Tongaat Hulett

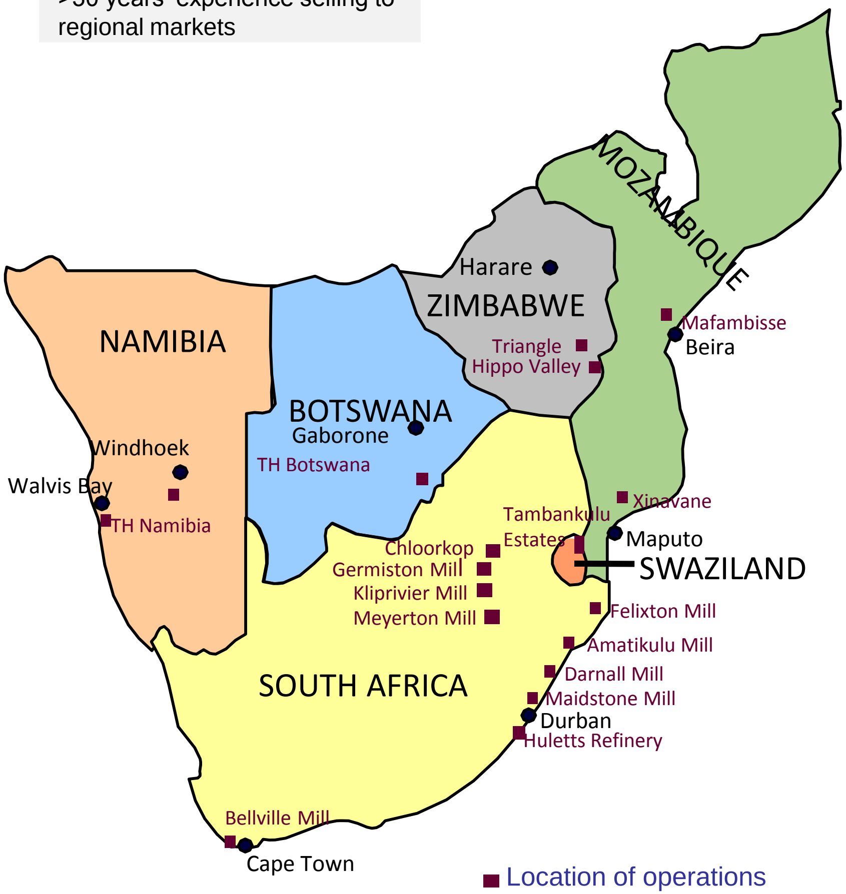
NOVEMBER 2016

DETAILED INFORMATION PACK
to be read in conjunction with
the Interim Results Announcement,
Commentary and Outlook,
and the Land conversion portfolio.

Index

Operations located in six countries in sub-Saharan Africa

>30 years' experience selling to regional markets



Investment Case

Tongaat Hulett's strategic positioning and objectives focus on the following key points

Tongaat Hulett strives to be a proactive and resilient organisation working in collaboration with all its stakeholders through different business and agricultural cycles in a constructive, mutual value-adding and developmental manner. It has operations in six countries in SADC, significant sugar cane and maize processing facilities, a unique land conversion platform, a sizeable animal feeds thrust and possibilities to grow ethanol and electricity generation.

Recovering and Increasing Returns from the Existing Sugar Asset Base

- **Multiple strong sugar market positions with a domestic market focus**
- Multiple market positions, strong brands, distribution, packing and market opportunities – local, regional, African, EU and other international markets.
- Domestic markets, where Tongaat Hulett produces sugar, are the primary focus, with growing consumption-driven demand. They are increasingly protected, in line with world norms.
- Flexibility to adjust export destinations and market positions outside the domestic markets – which are world price linked and earn a premium – realigning positions in both the EU (ongoing duty free access) and Africa. Sub-Saharan Africa deficit market opportunities are increasing as consumption grows in the region. The region's demand currently exceeds production by nearly 1 million tons per annum.
- **Higher world sugar prices (50% over past 6 months), global supply deficit and continuing increases in global demand**
- **Better cane yields leading to higher sugar production, from the current low point**
- Primary focus is on increasing cane supplies through higher yields from existing hectares under cane, benefitting when there are better growing conditions and improving the sugar content / extraction, leading to additional sugar production which typically has a low incremental cost as milling and agricultural costs per hectare are mostly fixed.
- Recent weather and growing conditions are masking the substantial progress that is being made with intensive agricultural improvement programs, increased hectares under cane, irrigation efficiency and power reliability. The estimated impact is some 500 000 tons of annual sugar production. Current annual sugar production is approximately 1 million tons.
- Given ongoing average to above average rainfall and a recovery of key dam levels, total sugar production is expected to recover over 2 years, to between some 1 200 000 and 1 300 000 tons in 2017/18 and to between some 1 500 000 and 1 600 000 tons in 2018/19. Tongaat Hulett's marginal cost of additional sugar production is typically US$110 per ton from own cane (45%) and US$340 per ton from third party cane (55%). Realisations, ex-mill, based on current regional and EU market dynamics are above US$420 per ton.
- The sustained decrease in costs achieved over the previous three years (equivalent to some R1,4 billion in real terms) provides a good base for the next steps in the concerted cost reduction process. Unit costs of sugar production will benefit substantially from future volume increases.
- Increasing stability in future water supply with new dams and diversified water catchment areas, particularly in Mozambique (Xinavane) and Zimbabwe.

Starch and Glucose - Enhanced Sales and Product Mix

- Growing sales of more attractive products, supplied from existing available wet-milling capacity, through customer growth in local, regional and other export markets and through import replacement.

Land Conversion - Substantial Value Creation

- Unique land portfolio and well established development platform in the fastest growing area of KwaZulu-Natal.
- Unlocking substantial value, with corresponding cash generation, through the conversion of cane land to optimal use and development.
- Positive, constructive and inextricable link to sugarcane farming activities and rural socio-economic development.
- Over 3 000 developable hectares have been released from agriculture (Act 70 of 1970) out of the 7 951 developable hectares. Currently some 3 399 developable hectares in various stages of EIA processes. Negotiations have commenced on some 227 developable hectares, following encouraging advancements in the development actions, boding well for near term future sales.

Leadership and Strength of Management Team

- Ability and multiple advanced core competencies, good governance, strong executive and Board leadership.

Socio-economic Positioning and Constructive Interface with Governments and Society

- Strategic positioning in the region is underpinned by the fundamental link between agriculture, sugar production, rural jobs and community development, government and local authorities, unlocking infrastructure investment, and the conversion of cane land to development.

Strong Balance Sheet with High Quality Assets

- Increase ROCE through growth in operating profit and cash flow from existing asset base.

Additional Future Growth Opportunities

- Expand white sugar refining capacity, replacing imports.
- Increased beneficiation of molasses and fibre into animal feeds, electricity, fuel ethanol and potable alcohol.
- Ethanol production - to replace export sugar.
- Electricity generation - to generate more electricity from sugarcane fibre than at present, using modern technology.

Financial Key Points

R million	6 months to 30 September 2016	6 months to 30 September 2015	
Revenue	8 503	7 609	+ 11,7%
Operating Profit	1 350	1 276	+ 5,8%
Headline Earnings	631	607	+ 4,0%

Cash flow from operations (after working capital)	1 061	266	+ R795 million
Cash Flow - highlighting sugar related dynamics and land conversion cash flow profile - refer next slide			

- International Accounting Standards - change in accounting for sugar cane roots (now treated as a fixed asset and no longer fair valued). Comparative figures have been restated - refer detailed notes and slides. R85 million impact on H1 of 2015/16.

- Exchange rates - refer later slide for detail.

Interim Dividend of 100 cents per share (2015/16: interim 170 cps and final 60 cps) - going forward more emphasis on final as distinct from interim dividend given the agricultural nature of activities.

Cash Flow - Highlighting Sugar Related Dynamics and Land Conversion Cash Flow Profile

R million	2016/17 H1	2015/16 H1
Operating profit	+ 1 350	+ 1 276
Growing crop fair value adjustment	+ 359	+ 575
Other non-cash items (including depreciation)	+ 608	+ 804
Working capital	- 1 256	- 2 389
Cash flow from operations	1 061	266
Capital expenditure - plant, equipment, other capital	- 544	- 621
Root planting costs	- 133	- 381
Other proceeds	+ 7	+ 45
	+ 391	- 691
Interest and tax	- 598	- 423
Dividends	- 70	- 235
Net cash flow after dividends	**- 277**	**- 1 349**
Net debt 30 September	**5 530**	**5 274**

Land Conversion and Developments Cash Flow Profile:

- Proceeds received
- Development related expenditure
- Substantial receipts expected in H2, following previous periods when a number of large transactions were concluded having lead times before transfer
- H1 net cash flow before interest and tax: R340 million (H1 2015/16: -R1 million)

Future Cash Generation:

