Supplementary information on the Financials, and Sugar and Starch operations

Land development activities are covered in the separate Land Portfolio document

Tongaat Hulett MAY 2016

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Starch and Glucose

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Background on Starch and Glucose

- 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)

Evolving Product and Customer Utilisation and Market Mix

- Available upstream capacity (wet mill) - 15%
- Investment of R135 million in 2015/16 for downstream capacity for coffee creamers commissioned and operational
- Replacement of imported volumes under long term contracts
- Customers and Tongaat Hulett imported 12 152 tons of glucose in 2015/16
- Releasing capacity for other growth sectors
- Meyerton production curtailed (4 323 tons) in 2015/16 by commissioning of capital projects for boiler replacement and investments to increase starch production
    - Investments will facilitate growth in value added modified starch production in local and export prepared food markets in 2016/17

Maize Dynamics

Physical Supply

- South African maize production in for 2016/17 season estimated at 7,05 million tons (2015/16: 9,96 million tons) due to drought
- Biggest impact on maize in west and north-west parts of South Africa - key white maize production areas
- Tongaat Hulett sources maize in Mpumalanga where impact of drought conditions is reduced
- Tongaat Hulett is largely a yellow maize user

Pricing

- The relativity of the South African maize price versus the international price impacts on the margin of Tongaat Hulett Starch’s non-formulae driven sales
- Currently this constitutes 55% of the sales mix
  - 34% of this is currently unpriced, and margins will further be impacted on by exchange rates and international starch and glucose margins

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South African Maize History

	1979/80	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16 4th Production Estimate*
Hectares planted (000 ha)	4 031	2 372	2 699	2 781	2 688	2 653	1 947
Yield (t/ha)	3,37	4,37	4,38	4,21	5,32	3,75	3,62
Production (000 tons)	13 583	10 360	11 830	11 811	14 307	9 955	7 054
Imports (000 tons)	-	-	-	-	-	1 651	3 650
Carry in stock (000 tons)	2 115	2 336	994	1 417	589	2 074	2 060
Total usage incl. exports (000 tons)	8 324	11 702	11 418	12 639	12 822	11 620	11 518
Stock to use ratio	10,02%	8,49%	12,41%	4,66%	16,18%	17,73%	10,82%

Outlook for World maize/corn

- 2015/16 - Corn production in the US is 345,5 million tons - yields are marginally lower at 10,57 tons per hectare compared to 10,73 tons per hectare in 2014/15
- US corn plantings for 2016/17 are expected to be 6,37% higher than in the current year
- Currently world corn supplies are adequate and there are no supply concerns given the favourable crops that were harvested internationally

Lower international starch and glucose prices

- Lower international corn prices have translated into lower starch and glucose prices
- 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 April 2016 planting intention and expected average yield

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Starch and Glucose Markets

Tons	2013/14 Actual	2014/15 Actual	2015/16 Actual	% Growth 2014/15 vs. 2013/14	% Growth 2015/16 vs. 2014/15
Alcoholic beverages	173 352	176 489	178 441	1,8%	1,1%
Coffee creamers	70 734	75 201	74 484	6,3%	-1,0%
Confectionery	61 599	67 148	63 643	9,0%	-5,2%
Paper	56 486	59 870	58 732	6,0%	-1,9%
Prepared foods	12 323	13 696	11 241	11,1%	-17,9%
Other	45 712	45 828	45 206	0,3%	-1,4%
Total local	420 206	438 232	431 747	4,3%	-1,5%

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Volumes and Financial Data

Volume (tons)	March 2016	March 2015
Local starch	91 085	92 557
Local glucose	340 662	345 675
Total local	431 747	438 232
Export starch	28 593	34 422
Export glucose	33 077	25 976
Total exports	61 670	60 398
Co-products	174 081	172 099
Total	667 498	670 729

R millions	March 2016	March 2015
Revenue	3 640	3 447
Domestic	2 459	2 398
Exports	462	423
Co-products	719	626
Operating Profit	658	561

