Tongaat Hulett

MAY 2017

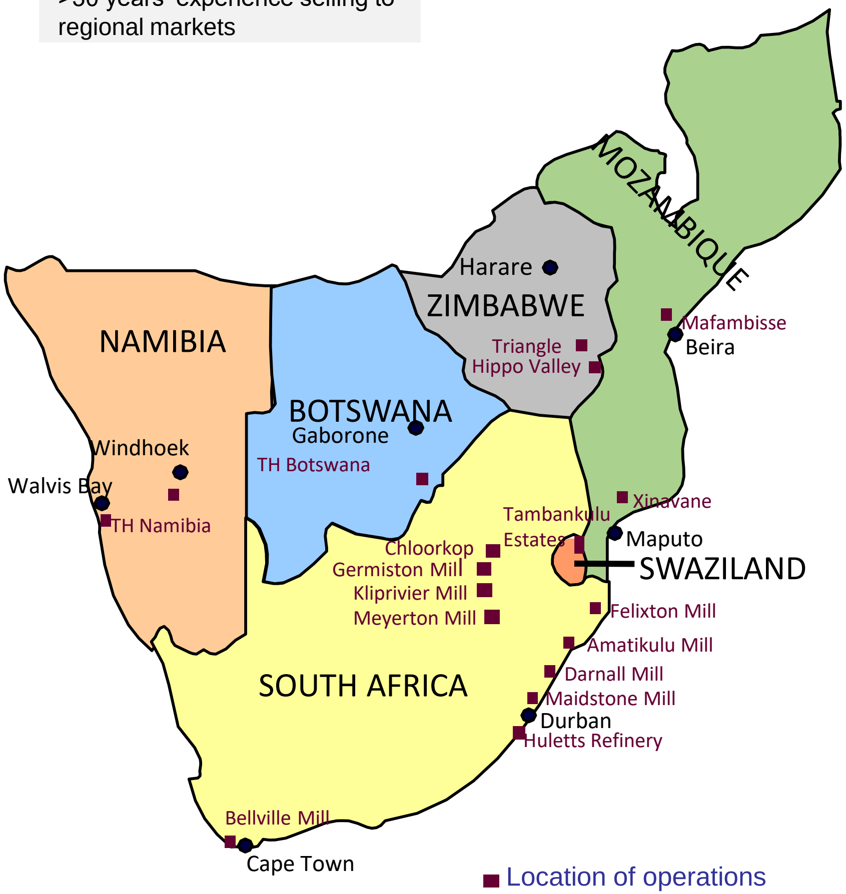
Comprehensive Supplementary Up-to-date Information on Tongaat Hulett

as at the time of releasing the 2016/17 full year results

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 sugarcane and maize processing facilities, a unique land conversion platform, a sizeable animal feeds thrust and possibilities to further grow ethanol and electricity generation.

Increasing Returns from the Sugar Asset Base - Recovering Cane Yields, Growing Sugar Production, Utilising Existing Capacity, with Low Incremental 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 as milling and agricultural costs per hectare are mostly fixed.
- Weather and growing conditions over the past two years have masked 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.
- The existing sugarcane footprint, with regular growing conditions, the agricultural improvement programmes and the completion of the few new planting partnership initiatives underway should produce some 1 650 000 tons of sugar. Tongaat Hulett's objective is to continue with these actions until it fully utilises its installed milling capacity of more than 2 000 000 tons per annum.
- An early season estimate for total sugar production in 2017/18 is between 1 176 000 tons and 1 278 000 tons, compared to 1 056 000 tons in 2016/17. Total sugar production is expected to recover over 2 years, to between some 1 485 000 and 1 588 000 tons in 2018/19. Tongaat Hulett's marginal cost of additional sugar production is typically some US$100 per ton from own cane (40%) and US$280 per ton from third party cane (60%). Realisations, ex-mill, based on current regional and EU market dynamics are approximately US$390 per ton.
- The decrease in costs achieved over the previous four years (equivalent to some R1,45 billion in real terms) provides good momentum for the ongoing cost reduction process in the sugar operations. Unit costs of sugar production will benefit substantially from future volume increases.
- The recent completion in Zimbabwe of the Tokwe-Mukorsi dam and, in Mozambique (Xinavane), the raising of the Corumana dam wall and the construction of the new Moamba dam on the Incomati river, will diversify the water catchment area and provide increased stability in future water supply.
- 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, remain a key focus. There has been some progress in South Africa and significant success in Zimbabwe and Mozambique with the required protection from imports, with Government support.
- Key market positions and experience in both the region (southern and eastern Africa) and the EU for the sale of its additional sugar. Tongaat Hulett is developing and expanding its positions in regional deficit markets, where a premium is earned over world market prices as well as broadening its footprint in key value-add markets in the EU where it enjoys preferential access.

Starch and Glucose - More competitive Maize and better volume prospects

- The starch and glucose operation is well positioned strategically and is focused on growing its sales volume, as it consolidates its gains from replacement of imports in the coffee/creamer and other sectors, continued enhancement of its product mix and developing opportunities which have been identified and targeted for growth through exports.
- Working together with customers, further opportunities are being targeted for growth through customer exports. Market development to increase the production of value added modified starches is progressing.
- Underpinned by improving the use of the available capacity and the efficiency of operations.

Value creation from Land Conversion and Development

- Unique land portfolio and well established development platform in the fastest growing area of KwaZulu-Natal.
- The value creating capability of the land conversion activities continues to increase, with good progress in the important value drivers.
- Positive, constructive and inextricable link to sugarcane farming activities and rural socio-economic development. Over the past five years 24 560 hectares of new cane land have been planted, mainly in communal areas.
- 3 582 developable hectares have been released from agriculture (Act 70 of 1970) out of the 7 709 developable hectares in the portfolio. Currently 1 314 developable hectares have EIA approvals, with a further 1 100 developable hectares being well advanced in EIA processes.
- Negotiations on some 233 developable hectares are currently underway, representing profit potential of around R1,58 billion.

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 Overview

R million	12 months to 31 March 2017	12 months to 31 March 2016 (restated)	
Revenue	17 915	16 676	+ 7,4%
Operating Profit	2 333	1 669	+ 39,8%
Headline Earnings	982	679	+ 44,6%

Cash flow from operations (after working capital)	3 176	1 863	+ 70,5%

Annual Dividends (interim 100 cps + final 200 cps)	300 cps	230 cps	30,4%

- Improved sugar revenues and operating profit. Sugar production of 1 056 000 tons (2016: 1 023 000 tons) - impact of the drought and dam levels was some 500 000 tons, which should recover over next two seasons.
- Starch and glucose margins were negatively impacted in the second half of the year by maize costs which were at import parity levels following the drought of the past season and by lower co-product revenues.
- Land conversion and development sales: 75 developable hectares (2016: 121 developable hectares) sold. Negotiations currently underway on 233 developable hectares.