- Growth in sugar production
- Land conversion increases
- Starch continues

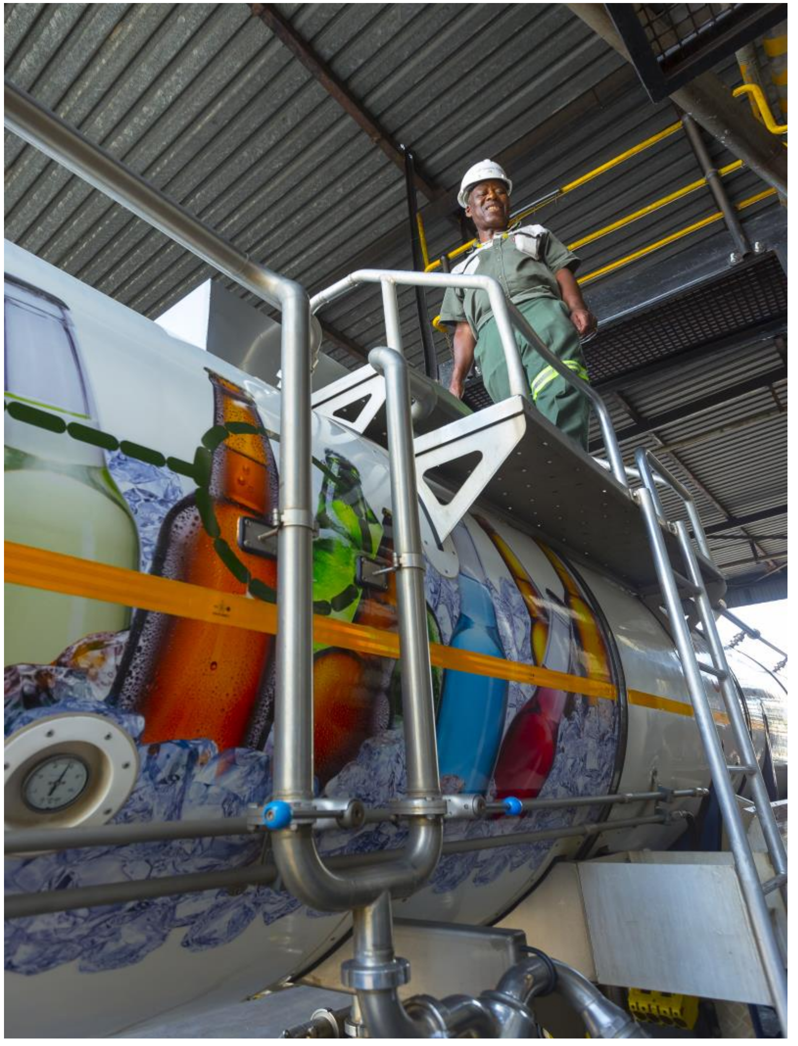
Application:

- Capex and root planting
- Dividends
- Debt repayment

Starch and Glucose

Starch and Glucose - Background Information

- Largest maize wet-miller in Africa.
- Use >630 000 tons maize per annum.
- Significant market sectors manufacturing complementary and substitute products from either maize or sugarcane.
- Various market segments:
  - Fermentation (alcoholic beverages).
  - Spray drying (coffee and coffee creamers).
  - Binder, adhesives (corrugating and paper lamination).
  - Thickener (food applications).
  - Sweeteners (canning and confectionary).
  - Sizing agent (paper industry and textiles).



Starch and Glucose - Key Drivers

Markets

- Established domestic market with potential for growth as per capita consumption of starch and glucose increases to developed market levels.
- Opportunities to grow volumes and improve sales mix through import replacement of both existing and new product portfolios.
- Expanding regional market presence to benefit from logistical advantages.
- Multi-national customer base with capability to increase sales to other international markets.
- Long established international trading network with access to and knowledge of developed and developing markets.

Competitive Raw Materials

- Established source of local maize with quality standards above international levels.
- International commodity prices expected over the medium to longer term to increase as international demand increases - supporting the competitiveness of the local producers.
- Support the development and access of black farmers to the South African Maize Industry.
- Expand the production of the local waxy maize maintaining its international purity advantage.

Asset Base

- Significant asset base with 15% of the upstream wet milling capacity available for growth.
- Recent investments of R135 million increasing the flexibility of downstream finishing capacity.
- Opportunities for further modular investments to increase capacity as new product and market development accelerates.
- Continuing improvements in efficiencies and capacity utilisation through operational excellence and asset care programmes.

Products

- Wide product range across a diverse range of markets.
- Product quality meets the very highest international quality standards.
- Starch brands command international premium.
- Broaden ingredient portfolio through the introduction and development of new products and markets.

Evolving Product, Customer Utilisation and Market Mix

- Improved sales mix through replacement of glucose imports.
  - Coffee creamer sector - 6 347 tons achieved in first half of 2016/17.
  - Other sectors - 1 049 tons.
- Further import replacement gains in confectionary, powdered dextrose, starch and maltodextrin sector concluded for remainder of financial year.
- Working with multi-national customers with local manufacturing to unlock opportunities in export markets.
- Increased production of modified starches at Meyerton facility following investment in 2015/16.
  - Market development trials ongoing - additional sales for local and export prepared food sectors in second half.
- Difficult trading conditions - current high prices for agricultural products following drought leading to muted consumer demand.
- Drought impacted fruit production and offtake in paper converting and canning sectors.

Maize Dynamics

Physical Supply

- South African maize production for 2015/16 maize season estimated at 7,54 million tons (2014/15: 9,96 million tons) due to drought.
- Maize prices to remain at import parity levels for current financial year.
- Starch operations secured physical requirements for current season.

New Season Outlook

- Planting intentions for 2016/17 maize season indicate total plantings of 2,463 million hectares - an increase of 26,5% over the prior season.
- Current forecasts are for improved weather conditions during new summer maize season which should result in maize prices moving towards export parity levels in the new financial year.

South African Maize History

Maize season	1979/80	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 Intentions to Plant Estimate*
Hectares planted (000 ha)	4 031	2 699	2 781	2 688	2 653	1 947	2 463
Yield (t/ha)	3,37	4,38	4,21	5,32	3,75	3,87	4,30
Production (000 tons)	13 583	11 830	11 811	14 307	9 955	7 537	10 606
Imports (000 tons)	-	-	-	-	1 651	2 700	
Carry in stock (000 tons)	2 115	994	1 406	589	2 074	2 471	1 202
Total usage incl. exports (000 tons)	8 324	11 418	12 628	12 822	11 209	11 506	
Stock to use ratio	10,02%	12,32%	4,66%	16,18%	22,04%	10,44%	

Outlook for World maize/corn

- 2016/17 - Corn production in the US is 382,5 million tons - yields are higher at 10,88 tons per hectare compared to 10,57 tons per hectare in 2015/16.
- Higher plantings and improved yields for 2016/17 have resulted in lower prices in the US and export demand remains strong.
- Currently world corn supplies are adequate and there are no supply concerns given the favourable crops that are expected to be harvested internationally.

Lower international starch and glucose prices

- Lower international corn prices have translated into lower starch and glucose prices and the trend is expected to continue in the short term.
- Currency devaluation in commodity-based countries has shielded the impact of lower prices.
- Chinese market less competitive due to high domestic corn prices.

* The estimated production has been calculated using the CEC October 2016 planting intention and expected average yield over the last 5 years

Pricing and Co-Products

Pricing

- High South African maize prices during current year compared to international prices impacted on the margin of Tongaat Hulett Starch's non-formula driven sales.
- Currently this constitutes approximately 50% of the sales mix.
- Unpriced non-formula sales amount to 12% of remaining sales for current financial year.
- Margins will be impacted by exchange rates and international starch and glucose margins.

Co-products (R394 million - 19% of turnover)

- Strengthening local currency and lower international commodity prices could lead to lower co-product revenues and margins in second half of year.

Land Conversion and Developments

Updated Land Conversion Portfolio

The updated land conversion portfolio of November 2016* includes details of the following:

- In response to demand, sales over the next five years are expected to come from within 3 419 developable hectares out of the total portfolio of 7 951 developable hectares.
- Within this, areas where sales or negotiations have commenced or are about to commence comprise some 558 developable hectares, including mixed use areas, a range of residential uses, retirement, business uses and hotels and resorts.
- Updated insights are provided marking progress in addressing twelve different identified drivers of demand for real estate in KwaZulu-Natal.
- Progress made and future intentions regarding expanded commercial transacting styles and the associated outcomes.
- Urban development and densification trends and their implications.
- Tongaat Hulett's framework for inclusive value creation, transformation and empowerment through land use and conversion.
- Recent events such as Tongaat Hulett's Retire KZN initiative (www.retirekzn.co.za) and Durban's rapidly progressing integrated rapid public transport network, GO!Durban.
- Individual pages describing the dynamics associated with each one of thirty six separate areas within the portfolio that make up the areas from which the range of possible five-year sales outcomes are expected to come.
- A detailed schedule of sales concluded and the associated profitability per hectare achieved during the past six months, together with the detailed reassessment of land from which the range of possible five-year sales outcomes are expected to come compared to land where sales are expected to commence beyond five years.