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Co-product Pricing

Co-product	Price movement 2016 over 2015	Major price drivers
Germ	Up 13,7%	International edible oil prices
Gluten-60	Down 7,9%	Lower-priced international competitive products
Gluten-20	Up 32,2%	Local SAFEX maize price

Sugar Operations

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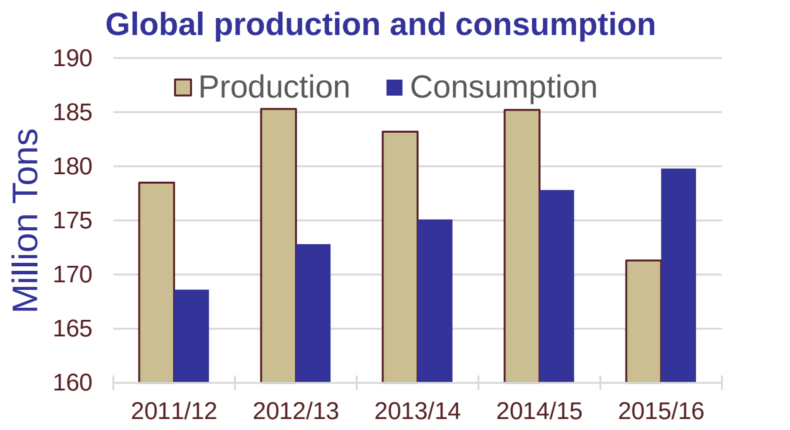
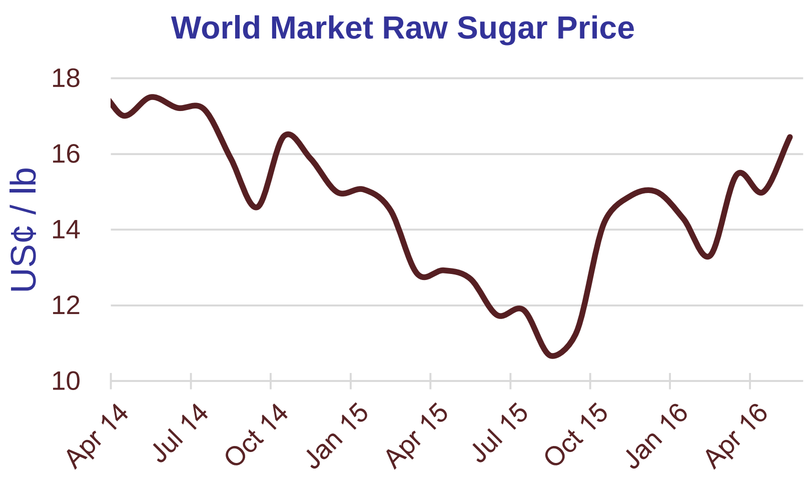
1st Global Sugar Supply Deficit after 5 Years

- Consensus of commentators' views points to a deficit in the year to September 2016 of 5 - 10 million tons, the first time in 5 years that global supply will be less than global demand
- Dry weather conditions in India and Thailand (annual sugar production of 30 million and 12 million tons, respectively accounting for some 23% of global production) currently looms large in supply forecasts as a bullish element to pricing
- Consumption growth of 1,5% to 2,0% per annum continues indicating that global consumption is growing by some 2,5 - 3,5 million tons per annum
- Global stocks are reducing, but remain above normal levels, as a consequence of the current year's forecast supply deficit
- Prices have been increasing of late in response to the short-term supply outlook. Ongoing support measures and exchange rate movements, amongst others, will continue to impact on price sentiment and production decisions
- Firmer oil prices support sugar prices via ethanol values



Source: LMC International



Protected, Growing Domestic Markets

- Domestic demand continues to be the key driver of Tongaat Hulett's approach to markets where the progression towards remunerative prices supportive of sustainable cane growing are not impacted by the dumped world sugar price
- Tongaat Hulett's domestic markets of Mozambique, SA Customs Union and Zimbabwe comprise
  - Some 110 million people, growing at between 1% and 3,5% per annum, with an average of some 2% per annum (Source: World Bank)
  - Annual sugar consumption of 2,6 million tons, growing annually at between 2% and 6%, with an average of some 2,3% (equivalent of a new sugar mill every 3 years)
  - A mix of low (Mozambique) to medium annual per capita sugar consumption (Zimbabwe and SACU)
  - Latent demand growth linked to current weak national economic performance
- Internal prices are driven by
  - Government support for prices that sustain local cane growing rather than importing of sugar
  - Duty mechanisms that are denominated in US$, aimed at establishing an appropriately remunerative internal market price level
  - Border controls to ensure compliance with import requirements supported as appropriate by sugar industry resources

