

# SWEETNESS AND LIGHT



Omnicanne is a Mauritius-based business involved in sugar manufacture and the production of electricity. CEO, Mr Jacques d'Unienville, tells Simon Davies about the way the company is adding value to its activities through its new sugar refinery and distillery for the production of bioethanol.

**The island of Mauritius** is located in the Indian Ocean, 900 kilometres east of Madagascar, and 90 percent of its cultivated land area is devoted to sugar cane production. In fact, sugar cane accounts for 25 percent of the country's export earnings. A major player in this industry is Omnicane, a company that has developed from tradi-

tional raw sugar production to include other cane-related activities, especially the production of electricity.

#### **More than a century of history**

Mr d'Unienville outlines the company's long history: "Omnicanne is a sugar company that is more than 100 years old. During that

time, the company has had many owners, including the Anglo-Ceylon Company, Lonrho, and Illovo, from South Africa. Eventually, in 2001, it was bought by a Mauritian consortium, which is still the owner today. In 1989, it was one of the first five companies to be listed on the first day of the stock exchange in Mauritius.

"Previously it was called 'Mon-Tresor-Mon-Desert', but it was re-branded as 'Omnicanne' in June 2009. The reason behind the re-branding was that we had developed into the energy business, and had bought several associated companies at the end of last year. So, firstly, the re-branding was to create a group identity, and to bring the disparate companies together. Secondly, we decided it was about time to change the focus of the business, so we came up with the name 'Omnicanne', which

implies that the company is an expert in everything to do with cane. We are now involved in three very important businesses related to sugar cane. One is the production of sugar itself. Secondly, we are involved in the energy industry, especially the production of electricity in our dual-fired power stations which use both bagasse (fibrous sugar cane waste) and coal. The third aspect of our business is the environmental aspect. We know that sugar cane is one of the best carbon-absorbing plants, which means that it has a large capacity to absorb carbon dioxide from the atmosphere while it is growing."

He goes on to describe the major restructuring that the company has recently undertaken: "We operate in the south of Mauritius, and, in 2001, our group had five sugar factories operating. Then we had to

confront a major challenge when the European Union (EU) cut its sugar subsidies. Mauritius exports 95 percent of its sugar production to the EU, and, with the new sugar regime in Europe, the price of sugar was cut by 36 percent. This had a major impact on our activities and we embarked on a reform programme to centralise our factory operations. Now, in place of five factories in the south, there is only one facility for processing sugar.

"This restructuring implied major investments in increasing the capacity of one factory at La Baraque, as well as an important emphasis on a social package for workers who had to change their sector of activity. With the help of the European Union, we put together a deal to finance voluntary and flexible packages in which, when we closed a factory down, all the employees were given

the opportunity to either work in the remaining factory or to be paid two and a half months of salary per year of service, along with a plot of land with the required infrastructure to construct a house, and business training grants to prepare them to operate in another area of business. This worked out very well, and, although it was very expensive, 60 percent of the cost was provided by the EU and we paid the difference."

#### **Superior sugar**

Omnicanne's business has been built on the foundation of the production of sugar from sugar cane, and Mr d'Unienville describes the current activities in this area: "We now have just one facility operating. We increased its capacity from 3,000 tonnes of cane per day to a potential 10,000



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tonnes per day, although it is now operating at 8,000 tonnes per day. It is also receiving syrup from another of our factories which is still operating, producing syrup from the sugar cane, while all the sugar is being produced at the La Baraque factory.

"We invested 25 million euros in the extension of the sugar factory," he continues, "and another 25 million euros in building a new sugar refinery. So, in 2010, we started operating the sugar refinery and producing white refined sugar, for the EU market. Our client for this product is Sudzucker, with whom the Mauritius Sugar Syndicate has a partnership. They commercialise the sugar in Europe, distributing it to Coca Cola, Cadbury and whoever else wants to buy sugar. The transportation of white refined sugar was a complete change from the raw sugar that we used to produce, but the upheavals in the sugar market in Europe have required us to look for more value-added products like refined sugar. Our sugar has been received and commercialised in Europe and, so far, the clients are happy."