* Available at www.tongaat.com

Near Term Future Sales Negotiations

Advancements in the land conversion and development activities are encouraging and bode well for near term future sales. These near term sales prospects represent profit potential of nearly R1,8 billion from some 227 developable hectares and are referenced in the land portfolio document as follows:

Landholding within which the negotiations are taking place	Page Numbers	Developable Hectares	Demand drivers	Page Numbers
Ridgeside Precincts 1 and 2	26, 27	38	High Intensity Mixed Use, High-end Residential, Retirement, Hotels and Offices	10, 11, 14, 15, 17
uMhlanga Ridge Town Centre	28, 29	2	High Intensity Mixed Use, Offices	10, 17
Izinga and Kindlewood	30, 31	2	High-end Residential and Urban Amenities	11, 13
uMhlanga Ridge Town Centre Western Expansion	32	20	Medium to High Intensity Mixed Use and Offices, Business park and Big Box Retail	10, 17
Residential neighbourhoods in Cornubia	34, 35, 37	34	Affordable and Mid-market Residential and Urban Amenities	12, 17
Tinley Manor	59, 60	30	Resorts	16
Sibaya Nodes 1 and 5	40, 41	53	High-end Residential, Retirement, Unique Clusters	11, 14, 19
Zimbali Lakes	39	48	High-end Residential	11
Total developable hectares		**227**		

Range of Possible 5-year Sales Outcomes

RANGE OF POSSIBLE 5-YEAR SALES OUTCOMES

DEMAND DRIVER		AS COMMUNICATED AT MAY 2016: Range of Dev ha – From	Range of Dev ha – To	Range of Profit per Dev ha – From	Range of Profit per Dev ha – To	DEVELOPABLE HECTARES SOLD IN THE 6 MONTHS TO SEPTEMBER 2016	OUTCOMES: Range of Dev ha – From	Range of Dev ha – To	Range of Profit per Dev ha – From	Range of Profit per Dev ha – To
Medium and High Intensity Urban Mixed Use [1]		75	120	22.0	39.0	2	46	90	22.0	42.0
Predominantly residential neighbourhoods	High-end residential neighbourhoods [2]	65	120	6.0	12.0	3	95	180	5.5	18.0
	Mid-market neighbourhoods	125	175	3.5	7.5	-	75	110	3.1	8.5
	Integrated affordable neighbourhoods	50	250	2.5	3.8	2	50	200	2.5	5.4
	Public sector facilitated residential neighbourhoods	150	450	-	2.4	-	80	240	2.2	3.0
Urban Amenities for Residential Neighbourhoods		60	115	3.8	6.0	-	60	100	3.0	13.0
Retirement [3]		-	-	-	-	6	25	65	3.8	12.0
Tourism Markets [4]	City hotels and residences	6	16	12.0	25.0	-	6	13	13.0	26.0
	Coastal resorts catering to domestic, charter markets	10	50	3.5	5.0	-	12	48	3.8	6.0
Office Market		20	50	6.0	15.4	-	13	28	9.0	29.0
Warehousing, logistics, industrial, business park, manufacturing and big-box retail		100	300	5.0	9.5	6	100	200	4.8	9.4
Unique Clusters of opportunity		25	100	4.0	7.5	-	25	75	7.0	12.0

Notes on updated definitions and articulation of Demand Drivers:

1. Previously high intensity mixed use, now evident that there is a wider range from medium through to high intensity.
2. High end residential definition widened and callibrated to market insights. Included with other residential uses, rather than with tourism uses.
3. Previously included in unique clusters of opportunity. Now evident that this is a meaningful demand driver in itself.
4. Tourism markets were previously joined with high end residential and designated as high end markets.

Land Development Key Socio-Economic Outcomes

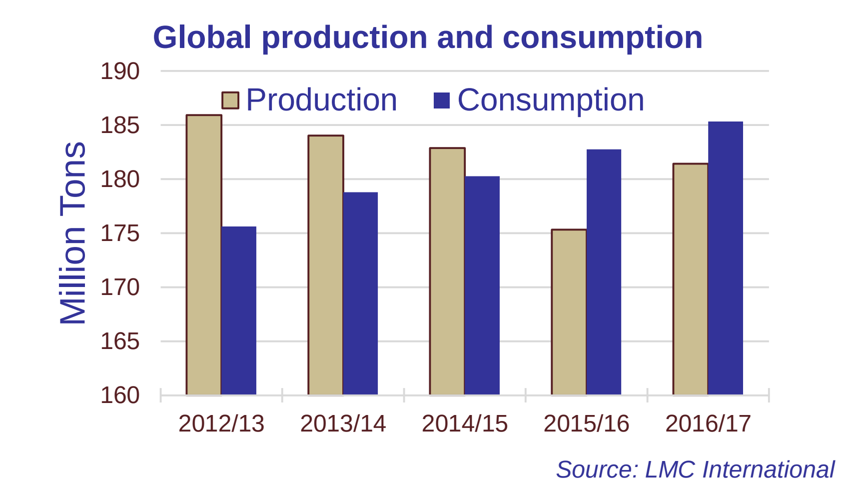
RANGE OF SOCIO-ECONOMIC OUTCOMES THAT WILL BE UNLOCKED OVER TIME FOLLOWING SALES

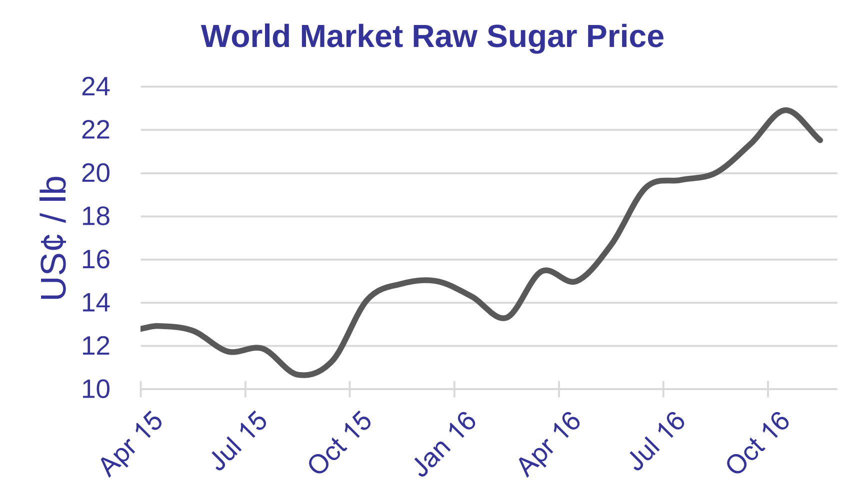
DEMAND DRIVER		Range of Developable Hectares		Total Real Estate Investment Value (R million)		New Municipal Rates generation (R million per annum)		Permanent Jobs generated in above ground development	
		From	To	From	To	From	To	From	To
Medium and High Intensity Urban Mixed Use [1]		46	90	7 038	13 770	143	279	8 211	16 065
Predominantly residential neighbourhoods	High-end residential neighbourhoods [2]	95	180	5 653	10 710	50	96	1 938	3 672
	Mid-market neighbourhoods	75	110	1 913	2 805	17	25	526	771
	Integrated affordable neighbourhoods	50	200	1 700	6 800	15	61	340	1 360
	Public sector facilitated residential neighbourhoods	80	240	1 088	3 264	-	-	544	1 632
Urban Amenities for Residential Neighbourhoods		60	100	3 672	6 120	50	83	12 240	20 400
Retirement [3]		25	65	1 913	4 973	39	101	5 100	13 260
Tourism Markets [4]	City hotels and residences	6	13	867	1 879	18	38	1 632	3 536
	Coastal resorts catering to domestic, charter markets	12	48	1 275	5 100	26	103	2 448	9 792
Office Market		13	28	1 061	2 265	21	46	2 652	5 712
Warehousing, logistics, industrial, business park, manufacturing and big-box retail		100	200	5 000	10 000	131	262	4 000	8 000
Unique Clusters of opportunity		25	75	1 913	5 738	39	116	1 275	3 825
Total socio-economic value to be unlocked over time following sales		**587**	**1 349**	**33 091**	**73 442**	**548**	**1 209**	**40 906**	**88 025**

Sugar Operations

Global Sugar Market - 2nd Consecutive Year of Supply Deficit

- Consensus of commentators' views points to a deficit in the year to September 2017 of some 4 - 5 million tons on the back of a 7,5 million ton deficit the previous year, the second consecutive year that global supply will be less than global demand.
- The forecast shrinking deficit is driven by improved crop outlooks in the EU, Mexico, Pakistan and the US, aided by the release onto the market of strategic stocks held in China and a switch in the ethanol - sugar mix in Brazil.
- Prices for sugar in the international market have increased by some 50% over the past six months with the upcoming second year of a global supply deficit and continuing steady increases in global demand levels. Prices have now begun to stabilise and price forecasts for the next 18 months appear to be remaining at current levels.
- Burgeoning ethanol demand in Brazil and the cost of horizontal expansion is leading to emerging concerns of the ability of global supply to match global demand at prevailing price levels, in the medium term.
- Consumption growth of some 1,5% per annum continues, indicating that global consumption is growing by some 3,5 million tons per annum.
- Firmer oil prices support sugar prices via ethanol values.





Deficit Regional Markets of Southern and Eastern Africa

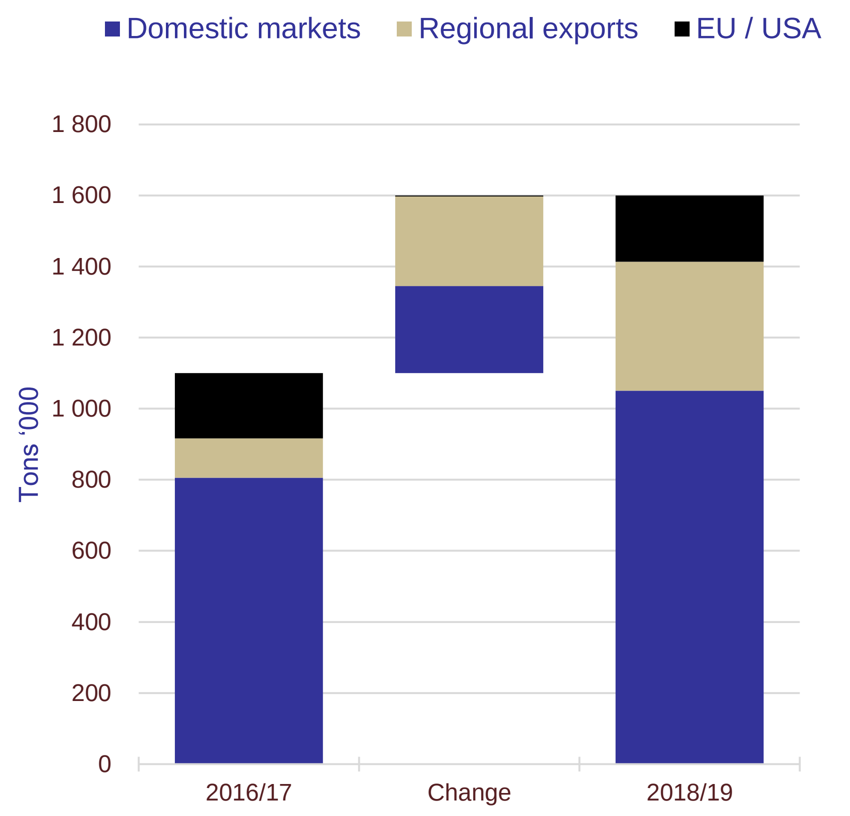
- Import demand amounts to some 2,6 million tons of sugar per annum, which has been supplied by the regions' producers and also by India, Thailand, Saudi Arabia, Dubai and Brazil.
- Import demand in the deficit markets of the region over the period from 2015/16 to 2018/19 is forecast to grow from 2,6 million tons to some 3,0 million tons, an increase of some 400 000 tons.
- Prices trade at a premium to world market prices for sugar and move in tandem with changes in those prices.
- Per capita annual sugar consumption is markedly lower (5 kg - 18 kg) than in the SA Customs Union.

