

SUMMARY OF EXPECTATIONS FROM KEY FOCUS AREAS

FOCUS AREA	PROGRESS TO DATE
<p>GROWING STARCH AND GLUCOSE</p> <ul style="list-style-type: none"> Producing higher-margin products Use installed milling capacity to grow production. 15% upstream capacity available 	<ul style="list-style-type: none"> 8 consecutive years of earnings growth Local sales growth of 4% in the current year Coffee and coffee creamer sector growth of 15% over the past 2 years Commercialisation of modified starch range of products Good progress in plant efficiency improvement
<p>INCREASING RETURNS FROM THE EXISTING SUGAR ASSET BASE MAXIMISE VALUE EARNED FROM SALES</p> <ul style="list-style-type: none"> Primary focus on domestic markets Flexibility between the EU and regional markets as sales destinations 	<ul style="list-style-type: none"> Improved local market protection for South Africa and Zimbabwe Heightened awareness of the need for local market protection in Mozambique Improvements to pack size and product availability in Zimbabwe 34% volume reduction in sales to the EU market in 2014/15 compared to 2013/14 Well established platform in the regional market with sales of some 100 000 tons per annum in the past three year
<p>GROWING SUGAR PRODUCTION WITH SUBSTANTIALLY REDUCED UNIT COSTS</p> <ul style="list-style-type: none"> Lowest cost quartile of world sugar producers Increased production from the 2,1 million tons of milling capacity available Primarily vertical expansion - more sugarcane produced from the same hectares Horizontal expansion (plant more cane) funded by development and grant funding 	<ul style="list-style-type: none"> Effective cost reduction equivalent to R950 million in money of today, achieved over the past two years With the cane available from improved agricultural practices and the additional hectares planted, in regular growing conditions, production in 2015/16 would have been expected to be 1,6 million tons compared to the 1,0 million tons in 2010/11 <ul style="list-style-type: none"> In South Africa - 28 687 hectares planted to cane over the past 4 years In Mozambique - 57% improvement in yields since 2008 At 1,6 million tons of sugar production and with the cost reductions achieved thus far, costs of production would have been below the EU and India, the second and third largest sugar producers in the world
<p>MOMENTUM IN LAND DEVELOPMENT</p> <ul style="list-style-type: none"> Portfolio of land for conversion Substantial profit and cash flow with optimal outcome for all stakeholders 	<ul style="list-style-type: none"> Total portfolio of 8 091 developable hectares in prime growth corridor 2013/14 - R1 080 million from the sale of 259 developable hectares 2014/15 - R829 million from the sale of 108 developable hectares
<p>SOCIO-ECONOMIC POSITIONING</p> <ul style="list-style-type: none"> Strong platform based on track record and experience within socio-economic context Critical internal and external relationships empowering stakeholders and promoting development 	<ul style="list-style-type: none"> In South Africa - 7 175 direct jobs created over the past 4 years through new planting of cane In Zimbabwe - 857 indigenous private farmers, employing some 7 300 people and farming on 15 880 hectares In Mozambique - 2 018 indigenous farmers supplied 415 000 tons of cane during the current season Success of Cornubia Integrated Human Settlement providing a replicable model to respond to government's affordable housing demand driver and spatial development objectives

EXPECTATIONS GOING FORWARD

- R120 million investment in downstream coffee creamer sector to support growth in this sector - available October 2015
- Focus on enhancing market mix and the development of new product portfolios to maximise contribution and increase capacity utilisation
- Optimise production capacity and downstream channels - improve overall plant utilisation
- Improving plant efficiencies and reducing manufacturing costs
- Increased regional presence - supporting customers and direct export sales growth

- Substantial increase in the import tariff level in Mozambique
- Second tariff application in South Africa underway
- Consumption growth in Mozambique and Zimbabwe
- Further development of Tongaat Hulett's premium sugar brands in domestic and regional markets
- Improved sales realisations in the EU and regional markets that are linked to the world price

- 2018/19 target - 1,8 million tons in sugar production, driven by
 - Return to regular weather conditions (37%)
 - Additional hectares under cane (30%)
 - Yield and sugar extraction improvements (33%)
- Further substantial cost reductions on the current bought-in goods and services, transport, marketing, salaries and wages base of R5,2 billion
- Irrigated cane supplies in South Africa increase from 13% to above 20%
- Additional water available from the Tokwe Mukorsi dam in Zimbabwe
- Operations firmly placed within the lowest cost quartile of world sugar producers

- Prioritise the sale of 635 developable hectares where commercial negotiations have commenced or are about to commence
- The possible 5-year sales outcome, as per the table in the land portfolio document

- Objective to plant 22 500 hectares to cane in South Africa over the next 3 seasons that will create 5 625 direct jobs
- Plant a further 3 390 hectares to cane in Zimbabwe that will create 166 new private farmers
- Contribution to economic growth and development of KwaZulu-Natal through land conversion activities
 - Play a significant role in alleviating the backlog in affordable and mid-income housing
- Continued focus on empowerment, diversity, employee development and performance management within a sound corporate governance framework