

TONGAAT HULETT PROFILE



MANUFACTURED CAPITAL

> 670 000 TONS OF MAIZE CONVERTED TO STARCH AND GLUCOSE PER ANNUM

LARGEST WET-MILLER OF MAIZE IN AFRICA

> 2 MILLION TONS INSTALLED SUGAR MILLING CAPACITY

7 612 HECTARES OF DEVELOPABLE LAND IDENTIFIED FOR CONVERSION
AND DEVELOPMENT ACTIVITIES

TONGAAT HULETT IS AN AGRICULTURE AND AGRI-PROCESSING BUSINESS, FOCUSING ON THE COMPLEMENTARY FEEDSTOCKS OF SUGARCANE AND MAIZE. THROUGH ITS SUGAR AND STARCH OPERATIONS, TONGAAT HULETT PRODUCES A RANGE OF REFINED CARBOHYDRATE PRODUCTS FROM SUGARCANE AND MAIZE, WITH MANY PRODUCTS BEING INTERCHANGEABLE.

Global sweetener markets continue to be dynamic and the business seeks to optimise its various market positions, leveraging off its current base to maximise revenue from these products.

The business's sugar operations are well placed to benefit from the evolving dynamics of renewable electricity and ethanol in the SADC region. Its ongoing activities in agriculture have resulted in the company having a substantial land portfolio within the primary growth corridors of KwaZulu-Natal with strong policy support for conversion at the appropriate time. A core element of Tongaat Hulett's strategic vision is to maximise the value generated from the conversion of land in the portfolio by responding to key demand drivers, identifying its optimal end use for all stakeholders and the investment in developing the land platform, which underpins the pipeline of shovel-ready land. Value creation for all stakeholders through an all-inclusive approach to growth and development is a key focus area and Tongaat Hulett regards its constructive interfaces with governments and society to be significant.

The company has a primary listing on the Johannesburg Stock Exchange dating back to 1952 and a secondary listing on the London Stock Exchange since 1939. The structure of the business in its current state arose from the merger of the Tongaat Group Limited and the Hulett's Corporation Limited, and its operations date back to the mid-1800s.

Tongaatt Hulett has seen the benefit of partnering with key stakeholders to achieve outcomes that represent a "win all". In so doing, these relationships contribute towards the achievement

of the business's strategic objectives, while also meeting the objectives of its various stakeholders, including shareholders, governments, private farmers and their representative bodies, communities, employees and people impacted by the company's operations and its development activities. Tongaat Hulett's approach to working with its key stakeholders continues to support its objective of being considered the developmental partner of choice of governments in the SADC regions, in the journey to further growing their agricultural sectors.

SUGAR OPERATIONS

SOUTH AFRICA

The company's South African sugar operations on the KwaZulu-Natal north coast and in the Zululand region operate four sugar mills at Maidstone, Darnall, Amatikulu and Felixton. These mills have an installed capacity to produce more than

1 million tons of sugar per annum. Cane is sourced from a combination of predominantly rain-fed own estates, large-scale commercial and small-scale private farmers in rural KwaZulu-Natal. At the beginning of the 2017/18 season, the South African operations were supplied by 116 416 hectares. The operation's central refinery in Durban produces some 600 000 tons of high-quality refined sugar per annum, with the primary product being the leading Hulett's® brand. The South African sugar product range offers a total sweetener solution including a range of high-intensity sweeteners.

ZIMBABWE

The sugar operations in Zimbabwe consist of Triangle and a 50,3 percent stake in Hippo Valley Estates, representing a combined installed sugar milling capacity of more than 640 000 tons. At the beginning of the 2017/18 season, the Zimbabwe operations were supplied by 45 245 hectares of sugarcane land (own-estates and private farmers) with a potential to produce more than four million tons of sugarcane. The total refined sugar installed capacity is





60 000 tons and the Triangle ethanol plant has an installed capacity of 41 million litres over a 48-week production season. Securing adequate water supply is important. In this regard, the 1,803 million megalitre capacity Tugwi-Mukosi dam (previously known as Tokwe-Mukosi) and the 1,740 million megalitres of the Mutirikwi/Tugwi system significantly improve the water security of the operation. The Lowveld region has a total dam capacity of some 4,226 million megalitres which provides adequate water for the Zimbabwean operations.

The Huletts Sunsweet® brand is the leading sugar brand in the country. The Lowveld in Zimbabwe, with excellent topography, climate and established water storage and conveyance infrastructure for irrigation, is recognised globally as a highly competitive sugar producer. The Zimbabwean operations include the business running the largest cattle herd and extensive game reserves, which have significant potential for tourism.