Tons' 000	Actual		Projection			
	Brown	Refined	Brown	Refined	Brown	Refined
Country	2015/16		2018/19		Increase	
Burundi	**44**		**50**		**6**	
	37	7	42	8	5	1
Kenya	**855**		**992**		**137**	
	705	150	818	174	113	24
Rwanda	**57**		**77**		**20**	
	47	10	63	14	16	4
S.Sudan	**112**		**127**		**15**	
	106	6	115	12	9	6
Tanzania	**519**		**609**		**90**	
	440	79	517	93	77	14
Angola	**390**		**460**		**70**	
	50	340	59	401	9	61
DRC South	**70**		**79**		**9**	
	67	3	75	4	8	0
DRC E & W	**365**		**410**		**45**	
	348	17	391	19	43	2
Madagascar	**176**		**206**		**30**	
	126	50	147	59	21	9
Total	**2 588**		**3 010**		**422**	
	1 926	662	2 228	782	302	120

Tongaat Hulett's Sugar Markets

- The domestic markets in countries where Tongaat Hulett produces sugar remain its primary focus. They are significantly protected from imports, with Government support, given the high rural job impact of these industries.
- A decision to invest in a refinery at Xinavane and ongoing improvement in the performance of Star Africa's Harare refinery will displace the need for white sugar imports and create additional capacity for white sugar exports.
- For exports:
  - The Mafambisse and Xinavane sugar mills and the Huletts refinery in Durban are close to ports, providing efficient access to regional markets.
  - Zimbabwe is well located for supplying regional deficit markets, benefitting from being a member of the COMESA and SADC trade blocs.
- Most deficit markets of southern and eastern Africa aspire to establish their own sugar industries. Tongaat Hulett is cautiously positioning itself as a possible long-term partner.

Sugar Produced - Markets



EU Sugar Market

- Going forward, prices in the EU are forecast to become more directly linked to the world market price for sugar, trading at a differential to that price based upon the internal EU supply and demand dynamics, where premiums could evolve to levels comparable to those achievable in the regional African deficit markets.
- There is an emerging consensus that imports of 1 - 1,5 million tons of sugar per year will be required as from October 2017 to meet internal demand, particularly in areas where beet production is absent or uncompetitive, and for higher value, special brown sugars that are not produced within the EU.
- Significant duties on imported sugar are being retained as is the duty-free access rights for many countries including Mozambique and Zimbabwe.
- Over the past five years Tongaat Hulett has supplied some 300 000 tons of raw sugar per year to refiners and beet processors in the EU, having become a sought-after supplier.
- Tongaat Hulett has recently commenced delivering high value, special brown sugar to EU buyers from it's two Mozambican sugar mills. Those products are expected to grow to a meaningful proportion of Tongaat Hulett's deliveries of sugar to the EU in future.
- The possibilities latent in the UK sugar market in a post-Brexit environment are emerging. Tongaat Hulett is positioning itself to influence the debate and outcomes in this regard so as to be able to at least continue with existing preferences, particularly for higher margin, value added sugars.

Likely Sugar Production Recovery and its Significance

Tons Raw Sugar	Historical peak production	2013/14 Actual	2015/16 Actual	2016/17 Estimate	2017/18 Early Estimate ^	2018/19 Early Estimate ^ #	2018/19 % Growth from TH *	Capacity
South Africa	977 000	634 000	323 000	340 000 - 375 000	560 000 - 613 000	638 000 - 681 0000	31%	>1 040 000
Mozambique	271 000	249 000	232 000	202 000 - 226 000	205 000 - 221 000	270 000 - 290 000	86%	>340 000
Zimbabwe	578 000	488 000	412 000	430 000 - 444 000	385 000 - 413 000	535 000 - 570 000	61%	>660 000
Swaziland RSE	59 000	53 000	56 000	54 000 - 55 000	50 000 - 53 000	57 000 - 59 000	100%	>60 000
Total	1 885 000	1 424 000	1 023 000	1 026 000 - 1 100 000	1 200 000 - 1 300 000	1 500 000 - 1 600 000	45%	>2 100 000

Marginal cost of Additional Sugar Production (US$ per ton)	Tongaat Hulett Cane	Third Party Cane
South Africa	$120	$330
Mozambique	$110	$310
Zimbabwe	$85	$360
Total	$110	$340

Realisations, ex- mill, based on current regional and EU market dynamics are above US$420 per ton.

^ Given ongoing average to above average rainfall in the summers of 2016/17 and 2017/18, recovery of dam levels to enable full irrigation and progress with the Agricultural Improvement Plans

Replanting of fallow land

* Percentage production growth originating from land farmed by Tongaat Hulett

RSE - Raw Sugar Equivalent

Mozambique Sugar Operations

Mozambique Sugar Industry

- Tongaat Hulett acquired the Mafambisse and Xinavane operations in 1998.
- Tongaat Hulett is the largest sugar miller in Mozambique, producing some 66% of the country's total sugar in the 2015/16 season.
- The Xinavane mill with a capacity of 250 000 tons sugar per annum, represents 46% of the sugar milling capacity in Mozambique.
- Local sugar consumption is currently some 200 000 tons per annum.
- The balance of the sugar produced is sold primarily into EU, US and regional markets.

Milling capacity in Mozambique	2015/16 Actual Production	Capacity
Xinavane mill (Tongaat Hulett)	168 000	250 000
Mafambisse mill (Tongaat Hulett)	64 000	90 000
Maragra mill (Illovo Group)	68 000	96 000
Sena mill (Tereos)	49 000	110 000
Total	**349 000**	**546 000**

Domestic Market - Positioned to benefit

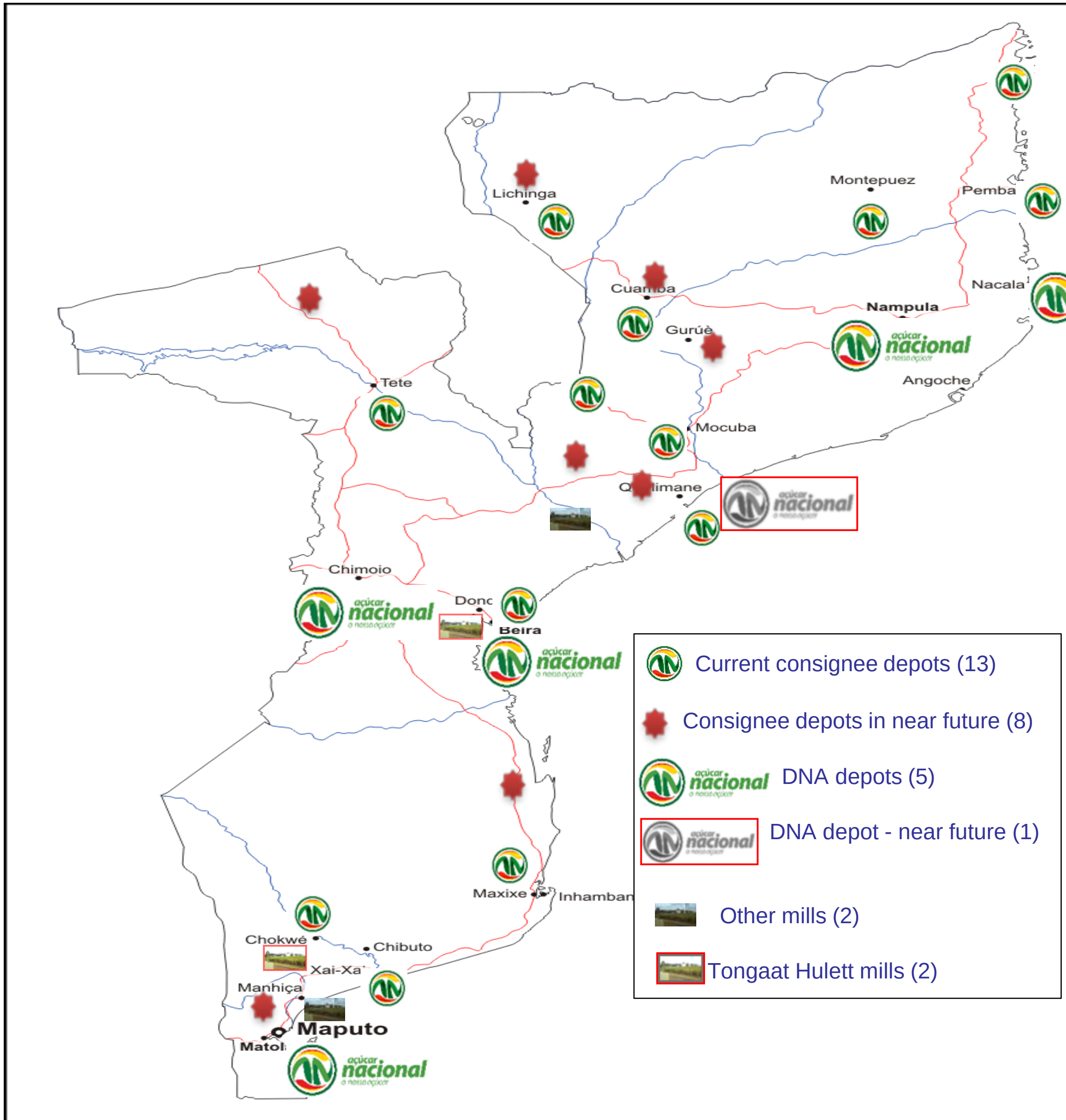
- Current sugar consumption in Mozambique is 9 kg/capita/annum.
  - Maputo consumption is 18,55 kg/capita/annum. In rural areas consumption is as low as 4 kg/capita/annum, when available.
  - An increase to 20 kg/capita/annum represents an increase in the local market of 275 000 tons.
- Protection of domestic market - US$ based reference price.
  - Brown: increased from US$365 to US$806 (36,56 US c/lb) - effective February 2016.
  - White: increased from US$450 to US$932 (42,27 US c/lb) - effective February 2016.

