

Our Products

All Lantic operations supply high quality white sugar as well as value-added specialty products. We are also committed to responding to the evolving needs of our customers through innovative packaging and delivery scheduling, as well as by addressing specific production requirements.

Sales are focused in three specific segments: industrial, consumer, and liquid products.

The industrial segment is the largest of the three segments accounting for approximately 65% of all shipments. The domestic industrial segment grew in fiscal 2013 as the Company gained volume from existing and new customers.

Part of our production is sold to liquid industrial users. The domestic liquid segment also grew in fiscal 2013 with the recapture by the Company of an HFCS substitutable account in western Canada. Some liquid users can substitute liquid sucrose with high fructose corn syrup ("HFCS"). These accounts have historically been our lowest margin accounts due to the lower prices of HFCS. With the increase in world raw sugar prices over the last several years, some liquid business was lost to HFCS and, except for fiscal 2013, sales volume in that segment declined.

In the domestic consumer segment, a wide variety of products is offered under the Lantic and Rogers brand names. The goal is to continue to improve the Company's competitive position in the sale of value-added products through the introduction of new packaging and retail products. Early in calendar 2014, Lantic will launch new graphics for the retail lines of both Rogers and Lantic brands. This new look will enhance our on shelf appearance and provide a more consistent fresh look nationally while supporting our two national brands. This segment has remained fairly stable during the last several years.

Lantic's Taber plant is the only beet sugar factory in Canada, and is therefore the only producer of Canadian origin sugar. As such, this plant is the sole participant in a Canadian-specific quota to the U.S., of approximately 12,000 metric tonnes. In addition, there is an 8,300 metric tonnes U.S. global refined sugar quota, which opens and is usually filled on a first-come first-served pro-rata basis every year on October 1. The Montreal and Vancouver cane operations and Taber beet operations can all participate in this global quota. These sales in the U.S. are made at a higher price than comparable sales in Canada, due to the sugar support program in place in the United States. On September 29, 2011, the Secretary of Agriculture of the United States increased the refined quota by 136,078 metric tonnes, of which 25,000 metric tonnes was allocated specifically to Canada and the remaining 111,078 metric tonnes was allocated to the global quota on a first-come, first-served basis. This benefited fiscal 2012 export sales. There was no special refined quota in fiscal 2013.

By-products are sold in the form of beet pulp, beet and cane molasses. Beet pulp is sold domestically and to export customers for livestock feed. The production of beet molasses and cane molasses is largely dependent on the volume of sugar processed through the Taber beet plant and the Montreal and Vancouver cane facilities.

Our Supply

The global supply of raw sugar is ample. Over the last several years, Lantic has purchased most of its raw sugar from Central and South America for its Montreal and Vancouver cane refineries. All raw cane sugar purchases are hedged on the Intercontinental Exchange ("ICE") #11 world raw sugar market. This hedging eliminates gains or losses from raw sugar price fluctuations, and thus helps Lantic avoid the effects of volatility in the world raw sugar market.

The Company has an agreement with the Alberta Sugar Beet Growers (the "Growers") for the supply of sugar beets to the Taber beet plant. In April 2012, a new three-year agreement was signed with the Growers starting with the 2012 crop harvested in the fall and processed in fiscal 2013. Any shortfall in beet sugar production as a result of related crop problems is replaced by refined cane sugar from the Vancouver refinery, which acts as a swing capacity refinery.