



# Lantic

Rogers Refined  
Presentation to Equity Research Analysts  
May 22, 2024

# Forward-looking Statements

This report contains statements or information that are or may be “forward-looking statements” or “forward-looking information” within the meaning of applicable Canadian Securities laws. Forward-looking statements may include, without limitation, statements and information which reflect our current expectations with respect to future events and performance. Wherever used, the words “may,” “will,” “should,” “anticipate,” “intend,” “assume,” “expect,” “plan,” “believe,” “estimate,” and similar expressions and the negative of such expressions, identify forward-looking statements. Although this is not an exhaustive list, we caution investors that statements concerning the following subjects are, or are likely to be, forward-looking statements:

- Future demand and related sales volume for refined sugar and maple syrup;
- our LEAP Project;
- future prices of Raw #11;
- expected inflationary pressures on costs;
- natural gas costs;
- beet sugar production forecast for our Taber facility;
- the level of future dividends; and
- the status of government regulations and investigations

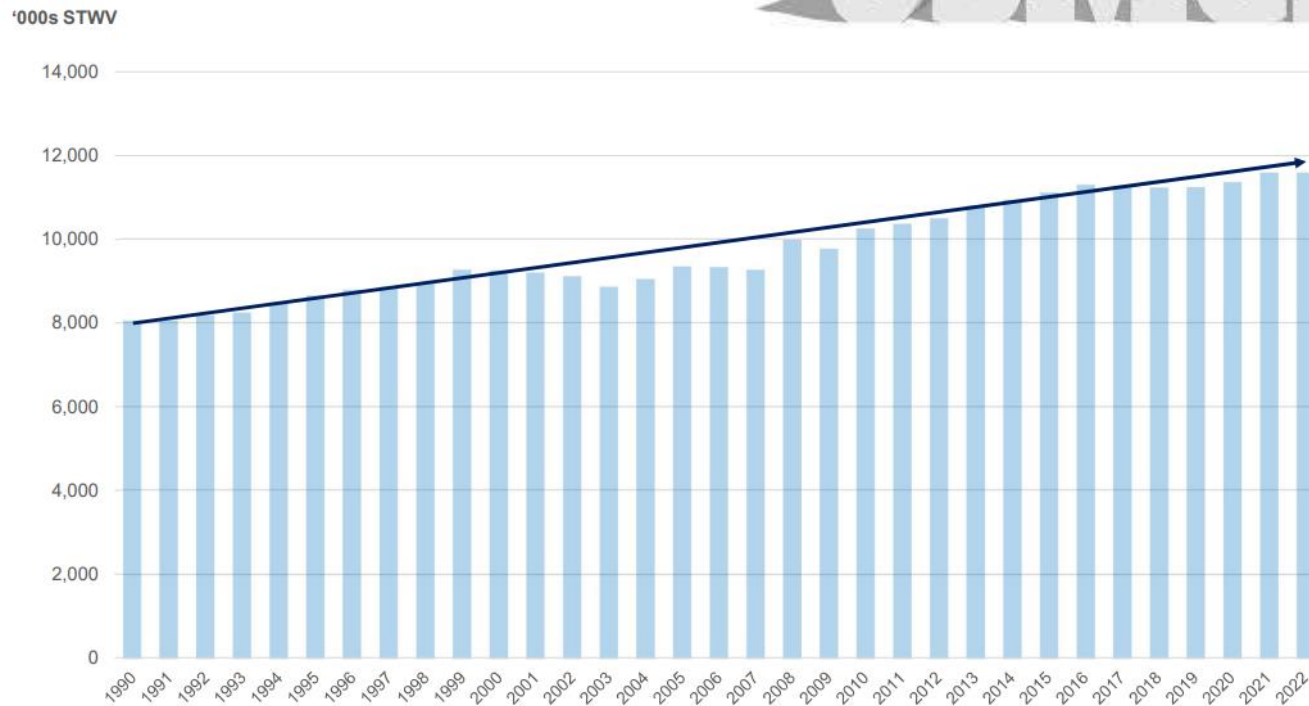
Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual performance or results could differ materially from those reflected in the forward-looking statements, historical results or current expectations. Readers should also refer to the section “Risks and Uncertainties” in this MD&A for additional information on risk factors and other events that are not within our control. These risks are also referred to in our Annual Information Form in the “Risk Factors” section.

Although we believe that the expectations and assumptions on which forward-looking information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this forward-looking information as no assurance can be given that it will prove to be correct. Forward-looking information contained herein is made as at the date of this MD&A and we do not undertake any obligation to update or revise any forward-looking information, whether a result of events or circumstances occurring after the date hereof, unless so required by law.

- Welcoming Remarks and Introduction
- Management's Presentation - Mike Walton & JS Couillard
  - Global view of Sugar market
  - Business review – Sugar and Maple
  - LEAP Project (Expansion)
- Visit of the Montreal Sugar Refinery – Adam James & Christian Nassar
- Lunch and follow-up discussion

# Global Sugar Market

# Sugar Consumption in the US



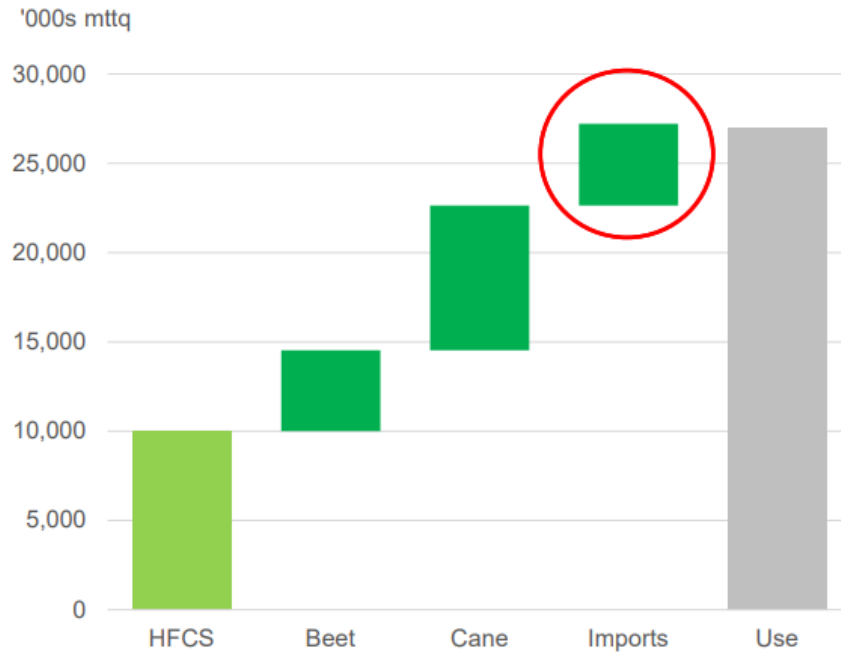
- US-Mexico-Canada is almost the World's largest Sugar market.
- Steady growth in consumption since the 90s
- GDP – Historically, driving demand
  - US \$27B
  - Mexico \$1.8B
  - Canada 2.1B
- Population – Consumption per capita is steady
  - US 340M
  - Mexico 128M
  - Canada 38M

