CAPITALISING ON TONGAAT HULETT'S STRATEGIC PLATFORM

- Tongaat Hulett grew profit from operations in 2008 by 35 percent to R1,132 billion as it continued to capitalise on its competitive position as an agri-processing business which includes integrated components of land management, property development and agriculture.
- There is a worldwide trend of increasing food consumption and demand for agricultural products, with resultant opportunities to increase revenue from starch and glucose, raw sugar, refined sugar, fructose and other value added products.
- The evolving world sugar fundamentals support the strategy of sugar expansions in low cost regions with access to attractive markets. Tongaat Hulett's focus is to increase sugar production substantially from the level of 1 106 000 tons produced in 2008. Sugar milling capacity will be in excess of 1 960 000 tons in the 2009/10 season, including the Mozambique expansions at Xinavane and Mafambisse.
- Current developments in Zimbabwe are encouraging. In normalised conditions the Zimbabwean sugar operations would have twice the capacity of the expanded Mozambique operations, with similar market access and lower costs.
- The structural changes that are taking place in international agricultural commodity markets have resulted in improved competitiveness of South African maize and of Tongaat Hulett's starch operations, which have additional capacity for local and export growth.
- In a world that values the environmental benefits of renewable energy and is attempting to reduce its carbon footprint through lower carbon dioxide emissions and a decrease in reliance on fossil fuels, Tongaat Hulett's Southern African cane processing operations are well placed to increase realisations from bagasse and other cane biomass in electricity cogeneration production. Sugar cane is also the most cost effective and environmentally efficient feedstock for ethanol production.
- The value of the Huletts® brand continues to be optimised in South Africa, the largest sugar market in the Southern African region. The established Voermol® animal feeds brand is another cornerstone of the downstream value added activities.
- Agricultural land conversion sales in the short term are expected to come from the growth corridor north of Durban that commences inland of Umhlanga/ Umdloti, extends around the new international airport at La Mercy and includes the greater Tongaat region. Tongaat Hulett owns 6 086 gross hectares in this corridor. Given the housing backlog and Government's commitment to infrastructure spend, there is both opportunity and socio-economic urgency to establish communities with affordable housing in this area and to accelerate land conversion for airport services and support logistics, niche industrial, health care, education and social facilities. In the present economic conditions, few hectares are likely to be converted to development in the high value, prime locations on the coastline (Tongaat Hulett's 6 006 hectares) and to the west of eThekwini (2 050 hectares) and the focus is on securing infrastructure and development rights, for conversion at the appropriate time.
- The safety and the welfare of all employees remains a key priority as the business strives to create a workplace free of injuries. The Lost Time Injury Frequency Rate declined to 0,11 from 0,14 in 2007 with a reduction of over 90 percent over the past six years.
- Tongaat Hulett is focused on sustainable BEE and indigenisation in the agriculture sector through the development of local farmers in Mozambique, Zimbabwe and South Africa, including post settlement solutions in the land reform programme.
- Tongaat Hulett's 25 percent BEE equity participation includes strategic partners, disadvantaged communities surrounding its land developments, small cane grower communities surrounding its South African sugar mills and BEE management and employee share ownership schemes. The company continues to work with these BEE partners to enhance its competitive position in the region.
- Tongaat Hulett has the advantage, in the prevailing global economic turbulence, of operating in a number of less affected market sectors, having specific opportunities in its operations and being favoured by a weaker Rand.