Country	Price Increases	Total Domestic Market vs Industry Production
Zimbabwe	• 5% (US$) increase on 1 March 2016	78%
Mozambique	• 29% (Metical) increase on 1 February 2016	45%
South Africa	• 12,5% (Rand) increase on 1 February 2016 • 15% (Rand) increase planned for July 2016	90% - 100% depending on crop size

Deficit Regional Markets of Southern and Eastern Africa

- Import demand amounts to some 1,6 million tons of sugar per annum, which has been supplied by both the regions' producers and also by India, Thailand, Saudi Arabia, Dubai and Brazil
- Prices trade at a premium to world market prices for sugar and move in tandem with changes in those prices
- Tongaat Hulett has in the past supplied 100 000 tons of high grade white sugar per annum into the region, predominantly to industrial users
- The Tongaat Hulett name is well established
- Per capita annual sugar consumption is markedly lower (7 kg - 12 kg) than in the SA Customs Union
- Demand growth can be expected to be at least at the same level as forecast population growth, in the region of 2% - 3% per annum. Demand growth will be influenced by economic growth rates
- Tongaat Hulett's 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 trade bloc
- 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

EU 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 the 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

Growing Sugar Production from the Current Low Point

Tons Raw Sugar	2010/11 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Estimate	Milling Capacity#
South Africa	455 000	634 000	541 000	323 000	352 000 - 398 000	> 1 040 000
Mozambique	164 000	249 000	271 000	232 000	206 000 - 255 000	> 340 000
Zimbabwe	333 000	488 000	445 000	412 000	379 000 - 440 000	> 660 000
Swaziland RSE	54 000	53 000	57 000	56 000	53 000 - 57 000	> 60 000
Total	1 006 000	1 424 000	1 314 000	1 023 000	990 000 - 1 150 000	> 2 100 000

- Production increases from higher yields on existing hectares under cane and using the existing installed milling capacity have a low marginal cash cost of some 4 to 6 US cents per pound
- Rainfall during the summer of 2016/17 will determine whether more regular production levels return in 2017/18
- Current weather and growing conditions are masking the substantial progress that is being made with Tongaat Hulett's intensive agricultural improvement programmes, irrigation efficiency and power reliability
- Replacement value of additional available capacity > R20 billion (#)

RSE - Raw Sugar Equivalent

South Africa

Cane Milled and Sugar produced	Actual 2013/14 Season	Actual 2014/15 Season	Actual 2015/16 Season	2016/17 Estimate	
Total hectares farmed as at 1 April (beginning of the season)	116 469	118 182	121 530	122 856	
Hectares milled*	92 087	94 654	78 194	75 977	75 977
Cane yield (tcphm)	56,34	46,64	39,54	41,42	46,83
Cane tons '000	5 481	4 591	3 092	3 147	3 558
Cane to sugar ratio	8,64	8,48	9,59	8,94	8,94
Sugar production - raw (tons)	634 000	541 000	323 000	352 000	398 000

* Since the 2014/15 season a change has been taking place partly as a result of the drought and partly due to new improved Eldana control which enables the cane to grow for a longer period before being harvested. This has resulted in less hectares being harvested and an estimated increase in cane yields in the current year (*)

Eldana (Eldana saccharina) is a harmful stem borer pest of sugarcane in South Africa