**US consumption is the main driver of the North American sugar market. It has an impact on demand in Canada.**



# Imports Play a Big Role in Meeting US Demand

Total Sweetener Use of ~ 27,000 mttq.... Imports of ~4,600k mttq



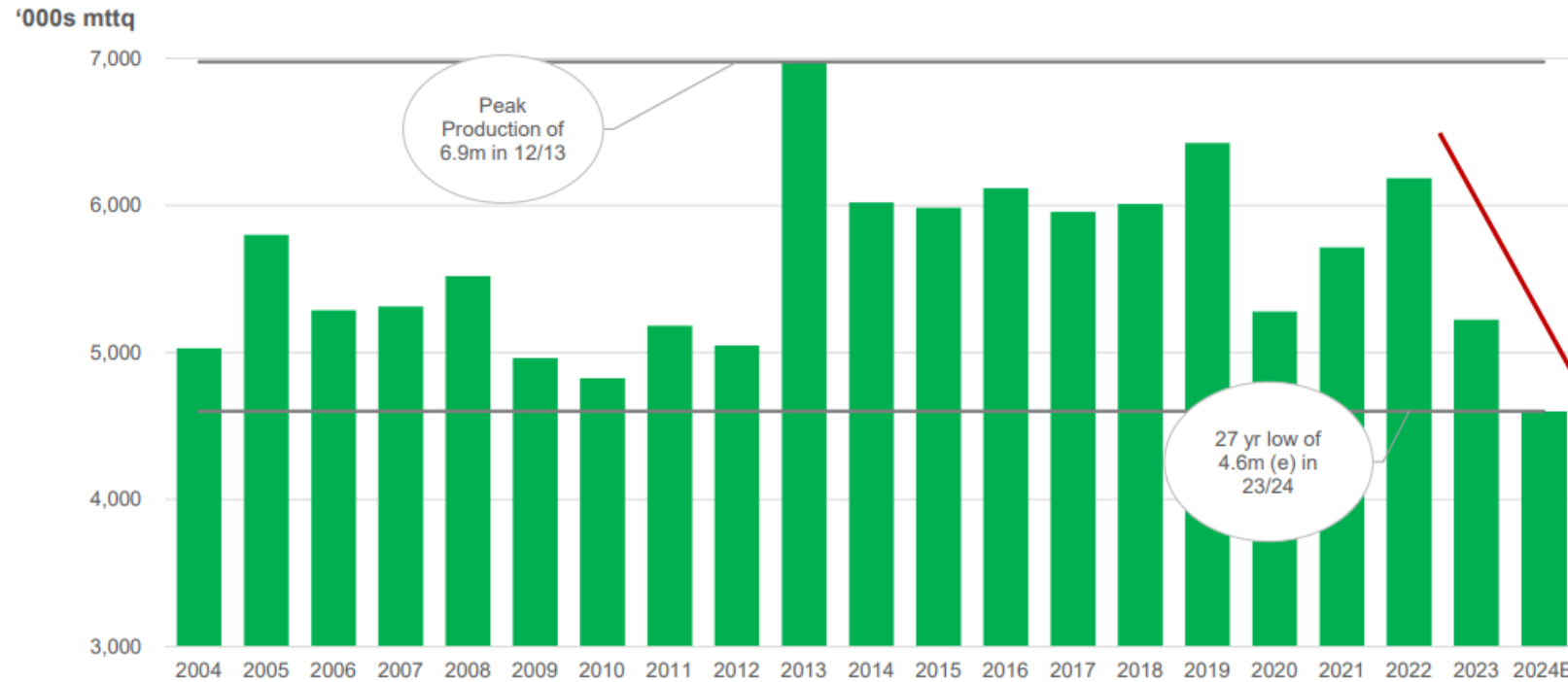
**Almost the World's Largest Sweetener Market...**

— The World's Third Largest Sugar Importer

US rely on imports to meet demand for sweetener.

# Mexico is not the Solution

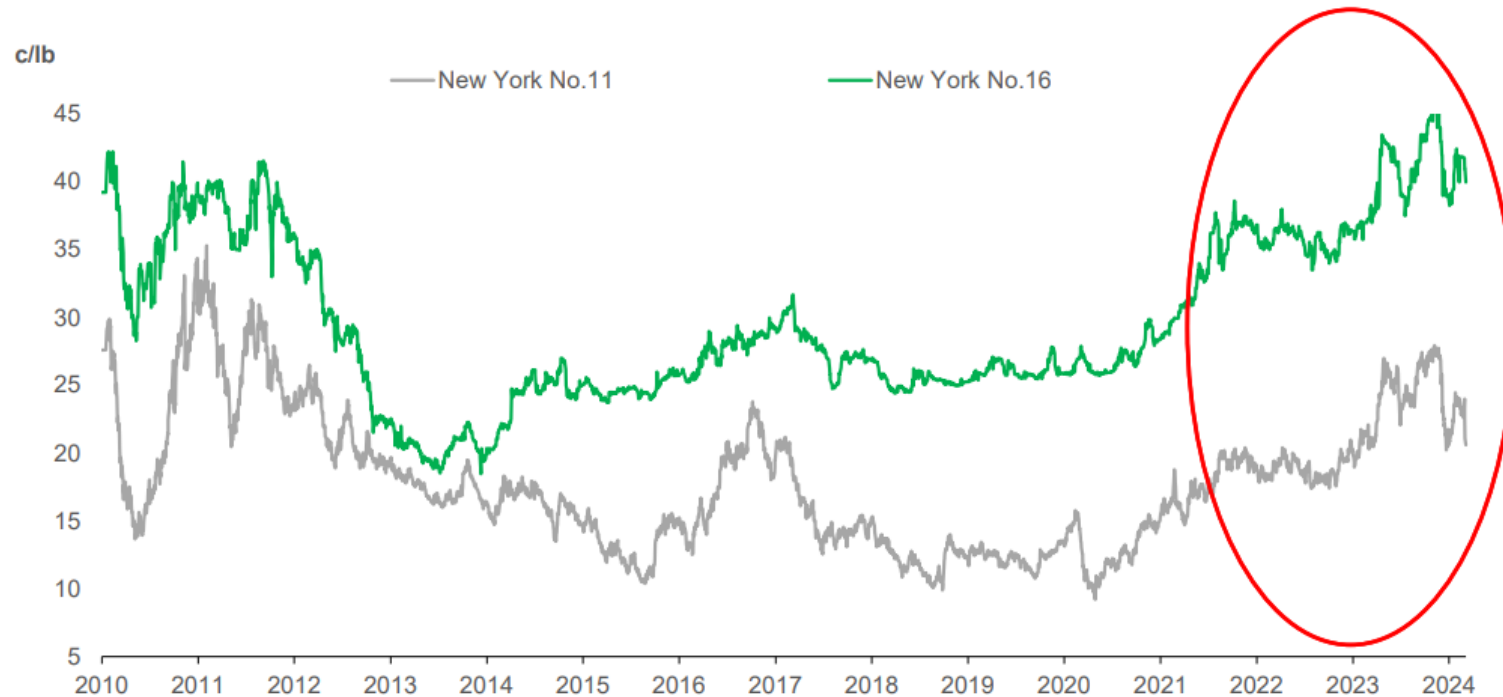
Peak production of 6.9m mttq as Mexican sugar attained access to the US market under NAFTA...