- Growing crops accounted for under changed international accounting standards - roots are treated as a fixed asset and no longer fair valued. Comparatives restated: - R139 million impact on operating profit.
- Stronger Rand at year end against US Dollar and Mozambique Metical - impact on translation of Zimbabwe and Mozambique operations balance sheets: reduction in the FCTR - Foreign Currency Translation Reserve (equity) in the consolidated Tongaat Hulett balance sheet.

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

R million	12 months to 31 March 2017	12 months to 31 March 2016 (restated)
Operating profit	2 333	1 669
Growing crop fair value adjustment	(143)	(141)
Depreciation (and minor other non-cash items)	1 090	1 324
Working capital	(104)	(989)
Cash flow from operations	3 176	1 863
Capital expenditure - plant, equipment, other capital	(791)	(1 245)
Root planting costs	(418)	(668)
Other proceeds	59	109
	2 026	59
Interest and tax	(1 292)	(901)
Dividends	(190)	(436)
Net cash flow after dividends	**544**	**(1 278)**

Land Conversion and Developments Cash Flow Profile:

- Proceeds received.
- Development related expenditure.
- Substantial receipts in H2, following previous periods when a number of large transactions were concluded having lead times before transfer.
- Net cash flow before interest and tax: R900 million (2015/16: R239 million).

Higher sugar cash flows with higher revenues and operating profits.

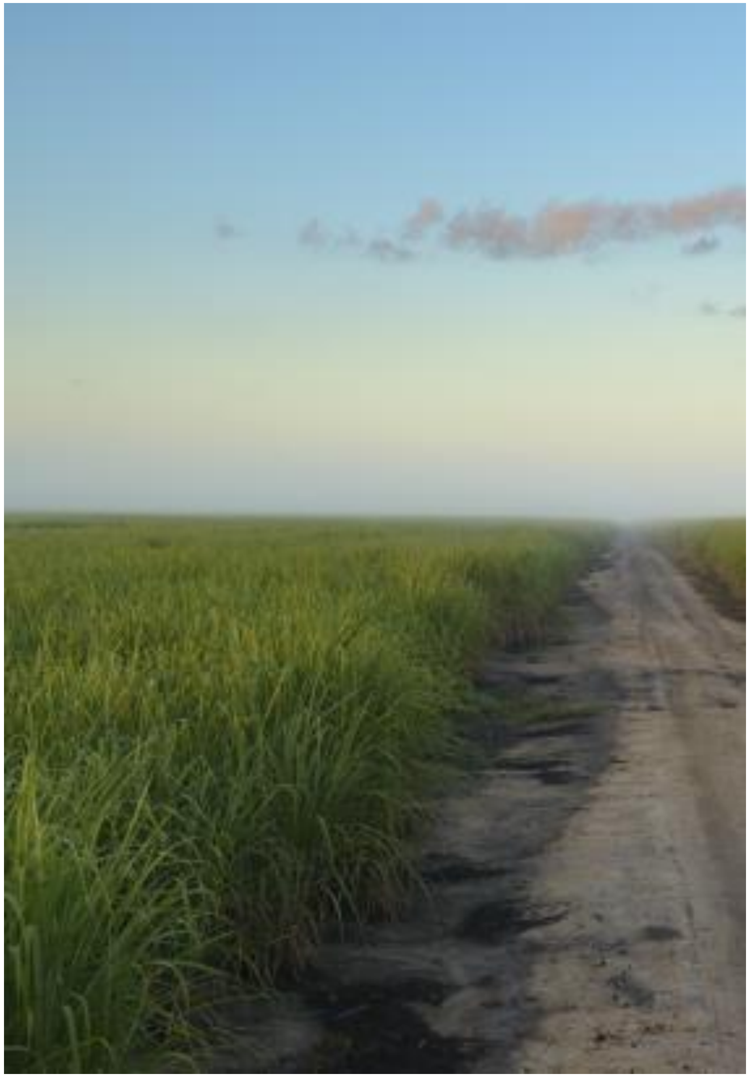
Future Cash Generation:

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

Application:

- Capex and root planting.
- Dividends.
- Debt repayment.

Sugar Operations



Future Sugar Production and its Significance

Tons Raw Sugar	Historical peak production	2013/14 Actual	2015/16 Actual	2016/17 Actual	2017/18 Estimate	2018/19 Early Estimate ^ #	Capacity
South Africa	977 000	634 000	323 000	353 000	500 000 - 564 0000	630 000 - 680 000	> 1 000 000
Mozambique	271 000	249 000	232 000	198 000	205 000 - 221 0000	265 000 - 280 000	> 340 000
Zimbabwe	578 000	488 000	412 000	454 000	421 000 - 440 0000	535 000 - 570 000	> 640 000
Swaziland RSE	59 000	53 000	56 000	51 000	50 000 - 53 000	55 000 - 58 000	> 60 000
Total	**1 885 000**	**1 424 000**	**1 023 000**	**1 056 000**	**1 176 000 - 1 278 000**	**1 485 000 - 1 588 000**	**>2 000 000**

Marginal cost of Additional Sugar Production (US$ per ton)	2018/19 % Growth from TH *	Tongaat Hulett Cane	Third Party Cane
South Africa	26%	$123	$281
Mozambique	62%	$102	$273
Zimbabwe	64%	$76	$287
Average	40%	$100	$280

- Average realisations, ex-mill, based on current regional and EU market dynamics are approximately US$390 per ton.
- Payments to third parties move with the sugar price.

^ Given ongoing average rainfall in the summer of 2017/18 and progress with the Agricultural Improvement Plans