Extracts from the South African Agricultural Improvement Plans

- Sub-surface soil sampling to address rooting zone soil health and the application of lime and gypsum where required
  - Over decades certain soils have become acidic at depths of 600 mm to 1 000 mm which inhibits root development and root activity
  - Amelioration with lime and/or gypsum improves this situation and facilitates yield improvement
- Increasing the amount of Green Cane harvested
  - Careful selection of fields for Green Cane harvesting helps to reduce weed pressure, reduces the amount of herbicide required and provides improved soil moisture retention in dry periods
  - Burning is still required as a tool for integrated pest and disease management, plant preparation and to create fire breaks
- Increasing the age of harvest of coastal cane by controlling Eldana with IRAC (Insecticide Resistance Action Committee) - improves yield and cane quality
- Fallow cropping in selected soils types with a variety of fallow crops (sun hemp, oats, sunflowers, sorghum) to improve soil health and in the case of legume crops such as sun hemp, add nitrogen to the soil (thereby reducing the fertiliser requirement)

Mozambique

Cane Milled and Sugar produced	Actual 2013/14 Season	Actual 2014/15 Season	Actual 2015/16 Season	2016/17 Estimate	
Total hectares farmed as at 1 April (beginning of the season)	27 602	28 347	29 297	29 297	
Hectares milled	24 898	25 980	25 308	26 040	26 040
Cane yield (tcphm)	81,06	86,17	78,74	64,32	79,61
Cane tons '000	2 038	2 239	1 993	1 675	2 073
Cane to sugar ratio	8,11	8,27	8,58	8,13	8,13
Sugar production - raw (tons)	249 000	271 000	232 000	206 000	255 000

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Extracts from the Xinavane Agricultural Improvement Plans

Actions underway

- 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
- The step up phase will run from 2015/16 until 2017/18
- Good progress has been made to date
- Benefits already showing but curtailed by the restricted water supply situation

Extracts from the Mafambisse Agricultural Improvement Plans

Actions underway

- Initiative aimed at increasing cane and sugar yields especially at Home Estate where cane yields were 56% of potential. At Lamego Estate cane yields were 73% of attainable potential. Areas focused on and progress to date are as follows
  - Upgrade of irrigation from supplementary (2 mm/day) to full irrigation (8 mm/day) - 80% completed
  - Cane nutrition improvements
  - Weed control
  - Drainage improvements: 313,4 km - (78%) main drains cleaned and balance to be completed in 2016/17
  - 50% drainage pumps installed - balance to be completed in 2016/17
  - New management structure in place
  - Training and development taking place
  - Labour productivity improvements
  - Cane quality management
  - Crop positioning
  - Pumps and canal infrastructure improvements and management

Zimbabwe

Cane Milled and Sugar produced	Actual 2013/14 Season	Actual 2014/15 Season	Actual 2015/16 Season	2016/17 Estimate	
Total hectares farmed as at 1 April (beginning of the season)	44 814	44 749	44 952	44 952	
Hectares milled	39 615	40 731	41 683	42 224	42 224
Cane yield (tcphm)	90,20	84,92	80,32	71,81	83,36
Cane tons '000	3 573	3 459	3 348	3 032	3 520
Cane to sugar ratio	7,97	7,78	8,12	8,00	8,00
Chisumbanje estate #	39 000	-	-	-	-
Sugar production - raw (tons)	488 000	445 000	412 000	379 000	440 000

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

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Extracts from the Zimbabwe Agricultural Improvement Plans

- Adopting best practices throughout Tongaat Hulett and industry-wide peer review processes focusing on inherent yield improvement opportunities in the following areas
  - Evaluating and embracing cutting-edge soil management systems on a field by field basis
  - Aggressive replanting programme to reposition the crop as rainfall season normalises
  - Determining appropriate mix of cane varieties to maximise yields and minimise risks
  - Improving management of crop nutrition through mechanisation of fertiliser and weed control systems
  - Implementing a performance management system to improve individual and team contribution
  - Continuous review of the structure of tasks and work methods to improve employee productivity per hectare
  - Implementing information management systems (SAP, CanePro) to leverage and focus management efforts whilst improving visibility of performance to enable timely controls
  - Ensuring optimum utilisation of available capital assets and equipment

Extracts from the Zimbabwe Agricultural Improvement Plans (cont.)