Ongoing support for increased Domestic Pricing - Brown	Metical Price / ton	US$ c/lb
29% (Metical) increase on 1 February 2016	42 336	43,19
9% (Metical) increase on 15 June 2016	46 146	37,38
10% (Metical) increase on 15 August 2016	50 761	35,42
9% (Metical) increase on 1 October 2016	55 329	33,26
9% (Metical) increase on 1 November 2016	60 309	36,23

Domestic Market - Positioned to benefit

- Local market sales for the 6 months to 30 September 2016 have increased by 27% compared to the same period last year despite local market Metical price increases.
  - 20 000 tons of brown sugar imported during the 2015/16 season.
  - Imports of brown sugar reduced to 1 600 tons from 1 April 2016 to 30 September 2016.
    - Assist Government in strengthening anti-smuggling initiatives and market security including Non Trade Barriers such as Vitamin A fortification.
  - Actions underway to increase access to sugar in Mozambique include:
    - Continue to expand the distribution network centred on demographics. Exploit distribution networks of other food commodities i.e. rice and maize flour.
    - Set optimum timing for placement of sugar maximising opportunity with areas of economic activity peaks through ‘satellite’ depots.
    - Review pack sizes to match affordability with no detriment to the economic recoveries.
    - Stay close to all industrialisation initiatives and work with the Mozambique Government to establish norms favouring offtake of locally produced raw sugars.

Domestic Market - Growing access to sugar



Activities undertaken / underway to improve access to sugar:

- 63% increase in the number of consignee depots over the past 3 years.
- 25% increase in the number of DNA depots over the past three year.
- 62% increase in the number of consignee depots planned for the next 24 months.
- 20% increase in the number of DNA depots planned for the next 12 months.

Domestic Market - Xinavane Refinery Project

- Opportunity to support domestic per capita consumption through the construction of a 90 000 ton refinery at Xinavane.
- Replacement of refined white sugar currently being imported by Mozambique.
  - Currently, total refined white sugar demand in Mozambique is approximately 52 000 tons per annum.
  - The industrial market demand for white sugar is approximately 47 000 tons, 5 000 tons is direct consumption demand.
  - Some 38 000 tons of industrial grade white sugar currently being imported.
  - The total industrial refined sugar deficit is predicted to rise to approximately 63 000 tons within the next five years.
- Project cost some R500 million.

Rainfall and Dam Levels

Current levels of existing dams	Full Volume ML	% Full as at 31 March 2013	% Full as at 31 March 2014	% Full as at 31 March 2015	% Full as at 30 September 2015	% Full as at 31 March 2016	% Full as at 30 September 2016
Corumana dam (Xinavane)	880 000	98,1%	100,0%	54,7%	39,3%	25,8%	10,0%
Muda dam (Mafambisse)	56 000	31,9%	100,0%	90,3%	64,3%	34,8%	18,6%

- Mozambique operations are dependent on rainfall and irrigation.
- Activities underway to protect/mitigate against the impacts of droughts and floods.
    - Moamba dam on the Incomati river, supplying Xinavane, is being built (760 000 ML) - commenced October 2015.
    - Corumana dam capacity is being increased by 880 000 ML to 1 260 000 ML - completion date May 2019.
- Average to above average rainfall is forecast in the forthcoming summer rainfall season - December 2016 to March 2017.
    - Both dams will reach 100% capacity at this level.
    - Full irrigation will resume when the dams reach 40% of capacity at Xinavane and 35% of capacity at Mafambisse.

Sugar Production

Sugar produced (tons)	Peak Production 2014/15	Actual 2015/16 Season	Actual 2015/16 Season	2016/17 Estimate		2017/18 Early Estimate ^		2018/19 Early Estimate ^ #	
Xinavane	202 000	184 600	168 000	151 000	163 000	148 000	159 000	202 000	217 000
Mafambisse	69 000	65 000	64 000	51 000	63 000	57 000	62 000	68 000	73 000
Total Mozambique	271 000	249 000	232 000	202 000	226 000	205 000	221 000	270 000	290 000

- Possible consequences of a continuation of drought conditions.
  - Sugar production could reduce by some 50 000 tons compared to 2016/17 depending on the extent of the drought.
  - Recovery to normal production levels will take place over 2 years.
  - Older roots will become fallow - prioritise water allocation to younger roots.
  - No root replant during the 2017/18 season - reduced cash outflow.
  - Accelerated root replant in 2018/19.

^ Given ongoing average to above average rainfall in the summers of 2016/17 and 2017/18, recovery of dam levels to enable full irrigation and progress with the Agricultural Improvement Plans

Replanting of fallow land

Cost Reduction

Initiatives taken to further reduce the unit cost of production:

- Maximising sugarcane yields through the agricultural improvement plan.
- Productivity improvements applied at both the mills and agricultural operations.
- Reducing volumes of goods and services used through demand management peer review (benchmarking) and efficiency improvement initiatives.
- Reducing cost of bought-in goods. Various commodity-based initiatives are being progressed, exploiting the company's bulk purchasing powers.
- Consolidation and rationalisation of goods and services to take advantage of potential in-country contracts and increased negotiating power resulting in lower costs.
- Sugarcane loading and haulage cost reductions through efficiency improvements, system reconfiguration and review of contracting versus insourcing options.
- Reduced staff salaries through localisation.
- Streamline and possibly outsourcing of certain centralised services.

Zimbabwe

Tongaat Hulett is encouraged by the focus of the Government to stimulate recovery and growth of the economy, and to attract foreign investment.

Need to revert to a sustainable Division of Proceeds between Millers and Growers.

Domestic Market Dynamics

- Ongoing support for increased domestic pricing.
  - 5% (US$) increase on 1 March 2016.
- Existing measures in place to limit imports of sugar.
  - 10% + US$100 per ton - March 2014.
  - Require an import permit.
- Local market sales for the 6 months to 30 September 2016 have remained flat compared to the same period last year despite current extreme socio-economic dynamics.
  - Vitamin A fortification of household sugar: Legislation in place effective 1 July 2017.
- Growing ethanol production to installed capacity of 41 million litres by 2020/21 (65% fuel blending, 35% industrial).
  - 2016/17: Total production of 25 million litres (5 million litres industrial, 20 million litres fuel blending).
  - Production licence granted for fuel blending purposes in Zimbabwe.

Sugar Production

Sugar produced (tons)	Peak Production 2002/03	Actual 2013/14 Season	Actual 2015/16 Season	2016/17 Estimate		2017/18 Early Estimate ^		2018/19 Early Estimate ^ #	
Hippo and Triangle	578 000	488 000	412 000	430 000	444 000	385 000	413 000	535 000	570 000

- Possible consequences of a continuation of drought conditions:
  - Sugar production could reduce by some 150 000 tons compared to 2016/17 depending on the extent of the drought.
  - Recovery to normal production levels will take place over 2 years.
  - Older roots will become fallow - prioritise water allocation to younger roots.
  - No root replant during the 2017/18 season - reduced cash outflow.
  - Accelerated root replant in 2018/19.

^ Given ongoing average to above average rainfall in the summers of 2016/17 and 2017/18, recovery of dam levels to enable full irrigation and progress with the Agricultural Improvement Plans

Replanting of fallow land

Rainfall and Dam Levels

Current levels of existing dams	Full Volume ML	% Full as at 31 March 2013	% Full as at 31 March 2015	% Full as at 30 September 2015	% Full as at 31 March 2016	% Full as at 30 September 2016
Mutirikwi-Tokwe	1 740 206	25,3%	49,0%	37,2%	25,0%	13,7%
Manjirenji-Siya	379 634	35,9%	82,0%	63,6%	37,8%	23,6%
Manyuchi	303 473	80,5%	88,3%	69,5%	85,7%	73,8%

- Zimbabwe operations are dependent on rainfall and irrigation.
- Activities underway to protect/mitigate against the impacts of drought includes the soon to be completed Tokwe-Mukorsi dam with a capacity of 1 803 000 ML (70% of the Vaal dam in South Africa).
    - Built to provide water for sugarcane irrigation.
    - Draws from a different sub-catchment (river system) to Mutirikwi.
    - Due to be completed in time for the 2016 summer rainfall season.
- Average to above average rainfall is forecast in the forthcoming summer rainfall season - December 2016 to April 2017. Full irrigation will resume when the dams reach the following levels (based on average to above average rainfall, these levels will be exceeded by end April 2017).
    - Mutirikwi-Tokwe - 40%.
    - Manjirenji-Siya - 60%.
    - Manyuchi - currently at full irrigation.