Replanting of fallow land

* Percentage production growth originating from land farmed by Tongaat Hulett

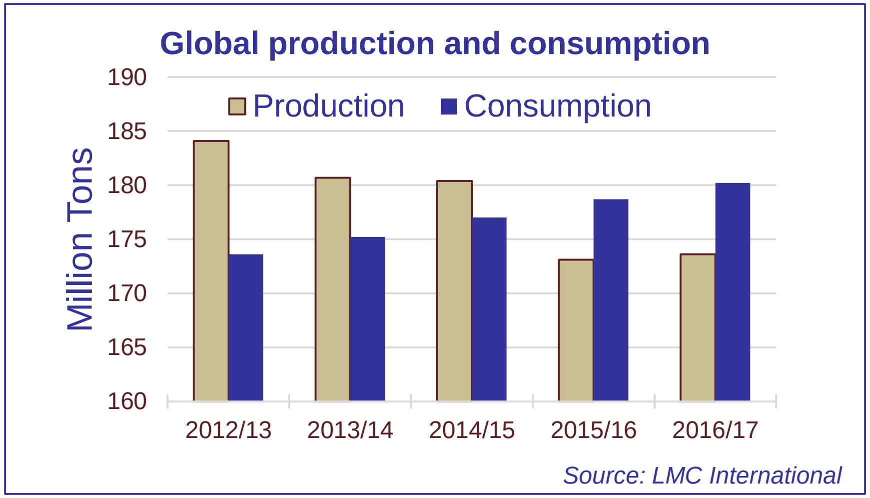
RSE - Raw Sugar Equivalent

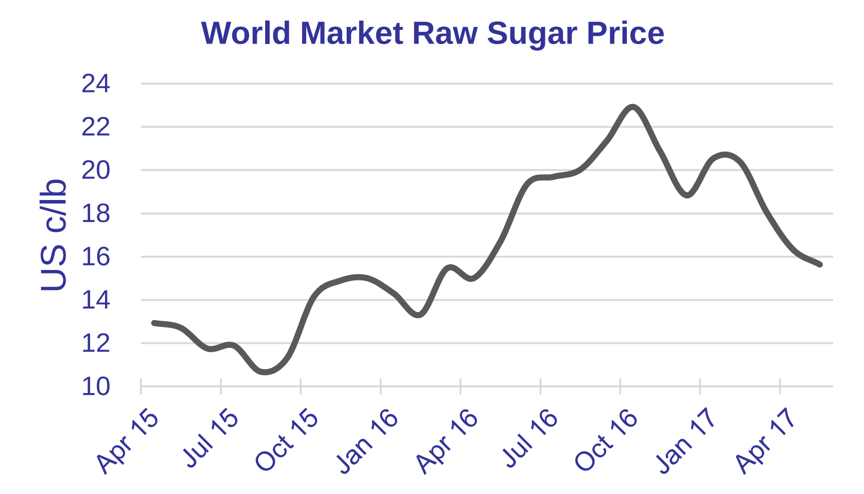
Variable costs related to sugar production increase

- Milling costs are 85% fixed and 15% variable.
- Agricultural variable costs include harvesting, loading and transport costs of the cane to the mill.

Global Sugar Market Dynamics

- Most countries that have their own domestic sugar production protect their industries and markets. The rest of the world is mostly governed by the world sugar price.
- The price of raw sugar in the world market, having traded in a wide range of some 14,0 to 23,8 US cents per pound in the 12 months to March 2017 (13,2 to 16,7 US cents per pound in the prior year), has come under pressure over the past six months from emerging forecasts for a global supply surplus in the 12 months to September 2018, trading in the region of 16,5 US cents per pound of late.
- There remain key variables that could materially impact on the latest forecasts of global production to September 2018.
- The price of raw sugar is currently expected, in the coming year, to trade in a broad range of 14 to 18 US cents per pound, impacted by supply prospects over the coming 15 months in the major sugar producing countries.
- Expectations are that decisions concerning the sugar/ethanol mix in Brazil will increasingly impact on world sugar prices.
- Global sugar consumption is predicted to continue to grow at a rate of some 1,5% per annum, with most of this growth coming from low per capita consumption, developing countries.





Deficit Regional Markets of Southern and Eastern Africa

- Demand for imported sugar in the countries where Tongaat Hulett has a competitive advantage, amounts to some 2,3 million tons of sugar per annum, which has been supplied by the regions' producers and also by India, Thailand, Saudi Arabia, Dubai and Brazil.

- Annual import demand in the deficit markets of the region over the period from 2016/17 to 2018/19 is forecast to grow from 2,3 million tons to some 2,7 million tons, an increase of some 372 000 tons over the period.

- Annual per capita sugar consumption is substantially lower (5 kg - 18 kg) than in the South African Customs Union.

- Sugar prices trade at a premium to world market prices and move mainly in tandem with changes in those prices. Premiums vary from market to market, and have traded in a broad range of 2 US c/lb - 4 US c/lb over the past year.

Growth in demand for imported sugar			
Country	2016/17	2018/19	Increase
	Tons '000		
Angola	361	400	39
Burundi	23	27	4
DR Congo	368	402	34
Eritrea	115	128	13
Ethiopia	253	293	40
Kenya	373	468	95
Madagascar	98	119	21
Rwanda	50	64	14
Somalia	354	395	41
South Sudan	117	127	10
Tanzania	228	289	61
Total	**2 340**	**2 712**	**372**

EU and US Sugar Markets

In the EU

- Going forward, prices 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.
- Tongaat Hulett has recently commenced delivering high value, special brown sugar to EU buyers from it’s two Mozambican sugar mills. These products are expected to grow to a meaningful proportion of Tongaat Hulett’s deliveries of sugar to the EU in future. Opportunities continue to be sought so as to benefit from the duty-free quota recently allocated to South Africa.
- 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.

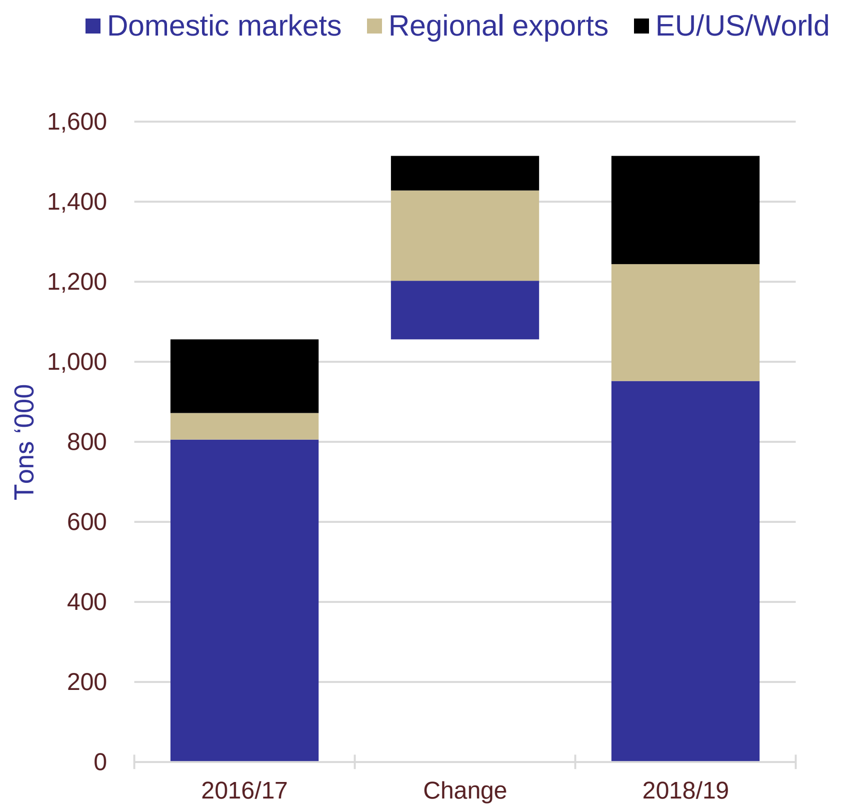
In the US

- Tongaat Hulett continues to benefit from the premium prices available in that market via the tariff-rate quotas allocated to the countries in which it operates.
- There is an opportunity to deliver special brown sugar from it’s two Mozambican sugar mills.