**Mexico is no longer able to close the gap and alternative supply options are necessary to meet demand.**

# #16 to #11 Pricing Differential Favoring Canada

#16 Market is now pricing in Tier 2 (Full Duty) #11 raw sugar



**The spread between #11 and #16 continues to be wide, and favours Canada. Sugar Containing Products (SCPs) manufacturing companies are taking advantage of the spread and other favourable conditions to build or expand production facilities in Canada.**



# Business Overview

# Our Business

Rogers Sugar Inc. is the holding company of Lantic Inc.

- Lantic makes sugar and other all-natural sweeteners under the Rogers and Lantic brands
- Lantic owns The Maple Treat Corporation that makes all-natural maple products

Rogers Sugar is traded as **RSI** on the Toronto Stock Exchange



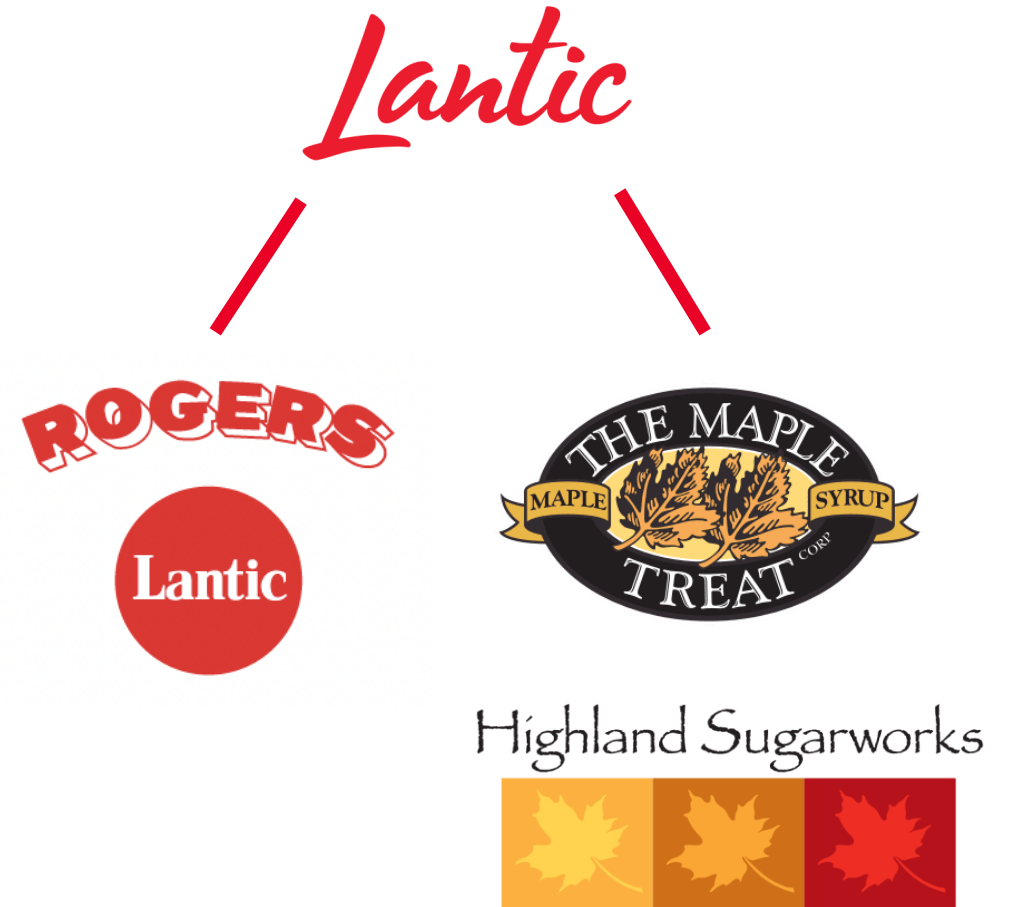
**Dividend Yield**



**Market Capitalization**

1. As of May 21, 2024.

## Rogers Sugar Inc. TSX: RSI



# Our Strategy

We seek to generate consistent, profitable and sustainable growth by optimizing our business to take advantage of the very favourable Canadian economics and demand trends in **Sugar** and to drive stronger performance and margins in **Maple**.

# Rogers Refined: Better company, better investment

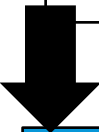
## Strategic Focus

**Modernizing, Optimizing and Growing in Sugar**

**Driving profitability in Maple**

**Further strengthening and simplifying our balance sheet**

**Advancing our ESG Program**



**Consistent, Profitable, Sustainable Growth and Cash Generation**

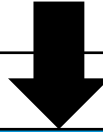
## Long-term Goal

Modernized, expanded facilities and labour agreements that enable long-term growth

Automated and efficient production processes to drive higher margins

Less complex, less costly and stronger balance sheet

ESG leadership where it matters most to our stakeholders



**Consistent adjusted EBITDA and cash flow growth to fund business and investment, and eventual increasing returns of capital to shareholders**

## Progress to Date

- **22% increase in adjusted EBITDA from FY 2021 to FY 2023, and tracking for third straight record year**
- **Generating ample cash to fund needed capital investment as well as cover dividend, with payout ratio trending lower**