- Implementing measures to secure adequate water to optimise sugarcane biomass accumulation
  - Harnessing regenerated (recycled water) from the fields back into the irrigation system
  - Repairs to canals and other water conveyancing systems to reduce water loss and wastage
  - Facilitating funding to enable Zimbabwe National Water Authority (ZINWA) to repair critical pumps and other national water storage and conveyancing infrastructure
  - Effectively lobbying authorities to ensure completion of Tokwe-Mukorsi dam and rehabilitation of existing critical water storage and conveyancing systems to boost water supply to industry
  - Redesigning and investing in strategic irrigation systems to improve water management systems e.g. drip irrigation and overhead irrigation technologies
- Developing and implementing a robust cane harvesting and cane haulage system to reduce loss of sucrose on account of burn to crush delays
  - Target is to deliver all harvested cane to the mills within 36 hours of being cut





Expansion of Dams in Zimbabwe and Mozambique

- Moamba dam on the Incomati river, supplying Xinavane, is being built (760 000 ML) - commenced October 2015
- Corumana dam capacity is being increased by 380 000 ML - commencing July 2017 (completion date May 2019)
- Completion of the Tokwe-Mukorsi dam (1 800 000 ML) is estimated before the end of 2016 - before the summer rainy season. Will supplement the Mutirikwi-Tokwe system

Current levels of existing dams	Full Volume ML	% Full as at 31 March 2013	% Full as at 31 March 2015	% Full as at 31 March 2016
Corumana dam (Xinavane)	880 000	98,1%	54,7%	25,8%
Muda dam (Mafambisse)	56 000	31,9%	90,3%	34,8%
Mutirikwi-Tokwe (Zimbabwe)	1 740 206	25,3%	49,0%	25,0%
Manjirenji-Siya (Zimbabwe)	379 634	35,9%	82,0%	37,8%
Manyuchi (Zimbabwe)	303 473	80,5%	88,3%	85,7%

Scope for Considerable Further Reduction in the Cost of Sugar Production

- Man-hour reductions focusing on flexible components and natural attrition, at the same time as eliminating non value-add activities and areas of waste
- Paradigms around costs that have traditionally been viewed as fixed are being challenged, to mitigate against future potential volume volatility e.g. flex mill concept in South Africa (Darnall mill was not opened in 2015/16)
- Unit costs of sugar production will reduce further as these cost reduction processes continue, benefitting from future volume increases

Progress to Date			
Goods, Services, Transport, Marketing, Salaries and Wages	Zimbabwe US$ (million)	Mozambique Metical (million)	South Africa Rands (million)
Costs in 2012/13 (money of the day)	186	3 052	2 325
Price increases, salaries and wages, inflation etc. (per annum over last 3 years)	2%	6%	7%
2012/13 Costs adjusted to money of today	197	3 635	2 848
2015/16 Costs	141	2 948	2 475
Effective reduction in money of today	56	687	373
Effective reduction in money of today (Rands)	R1,39 billion		

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Ethanol and Electricity

Ethanol production

- Zimbabwe
  - Production targeted to increase from 20 million litres in 2015/16 to some 28 million litres in 2016/17
  - Target market - fuel blending
- South Africa
  - Minister of Energy: policy paper to Cabinet in 2016
- Mozambique
  - Explore opportunities for production at Xinavane

Electricity

- South Africa
  - Ongoing engagement with Government
- Mozambique
  - Explore opportunities for large scale power production with Government and EDM

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Supplementary Financial Information

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Financial Summary Points

R million	12 months to 31 March 2016	12 months to 31 March 2015	
Revenue	16 676	16 155	+ 3,2%
Operating Profit	1 808	2 089	- 13,5%
Headline Earnings	783	945	- 17,1%

Results to 31 March 2016

- Record performances from the starch operation
- Record performance from land conversion and development activities

Results to 31 March 2016

- Substantial reduction in Tongaat Hulett's sugar production - poor growing conditions
- Volume sensitive: sugar milling and cane growing have a high proportion of fixed costs

Cash flow from operations was lower than the operating profit - refer next slide

	12 months to 31 March 2016	12 months to 31 March 2015	3 X covered - prudent under current sugarcane growing conditions
Annual dividend per share (cents)	230	380	

