Presentation to the American Sugar Alliance

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Integration of Mexican Access

- NSM has been successful with the integration of Mexican access.
  - 2008 imports of estander.
  - Insure and maximize fungibility.
  - Leverage “cane only” opportunities.
  - Always have a backup plan.
Changes in the Mexican Supply Chain

• Value Proposition.

• Less refined, more raw sugar.

• Increased focus on quality and logistics.

• Increased focus on product type.

• Dynamics of supply line from pricing to delivery.
Dynamics Moving Forward

• Cautious approach to Mexican access calculation.

• Domestic production should be conservative.

• Consumption estimates should reflect market reality.

• Eliminate the chatter of non-reporters variability.
Pricing Equation

Tier II
Stability Zone
Minimum Mexican refined pricing
CCC loan rate for refined
Minimum raw pricing
CCC loan rates for raws
Producers Need Stability

- Need profit margins for investments
- Need price stability for profit margins
- Must spend investments
- The circle continues
Changes that Add Stability

• A clearly defined definition of raw vs refined.

• Access calculation is essential.
  • We support 13.5% stock to use ratio (7 weeks of supply).

• Raw refined split (70% Raw / 30% Refined).

• Creates stable access for refiners and gives a value-added concept for Mexican producers.
Creating Value and Stability

• Advice to Mexican producers for creating value and adding stability.
  • Find value in fungibility.
  • Create a reliable trade flow for both physical delivery and price discovery. (Build warehouses, loading infrastructure, become a top tier I supplier).
• Adopt a “Domestic Market” mentality.
  • (Quality, Supply Chain, Sustainability, Pricing, Constant flow of Supply).
• Find a good partner to assist you.
Thank You