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### Efficient energy

He goes on to describe Omnicane's focus on renewable energy: "When we designed the new facilities, the idea was to have a factory that would be very efficient in terms of energy utilisation. Our aim was to consume the minimum amount of steam and electricity per tonne of cane processed. With this in mind, we invested 100 million euros in the construction of a power plant alongside the factory fired by bagasse and coal. This facility entered into operation in 2007, and is a 90 MW electricity power plant, which supplies electricity and steam to the sugar factory, as well as exporting electricity to the national grid. During the crop season, we are able to export 65.5 MWhr of electricity, generated from burning bagasse, to the network. During the inter-crop period, the plant mainly operates on coal, and we export 74MW to the grid. It is one of the biggest bagasse power plants in the world. Bagasse is the waste fibre produced when sugar cane comes into the mill and is pressed and shredded – we extract sugar from the juice, and the fibres are dried and go into a boiler to produce steam and electricity. So, bagasse is a clean, reliable and renewable source of energy. It is biomass and it grows back every year, so it is different to fossil fuels.

"Mauritius has a long history of producing electricity from bagasse," he continues. "In 1958, it was the first country in the world to produce electricity from bagasse for the national grid. Since then most of the sugar factories in Mauritius have installed electricity-production facilities. During this long history, there has been a lot of technological improvement, and now, in harvest season, 35 percent of the electricity consumption of the whole island comes from bagasse, which is the highest percentage in the world.

"In addition to our large dual-fired plant, we have another small bagasse plant at a location called Union St Aubin, in addition to an independent plant that works on coal in another location. In total we produce nearly 30 percent of the total island's electricity, as a group, and we are looking to expand our activities in the energy sector. We are currently planning a wind farm project, because we can position the wind turbines in a sugar cane field and in this way they are compatible. With our knowledge of the electricity business, this will enable us to optimise the use of our land as well.

We have done all the wind tests and now have 150,000 wind measurements, which map the whole site. The next stage is a matter of negotiations between us and the power purchaser, in order to produce a power purchase agreement (PPA) that will enable us to go ahead with the project. We anticipate that it will take about six months to come to a conclusion on the PPA, and from then, about another 18 months to set up the farm."

### Cane industry

Omnicane has been able to develop as a company because it was able to expand from just being involved in the traditional sugar industry to being a part of the cane industry. "We have grown from just producing unfinished products like raw sugar and molasses, along with some waste, to producing refined sugar – a higher value-added product – and electricity from bagasse – the waste product. Other sugar factories produce sugar, with some electricity as a by-product, but we are now a utility-type provider of electricity. Our electricity generation business has a contract of supply with our factory, as well as with the national grid, and it is not a by-product, it is a business on its own, which is fundamentally different to what is happening elsewhere. This has been key to the success of the group, because, having switched to being a utility provider, other opportunities in power generation have opened up which are not related to cane production."

He goes on to describe a further business opportunity which the company is about to begin to capitalise on: "We are now constructing a distillery to produce ethanol from molasses, with the by-product, vinasse, being used as a fertiliser. The interesting thing about this is that the potash that the sugar cane takes from the soil to grow, is left behind in the vinasse. Previously, when molasses was exported to Europe, all the potash was going with it, so we had to buy fertiliser to put it back in the soil. However, along with the value-added benefit of producing ethanol, we are getting the important nutrients back and sending them back to the soil. So, we now have the complete cycle with the production of fertiliser, alcohol, refined sugar and electricity.

"Another advantage of what we call 'sugar clustering' – having the refinery, power plant, sugar factory and distillery close together – is our ability to operate cogeneration,



Mr Jacques d'Unienville, CEO

whereby all these facilities use combined heat and power, which results in a much more efficient use of energy, giving us a competitive edge in terms of cost," he adds.

### Looking to the mainland

While the present financial situation in Europe is having a negative effect on Omnicane's business, the longer term future looks more promising. "We are facing a problem with the euro crisis, because we sell all of our sugar in Europe, and the fact that the euro is now weak against the dollar, means that, on top of the 36 percent price fall in Europe, since the beginning of the year we have had a further 18 percent drop because of the currency.

"In response to this, one of the aspects of our business that we are going to develop in the coming years is the property devel-

opment side. We own an important amount of land on the island, and we have identified a few places where we could undertake some luxury developments. The first place where we will be doing this is just next to the airport with about one kilometre of beach front – a nice plot of land where we will put a high class development.

"While our main focus in recent years has been to finish the restructuring in Mauritius, in the longer term we expect to move into Africa, as a provider of services and producer of sugar. We are initially looking at possible ventures in Kenya and Tanzania, and we can see that, in the years to come, this is probably where our development will go in terms of sugar and power production – because power generation is a very interesting prospect in Africa," he concludes. □