

OCHO SUR: "WE HAD FORECAST US\$61 MILLION IN SALES IN 2022, BUT IT IS LIKELY TO BE MORE"

INTERVIEW: Ocho Sur explains the growth of the oil palm company, driven by the higher productivity of the oil palms and the favorable international context

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/EINPresswire.com/ -- INTERVIEW. Michael Spoor and Alfonso Morante – CEO and CFO of Ocho Sur, respectively – explain the growth of the oil palm company, driven by the higher productivity of the oil palms and the favorable international context.

What is the size of your operations?

Michael Spoor (MS): We came to Peru in 2016 and bought, by public auction, two estates in Ucayali. In total, we have approximately 12,000 hectares, out of which 10,000 were already planted with oil palm. Currently, we have invested nearly US\$ 150 million to improve the crop productivity and build an oil extraction mill valued at US\$ 20 million. In 2021, we contributed with more than 50 % of the exports of Ucayali, for which our company is the largest formal employer in the region.

What is the size of the oil palm market in Peru?

Alfonso Morante (AM): The palm crop is still very small, approximately 90,000 hectares, well below coffee, rice and cocoa. Colombia has 500,000 hectares while Ecuador has 250,000 planted.

Will you seek to expand the number of hectares planted?

MS: We have not expanded and we have no plans to do so. We are focused on increasing the productivity, generating greater efficiencies and automating our mill. In 2021 we produced 180,000 tons, resulting in 18 tons yield per hectare per year, and this year we expect 210,000 tons as the oil palm is about to reach its peak productivity stage. Our goal is to make 250,000



Mr. Michael Spoor - CEO - Interview with Semana Económica magazine

tons in two or three more years.

How is the increase in production reflected in your turnover?

AM: Last year we invoiced US\$ 50 million, and in this year we expect to reach US\$ 61 million, although it is likely to be much more, considering the evolution of international prices. At the beginning of 2022, the metric ton was quoted at US\$ 1,200, today is of US\$ 1,710.

If the international condition is at your side, and your oil palms are reaching high levels of productivity, why not expanding?

AM: This is a complicated issue. The region's zoning is not complete and the company has decided that all operations must be inserted in a very rigid sustainability framework. We are focused on working with small farmers. The company cannot be an actor conducive to forest clearance. If there was an opportunity to add an already degraded (intervened) land in which to work, such specific case would have to be analyzed.

Does this help to improve the Community relationship following complaints relating to prior consultation?

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We have no conflicts; the communities are pleased to have us as neighbors because we work together in sustainable development and improving their living standards.”

Michael Spoor - CEO

MS: We have no conflicts; the communities are pleased to have us as neighbors because we work together in sustainable development and improving their living standards. There is a lack of clear regulations and territorial planning, it is difficult to expand without a solid roadmap between authorities and private companies. Until such common ground is reached, we rather partner with farmers who want to work with palm cultivation in Ucayali.

So, the complaints have been settled?

AM: There are some organizations outside the region which only interest is to create conflicts and generate negative and false news against companies involving communities.

What are your investment prospects for 2022?

AM: We have a capex of more than S/ 35 million. We are investing in our mill to double the



Mr. Alfonso Morante interview with Semana Economica magazine

capacity from 45 tons per hour to 90. We will achieve this within the next two to three years. In the meantime, we are acquiring a boiler, and phase two of the plant automation process has already started. In addition, we have procured a number of vehicles and machinery, and are working in the maintenance of roads since we have more than 200 kilometers of internal roads.

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