Early Warning System

IFC-45828

Santa Adelia

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Quick Facts

Countries	Brazil
Specific Location	State of São Paulo
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2022-03-28
Borrower	USINA SANTA ADELIA S.A.
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 50.00 million
Project Cost (USD)	$ 50.00 million

Project Description

Founded in 1937, Usina Santa Adelia (“Santa Adelia” or the “Company”) is a Brazilian sugar & ethanol producer, operating 2 mills, namely Jaboticabal mill since 1940, the mill was modernized in 1973, producing sugar and ethanol and Pereira Barreto mill since 2007 producing ethanol. Both mills are located in the state of Sao Paulo with a total annual crushing capacity of 6 million tons of sugarcane. The company operated a third mill producing sugar and ethanol in Sud Mennucci (Pioneiros) which operations were transferred to Pereira Barreto in 2021. This consolidation was driven by a gain in production and resource efficiency, agricultural productivity, and logistical simplification. In total, the company landbank comprises 74,000 hectares (ha) of which 55,000 ha (own and partner plantations) represents ~75% of total cane supply. At the partner plantations, Santa Adelia manages the planting and harvesting of sugarcane. The remaining 25% comes from third-party suppliers. The company has a few annual/bi-annual harvest contracts in place, but most of the harvests contracts are from 3-7 years in duration. The Santa Adelia lands are all leased and 15,222 ha belong to Santa Adelia shareholders. Santa Adelia, which is a Copersucar member (a global trader of sugar and ethanol - http://copersucar.com/), has a product portfolio consisting of (i) raw and white sugar, (ii) hydrous and anhydrous ethanol, and (iii) renewable energy. Copersucar oversees logistical arrangements and commercialization of the production, and more recently provides hedging products for all members. This allows the Company to concentrate its efforts on improving the efficiency of its agricultural and industrial processes to reduce production costs. Santa Adelia has been a member of Copersucar since its foundation in 1959. During the 2020/2021 harvest, the company produced 113,162 tons white sugar, 147,402 tons raw sugar, 88,631 m^3 hydrous and 254,794 m^3 anhydrous ethanol. The company owns four co-generation facilities with a total installed capacity of 149 MW (one in Jaboticabal, two in Pereira Barreto and one in Sud Mennucci - Pioneiros; the latter being non-operational), which generated 341,816 MWh during the 2020/2021 harvest for its own use and exported approximately 70% of the total production to the grid annually.The proposed investment consists of a US$76 million financing package to Usina Santa Adelia. IFC proposed loan is up to US50 million to support CAPEX investments for 2022 and 2023 for: (i) renewal and expansion of about 24,100 ha of sugarcane, most of it through the meiosi technique at their own and partner plantations and (ii) development and implementation of pivot and drip irrigation systems at Pereira Barreto plantation (impacting ~3,000 ha) (the “Project”).

Investment Description

- International Finance Corporation (IFC)

Contact Information

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