Cost Reduction

Initiatives taken to further reduce the unit cost of production:

- Volume/capacity utilisation - increase cane production (increasing yields by optimising varieties, adopting best practice).
- Labour productivity (mainly in cane production) - mechanising labour intensive operations.
- Improvements in operating efficiencies (both cane production and milling) - benchmarking for best practice/manufacturing excellence, leveraging technologies.
    - Focus on precision farming techniques, redesigning existing irrigation systems, logistics efficiencies (cane haulage and sugar distribution in local market).
- Strategic procurement interventions - leveraging on the Tongaat Hulett wide strategic sourcing capabilities.
- Exploiting synergies between Hippo and Triangle - rationalisation of stores/inventory and structures etc.
- Effective demand management (goods and services) - usage efficiencies, adoption of new (cheaper, more efficient goods and technologies).

South African Sugar Operations

Sugar Production

Sugar produced (tons)	Peak Production 2000/01	Actual 2013/14 Season	Actual 2015/16 Season	2016/17 Estimate		2017/18 Early Estimate ^		2018/19 Early Estimate ^	
South Africa	977 000	634 000	323 000	340 000	375 000	560 000	613 000	638 000	681 000

Possible consequence of a continuation of drought conditions:

- Sugar production will be similar to the 2016/17 season.


^ Given ongoing average rainfall

Sugar Production Dynamics

- Impact of the drought.
  - Sugar production dropped to 323 000 tons in 2015/16.
  - Small scale and commercial growers both facing challenges.
- Development of new cane by Tongaat Hulett.
  - 21 962 hectares planted to cane over the past 4 years.
  - Sugar production rose to 634 000 tons in 2013/14.
- Further increase in hectares under cane dependent on support.
  - A further 48 000 hectares required to fill mills.
  - Requires either direct (grant) support to emerging farmers, or reference price increase.
- Recovery after the drought.
  - Winter rainfall (May to October 2016) has been above the long term mean.
  - Crop will recover rapidly if summer rain is good.

Domestic Market Dynamics

- Increased domestic pricing - 29% year to date.
  - 12,5% (Rand) increase on 1 February 2016.
  - 15% (Rand) increase 13 July 2016.
- Existing measures in place to limit imports of sugar.
  - Dollar Based Reference Price (DBRP) increased from US$358 to US$566 - April 2014.
  - Export price at a level similar to the reference price.
- Local market demand growth not guaranteed.
  - Historically tracked population growth.
  - Per capita consumption above 30 kg/capita/annum.
- Possible introduction of sugar sweetened beverage tax.
  - The proposed sugar sweetened beverage tax in South Africa and its socio impact is being assessed and debated. Depending on the eventual outcome, it could reduce local demand and the impact would inter alia depend on the level of the prevailing world sugar price.

Sustainability of the South African Sugar Industry

Tongaat Hulett is making significant progress in facilitating increased understanding, by multiple stakeholders - including various spheres of Government, of the importance of the sugar industry to rural communities.

The implementation of the following will significantly contribute to the sustainability of the South African sugar industry:

- Productive farming and milling.
- Local Market Protection:
  - Zambia: > 40 US c/lb
  - Malawi: > 40 US c/lb
  - Mozambique: 37 US c/lb
  - South Africa: 25 US c/lb
- Direct support to small-scale and land reform growers.
- Ethanol - future potential.
- Electricity generation - future potential.

Socio-Economic Impact of SA Sugar Industry

KZN has the highest proportion of rural dwellers (Community survey 2016).

- Population of 11,01 million people.
- 5,6 million or 51% live in rural areas - the national average is 38%.

20 161 (2013/14: 22 490) registered growers in the South African Sugar Industry in 2014/15.

- 18 860 (2013/14: 21 107) Small-scale growers of which 17 994 (2013/14: 19 627) are located in KwaZulu-Natal.
- 1 301 (2013/14: 1 383) Commercial growers of which 1 159 (2013/14: 1 232) are located in KwaZulu-Nata.

	Industry	Grower Share (KZN & Mpumalanga)	KZN Grower Share
Revenue per annum	R12,7 billion	R7,9 billion	R6,2 billion
Current revenue of Communal and Small-scale growers	-	R760 million	R590 million
Current revenue to Land Reform growers	-	+-R1 billion	+- R570 million

Socio-Economic Impact of SA Sugar Industry

	KZN 2013/14 (Normal rainfall)	KZN 2015/16 Estimate	Potential
Area under cane (hectares)	332 528	325 055	> 400 000
Cane tons	15 902 000	10 973 711	+- 21 000 000
Small-scale grower (tons)	1 443 000	966 290	> 6 000 000
Small-scale grower (numbers)	19 627	17 994	> 70 000
Land Reform growers (hectares - approximate)	51 540	51 540	?
Employed (direct plus indirect) and their dependants	860 000	838 000	1 105 000
Land available for cane development - Tongaat Hulett catchment			> 200 000 hectares

Direct Funding Received from Government for Cane Growing

Type of Funding	Approved	Cash Received To Date	Date - cash first received	Application of Funding
Comprehensive Agricultural Support Programme (CASP)	R43 million	R32 million	2008, project ongoing	Planting, replanting, ratoon management, irrigation and infrastructure repairs.
Recapitalisation and Development Program (RADP)	R110 million	R99 million	2011, project ongoing	Planting, infrastructure, ratoon management and farm equipment.
Small Enterprise Finance Agency (SEFA)	R50 million	R35 million	2014, project ongoing	Combination of new cane establishment and improving farming operations.
DBSA - The Jobs Fund	R150 million	R102 million	2014, project ongoing	Job creation and new cane establishment.
Small-scale grower support	R51 million	R51 million	2011	Drought relief, seed cane subsidies and sugar industry payments.
Drought relief support 2015/16 season	R31 million	R31 million	2016	Drought relief for farmers supplying Tongaat Hulett.
MAFISA	R13 million	R7 million	2012, project ongoing	Planting of cane for small-scale growers.
Total	R448 million	R357 million		

Additional Information

Growing Crops on the Tongaat Hulett Balance Sheet

	30 Sep 15	31 Mar 16	30 September 2016				
	Total	Total	Total	South Africa	Swaziland	Zimbabwe	Mozambique
Standing Cane							
Hectares for harvest	85 972	86 265	85 911	31 630	3 822	26 976	23 483
Standing cane value (R per ha.)	24 513	33 775	24 250	15 109	31 522	37 605	20 037
Yield (tons cane per ha)	83,3	73,3	72,5	52,5	116,6	90,9	71,9
Statement of financial position (current assets)							
Standing cane (R million)	2 108	2 914	2 083	478	120	1 014	471

March 2016 (R million)	2 914
Change in fair value	- 359
Foreign currency translation	- 472
September 2016 (R million)	2 083

International Accounting Standards change in 2016/17:

- Roots are accounted for as a fixed asset (R3,2 billion in PPE 31 March 2016) and no longer fair valued.
- Comparatives have been restated with a decrease in roots fair value of some R85 million in H1 - reduction in operating profit.

Effect of Adopting Revised IAS 41 and IAS 16 - Restatement of Comparatives

Effect on the Income Statement - R million	6 months to 30 Sept 2015	12 months to 31 March 2016
Operating profit as previously reported	**1 361**	**1 808**
Effect of adopting IAS 41 and IAS 16:	-85	-139
Root planting costs capitalised to property, plant and equipment	363	601
Reversal of root fair valuation	-5	-96
Depreciation of roots	-443	-644
Operating profit restated	**1 276**	**1 669**

Effect on the Statement of Financial Position - R million		
Growing crops as previously reported	**5 168**	**6 148**
Transfer of cane roots to property, plant and equipment	3 060	3 234
Growing crops restated	**2 108**	**2 914**
Equity as previously reported	**15 308**	**15 530**
Effect of adopting IAS 41 and IAS 16:	-68	-105
Operating profit	-85	-139
Foreign currency translation		2
Deferred tax	17	32
Equity restated	**15 240**	**15 425**

Effect on the Statement of Cash Flows - R million		
Cash flow from operations as previously reported	**-97**	**1 262**
Expenditure on root planting now included in capex *	363	601
Cash flow from operations restated	**266**	**1 863**

* This is a reallocation and there is thus no effect on cash flow before dividends and financing activities

Growing Crops - Change in Fair Value

IAS 41 Fair Value Change included in the Income Statement: Period to 30 September

R million	2016/17 H1	2015/16 H1
South Africa	+ 14	+ 54
Swaziland	+ 2	- 30
Zimbabwe	- 306	- 371
Mozambique	- 69	- 228
Change in fair value	**- 359**	**- 575**

South Africa

- Price increases.

Mozambique

- Price increases.
- Older cane due to later mill starts.

Zimbabwe

- Higher sugar prices.

Swaziland

- Older cane due to 5 week strike.
- Higher sugar prices.

- Standing cane change in fair value:

  +/- Change in quantity of standing cane (+ growth and - harvested).