# Investment Highlights

- Compelling fundamentals in our **Sugar** business, representing ~80 per cent of revenue, with diversification provided by our **Maple** business
- As the largest publicly traded Canadian sweetener producer, Rogers offers investors the opportunity to benefit from
  1. Growth in the North American sugar market and Canada's position as a favoured source of supply as well as
  2. Diversification provided by Maple business
- Rogers is further optimizing and growing its business through its "Rogers Refined" program to drive stronger results and harness supportive demand trends
- A focus **on consistent, profitable and sustainable growth** has generated record consolidated adjusted EBITDA in each of last two fiscal years, and on track for another record in fiscal 2024
- Consistent quarterly dividend of 9 cents per share

# Canada's Market Advantages

- **Favourable sugar economics**
- **Location close to major U.S. markets and with excellent transportation links**
- **Skilled workforce**
- **Reliable sugar production infrastructure**
- **Stable government and trade policy framework**



# Growth in Canadian Food Manufacturing

**SCPs manufacturing companies are choosing to locate in Canada - As customers grow, we grow!**

Blommer to Shutter Chicago Manufacturing Facility, Expand in Ontario



Barry Callebaut invests \$100 million into Canadian facility in Chatham

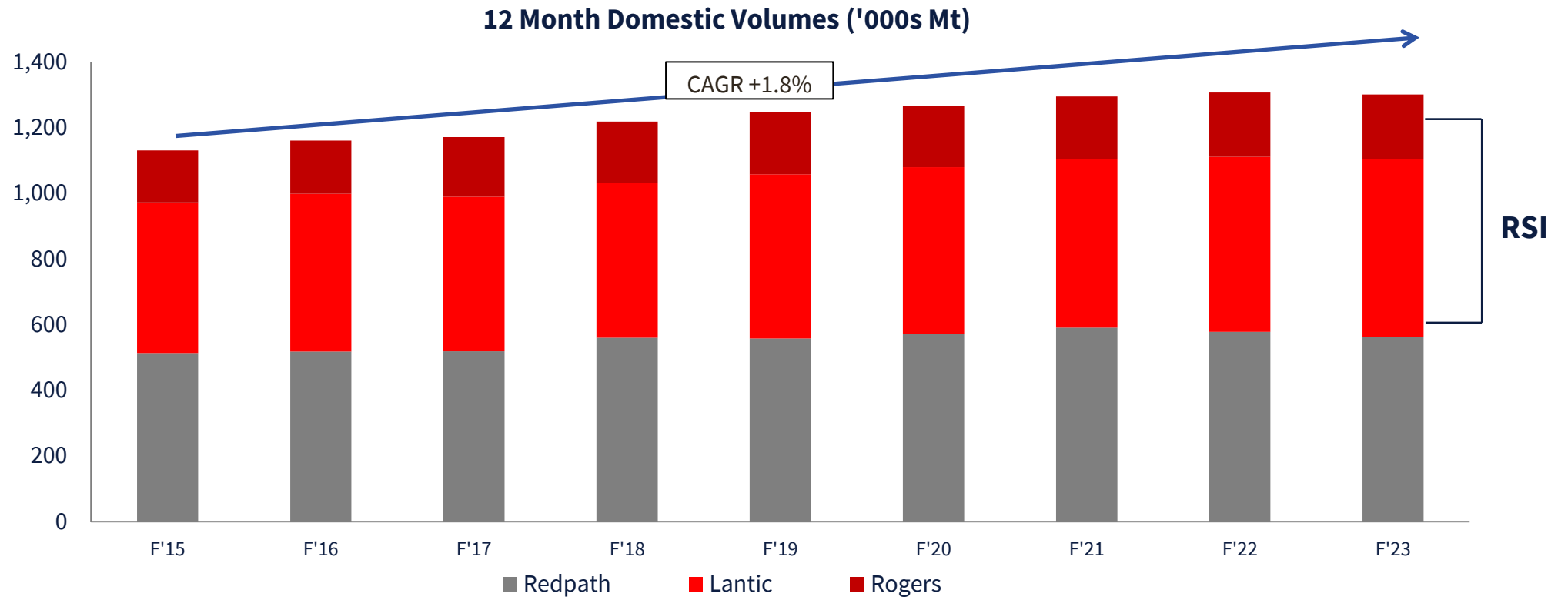


Hershey buys back Canada site from Canopy Growth



# Consistent Sugar Volume Growth

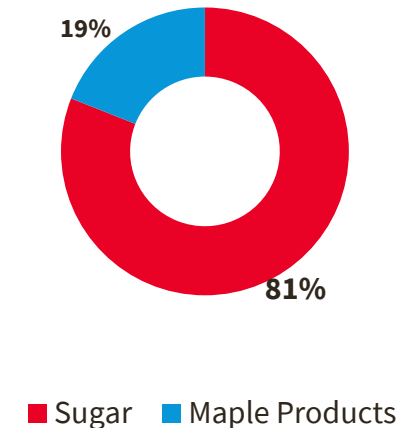
- The Canadian Sugar Institute anticipates continued growth in demand for Sugar in Canada over the next five years.



# Global Leadership and Diversification

- Maple offers diversification to our sweetener portfolio
- The global maple market is valued at \$1.4 billion
- U.S. is the largest market, followed by Japan and Germany
- The Maple Treat Corporation is the world's largest bottler of maple syrup
- Focus is on the private-label market, where we have excellent customer and producer relationships