MOZAMBIQUE

The Mozambique sugar operations comprise the expanded sugar mills and estates surrounding Xinavane and Mafambisse. At the beginning of the 2017/18 season, 28 910 hectares supplied Tongaat Hulett operated mills. Sugar production capacity at the Xinavane mill is more than 250 000 tons in a 32-week crushing season, while the Mafambisse mill has an existing 90 000 tons of sugar production capacity. The two operations have a combined installed milling capacity in excess of 340 000 tons of sugar per annum. The sugar estates are irrigated and are generally located in areas with favourable growing conditions, resulting in high cane and sucrose yields. The larger Xinavane operation will benefit from the construction of the Moamba dam (760 000 megalitres) and the extension of the Corumana dam wall, which will result in its capacity being increased from 880 000 megalitres to 1,260 million megalitres by May 2019. The operation initiated the construction of a R550 million, 90 000-ton sugar refinery at its Xinavane operation during the year.

The favourable agricultural conditions, proximity to ports, and the technical support from South Africa, position the Mozambique operations well for further growth. The operations also include extensive landholdings, which border the Kruger National Park, and have high tourism potential.

SWAZILAND

Tongaat Hulett's Tambankulu sugarcane estate in Swaziland is situated in the north east of the country and comprises 3 837 hectares of fully-irrigated farms of which approximately 97 percent is harvested annually. The estate consistently achieves excellent sucrose yields due to the good soil and growing conditions in the region and delivers its cane to the nearby Simunye and Mhlume sugar mills. The estates have the capacity to produce a Raw Sugar Equivalent (RSE) of some 60 000 tons per annum.

NAMIBIA AND BOTSWANA

The Botswana operation has the capacity to pack and distribute 60 000 tons of sugar per annum using its Blue Crystal® brand while in Namibia, Tongaat Hulett has an 80 000 ton per annum packing and distribution operation with its leading Marathon® brand.

RENEWABLE ENERGY

The eight sugar mills in Mozambique, South Africa and Zimbabwe all generate electricity from bagasse during the sugarcane crushing season. In some instances, these operations supply electricity to the grid. In Zimbabwe, Triangle has an ethanol plant which provided 21,7 million litres for blending with petrol during the 2017/18 year. Tongaat Hulett is well placed to benefit from evolving renewable energy dynamics with the potential to build large-scale renewable electricity plants, as well as the opportunity to convert its export sugar to ethanol in its southern African operations.

VOERMOL FEEDS

The company's animal feeds operation, Voermol Feeds, is located at the Maidstone mill in Tongaat, KwaZulu-Natal. Tongaat Hulett manufactures and markets a range of energy and supplementary feeds to the livestock farming community through its Voermol® brand, using bagasse and molasses. The production and marketing of high-quality, cost-effective products over more than 50 years, combined with the development of long-term relationships with farmers, agricultural companies and suppliers, has established Voermol Feeds as the market leader in the molasses and pith-based animal feeds industry in South Africa.





LAND CONVERSION ACTIVITIES

Tongaat Hulett carries out land conversion activities in close collaboration with the public sector, communities and other businesses. These partnerships continue to increase in scope and socio-economic impact. Tongaat Hulett's development activities are supporting a comprehensive, embedded social programme; are yielding increasing numbers of opportunities for well-located, affordable neighbourhoods; and are enabling transformation of ownership and participation in the real estate value chain. Of the sugarcane land supplying Tongaat Hulett's South African sugar mills, only 7 percent is owned by Tongaat Hulett, while the area under black ownership now exceeds 41 percent.

Tongaat Hulett's inclusive approach to growth and development simultaneously drives rural development in these cane catchment areas and urban social and economic empowerment through development of 7 612 developable hectares of prime land in KwaZulu-Natal, near Durban and Ballito, which will be converted out of sugarcane into urban land usage over a number of years.

These activities are underpinned by ongoing use of the land under agriculture throughout the development cycle and commence with collaborative planning with authorities on optimum use of land for all stakeholders. This leads to the release from agriculture and other development approvals, simultaneously strengthening demand drivers and unlocking infrastructure at key points, while executing optimal sales and development strategies for the various parcels of land.

Further details regarding these ongoing processes are provided in Tongaat Hulett's Land Development Portfolio, available at www.tongaat.com/LDP



STARCH AND GLUCOSE OPERATION

Tongaat Hulett's wet-milling operation is the major producer of starch and glucose on the African continent. Established in 1919, the starch operation is an important supplier to a diverse range of South African and African industries. Operating four wet-milling plants located in Kliprivier, Germiston and Meyerton in Gauteng and Bellville in the Western Cape, Tongaat Hulett converts more than 670 000 tons of bought-in maize per annum into starch and starch-based products. The business manufactures a wide range of products, from unmodified maize starch to highly-refined glucose products, which are key ingredients for manufacturers of foodstuffs, beverages and a variety of industrial products. The company's Amryal® corn starch, Hydex® and Vaalgold® Gluten 60 remain some of the leading starch, glucose and feed ingredient brands in South Africa. The co-products produced during the starch and glucose manufacturing process supply the animal feed industry. The business operates a dedicated Sorbitol facility, which is in Chloorkop in Gauteng, and has distribution networks and facilities in Zimbabwe, Australasia and the Far East.

Tongaat Hulett's significant investments in the production of sweeteners using both sugar and maize will ensure that the business remains well positioned to benefit from global developments in this area.