Tongaat Hulett's Sugar Market Positioning

- The domestic markets in countries where Tongaat Hulett produces sugar remain a key focus. There has been some progress in South Africa and significant success in Zimbabwe and Mozambique with the required protection from imports, with Government support, given the high rural job and economic impact of these industries and being in line with international norms.
- In Zimbabwe and Mozambique, sugar refining matters are being addressed, which should lead to the replacement of imported industrial white sugar.
- For exports:
  - Tongaat Hulett has more than 30 years experience trading sugar to the region's deficit markets, having delivered at a peak of some 180 000 tons per year, during that period.
  - The Mafambisse and Xinavane sugar mills and the Huletts® refinery in Durban are close to ports, providing efficient access to regional markets.
  - Zimbabwe and Mozambique are well positioned for supplying regional deficit markets. Zimbabwe benefits from being a member of the COMESA trade bloc and both countries are members of the SADC trade bloc.
- Most deficit markets of southern and eastern Africa aspire to establish their own sugar industries - the development of such industries takes many years. Tongaat Hulett is cautiously positioning itself as a possible long-term partner.

Sugar Produced - Markets



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 67% of the country's total sugar in the 2016/17 season.
- The Xinavane mill with a capacity of 250 000 tons sugar per annum, represents 46% of the sugar milling capacity in Mozambique.
- Mozambique is currently a deficit market despite having local raw sugar production in excess of local market requirements because of a shortage of refined sugar production.
  - Sena is currently the only refined sugar producer in Mozambique - produced 10% of the country's refined sugar demand in 2016/17, with the balance being imported.
  - Xinavane is in a good position to expand into sugar refining.
- 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	2016/17 Actual Production	2015/16 Actual Production	Capacity
Xinavane mill (Tongaat Hulett)	148 000	168 000	250 000
Mafambisse mill (Tongaat Hulett)	50 000	64 000	90 000
Maragra mill (Illovo)	73 000	68 000	96 000
Sena mill (Tereos)	26 000	49 000	110 000
Total	**297 000**	**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.
- Growing demand for refined sugar.
  - Strong projected growth in demand for Coke products.
  - Coke opened a new US$130 million production plant during 2016.

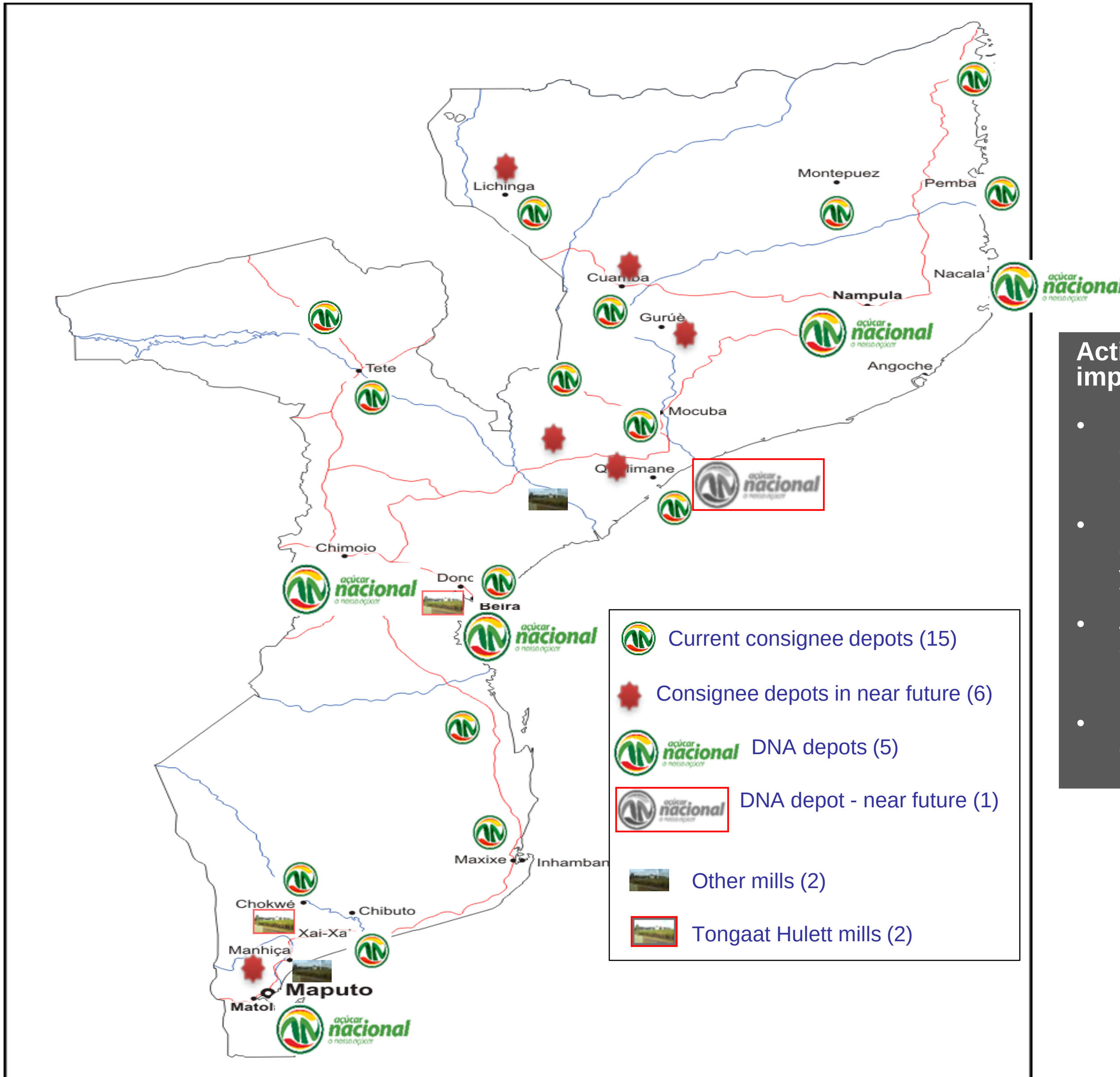
Ongoing support for increased Domestic Pricing - Brown	50 kg Pack*	
	Metical Price/ton	US c/lb
29% (Metical) increase on 1 February 2016	39 898	40,70
9% (Metical) increase on 15 June 2016	43 489	35,23
10% (Metical) increase on 15 August 2016	47 838	33,38
9% (Metical) increase on 1 October 2016	52 144	31,35
9% (Metical) increase on 1 November 2016	56 855	34,16

* Previously quoted prices were for 20 x 1 kg baler

Domestic Market - Positioned to benefit

- Local market sales of domestically produced sugar for the 12 months to 31 March 2017 have increased by 21% compared to the same period last year despite local market Metical price increases.
    - 20 000 tons of brown sugar imported in 2015/16 compared to 6 669 in 2016/17.
    - Slight drop in increased local market sales due to tightened economic environment in second half of 2016/17:
        - Delayed investment in the gas projects and lower liquidity by the wholesalers due to rising interest rates.
    - Actions underway to increase access to sugar in Mozambique include:
        - Continue to expand the distribution network centred on demographics. Utilise distribution networks of other food commodities i.e. rice and maize flour.
        - Consolidate structure of distribution network despite difficulties with the roads/access.
        - Streamline logistics at mills to respond to the peak demands - particular emphasis on packing capacity and dispatch.
        - Review pack sizes to match affordability with no detriment to the economic recoveries.
        - Maintain stringency on monitoring imports, to ensure compliance with prevailing legislation.
- Sugar refining matters are being addressed, which should lead to the replacement of imported industrial white sugar.