FY 2023 Revenues by Segment



# Strong Financial Results

# Record Results in Q2

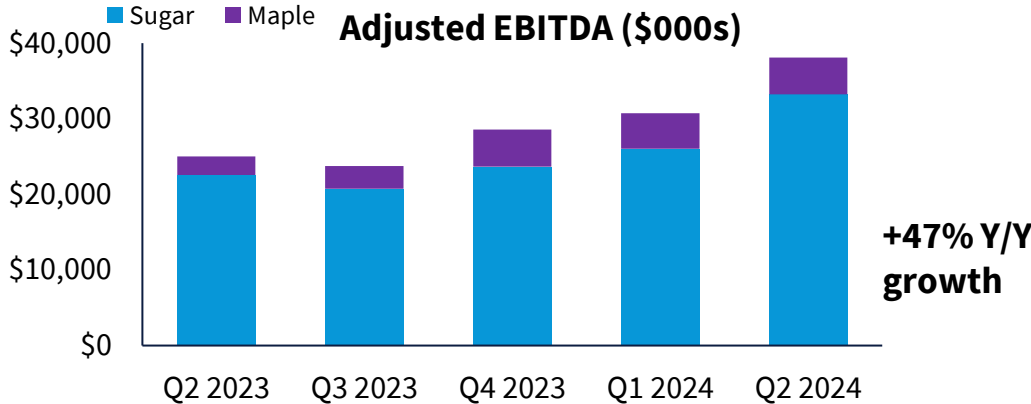
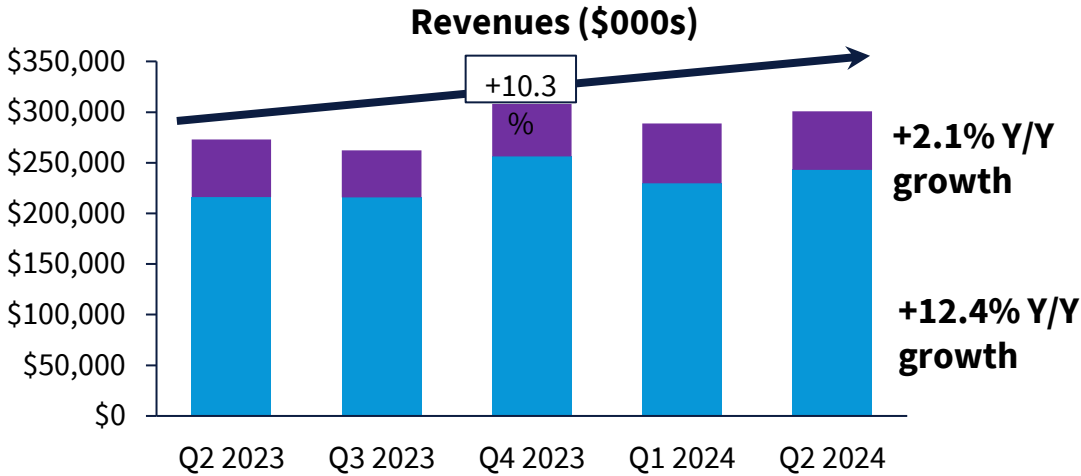
- New five-year agreement at Vancouver refinery
- Advanced progress of LEAP: construction to begin in Montreal this summer