For further details refer to the published financial schedules and detailed results commentary

Cash Flow from Operations was Lower than Operating Profit

As a result of debtors increasing by some R1,3 billion due to timing of inflows in respect of land conversion activities

R million	12 months to 31 March 2016	12 months to 31 March 2015
Operating profit - per income statement	1 808	2 089
Operating cash flow before working capital	2 251	2 577
Working capital increase	- 989	- 44
Cash flow from operations	1 262	2 533
Net debt at 31 March	5 101	3 992

Land Conversion

- Past 3 years: 488 developable hectares sold - operating profit of R3,024 billion. Net cash flow: R1,620 billion
- Timing of conversion of profits into cash varies with the nature of the transactions concluded - there have been a number of larger transactions that have a lead time before transfer which is typically 6 - 18 months
- The dynamic of profit exceeding cash flow is expected to reverse as these transfers take place

South Africa - Revenue and Cost Breakdown

Includes downstream activities	2015/16 R million	2014/15 R million	2013/14 R million	2012/13 R million
REVENUE*	4 279	5 229	5 265	4 467
Sugar sales - own production	3 285	4 138	4 206	3 554
Other activities	994	1 091	1 059	913
LESS COSTS				
Payments for 3rd party cane/SASA levies	1 631	2 102	2 194	1 809
Goods/services/transport/marketing, salaries/wages	2 475	2 658	2 558	2 325
Offcrop costs carried in	169	139	182	131
Depreciation/amortisation	93	101	125	85
Profit before root planting costs and cane valuations	- 89	229	206	117
Root planting costs	- 58	- 94	- 44	- 74
Cane valuations - income statement effect	142	126	178	265
Operating profit	- 5	261	340	308
Raw sugar production (tons)	323 000	541 000	634 000	486 000

* Revenue after SA Industry Redistribution/Sugar Purchases

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Mozambique - Revenue and Cost Breakdown

	2015/16 Metical million	2014/15 Metical million	2013/14 Metical million	2012/13 Metical million
REVENUE	4 790	5 171	5 035	5 644
Sugar sales	4 405	4 943	4 857	5 452
Other activities	385	228	178	192
LESS COSTS				
Payments for 3rd party cane	363	402	318	350
Goods/services/transport/marketing, salaries/wages	2 948	2 887	2 785	3 052
Offcrop costs carried in	542	429	466	421
Depreciation/amortisation	520	522	495	442
Profit before root planting costs and cane valuations	417	931	971	1 379
Root planting costs	- 600	- 313	- 167	- 339
Cane valuations - income statement effect	397	- 245	- 308	368
Operating profit	214	373	496	1 408
Raw sugar production/sales (tons)	232 000	271 000	249 000	235 000

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Zimbabwe - Revenue and Cost Breakdown

	2015/16 US$ million	2014/15 US$ million	2013/14 US$ million	2012/13 US$ million
REVENUE	257	314	286	380
Sugar sales	233	292	260	360
Other activities	24	22	26	20
Sugar stock movement	6	- 28	35	10
REVENUE ADJUSTED	263	286	321	390
LESS COSTS				
Payments for 3rd party cane	58	70	76	92
Goods/services/transport/marketing, salaries/wages	141	135	146	186
Offcrop costs carried in	20	14	20	16
Depreciation/amortisation	16	17	19	19
Profit before root planting costs and cane valuations	28	50	60	77
Root planting costs	-23	- 21	- 3	- 12
Cane valuations - income statement effect	- 4	6	- 24	9
Operating profit	1	35	33	74
Raw sugar production (tons)	412 000	445 000	488 000	475 000
Sugar sales (tons)	403 000	491 000	426 000	456 000

Growing Crops - Change in Fair Value

IAS 41 Fair Value Change included in the Income Statement: Period to 31 March

R million	2015/16	2014/15
Roots	+ 96	+ 197
Standing cane	+ 141	- 101
Change in fair value	237	96

- Growing crops are valued at the end of the reporting period
- The change in fair value is taken through the income statement:
  - Roots (+ new roots / - amortisation / + change in costing)
  - Standing cane (sugar content and value)
- As hectares under cane grow and / or yields increase, a valuation gain is expected

International accounting standards change in 2016/17:

Roots will be accounted for as a fixed asset and no longer fair valued

In 2016/17, the 2015/16 comparatives will be restated with a decrease in roots fair value of some R139 million and a corresponding impact on operating profit

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Growing Crops - Change in Fair Value (cont.)

