance in the SACU market was below target because of the influx of cheap imports, which displaced Swazi sugar (thus resulting in lower sales) although realised revenue returns were higher than in the previous year owing to improvements in pricing and product mix.

Sucrose Yields Down But Sucrose Price up by Over 20%

The grower support activities continued to be focused on improving yields with an emphasis towards securing the sustainability of smallholder growers (who are the most vulnerable and least yielding component of the industry). Owing to inclement weather, sucrose yields were lower than the previous year, with a reduction of 6%. However, given the significant improvement in the sugar price (from which growers receive a significant portion for their sucrose), there was an increase in the sucrose price of over 20%.

Financing Costs up by 35%

Financing costs increased as a result of increased production and higher price to be paid to growers and millers, which SSA has to finance prior to the sugar being sold. During the year, SSA had to source about E2 billion of funding from the local market. The increased borrowing coupled with limited funding availability increases the cost of borrowing. As a result, the financing costs increased by over 35% from the previous year.

Quality Objectives Achieved

SSA maintained its ISO 9001:2008 Quality Management System certification through an independent external audit. Within the QMS, SSA conducts an annual customer satisfaction survey. Through the implementation of corrective actions and pursuance of continual improvement initiatives, SSA achieved an 'A' grade in its customer satisfaction index (i.e. CSI above 80%).

Preferential Market Access Maintained

Working with Government and other partners, SSA has continued its lobby initiatives to ensure that Swaziland does not lose its preferential status in major markets, where higher value for sugar sales is realised. During the year, preferential access to SACU, EU, US and COMESA were maintained. Efforts would continue to ensure that such access, and its value for sugar, is not threatened negatively. At the same time, the drive to look for new markets (e.g. the Tripartite Free Trade Area, encompassing SADC, COMESA and EAC) continues.