**\$38.1M**  
EBITDA

**Record consolidated adjusted EBITDA — up by \$13.1 million**

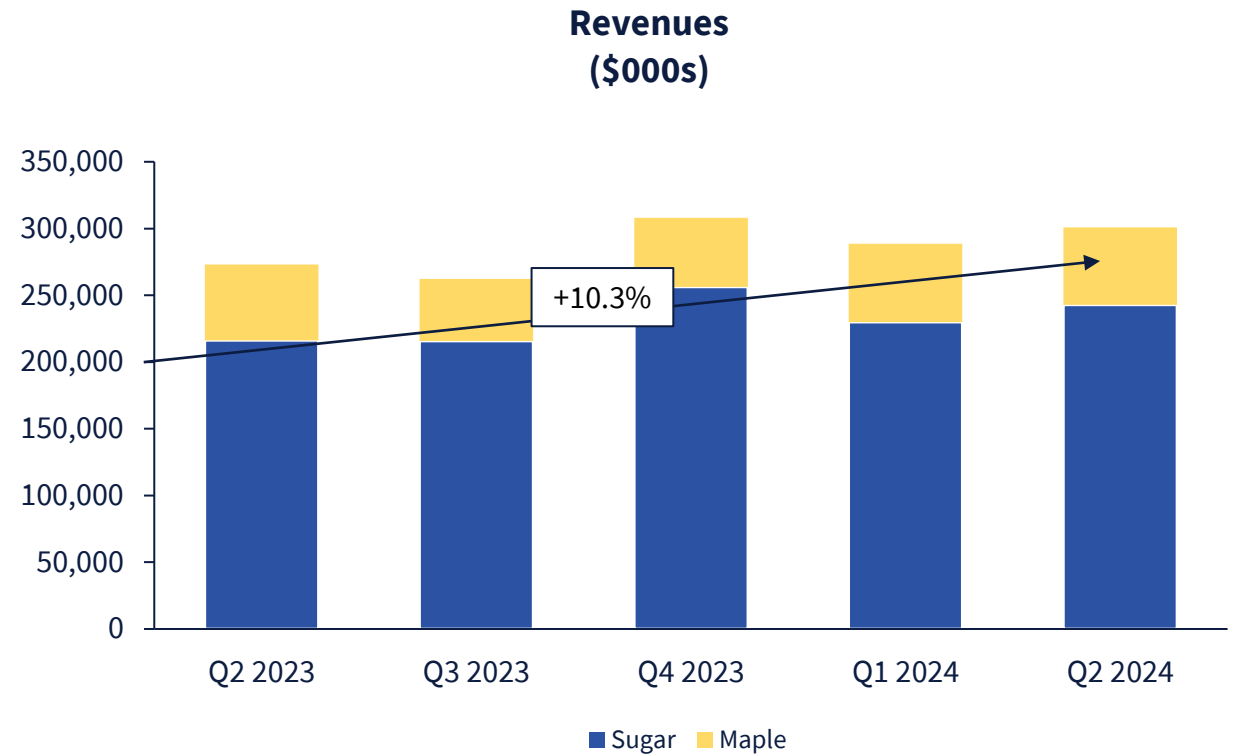
**\$112.5M**  
LEAP Funding

**Raised funds to finance LEAP**



# Revenue Growth in Both Sugar and Maple

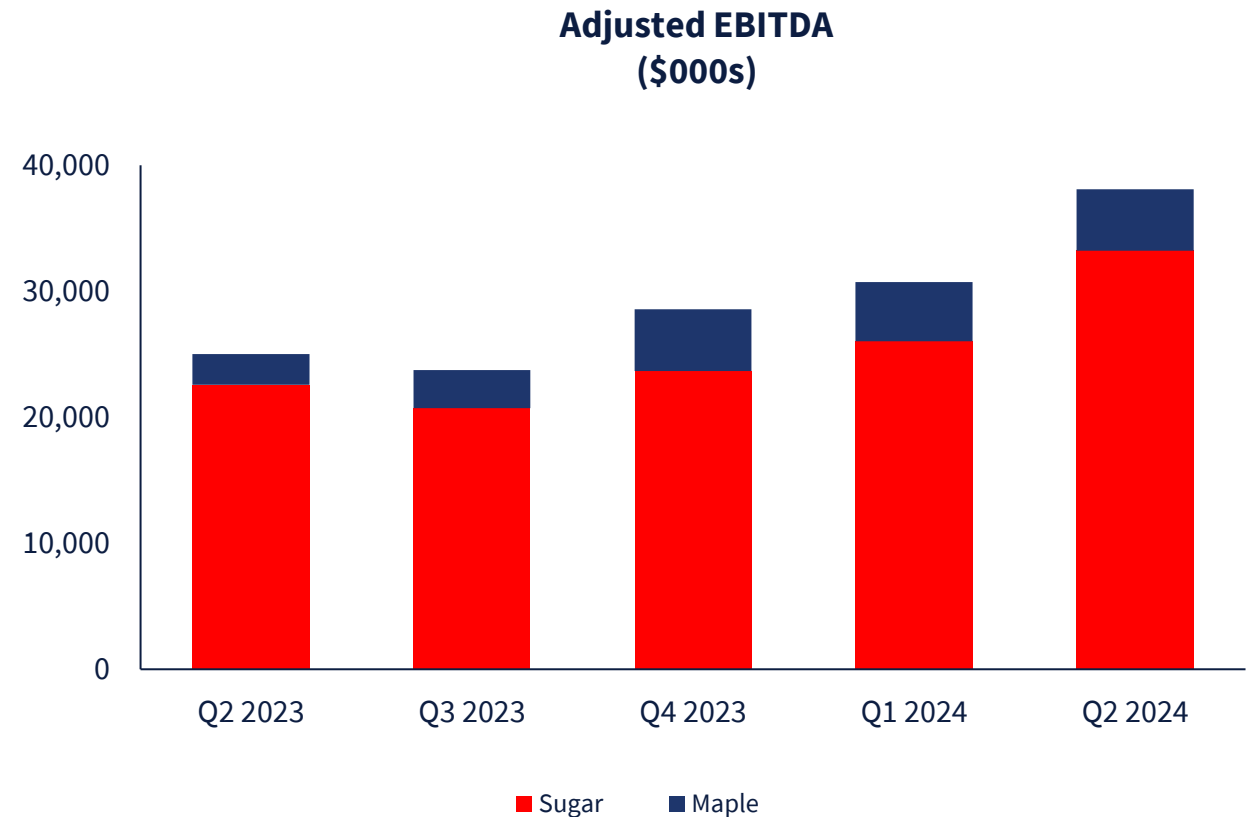
- Healthy market conditions in both Sugar and Maple segments
- Sugar revenue grew by 12.4% over Q2 2023
- Maple revenue grew by 2.1% over Q2 2023
- Maple accounted for 19.3% of revenue for the quarter





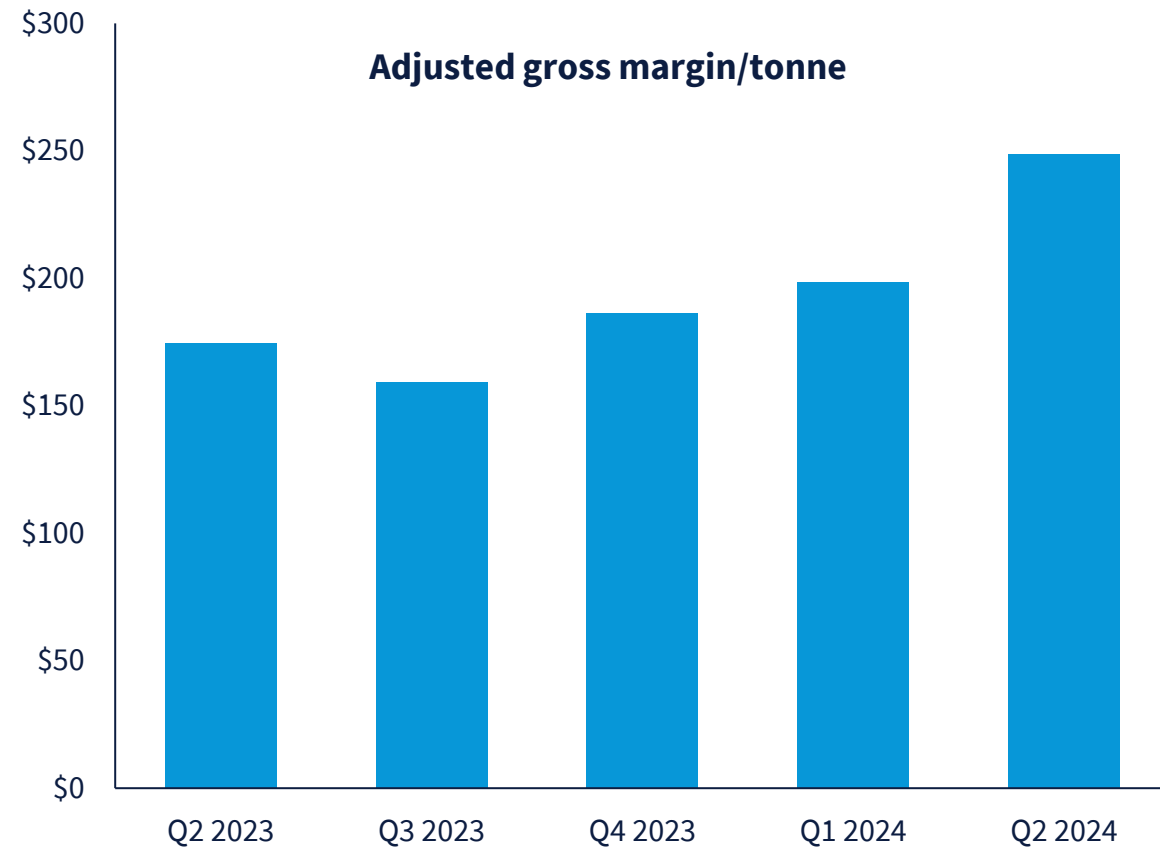
# Quarterly Record for Adjusted EBITDA

- Focus on growth and efficiencies is producing results
- Adjusted EBITDA for Sugar grew by 47.1% over Q2 2023
- Adjusted EBITDA in Maple nearly doubled Q2 2023
- Vancouver strike impact of \$2.0 million for the quarter



