

AT A GLANCE



AGRICULTURE AND AGRI-PROCESSING (SUGARCANE/SUGAR AND MAIZE/STARCH) WITH RENEWABLE ENERGY OPPORTUNITIES (ELECTRICITY GENERATION AND ETHANOL PRODUCTION)

PORTFOLIO OF LAND FOR CONVERSION (UNIQUE PORTFOLIO AND WELL-ESTABLISHED DEVELOPMENT PLATFORM IN KWAZULU-NATAL)

OPERATIONS LOCATED IN SIX COUNTRIES IN SUB-SAHARAN AFRICA

LARGEST PRIVATE SECTOR EMPLOYER IN BOTH MOZAMBIQUE AND ZIMBABWE

APPROXIMATELY ONE MILLION PEOPLE IN SOUTH AFRICA ARE DIRECTLY IMPACTED BY THE SOUTH AFRICAN SUGAR INDUSTRY. TONGAAT HULETT IS THE MAJOR PLAYER NORTH OF DURBAN

Agriculture and agri-processing is a fundamental element of socio-economic development in Africa - particularly in the development of rural communities, farming activities, food security and water management, housing and land conversion to development as urban areas expand. This is also linked to the socio-political dynamics of the region. Tongaat Hulett is well positioned in the nexus of these dynamics.

TONGAAT HULETT CREATES VALUE FOR ALL STAKEHOLDERS THROUGH AN ALL-INCLUSIVE APPROACH TO GROWTH AND DEVELOPMENT, WHICH FOLLOWS THE INTERCONNECTED NATURE OF ITS ACTIVITIES.



STARCH OPERATIONS

- 630 000 tons of maize converted to starch and glucose per annum
- Available wet-milling capacity and enhanced product mix
- Only wet-miller of maize in Africa south of Egypt



SUGAR OPERATIONS

- 199 917 hectares (own and third-party) of sugarcane supplying eight Tongaat Hulett sugar mills
- Growing sugar production from the current low point of 1 million tons
- Intensive agricultural improvement programmes
- Low-cost incremental sugar production from existing 2,1 million tons milling capacity



LAND CONVERSION AND DEVELOPMENT ACTIVITIES

- 7 970 hectares of developable land identified for conversion. 488 developable hectares sold in the past three years
- Momentum established and increasing
- Substantial value realisation and cash generation

CONSTRUCTIVE INTERFACE WITH GOVERNMENTS AND SOCIETY

SALIENT FINANCIAL FEATURES OF 2015/16

THE RESULTS FOR THE YEAR ENDED MARCH 2016 WERE ATTAINED WITH

- the starch operations delivering a record performance;
- land conversion and development activities continuing to unlock substantial value and delivering a record operating profit;
- a substantial reduction in sugar production as a result of poor growing conditions (the operations are volume sensitive, with sugar milling and cane growing having a high proportion of fixed costs); and
- positive achievements in the sugar operations in terms of substantial cost reductions in real terms over the past three years and securing and improving local market positions.



STARCH OPERATIONS

- Operating profit grew to R658 million (2015: R561 million)
- Improvements in sales mix, co-product recoveries, plant efficiencies and competitive maize costs



SUGAR OPERATIONS

- Sugar production of 1,023 million tons (2015: 1,314 million tons) and operating profit of R124 million (2015: R806 million)
- Impacted by weather conditions and low sugar prices



LAND CONVERSION AND DEVELOPMENT ACTIVITIES

- Profit of R1,115 billion from the sale of 121 developable hectares (2015: profit of R829 million from sales of 108 developable hectares)

REVENUE

**R16,676
BILLION**

+3,2%
(2015: R16,155 BILLION)

OPERATING PROFIT

**R1,808
BILLION**

-13,5%
(2015: R2,089 BILLION)

HEADLINE EARNINGS

**R783
MILLION**

-17,1%
(2015: R945 MILLION)

CASH FLOW FROM OPERATIONS

**R1,262
BILLION**

-50,2%
(2015: R2,533 BILLION)