  + Change in sugar pricing.

  +/- Change in yield and sugar content.

- Growing crops are valued at the end of the reporting period.
- The change in fair value of standing cane (sugar content and value) is taken through the income statement.
- As hectares under cane grow and/or yields/ price increase, a valuation gain is expected.
- At September the average age of the cane is less than at March.

Average Exchange Rates

	2016/17 H1: Avg.	2015/16 H1: Avg.	30 Sep 2016	31 March 2016
Rand/US$	14,60	12,57	13,96	14,84
Rand/Euro	16,29	13,95	15,58	16,84
Rand/Metical	0,25	0,35	0,19	0,33
US$/Euro	1,12	1,11	1,12	1,13
Metical/Euro	65	40	84	51

- Export proceeds: US$ and Euro

  (exchange rates at time of export)
- Earnings conversion on consolidation

  (at average exchange rates)
  - Zimbabwe : US$ → Rands
  - Mozambique : Metical → Rands

Weakening of the Mozambique Metical

- Local market prices: increase (linked to US$)
- Export proceeds: increase (linked to US$)
- Costs not purely Metical based: increase
- Metical based costs: more stable (material component)
- Conversion of Metical profits into Rands: decrease
- Translation of Metical balance sheet into Rands: FCTR decrease

2007 BEE Transaction - July 2014

Details as per SENS Announcement of 2 July 2014

Compulsory conversion of the "A Preferred Ordinary" shares in issue into Ordinary shares, listed on the JSE, in terms of the 2007 BEE deal:

- 2007 structure - an 18% participation structure for two strategic / broad-based groupings.
- Original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007.
- 25,1 million "A Preferred Ordinary" shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007.
- In accordance with the original agreements and approvals, these shares had a 7 year term, within the overall 10 year transaction period.
- On 7 year anniversary (July 2014) - Automatic conversion of the "A Preferred Ordinary" shares to Ordinary shares. The "A Preferred Ordinary" shares thus cease to exist and the A preferred ordinary dividends of some R100 million per annum are no longer payable.
- The converted Ordinary shares will be held by the BEE SPVs for the time being and rank equally (pari passu) with other Ordinary shares and listed on the JSE.
- A calculation was performed in July 2014 which determined the number of these converted shares that Tongaat Hulett is entitled to buy-back for the consideration of 1 cent per share (the buy-back right), in order to extinguish the notional vendor finance in the transaction (i.e. there was no vesting and there is no additional optionality for the BEE participants).

2007 BEE Transaction - July 2014

- This buy-back right is subordinated in favour of the repayment of the external funding and the BEE shareholder loans, which have no recourse to Tongaat Hulett and are well covered by the assets in the BEE SPVs. This means that the buy-back by Tongaat Hulett can only occur after the repayment, in due course, of the external funding in the BEE SPVs – i.e. sometime after the initial 7 year period and prior to the ultimate 10 year duration.
- At the prevailing share price, approximately 5 million shares held by the BEE SPVs are required to settle the external funding, which currently amounts to some R620 million in the two BEE SPVs. Simultaneously, in accordance with the original agreements and formulae, at the current share price, Tongaat Hulett is entitled to buy-back the remaining approximately 20 million shares for a consideration of 1 cent per share, in due course in this process.
- While the issued share capital of Tongaat Hulett listed on the JSE will now include these approximately 20 million shares, that are the subject of the buy-back right, these shares will not be included in the calculations determining earnings per share and headline earnings per share.
- Tongaat Hulett is using this period to assess how best to take the 2007 BEE participation structure forward, both within the context of the original intent of a transaction structure that spans 10 years and the context of the strategic importance to Tongaat Hulett of meaningful black economic empowerment. Shareholders will continue to be kept updated on the progression of these 2007 transaction structures and should any material changes be required then these would be brought to shareholders for consideration and approval in due course.

Starch and Glucose Markets

Tons	2014/15 Actual	2015/16 Actual	2016/17 Latest Estimate	% Growth 2016/17 vs. 2015/16 (LE)
Alcoholic beverages	176 489	178 441	175 333	-1,7%
Coffee creamers	75 201	74 484	74 412	-0,1%
Confectionery	67 148	63 643	66 754	4,9%
Paper	59 870	58 732	57 883	-1,4%
Prepared foods	13 696	11 241	12 867	14,5%
Other	45 828	45 206	42 376	-6,3%
Total Local	**438 232**	**431 747**	**429 625**	**-0,5%**

Starch and Glucose - Volumes and Financial Data

Volume (tons)	September 2016	September 2015
Local starch	43 916	48 460
Local glucose	165 067	166 198
Total local	**208 983**	**214 658**
Export starch	13 763	16 360
Export glucose	18 900	17 200
Total exports	**32 663**	**33 560**
Co-products	**88 912**	**83 253**
Total	330 558	331 471

R millions	September 2016	September 2015
Revenue	**2 114**	**1 750**
Domestic	1 437	1 203
Exports	283	235
Co-products	394	312
Operating Profit	306	281

Sugar Production - Mozambique

Cane Milled and Sugar produced	Actual 2013/14 Season	Actual 2015/16 Season	2016/17 Estimate		2017/18 Early Estimate ^		2018/19 Early Estimate ^ #	
Total hectares farmed as at 1 April (beginning of the season) *	16 891	18 364	17 928		17 928		17 928	
Hectares milled *	15 746	16 367	16 714	16 714	16 790	16 790	16 852	16 852
Cane yield (tcphm) *	92,75	88,48	77,49	78,02	70,34	75,83	96,27	103,40
Cane tons '000 *	1 460	1 447	1 295	1 304	1 181	1 273	1 622	1 742
Cane to sugar ratio *	7,94	8,57	8,60	7,96	8,00	8,00	8,04	8,04
Sugar production - raw (tons) *	184 600	168 000	151 000	164 000	148 000	159 000	202 000	217 000
Mafambisse sugar production - tons	65 000	64 000	51 000	63 000	57 000	62 000	68 000	73 000
Total sugar production Mozambique	249 000	232 000	202 000	227 000	205 000	221 000	270 000	290 000

* Xinavane Mill only

^ Given ongoing average to above average rainfall in the summers of 2016/17 and 2017/18, recovery of dam levels to enable full irrigation and progress with the Agricultural Improvement Plans

Replanting of fallow land

Maximising Cane Supply from the current low point

Impact of intensive Agricultural Improvement Plans

Xinavane

- Cane yields have increased from less than 75 tcph in 2008/09 to 97,7 tcph in 2014/15 (drought reduced the yields in 2015/16 and 2016/17).
- Target yield is the established potential of 105 tcph which should be achieved by 2019/20.

Mafambisse

- Home Estate cane yields have increased from 43 tcph in 2010/11 to 56 tcph in 2015/16 while at Lamego yields have moved 88 tcph in 2012/13 to 100 tcph in 2015/16.
- Target yield which is the site's established potential for Home Estate is 67 tcph.
- Target yield which is the site's established potential for Lamego is 105 tcph.

Maximising Cane Supply from the current low point

Xinavane - vertical expansion driven by Agricultural Improvement Plan

- The potential yield for the site was systematically determined and modelled based on climatic and soil factors and adoption of best management practices.
- Constraints to the achievement of the site's potential yield were determined and the following projects were designed to eliminate the identified gaps.
  - Bulk water supply and irrigation system upgrades.
  - Drainage improvements based on installation of positive drainage pumps and cutting drains to grade.
  - Variety disposition and improvement strategies.
  - Implementation of best management practices across all activities on the farm.
  - Salinity and sodicity amelioration.
  - Elimination of low plant population in most of the fields.
  - Improved soil type specific replant and root regeneration programme.
  - Planting of green manure crops for fields under autumn fallow.
- Good progress has been made to date.
- Best management practices are now the norm across all operations.
- Benefits already showing but curtailed somewhat by the current restricted water supply situation.

Maximising Cane Supply from the current low point

Mafambisse - vertical expansion driven by Agricultural Improvement Plan

- The potential yields for the estates were systematically determined and modelled based on climatic and soil factors and adoption of best management practices. Soil surveys were done for the Home Estate.
- Constraints to the achievement of the potential yields were determined and the following projects were designed to eliminate the identified gaps.
  - Bulk water supply and irrigation system upgrades.
  - Drainage improvements based on installation of positive drainage pumps and cutting drains to grade.
  - Reduction of soil compaction by use of haulage equipment with low tyre pressure and controlled traffic.
  - Variety disposition and improvement strategies.
  - Implementation of best management practices across all activities on the farm.
  - Salinity and sodicity amelioration.
  - Planting of green manure (legumes) for fields under autumn fallow to improve soil fertility.
  - Elimination of low plant population in most of the fields.
- Benchmarking with other Tongaat Hulett operations.
- Benefits already showing at Lamego but curtailed somewhat by the current restricted water supply situation at Home Estate.
- Soil survey and analysis of Home Estate has been carried out and constraints to achieve attainable yield potential determined.

