

TONGAAT HULETT PROFILE

⚙️ Manufactured capital

KEY ELEMENTS	>630 000 TONS OF MAIZE CONVERTED TO STARCH AND GLUCOSE PER ANNUM ONLY MAIZE WET-MILLER IN SUB-SAHARAN AFRICA
	>2,1 MILLION TONS INSTALLED SUGAR MILLING CAPACITY
	8 091 HECTARES OF DEVELOPABLE LAND IDENTIFIED FOR CONVERSION
KEY PRIORITIES GOING FORWARD	GROW SUGAR AND STARCH PRODUCTION PRIORITISE THE SALE OF 635 DEVELOPABLE HECTARES WHERE COMMERCIAL NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE

Tongaat Hulett is an agriculture and agri-processing business, focusing on the complementary feedstocks of sugarcane and maize. Its on-going 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 and identifying its optimal end use for all stakeholders. Through its sugar and starch operations, Tongaat Hulett produces a range of refined carbohydrate products from sugarcane and maize, with a number of 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 evolving dynamics of renewable electricity and ethanol in South Africa, and the Southern African Development Community (SADC) region.

The business as it stands today, arose from the merger of the Tongaat Group Limited and the Hulett's Corporation Limited, and its operations date back to the mid-1800s. The company has a primary listing on the Johannesburg Stock Exchange which dates back to 1952, and a secondary listing on the London Stock Exchange since 1939.

Tongaat Hulett has, over many years, developed strong relationships with various stakeholders. These partnering relationships continue to contribute towards the achievements of the business's strategic goals, while also meeting the objectives of its range of stakeholders, including shareholders, governments, private farmers and their representative bodies, communities, employees and people impacted by company operations and its growth and development activities.

A key operational objective is the promotion of agricultural sustainability. Tongaat Hulett has policies in place which ensure that land management practices integrate agricultural and sustainability aspects towards achieving broader development imperatives, for example, food security. This approach ensures the participation of affected communities, the promotion of community development, improving farm production and farming systems, infrastructure development and land resource planning, conservation and rehabilitation.





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 crush more than 8,5 million tons of cane per annum, which is equivalent to over 1 million tons of raw sugar. Cane supplies come from a combination of own-estates (predominately rain-fed), large-scale commercial and small-scale private farmers in rural KwaZulu-Natal. At the beginning of the 2014/15 season, the South African operations were supplied by 118 182 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 2014/15 season, the Zimbabwe operations were supplied by 44 749 hectares of sugarcane land (own-estates and private farmers) with a potential to produce in excess of 4 million tons of sugarcane. The total refined sugar installed capacity is 140 000 tons and the Triangle ethanol plant has an installed capacity of 40 million litres over a 48-week production season. The Hulett's 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 2014/15 season, 22 072 hectares of Tongaat Hulett miller cum planter was farmed under sugarcane with 6 275 hectares under private grower and community-based schemes. Sugar production capacity at the Xinavane mill is more than 240 000 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 330 000 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. These favourable agricultural conditions, close 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 3 838 hectares of fully-irrigated farms of which approximately 3 740 hectares are harvested annually. The estate has consistently achieved 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 60 000 tons per annum.

NAMIBIA AND BOTSWANA

The Namibian operation has the capacity to pack and distribute 80 000 tons of sugar per annum while in Botswana, Tongaat Hulett has a 60 000 tons per annum packing and distribution operation. Tongaat Hulett will benefit from future growth in consumption in Botswana and Namibia with its leading Blue Crystal® and Marathon® brands.



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 14,38 million litres for blending with petrol during 2014/15. 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 the past 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.



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 has grown to be 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 630 000 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 that are produced during the starch and glucose manufacturing process supply feed into the animal feed industry. The business operates a dedicated Sorbitol facility, which is located in Chloorkop in Gauteng, and has distribution networks and facilities in Zimbabwe, Australasia and the Far East.

The world is continuing to evolve in terms of the selection of a feedstock for the production of sweeteners, with both maize and sugarcane being suitable alternatives. Tongaat Hulett's significant investments in the production of sweeteners using both feedstocks will ensure that the business is well positioned to benefit from global developments in this area.

LAND CONVERSION ACTIVITIES

Tongaat Hulett's landholdings of some 8 091 hectares represent a unique portfolio and well-established development platform in the fastest growing area of KwaZulu-Natal. The portfolio represents a key opportunity for growth and development for many stakeholders and achieving optimal development outcomes requires appreciating the inextricable links between agriculture, rural jobs and community development, government and local authorities, infrastructure investment and the conversion of cane land to urban uses.

Land conversion takes place over a number of years and the land remains agriculturally productive throughout the conversion process, remaining under sugarcane until it is shovel ready and the final transition to development takes place. The business continues to broaden the range of commercial approaches to transactions, continually refining its understanding and appreciation of the demand drivers in the market. This includes undertaking large transactions yielding better value through creating longer-term investment opportunities for buyers that are not solely dependent on immediate market conditions.

Further details regarding these on-going processes are provided in Tongaat Hulett's Portfolio of Land for Conversion in KwaZulu-Natal, available at www.tongaat.com.

