

# Imperial Sugar Company

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## Overview

- Port Wentworth Tragedy
- Facility Rebuild
- Combustible Dust Standard Development
- Industry Challenges
- The Future of Imperial Sugar

Port Wentworth, GA  
FEBRUARY 7, 2008



Port Wentworth Tragedy



Palletizer Area



Laboratory & Conference Room

- Event beginning at approximately 7 PM on February 7, 2008
- 121 associates and contractors on site

## Port Wentworth Response



### **More than 400 non-Imperial personnel on site within 12 hours**

- Police and fire fighter response
  - > 50 fire trucks from 300+ miles
  - > 120 ambulances
  - 178 first responders between fire departments & police
- Coast Guard & National Guard
- FAA & CEMA
- Red Cross & Salvation Army
- ATF, OSHA & CSB

## Port Wentworth Overview



### **STATUS:**

- 14 Deaths and 39 Injuries
- \$1.3m Relief Fund
- Comprehensive Investigations
- \$200m - \$220m to Rebuild Packaging and to Repair the Refinery
- 20 Months to Return to Full Operations

### **REBUILD UPDATE:**

- New Facilities to Employ Current Technology Enabling Increased Flexibility & Productivity
- Improved Drying Facilities
- Simultaneous Loading of Railcars and Trucks
- 100% of Production Will Pass Through QC Magnets
- Combustible Dust Risk Management
- Extensive Training of Personnel
- All Port Wentworth Packaging to be Upgraded and Labels Changed

# Port Wentworth Rebuilding Progress January 2009



January 23<sup>rd</sup>, 2009



# Port Wentworth, GA FEBRUARY 7, 2008



## 30,000 Factories in the U.S. Use Materials That Can Form Combustible Dusts

### Combustible Dust Standard

- In 1987 OSHA issued combustible dust requirements for corn grain elevators
- Recent tests show that sugar dust has higher risk explosivity properties than corn dust
- The U.S. Sugar Industry must address and properly manage this risk

## Action Taken



- 2008 House (March) and Senate (July) hearings were held regarding combustible dust risks
- House bill introduced in March 2008 and Congressman Barrow plans to reintroduce it during this session
- OSHA NEP on combustible dust reissued in March 2008
- The CSB ISC investigative report and recommendations will be issued in 2009
- Organized labor, the NFPA and numerous others are advocating for a combustible dust standard

## Imperial Sugar Company Testing Preliminary Results



The following are some results of sugar dust explosion properties:

Property	Typical Properties*
Minimum Explosible Concentration (MEC) in g / m <sup>3</sup>	50
Minimum Ignition Temperature (MIT) °C (Dust Cloud)	380
Minimum Ignition Energy (mJ)	3 (within static discharge ignition potential)
Maximum Explosion Pressure, P <sub>max</sub> (barg)	9
Deflagration Index, K <sub>st</sub> (bar-m/ sec)	191
Resistivity (ohm-meters)	1012

\*Caution: dust cloud explosion properties are very dependent on particle properties such as average particle size, particle-size distribution, particle shape, and moisture content. Therefore, if the as-received physical or chemical properties are modified by the user – during handling or processing – or if dusts are accumulated in cyclones or dust collectors, it is important that explosibility data be obtained from tests on representative samples of the modified material.

## Imperial Sugar Company Recommendation



- Add combustible dusts to the OSHA [29 CFR 1910.119] standard – Process Safety Management System for Highly Hazardous, Toxic or Reactive Substances
- Require certified laboratory explosivity characterization of representative samples
- Mandate hazard and operability studies
- Require all manufacturing sites to practice emergency response plans with local communities
- Consolidate all NFPA standards, NEC and international standards into a common inventory of requirements and recommended best practices
- Require MSDSs include explosivity measurements
- Establish mandatory training requirements

## Additional Industry Challenges



- **Energy**
  - Economic disadvantages in converting to greener energy
  - The future of biofuels will be influenced by government administration
  - Tighter emissions standards
  - Freight costs are overwhelming margins
- **World Imports**
  - Pressure to rollback CAFTA, NAFTA
  - New administration's support of DOHA unclear
- **Sweetener Regulations**
  - Lack of clear regulation requirements leads to consumer confusion
  - Loopholes have led to a proliferation of newly marketed sweeteners
- **Economic Recession**
  - Behavioral changes
    - Consumers trading down
    - Consumers choosing private label over branded
    - Increased traffic at national chain retailers versus regional retailers
  - Bankruptcies reducing transportation fleets
  - Decreased spending in R&D and Marketing in consumer products



## Building the Future of Imperial Sugar Company

### Strategic Steps Forward



- Customer-Centric Culture
- Participate in the U.S. and Mexican Sugar Industries
- Leveraging opportunity in the natural & organic channel
- Investing in a new state-of-art refinery



## Customer-Centric Culture



- Integrated sales, customer service and logistics team
- Operational excellence leading to improved service and enhanced flexibility
- Co-development of new products enhancing private label offerings
- Simplified, seamless and transparent business processes
- Account manager owns sale to delivery
- Shared objectives with our customers
- Plan and measure every action throughout order fulfillment
- Food safety first priority
- Innovation expected and rewarded
- Proactive customer support celebrated
- Continuously become more predictable

## Comercializadora Santos Imperial (CSI)



- In November 2007, ISC formed a partnership in Monterrey, Mexico with Ingenios Santos CV with the business intent to market sugar in Mexico and the U.S.
  - Ingenios Santos CV operates 5 sugar cane mills and 1 refinery.
- The venture has developed a strong base of more than 100 customers in beverage, baking, confectionary and retail. Future plans include the construction of a bulk/bag transfer station and a small bag packaging facility.
- Products include estandar and EFG in bulk and various packaged sizes.



## Wholesome Sweeteners



- July 2008 – ISC purchased an option to acquire the remaining shares of Wholesome Sweeteners in 2010.
  - Wholesome Sweeteners is a pioneer in organic and natural sweeteners, growing from \$6M in revenue to \$60M in 2008 and holds a 60% share in the natural sweeteners' sector.
  - Wholesome Sweeteners was the first major U.S. sweetener company to receive Fair Trade certification for sugar.
  - Products include sugars, agave syrup, honey, maple syrup, molasses and erythritol.



## Preparing for the Future Manufacturing Sites



- Port Wentworth
  - Rebuilt drying facility, silo storage, bulk loading, powdered sugar, brown sugar and packaging + dock and raw sugar storage upgrading
  - 2009 Start Up
- Gramercy
  - Replace 650k ton refinery with an adjacent 1m ton refinery
  - 2011 Start Up
- Monterrey
  - Bulk/Bag transfer station
  - Small bag packaging facility
  - 2010 Start Up

## Louisiana Sugar Refinery (LSR)



- Joint venture between ISC, SUGAR and Cargill
- Intent to construct a 1M ton cane sugar refinery in Gramercy, LA (18 – 24 month construction)
- ISC would contribute its existing Gramercy, LA refinery in exchange for a 1/3 equity share
- ISC would retain the Imperial brand and small bag packaging facility
- The State of Louisiana has given preliminary authorization for the issuing of \$100M in bonds in support of the LSR construction
- Negotiations have progressed and due diligence is underway

## Gramercy, LA



## Core Strategies



- Partner with customers
- Renewal and modernization of our manufacturing assets
- Continuous improvement in quality, service and food safety via operational excellence initiatives
- Assume industry leadership in combustible dust management
- Leverage marketing and distribution partnerships to achieve national coverage in the U.S. and Mexico
- Continued investment in portfolio expansion and diversification

## Imperial Sugar



Questions



**Thank You**