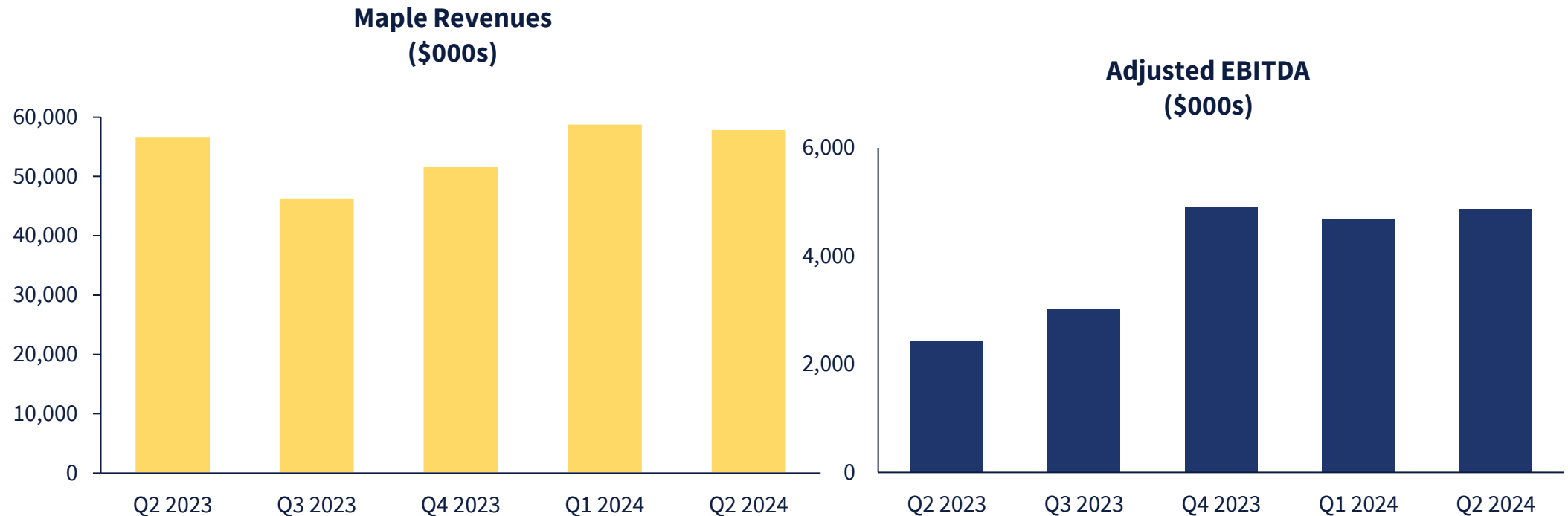
# Significant Improvement in Unit Margins

- Adjusted gross margin per MT of \$249 increased by 42% over Q2 2023
- Taking advantage of product mix and timing
- Continue to show impact of favourable market pricing dynamics and higher contribution from sugar refining activities



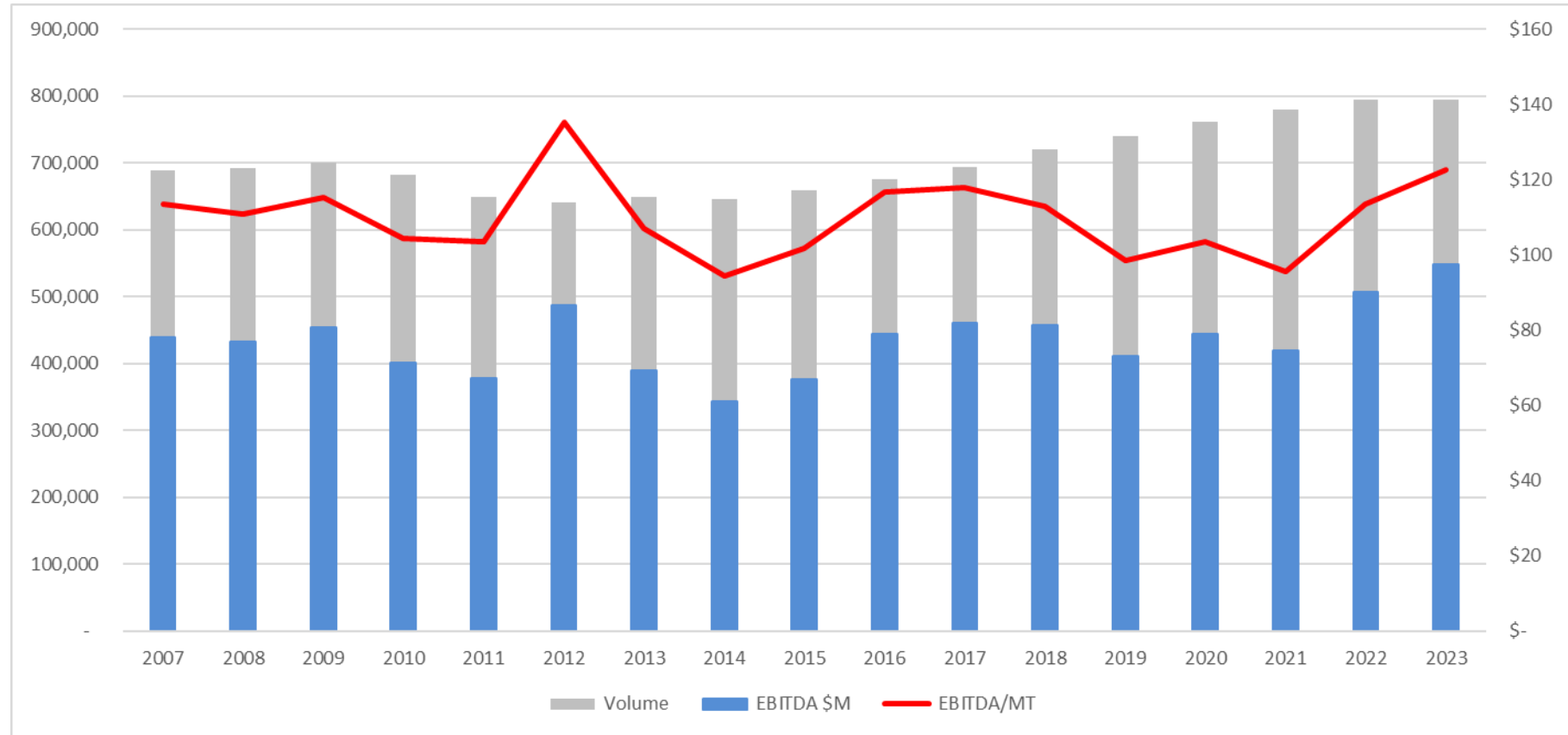
# Operating Efficiency Drives Profits in Maple

- Significant improvement in Adjusted EBITDA in Maple to \$4.9 million in Q2
- Shows benefits of historical investment in automation and process efficiency
- Strong maple crop supports inventory replenishment to drive revenue for balance of the year



# Financial Outlook

# Lantic - Well Position for Future Growth



- **Steady growth in profitability and volume expected to continue, supporting the expansion of our Eastern capacity and logistic assets (LEAP Project).**
- **2024 expected to surpass 2023**

# 2024 Outlook

- Management continues to focus on optimizing the business and delivering growth in consolidated adjusted EBITDA.
- Economics, trade ties, location continue to favour Canadian sugar.
- Demand is growing and we are positioning our business to meet that demand.
- Added capacity in Montreal and Vancouver will enable us to grow Sugar volumes.
- Investing in efficiencies and automation in Maple.
- We anticipate delivering higher adjusted EBITDA in 2024 as compared to 2023.
- Stability of our operations in both segments, continued positive outlook of the **Sugar** segment from a market demand and pricing point of view, and efficiencies in our **Maple** segment should drive an increase in adjusted EBITDA in both segments for 2024 over 2023.