Domestic Market - Growing access to sugar



Activities undertaken/underway to improve access to sugar:

- 88% increase in the number of consignee depots over the past three and half years.
- 25% increase in the number of DNA depots over the past three and a half years.
- 40% 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.

Future Sugar Production

Sugar produced (tons)	Peak Production 2014/15	Actual 2015/16 Season	Actual 2016/17 Season	2017/18 Estimate	2018/19 Early Estimate ^ #
Xinavane	202 000	168 000	148 000	148 000 - 159 000	197 000 - 208 000
Mafambisse	69 000	64 000	50 000	57 000 - 62 000	68 000 - 72 000
Total Mozambique	**271 000**	**232 000**	**198 000**	**205 000 - 221 000**	**265 000 - 280 000**

Sugar production is expected to recover over 2 years

- Limited increase in sugar production for 2017/18 season.
- 2017/18 crop will be impacted to some extent by the reduced irrigation and limited replanting that was necessary during 2016.
- The current dam levels following the good rains at the end of 2016 into 2017 will provide full irrigation during 2017/18 leading to a significant crop recovery by 2018/19, due to increased sugarcane yields.
- Increased root replant planned for 2017/18.

^ Given average rainfall in the summer of 2017/18 with the Agricultural Improvement Plans

Replanting of fallow land

Future Sugar Production

Cane Milled and Sugar produced - Xinavane	Peak Production 2014/15	Actual 2015/16 Season	Actual 2016/17 Season	2017/18 Estimate		2018/19 Early Estimate ^ #	
Total hectares farmed as at 1 April (beginning of the season)	17 476	18 364	18 130	18 169		18 177	
Hectares milled	16 691	16 367	16 504	16 881	16 881	16 803	16 803
Cane yield (tcphm)	97,68	88,48	78,93	70,64	75,89	95,88	101,31
Cane tons '000	1 630	1 447	1 303	1 193	1 281	1 611	1 702
Cane to sugar ratio	8,07	8,57	8,78	8,06	8,06	8,18	8,18
Sugar production - raw (tons)	**202 000**	**168 000**	**148 000**	**148 000**	**159 000**	**197 000**	**208 000**
Mafambisse sugar production - tons	**69 000**	**64 000**	**50 000**	**57 000**	**62 000**	**68 000**	**72 000**
Total sugar production Mozambique	**271 000**	**232 000**	**198 000**	**205 000**	**221 000**	**265 000**	**280 000**

^ Given average rainfall in the summer of 2017/18, 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 2015	% Full as at 31 March 2016	% Full as at 30 September 2016	% Full as at 31 March 2017	% Full as at 22 May 2017
Corumana dam (Xinavane)	880 000	54,7%	25,8%	10,0%	64,1%	67,6%
Muda dam (Mafambisse)	56 000	90,3%	34,8%	18,6%	100,0%	100,0%

- 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.
- Full irrigation resumed in March 2017.

Cost reduction - initiatives taken to further reduce the unit cost of production

- Maximising sugarcane yields through the Agricultural Improvement Plans.
- 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, maximising 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 negotiations for better rates with contractor at Tongaat Hulett wide level.
- Reduced staff salaries through localisation, skills improvement and output per unit of labour.
- Streamline and possibly outsourcing of certain centralised services.

- Reduced fertiliser volumes through streamlined recommendations driven by soil types and potential cane yields for specific fields.
- Fuel consumption reductions through improved controls on the usage and the rationalisation of the fleet numbers.
- Reduced usage of herbicides for weed control through improved calibration and control effect.
- Reduced electricity consumption for irrigation by improving water usage efficiencies and irrigation system upgrades.
- Strategic procurement of goods and services, taking into account the current foreign exchange volatility in the country and the high inflation and interest rates. This will be done through identifying and sourcing from local suppliers that are not affected by availability of foreign currency where possible. Monitor the situation and be aware of any changes and the effect thereof on availability and costs.
- Reduced vehicle and machinery maintenance costs through improved management and operational controls at the workshops.
- Reduction of wastage levels at the factory packing station through improved supervision and controls.

Maximising Cane Supply

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 2014/15 while at Lamego yields have improved from 88 tcph in 2012/13 to 100 tcph in 2014/15.
- 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

Xinavane - vertical expansion driven by Agricultural Improvement Plans

- 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.
  - Improved crop nutrition and weed control practices.
  - 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 via gapping and establishment of new (wider) row spacing and controlled haulage traffic layouts to minimise stool damage and soil compaction.
  - 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 past season's restricted water supply situation.

Maximising Cane Supply

Mafambisse - vertical expansion driven by Agricultural Improvement Plans

- 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 past season’s 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.

Zimbabwe Sugar Operations

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 - tariff.
  - 10% + US$100 per ton - March 2014.
  - Require an import permit.
- Local market sales for the 12 months to 31 March 2017 up 4% 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 21 million litres (5 million litres industrial, 16 million litres fuel blending).
  - Annual production licence granted for fuel blending purposes in Zimbabwe.

Future Sugar Production

Sugar produced (tons)	Peak Production 2002/03	Actual 2015/16 Season	Actual 2016/17 Season	2017/18 Estimate	2018/19 Early Estimate #
Hippo and Triangle	578 000	412 000	453 000	421 000 - 440 000	535 000 - 570 000

Sugar production is expected to recover in 2018/19

- 2017/18 crop will be impacted to some extent by the reduced irrigation and limited replanting that was necessary during 2016.
- The current dam levels following the good rains at the end of 2016 into 2017 will provide full irrigation during 2017/18 leading to a significant crop recovery by 2018/19, due to increased sugarcane yields and additional hectares to be harvested.
- Increased root replant planned for 2017/18.

Replanting of fallow land

Future Sugar Production

Cane Milled and Sugar produced	Actual 2013/14 Season	Actual 2015/16 Season	Actual 2016/17 Season	2017/18 Estimate		2018/19 Early Estimate #	
Total hectares farmed as at 1 April (beginning of the season)	44 814	44 952	45 339	45 245		47 426	
Hectares milled	39 615	41 683	42 665	40 949	40 949	44 755	44 755
Cane yield (tcphm)	90,20	80,32	81,63	82,25	85,96	95,63	101,89
Cane tons '000	3 573	3 348	3 482	3 368	3 520	4 280	4 560
Cane to sugar ratio	7,97	8,12	7,68 *	8,00	8,00	8,00	8,00
Chisumbanje estate @	39 000	-	-	-	-	-	-
Sugar production - raw (tons)	**488 000**	**412 000**	**453 000**	**421 000**	**440 000**	**535 000**	**570 000**

* Exceptional cane to sugar ratio achieved - contributed to by the drought conditions

Replanting of fallow land

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

Sugarcane Yields

Yields (tons cane per hectare)	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual
Tongaat Hulett	99,00	87,64	89,32	87,78
Private Farmers	73,72	80,04	65,13	71,33
Zimbabwe	**90,20**	**84,92**	**80,32**	**81,63**

