

CAPITALISING ON TONGAAT HULETT'S STRATEGIC PLATFORM

- Profit from operations of R1,691 billion for the 15 month period ended March 2010 reflected an increase of 28 percent over the corresponding period. Tongaat Hulett has increased profit from continuing operations every year since 2003 as the company benefits from its growing operations and the emerging favourable global dynamics of increasing demand for glucose, starch, sugar, renewable energy and land.
- In a world sugar market where demand is increasing and the replacement cost of new milling capacity and its associated cane developments is high, Tongaat Hulett has the opportunity to enhance shareholder returns by increasing the utilisation of its existing milling assets through an improvement in yields, cane to sugar recoveries and the area under cane, with a simultaneous reduction in unit costs of production. Sugar production in 2009/10 was 1,0 million tons with sugar milling capacity in excess of 1,9 million tons, including the Mozambique expansions at Xinavane and Mafambisse and the installed capacity in Zimbabwe.
- The Zimbabwe operations are in a substantial recovery phase. In normalised conditions the Zimbabwean sugar operations would have almost twice the capacity of the expanded Mozambique operations, with similar market access and 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 Hulett's® 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.
- Tongaat Hulett owns 13 863 gross hectares for development in South Africa. Its landholdings consist of 6 442 hectares in the prime developable coastal and tourism areas north of Durban, a further 2 047 hectares to the west of the city and 5 374 hectares located in the eThekweni growth corridor north of the city. The opening of the new King Shaka International Airport at La Mercy, with its ability to attract direct international flights, the development of the surrounding trade port and the expansion of the existing port will, over time, generate new investment in the region. As the region evolves, demand for properties for tourist, logistics, manufacturing, services and residential purposes is likely to increase. Current political and social dynamics are resulting in an increased demand for land for low income housing, creating both the opportunity and socio-economic urgency to establish communities with affordable, quality housing, health care, educational and social facilities. During the period, the company continued to engage and collaborate with the eThekweni municipality in developing the planning processes which set the framework for the growth and direction of development and new investment, as well as provide guidance from a land use and intensity perspective.
- In the current property cycle, few hectares have been or are expected to be converted in the high value, prime locations on the coastline and to the west of eThekweni and the focus remains on increasing stakeholder value through planning processes, rezoning and environmental approvals and infrastructure investment in cooperation with the appropriate spheres of government.
- 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 decreased to below 0,10 for the first time and was recorded at 0,097 (2008: 0,11), the lowest rate amongst all companies assessed by NOSA.
- 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.