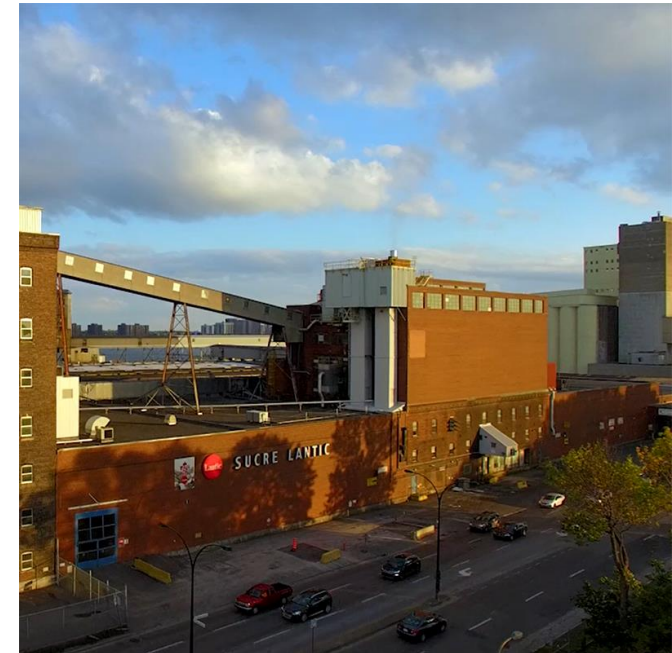




# Eastern Expansion Project “LEAP”

# LEAP Highlights

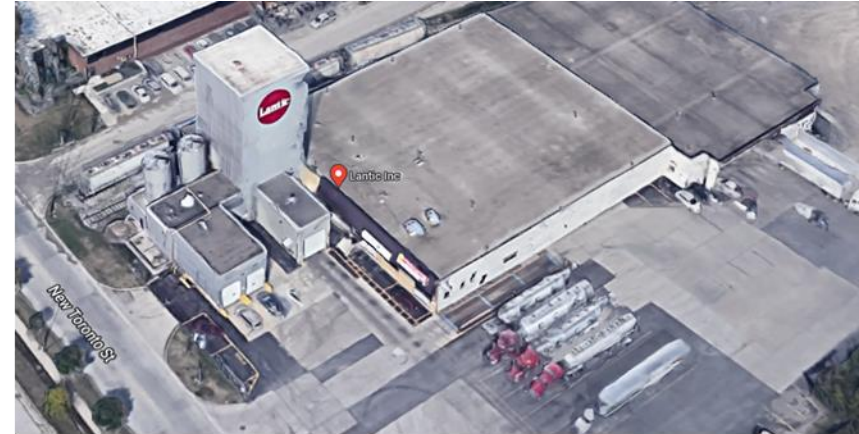
- **Increase capacity of Montreal plant by ~20% - from 545,000MT to 645,000MT to meet growing demand**
- **Project cost estimated at \$200M - including refining capacity increase in Montreal and incremental rail and storage logistic infrastructures in Montreal and Toronto**
- **Incremental production directed to industrial bulk sugar**
  - Mainly in the GTA – delivered by Rail to our existing distribution centre (~25% of MTL production already directed to GTA)
  - Incremental production of refined sugar assigned to customers
  - Will eliminate the need to import refined sugar and/or move sugar from the West to supply the Eastern demand
  - Will open further export opportunities for Vancouver with the available capacity
- **Optimization of current footprint, using existing facilities and deploying proven technology**
  - Limited internal disruption – use of currently vacant space – parallel production process
  - Using **BMA** Equipment – Long lead items ordered, and delivery expected as per schedule
- **Expected commissioning – First half of Fiscal 2026**



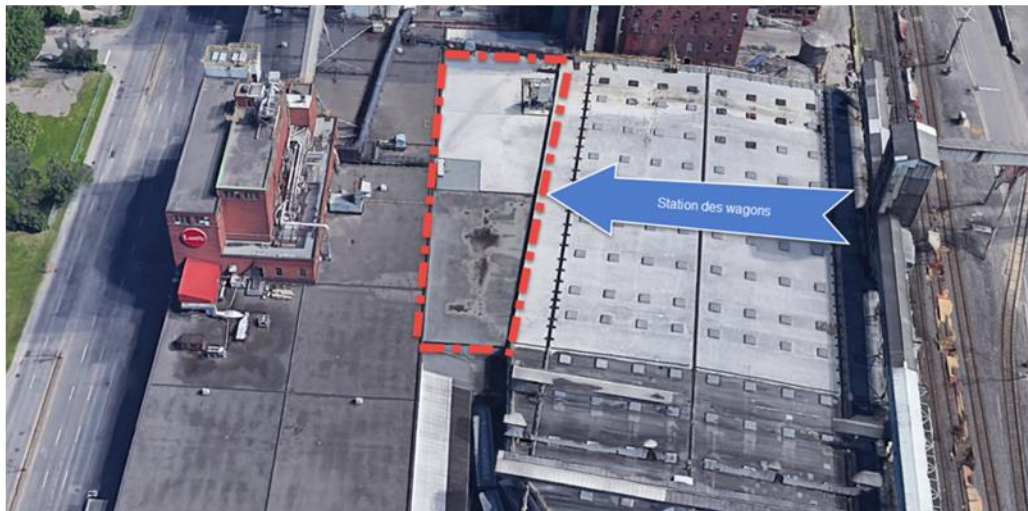
# Major Components of the Construction



***MTL Plant*** - New refining equipment will occupy the white section, currently vacant



***Toronto Distribution Centre*** – New bulk storage and distribution capacity, supporting improved rail system



MTL Plant – New bulk-rail loading section to serve increased shipment to Toronto

- **Investissement Quebec Loan #1 - \$25M**
  - 7 years payable monthly in equal installments from year 3 to year 7
- **Investissement Quebec Loan #2 - \$40M**
  - 8 years payable monthly in equal installments from year 4 to year 8
- **Equity issue - \$112.5M**
  - Issued 22,769,232 shares on March 4, 2024 at an issue price of \$5.18
  - Private Placement with FONDS (\$50M) and Belkorp (\$10M)
  - Bought Deal - \$52.5M including Over-Allotment of 15%
- **Existing credit facility with banking syndicate - \$22.5M**
  - Amended to allow securitization of IQ loans and potential pressure on covenants during construction
  - Increase required for working capital and LEAP financing for up to \$60M from \$265M to \$340M – Provide flexibility and breathing room – could be revisited annually
  - Increase coupled with term extension – keeping 4 years horizon
  - Review composition of syndicate to increase size (Desjardins and CIBC)