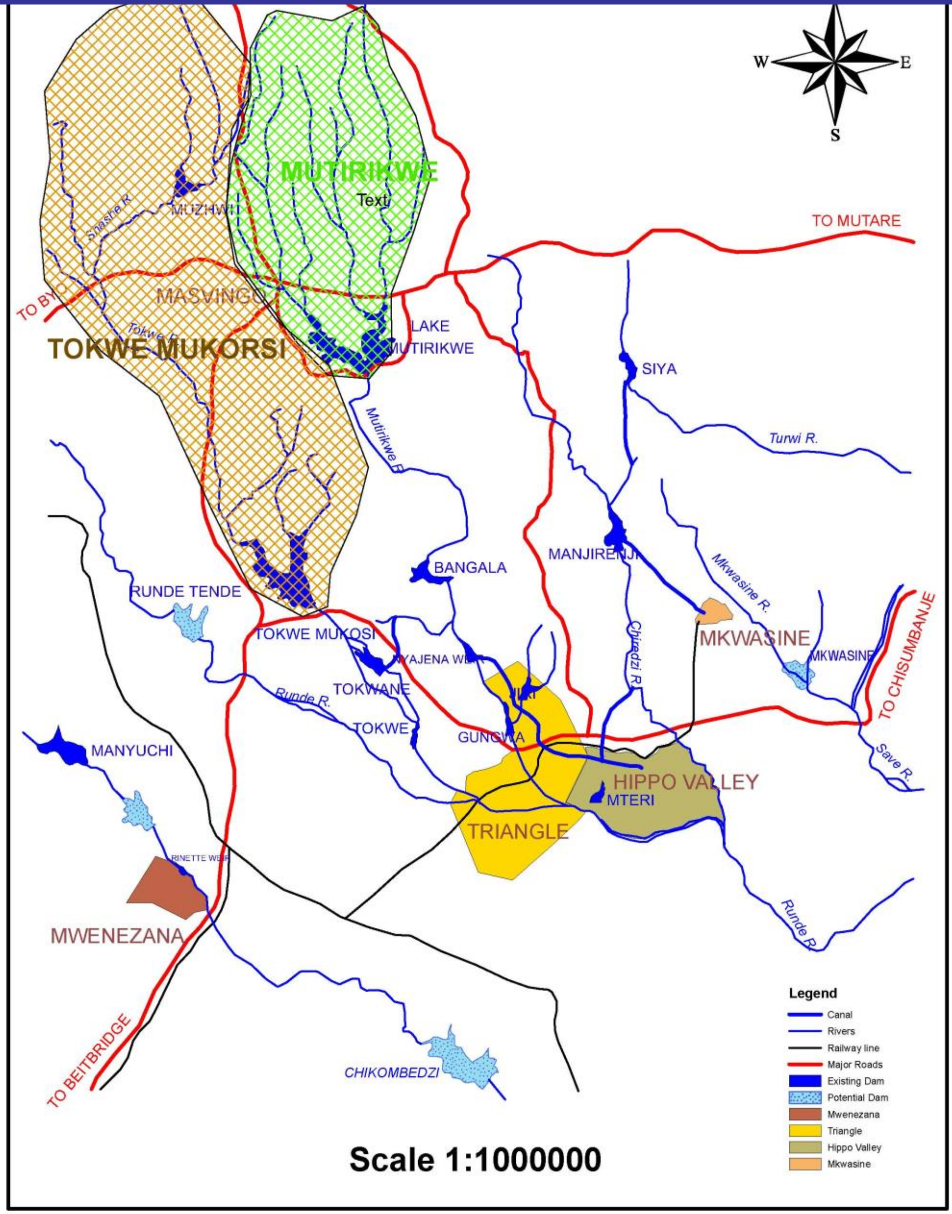
- A Tongaat Hulett yield of 114 tons cane per hectare has previously been achieved.
- Optimal irrigation to maximise biomass accumulation during the peak growing periods.
- Rejuvenate cane roots and repositioning the crop through accelerated plough out and replanting programmes.
- Identify optimal variety 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.

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 31 March 2016	% Full as at 30 Sept 2016	% Full as at 31 March 2017	% Full as at 22 May 2017
Tokwe-Mukorsi	1 802 600	Completed in December 2016				68,7%	72,3%
Mutirikwi-Tokwe	1 740 206	25,3%	49,0%	25,0%	13,7%	49,4%	51,7%
Manjirenji-Siya	379 634	35,9%	82,0%	37,8%	23,6%	97,1%	100,0%
Manyuchi	303 473	80,5%	88,3%	85,7%	73,8%	100,0%	100,0%

- Zimbabwe operations are dependent on rainfall and irrigation.
- Activities underway to protect/mitigate against the impacts of drought includes the recently completed Tokwe-Mukorsi dam with a capacity of 1 802 600 ML.
  - Built to provide water for sugarcane irrigation.
  - Draws from a different sub-catchment (river system) to Mutirikwi.
  - Completed in December 2016.
  - Water can be drawn from Tokwe Mukorsi in the event of Mutirikwi dam being unable to supply the sugar industry fully.
- Above average rainfall has been received in the December 2016 to April 2017 rainfall season. Full irrigation resumed in March 2017.

Dam Catchment Areas



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

Future Sugar Production

Sugar produced (tons)	Peak Production 2000/01	Actual 2013/14 Season	Actual 2015/16 Season	Actual 2016/17 Season	2017/18 Estimate	2018/19 Early Estimate ^
South Africa	977 000	634 000	323 000	353 000	500 000 - 564 000	630 000 - 680 000

- Sugar production estimate for 2017/18 is benefitting from improved summer rainfall during the key sugarcane growing months of November 2016 to March 2017.
  - Rainfall statistics for November 2016 to March 2017 above Long Term Mean (LTM).
- Rainfall statistics for the year 1 April 2016 to 31 March 2017:
  - Maidstone - 127% of LTM 2015/16 - 86% of LTM.
  - Darnall - 111% of LTM 2015/16 - 60% of LTM.
  - Amatikulu - 122% of LTM 2015/16 - 75% of LTM.
  - Felixton - 148% of LTM 2015/16 - 78% of LTM.
- 24 560 hectares planted to cane over the past 5 years.
- Sugar production for the next two years:
  - 2017/18 sugar production will benefit from growth in hectares harvested. Limited increase in yields assumed due to constrained sugarcane husbandry by third party growers in 2016.
  - 2018/19 sugar production projected to benefit from growth in hectares harvested and increased sugarcane yields.
- Further increase in hectares under cane dependent on support - direct (grant) support to emerging farmers and reference price increase.
  - A further 45 400 hectares required to fill mills.