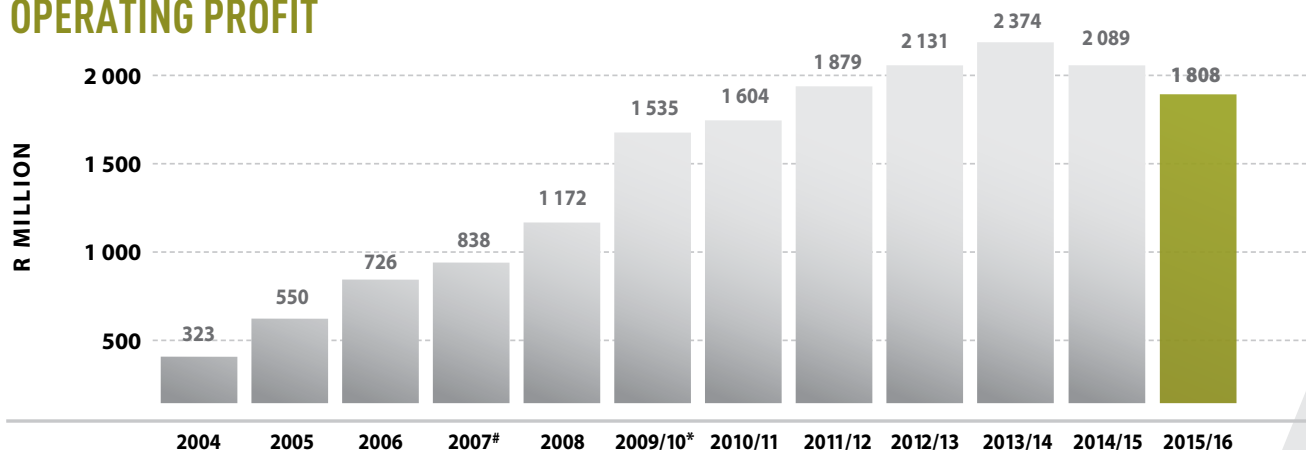
ANNUAL DIVIDEND

**230 CENTS
PER SHARE**

-39,5%
(2015: 380 CENTS PER SHARE)

Cash flow from operations was lower than operating profit, largely as a result of debtors increasing by some R1,3 billion due to the timing of inflows in respect of land conversion activities

OPERATING PROFIT



[#] 2007 and prior: profit from Tongaat Hulett operations within the old Tongaat-Hulett Group ^{*} Change in financial year end from December to March

INVESTMENT CASE

FROM AN INVESTOR PERSPECTIVE, TONGAAT HULETT'S STRATEGIC POSITIONING AND OBJECTIVES FOCUS ON THE FOLLOWING KEY POINTS:

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, African and other export markets and by replacing imports.

RECOVERING AND INCREASING RETURNS FROM THE EXISTING SUGAR ASSET BASE

- Better cane yields leading to higher sugar production, from the current low point, with substantially reduced unit costs.
 - 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 of 4 to 6 US c/lb (compared to a world sugar price that has essentially varied between 10 and 30 US c/lb over the past decade), as milling and agricultural costs per hectare are mostly fixed.
- Weather and growing conditions in the past summer have masked the progress being made with the intensive agricultural improvement programmes. Current annual sugar production is approximately 1 million tons (2 years ago production was already at 1,4 million tons, with more land under cane subsequently becoming available to harvest).
- Tongaat Hulett has more than 2,1 million tons of installed milling capacity and requires little capital expenditure to use the additional available capacity which has a replacement cost of more than R20 billion.
- Concerted cost reduction processes are underway, with substantial reductions in the cost base already achieved over the past three years. There is scope for further reduction in the flexible and non-value-add activities, eliminating waste, and to challenge paradigms on costs that have traditionally been seen as fixed. 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.
- Multiple strong sugar market positions with protected, growing domestic markets.
 - 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 (on-going 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.

LAND CONVERSION - SUBSTANTIAL VALUE CREATION

- Unique land portfolio and well established development platform in the fastest growing area of KwaZulu-Natal.
- Increasing momentum and pace of land conversion, with a substantial step-up in value being unlocked, with corresponding cash generation.
- Positive, constructive and inextricable link to sugarcane farming activities and rural socio-economic development.