IAS 41 Fair Value Change included in the Income Statement: Period to 31 March

R million	2015/16	2014/15
South Africa	+ 142	+ 126
Swaziland	+ 13	- 11
Zimbabwe	- 56	+ 66
Mozambique	+ 138	- 85
Change in fair value	+ 237	+ 96

South Africa

- Root planting lower
- Lower yields due to drought
- Price movements

Zimbabwe/Mozambique

- Lower yields due to drought
- Price movements
- Increased replant

- Roots change in fair value:
  - \- Amortisation of roots
  - \+ Hectares planted (- replant restricted)
  - \+ Change in fair value costing
- Standing cane change in fair value:
  - \- Change in sugar pricing
  - \+ Change in sugar content
  - +/- Change in quantity of standing cane (+ growth and - harvested)
- All agricultural costs are charged to the income statement as operating costs

Growing Crops on the Tongaat Hulett Balance Sheet

	31 Mar 14	31 Mar 15	31 March 2016				
	Total	Total	Total	South Africa	Swaziland	Zimbabwe	Mozambique
Roots							
Hectares farmed	92 117	96 126	97 285	39 116	3 838	28 644	25 687
Amortised root value (Rands per ha)	27 484	30 406	33 246	31 542	17 572	37 197	33 777
Standing Cane							
Hectares for harvest	85 059	86 967	86 264	30 400	3 768	27 138	24 958
Standing cane value (Rands per hectare)	29 080	29 319	33 775	15 280	31 420	51 198	37 714
Yield (tons cane per ha)	87,1	82,6	73,3	50,2	116,3	89,5	77,4
Statement of financial position							
Roots (R million)	2 532	2 923	3 234	1 234	67	1 065	868
Standing cane (R million)	2 473	2 550	2 914	465	118	1 390	941
Total (R million)	5 005	5 473	6 148	1 699	185	2 455	1 809

March 2015 (R million)	5 473
Change in fair value	+ 237
Foreign currency translation	+ 371
Other - capex	+ 67
March 2016 (R million)	6 148

Roots - unamortised profile 50% to 74% (average 64%)

Cash Flow - Highlighting Sugar Related Dynamics

R million	2015/16	2014/15	
Operating profit	+ 1 808	+ 2 089	Includes all agricultural costs
Growing crop fair value adjustment	- 237	- 96	As per income statement
Root planting costs (direct planting, excluding other agricultural costs) charged to operating profit	+ 596	+ 445	Included below #
Other non-cash items	+ 680	+ 584	Includes depreciation etc.
Other proceeds	+ 109	+ 97	
	+ 2 956	+ 3 119	
Working capital	- 989	- 44	Debtors
Capital expenditure - plant, equipment, other capital	- 1 245	- 736	
Root planting costs	- 663	- 521	Includes operating costs above # and capex items
	+ 59	+ 1 818	
Interest and tax	- 901	- 970	
Dividends	- 436	- 429	
Net cash flow after dividends	- 1 278	+ 419	

Average Exchange Rates

Average	2015/16	2014/15
Rand/US$	13,81	11,05
Rand/Euro	15,20	13,96
Rand/Metical	0,35	0,35
US$/Euro	1,10	1,26
Metical/Euro	44	40

- Export proceeds: US$ and Euro

  (exchange rates at time of export - Mozambique and Zimbabwe)

- Earnings conversion on consolidation

  (at average exchange rates)

  - Zimbabwe : US$ → Rands
  - Mozambique : Metical → Rands

2007 BEE Transaction - July 2014

SENS Announcement 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 has also been performed which determines 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.

Tongaat Hulett

2007 BEE Transaction - July 2014 cont.

- 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 20,1 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 20,6 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 will use the next 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.

Tongaat Hulett

Further Information

For further information

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