^ Given ongoing average rainfall

Future Sugar Production

Cane Milled and Sugar produced	Actual 2013/14 Season	Actual 2015/16 Season	Actual 2016/17 Season	2017/18 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	78 252	94 180	94 180	101 307	101 307
Cane yield (tcphm)	56,34	39,54	47,20	48,89 #	53,90 #	55,97	59,07
Cane tons '000	5 481	3 092	3 719	4 600	5 076	5 670	5 984
Cane to sugar ratio	8,64	9,59	10,53	9,20	9,00	9,00	8,80
Sugar production - raw (tons)	**634 000**	**323 000**	**353 000**	**500 000**	**564 000**	**630 000**	**680 000**

^ Given ongoing average rainfall

* Includes gains from returning growers

Poor sugarcane husbandry of third party growers has been assumed due to drought induced financial constraints

Domestic Market Dynamics

- Increased domestic pricing - 39% since February 2016.
  - 12,5% (Rand) increase on 1 February 2016.
  - 15% (Rand) increase 13 July 2016.
  - 7,75% (Rand) increase 1 March 2017.
- Existing measures to limit imports of sugar are currently insufficient during period of “Rand strength”.
  - Dollar Based Reference Price (DBRP) increased from US$358 to US$566 - April 2014. Review to increase the DBRP currently underway.
- Local market demand.
  - Historically tracked population growth.
  - Per capita consumption above 30 kg/capita/annum.
  - Proposed introduction of the health promotion levy (previously referred to as sugar sweetened beverage tax) is lower than initially envisaged.

Success 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:

- Local Market Protection:
  - Zambia: > 40 US c/lb
  - Malawi: > 40 US c/lb
  - Mozambique: 37 US c/lb
  - South Africa: 26 US c/lb
- Direct support to small-scale and land reform growers from government.
- Ethanol - future potential.
- Electricity generation - future potential.

Socio-Economic Impact of SA Sugar Industry

KwaZulu-Natal 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%.

Some 21 441 (2013/14: 22 493) registered growers in the South African Sugar Industry in 2016/17.

- 20 140 (2013/14: 21 110) Small-scale growers of which 19 307 (2013/14: 20 124) 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-Natal.

Total Industry revenue (Millers and Growers) for 2016/17 was R13,3 billion	KZN Grower Share*
Revenue per annum	R6,7 billion
Current revenue of Communal and Small-scale growers	R637 million
Current revenue to Land Reform growers	+- R610 million

* Based on a revenue per ton cane of R570

Socio-Economic Impact of SA Sugar Industry

	KZN 2013/14 (normal rainfall)	KZN 2016/17 (drought affected)	Potential
Area under cane (hectares)	332 528	318 863	> 400 000
Cane tons	15 902 000	12 033 474	+- 21 000 000
Small-scale grower (tons)	1 443 422	914 788	> 6 000 000
Small-scale growers (registered)	20 124	19 307	> 70 000
Small-scale growers (delivered cane)	11 741	9 877	?
Land Reform growers (hectares - approximate)	51 540	51 540	?
Employed (direct plus indirect) and their dependants	860 000	822 667	1 105 000
Land available for cane development - Tongaat Hulett catchment			> 200 000 hectares

Direct Funding: Received from Government for Cane Growing in Tongaat Hulett Catchment Areas

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	R100 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	R107 million	2014, project ongoing	Job creation and new cane establishment.
Small-scale grower support	R56 million	R56 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.
KZN DEDTEA (Sakhinzuzo)	R52 million	R4,5 million	2016, project ongoing	Planting of cane for small-scale growers.
Total	**R505 million**	**R372,5 million**		

Nutrition and Health

- The intensity of global debate on diet/nutrition and health, and in particular the role of sugar/sugars, is increasing. As a producer of sugar and glucose, Tongaat Hulett is affected by both fact and perception on these topics.
- The new Health Promotion Levy (tax on Sugar Sweetened Beverages) in South Africa may have an impact on South African domestic market sugar volumes, depending on price elasticity and the response of the soft drink industry. At the currently proposed level of the tax, it is estimated that it will displace less than 5% of domestic market volume on to the export market. However, if soft drink manufacturers substitute sugar aggressively with non-nutritive sweeteners, and market accordingly, the impact could be greater.
- Tongaat Hulett and the South African Sugar Association are part of a NEDLAC task team (government, business and labour) that is reviewing the tax. Business and labour are insisting on a Socio-Economic Assessment (a requirement for new legislation) before the tax is implemented. Discussions have also begun on “mitigation” of the impact of the tax - items submitted for discussion include support for a higher reference price (basis for duty on imports) and the facilitation of a fuel ethanol programme.
- Tongaat Hulett is engaging constructively with governments, communities, customers and interest groups on the topic of nutrition and health, and the role of sugars. The company recognises its responsibility to ensure that its products are consumed in a way conducive to public health, will seek to improve its, and its stakeholders’ understanding of the role of sugar in nutrition, and will promote both healthy dietary behaviour and accuracy in public perception.

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	16/17
South Africa	977	762	868	659	731	760	674	612	652	573	455	486	486	634	541	323	353
Mozambique	39	36	71	82	85	115	106	108	108	134	164	233	235	249	271	232	198
Swaziland RSE	41	45	50	54	50	56	55	58	56	54	54	59	58	53	57	56	51
Zimbabwe *	547	509	578	507	422	430	451	349	298	259	333	372	475	488	445	412	454
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	1 056
Capacity	1 820	1 820	1 820	1 820	1 820	1 820	1 820	1 820	1 820	2 040	2 040	2 040	2 040	2 040	2 040	2 040	2 040
% of Capacity	88%	74%	86%	72%	71%	75%	71%	62%	61%	50%	49%	56%	61%	70%	64%	50%	52%

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

Weather and Water

- Due to climate change, future weather patterns may become more volatile. Rainfall distribution may not be ideal, resulting in incidences of drought and floods.
- Tongaat Hulett is working to put itself in the best possible position with respect to water:
  - Operational optimisation of water-use efficiency across agricultural operations, with internal and external benchmarking. Water use optimisation is a key part of Agricultural Improvement Plans being implemented in all agricultural operations.
  - Working with consultants to model scenario-based climate change impact on estates and dam catchments, and develop flood early-warning systems and management plans. Work being done on better understanding and modelling of dam inflow/capacity/abstraction rates/usable volume dynamics.
  - Working with governments on management of water catchments (river systems and dams) to optimise water resource use for the benefit of cane-growing and communities, including investigation/promotion of opportunities for dams.

- Reports are appearing in the media about “another El Nino”.
- Climatological models predict between 36% (ENSO forecast) and 50% (CPC and IRI forecast) probability of a weak El Nino developing in the second half of 2017. This is about twice the usual (every year) probability.
- El Nino does not guarantee low rainfall, but it usually accompanies an El Nino event.
- An El Nino in 2017 would not affect the 2017/18 sugar season. It would affect the 2018/19 season as follows:
  - Irrigated crops (Zimbabwe and Mozambique) would actually be boosted by the additional sunshine hours. Dams in both countries currently have enough water impounded for two full seasons even if no rainfall occurs at all.
  - Rain-fed crops (South Africa) would be negatively affected. Mitigations such as green harvesting would be applied.

Starch and Glucose

Background Information

- Largest maize wet-miller in Africa.
- Use > 600 000 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).