LEADERSHIP AND STRENGTH OF MANAGEMENT TEAM

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

SOCIO-ECONOMIC POSITIONING AND CONSTRUCTIVE INTERFACES 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.

SOUND SUSTAINABILITY STRATEGY AND TRACK RECORD

- From environmental stewardship through to the specifics of safety at each and every operation.

STRONG BALANCE SHEET WITH HIGH QUALITY ASSETS

FOCUS ON INCREASING EARNINGS AND CASH FLOWS

- Leading to higher dividends.

ADDITIONAL FUTURE GROWTH OPPORTUNITIES

- Platform for future downstream brownfield/greenfield sugar and starch regional expansions, to be the partner of choice for countries growing their local markets and industries.
- Ethanol production - to replace export sugar.
- Electricity generation - to generate more electricity from sugarcane fibre than at present, using modern technology.



BUSINESS MODEL

PEOPLE | LAND | COMMUNITIES



GEOGRAPHIC FOOTPRINT

- TONGAAT HULETT'S EIGHT SUGAR MILLS ARE SUPPLIED BY SOME 199 617 HECTARES OF SUGARCANE, SOURCED FROM A COMBINATION OF OWN ESTATES, LARGE-SCALE, SMALL-SCALE AND LAND REFORM FARMERS
- TONGAAT HULETT HAS BEEN SELLING TO REGIONAL MARKETS FOR MORE THAN 30 YEARS AND HAS ESTABLISHED OPERATIONS IN SIX COUNTRIES
- TONGAAT HULETT IS THE THIRD LARGEST MAIZE BUYER IN SOUTH AFRICA
- TONGAAT HULETT IS THE ONLY MAIZE WET-MILLER SOUTH OF EGYPT
- TOTAL PORTFOLIO OF 7 970 HECTARES AVAILABLE FOR LAND CONVERSION IN SOUTH AFRICA



KEY

- OFFICES
- STARCH MILLS
- CANE FARMING
- ⚙️ SUGAR MILLS
- SUGAR/ETHANOL REFINERIES
- DISTRIBUTION AND PACKAGING FACILITIES



SUGARCANE HECTARES SUPPLYING TONGAAT HULETT'S MILLS IN 2015/16

SOUTH AFRICA	121 530HA	61%
ZIMBABWE	44 952HA	22%
MOZAMBIQUE	29 297HA	15%
SWAZILAND	3 838HA	2%

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

7 970 HECTARES OF DEVELOPABLE LAND IDENTIFIED FOR CONVERSION

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. Tongaat Hulett continues to focus on value creation for all stakeholders through an all-inclusive approach to growth and development and regards its constructive interfaces with governments and society to be of significant importance.

The business as it stands today, arose from the merger of the Tongaat Group Limited and the Huletts 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 achievement

of the business's strategic goals, 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 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 includes 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 produce more than 1,040 million tons of sugar per annum. Cane supplies come from a combination of predominately rain-fed own-estates, large-scale commercial and small-scale private farmers in rural KwaZulu-Natal. At the beginning of the 2015/16 season, the South African operations were supplied by 121 530 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 Huletts® 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 660 000 tons. At the beginning of the 2015/16 season, the Zimbabwe operations were supplied by 44 952 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 some 40 million litres over a 48-week production season. 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 2015/16 season, 29 297 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.

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 3 768 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 some 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



TONGAAT HULETT PROFILE continued

supply electricity to the grid. In Zimbabwe, Triangle has an ethanol plant which provided 20 million litres for blending with petrol during the 2015/16 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 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, Hydrex® 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 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 has an unequalled portfolio of some 7 970 developable hectares of land in prime positions near Durban and on the north coast of KwaZulu-Natal earmarked for conversion from agriculture to a range of urban and tourism uses over time. The value created for all stakeholders is increasing through an integrated approach to land conversion and development. This reflects progress made on the various value-unlocking activities sustaining the land conversion process together with government, related organisations and key stakeholders in the property industry.

These activities are underpinned by on-going 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. These lead 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 are provided in Tongaat Hulett's Portfolio of Land for Conversion in KwaZulu-Natal, available at www.tongaathulett.com.