Sugar Production - Zimbabwe

Cane Milled and Sugar produced	Actual 2013/14 Season	Actual 2015/16 Season	2016/17 Estimate		2017/18 Early Estimate ^		2018/19 Early Estimate ^ #	
Total hectares farmed as at 1 April (beginning of the season)	44 814	44 952	45 291		45 291		45 291	
Hectares milled	39 615	41 683	42 280	42 280	40 949	40 949	44 755	44 755
Cane yield (tcphm)	90,20	80,32	81,37	83,65	75,22	80,69	95,63	101,89
Cane tons '000	3 573	3 348	3 440	3 537	3 080	3 304	4 280	4 560
Cane to sugar ratio	7,97	8,12	8,00	7,97	8,00	8,00	8,00	8,00
Chisumbanje estate #	39 000	-	-	-	-	-	-	-
Sugar production - raw (tons)	488 000	412 000	430 000	444 000	385 000	413 000	535 000	570 000

Excluded from yields, hectares farmed and milled, tons cane and cane to sugar ratio

^ Given ongoing average to above average rainfall in the summers of 2016/17 and 2017/18, recovery of dam levels to enable full irrigation and progress with the Agricultural Improvement Plans

Replanting of fallow land

Sugarcane Yields

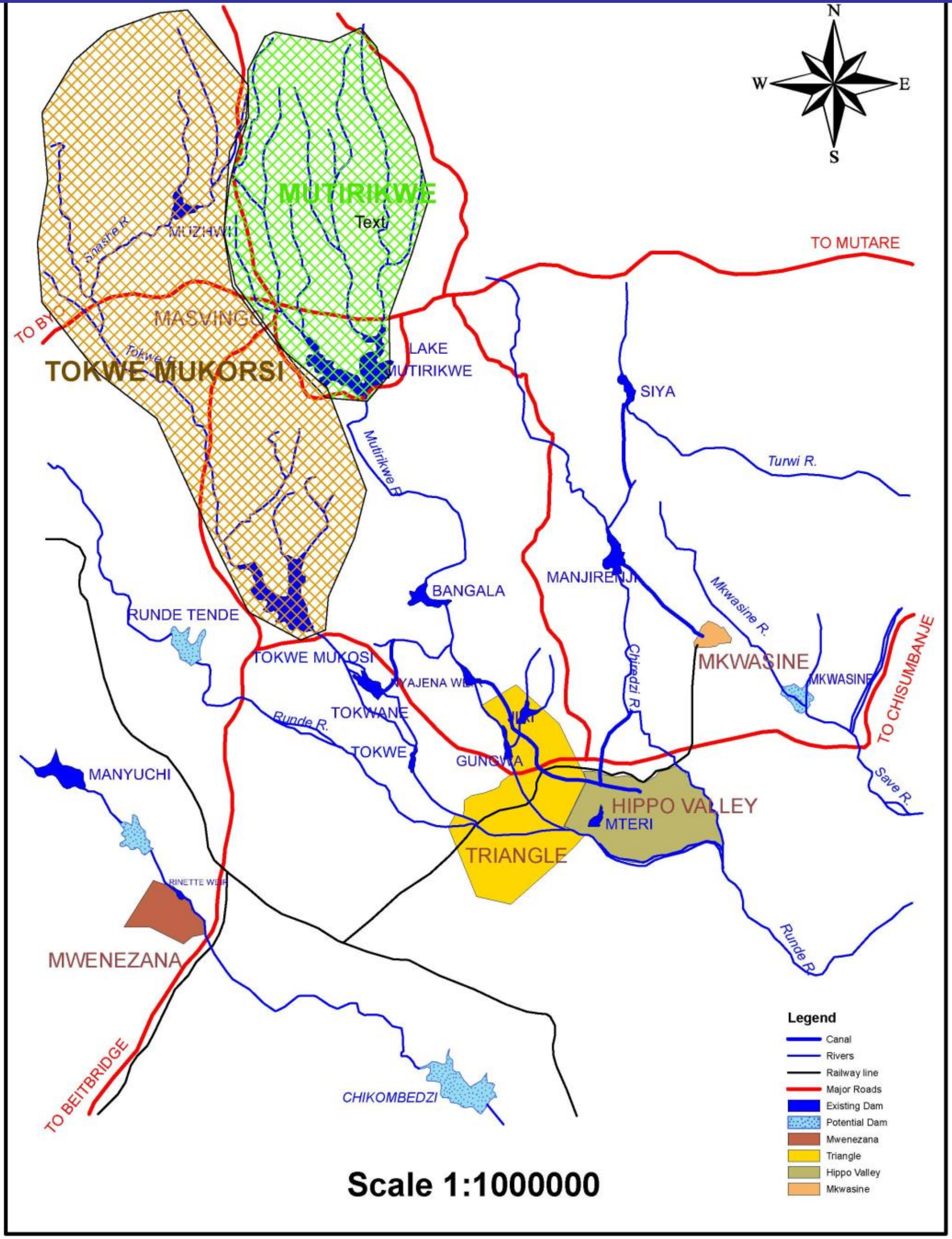
Yields (tons cane per hectare)	2012/13 Actual	2014/15 Actual	2015/16 Actual	2016/17 Estimate	2017/18 Early Estimate^	2018/19 Early Estimate^ #
Tongaat Hulett	99,00	87,64	89,32	92,72 - 93,13	81,94 - 87,90	102,59 - 109,30
Private Farmers	73,72	80,04	65,13	61,93 - 67,38	62,62 - 67,18	83,74 - 89,21
Zimbabwe	**90,20**	**84,92**	**80,32**	**81,37 - 83,65**	**75,22 - 80,69**	**95,63 - 101,89**

- A Tongaat Hulett yield of 114 tons cane per hectare has previously been achieved.
- Secure adequate water and electricity for irrigation to optimise biomass accumulation during the peak growing periods.
- Rejuvenate cane roots and repositioning the crop through accelerated plough out and replanting programmes.
- Identify optimal variety mixes to maximise yields, sucrose and fibre.
- Improve land management and crop husbandry practices.
- Redesign field layouts and rehabilitating infield storage dams and canals to ensure efficient irrigation of the crop.
- Develop and upgrade skills at all levels.
- Improve knowledge transfer through benchmarking, peer reviews, research and extension.
- Research and deploy new cane varieties, technologies and practices to improve yields and control the spread of pests and diseases.

^ Given ongoing average to above average rainfall in the summers of 2016/17 and 2017/18, recovery of dam levels to enable full irrigation and progress with the Agricultural Improvement Plans

Replanting of fallow land

Dam Catchment Areas



Sugar Production - South Africa

Cane Milled and Sugar produced	Actual 2013/14 Season	Actual 2015/16 Season	2016/17 Estimate		2017/18 Early Estimate ^		2018/19 Early Estimate ^	
Total hectares farmed as at 1 April (beginning of the season)	116 469	121 530	122 856		128 573		134 182	
Hectares milled*	92 087	78 194	78 034	82 141	97 073	97 073	101 307	101 307
Cane yield (tcphm)	56,34	39,54	44,50	44,50	53,07	56,83	56,68	59,16
Cane tons '000	5 481	3 092	3 475	3 658	5 152	5 517	5 742	5 993
Cane to sugar ratio	8,64	9,59	10,20	9,74	9,20	9,00	9,00	8,80
Sugar production - raw (tons)	634 000	323 000	340 000	375 000	560 000	613 000	638 000	681 000

^ Given ongoing average rainfall

* High rainfall will reduce the extent of cane that can be milled over the remainder of the current season

Raw Sugar Production History

	Milling Season															
Tons '000	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16
South Africa	977	762	868	659	731	760	674	612	652	573	455	486	486	634	541	323
Mozambique	39	36	71	82	85	115	106	108	108	134	164	233	235	249	271	232
Swaziland RSE	41	45	50	54	50	56	55	58	56	54	54	59	58	53	57	56
Zimbabwe *	547	509	578	507	422	430	451	349	298	259	333	372	475	488	445	412
Total	1 604	1 352	1 567	1 302	1 288	1 361	1 286	1 127	1 114	1 020	1 006	1 150	1 254	1 424	1 314	1 023
Capacity	1 820	1 820	1 820	1 820	1 820	1 820	1 820	1 820	1 820	2 030	2 030	2 030	2 100	2 100	2 100	2 100
% of Capacity	88%	74%	86%	72%	71%	75%	71%	62%	61%	50%	50%	57%	60%	68%	63%	49%

* Hippo Valley acquired in December 2006. Production for Hippo included from the 2000/01 season

Major Opportunities being Explored/New Enhancements

- Southern and eastern Africa sugar deficit countries
  - Favourable regional market access from the platform of being a future development partner.
- Mozambique
  - Refinery (90 000 tons per annum) to be built at Xinavane, cost of some R500 million.
  - Transforming Mafambisse to become "Agricultural Hub".
  - Development of an animal feeds business.
- Zimbabwe
  - Upgrade of refinery at Triangle to full Bottlers' Specification and debottlenecking to 90 000 tons per annum.
- South Africa
  - Changing the revenue flow model in the SA sugar industry to become pro-jobs, pro-transformation and pro-utilising milling capacity.
  - "Project GNU" - new refining technology at Huletts Refinery to be implemented in three phases, will ultimately halve energy consumption.

Major Opportunities being Explored/New Enhancements cont.

- All three operating countries
  - Electricity and ethanol continue to be desirable options for extracting maximum value from sugarcane plant.
  - Growing animal feeds business using fibre and molasses.
- South Africa
  - Platform of technical and commercial readiness for electricity and ethanol projects created in Tongaat Hulett.
  - Relationships with government, regulatory bodies and the utility continue to be developed to ensure alignment in key areas.
  - Possibility of smaller electricity projects being explored, including in Starch.
- Zimbabwe
  - Plans in place to maximise ethanol production - capacity of 40 million litres per annum.
  - Working with government on fuel ethanol licensing, volumes and logistics.
  - Options being explored for increased cogeneration given increase in tariffs.
- Mozambique
  - Opportunity for “power island” in partnership with third party (Mafambisse).
  - Possible ethanol plant at Xinavane linked to Cofamosa cane estate development.

Tongaat Hulett

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