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Illovo Sugar Limited raises E940m in Swaziland to fund Ubombo Sugar Limited

16 May 2011

Illovo Sugar Limited (Illovo) has successfully raised E940 million medium term funding in Swaziland for Ubombo Sugar Limited (Ubombo) to fund the company's major factory expansion and co-generation project which is to be commissioned fully in May of this year. Ubombo is 60% owned by Illovo with the balance of shares owned by the Tibiyo Taka Ngwane Trust on behalf of the Swazi nation.

The expansion project, initially funded by Illovo, commenced in 2009 and has resulted in Ubombo's annual production capacity increasing from around 220 000 tons of sugar to more than 300 000 tons.

Investec Capital Markets, Nedbank Capital and The Standard Bank of South Africa acted as lead arrangers in this Swaziland local debt market financing transaction. The medium term funding is an 8-year facility, with all the funding raised from commercial banks in Swaziland on an amortising repayment profile. Funding participation is from Nedbank Swaziland Limited, Standard Bank Swaziland Limited and Swaziland Development and Savings Bank.

The lead arrangers advised that the debt facility taken up by the Swaziland banks provides Illovo with local funding for Ubombo and that a healthy appetite from lenders was forthcoming for what is undoubtedly the single largest commercial investment in Swaziland in recent years.

Graham Clark, managing director of Illovo said: "This funding has been critical to our expansion plans and will enable us to increase production capacity at our sugar factory in Big Bend, Swaziland, while improving our power generation capacity from renewable resources."

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