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.
- Prior investment 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 and Market Mix

2016/17 - Key Market Development Achievements

- Improved sales mix through import replacement in the coffee creamer sector.
    - Benefitting from prior year investment in finishing channel capacity.
    - No imports of glucose by customers or Tongaat Hulett for coffee creamer sector in 2016/17.
    - 6 347 tons of prior year imported sales replaced with local production.
- Recapturing market share in other sectors by displacing imported volume.
    - Powdered glucose and confectionary sectors.
    - Volume benefit in 2016/17 amounted to 9 363 tons.
- New product and market development.
    - Growing modified starch volumes.
- The above gains were offset by volume losses resulting from the difficult trading conditions.
    - Muted consumer demand.
    - Lower agricultural crop production impacted offtake in the paper converting and canning sectors.

Evolving Product, Customer and Market Mix

2017/18 - Key Market Development Outlook

- Growing powdered glucose volumes.
  - R30 million investment commissioned in 2016/17 to support increased supply of production to finishing channels.
  - Further investments underway to debottleneck production capacity in finishing channels at Germiston mill - to be commissioned in H2 2017/18.
- Growing modified starch production.
  - Market development trials ongoing.
- Overall volume benefit of import replacement and new market development currently contracted expected to amount to 12 228 tons.
- Working with multi-national customers with local manufacturing to unlock opportunities in regional and offshore export markets.
- Changes in raw material mix and re-commissioning of supplier production lines in paper-making sector expected to benefit volumes.

Maize dynamics

- Improved weather conditions and rains received during the summer maize season. Fourth crop estimate is 15,6 million tons (third crop estimate 14,5 million tons) to be harvested during May to August 2017 (previous crop of 7,8 million tons).
- Maize moves to export parity.
    - Old Season - SAFEX YM July 2016 Price as at March 2016: R3 209 per ton.
    - New Season - SAFEX YM July 2017 Price as at March 2017: R2 020 per ton.
- New season maize prices have moved close to export parity levels and will benefit operating margins in the second half of the new financial year.
    - Some sales will still be based on the maize price locked in at the higher old season price.
- Increased availability of maize is contributing to co-product revenues remaining under significant pressure in H1 of 2017/18.
    - Co-product revenues contribute approximately 18% of total revenue for Starch operation and are priced at current market levels.
- Strengthening exchange rate will partially offset some of the benefit of lower priced maize on the non-formula based customers.

South African Maize History

Maize season	1979/80	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 Third Production Estimate
Hectares planted (000 hectare)	4 031	2 699	2 781	2 688	2 653	1 947	2 629
Yield (tons/hectare)	3,37	4,38	4,21	5,32	3,75	3,87	5,53
Production (000 tons)	13 583	11 830	11 811	14 307	9 955	7 779	14 536 *
Imports (000 tons)	-	-	-	-	1 651	2 559	-
Carry in stock (000 tons)	2 115	994	1 406	589	2 074	2 471	1 286
Total usage incl. exports (000 tons)	8 324	11 418	12 628	12 822	11 209	11 523	14 091
Stock to use ratio	10,02%	12,32%	4,66%	16,18%	22,04%	11,16%	12,28%

Outlook for World maize/corn

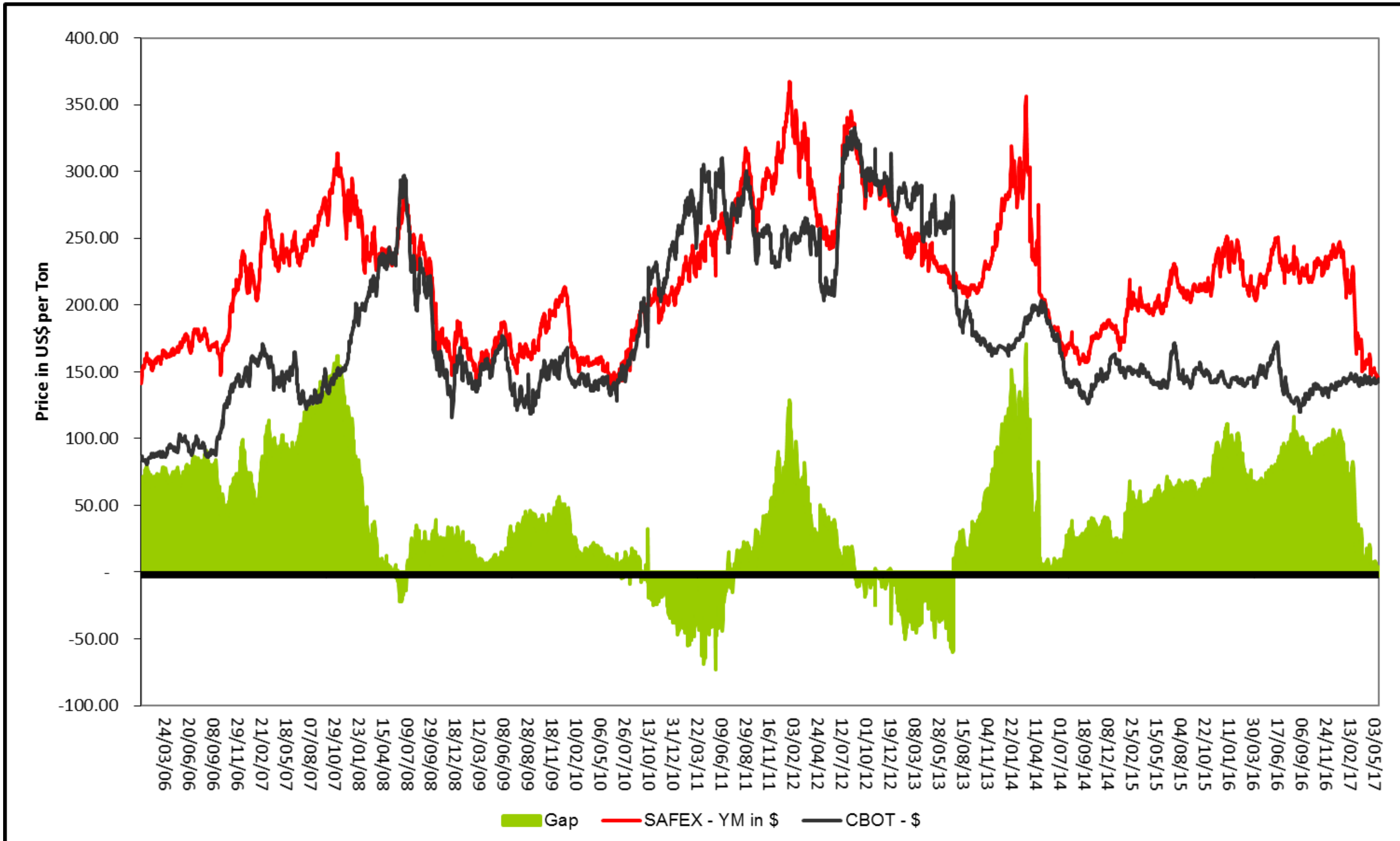
- 2016/17 - Corn production in the US is 384,8 million tons - yields are higher at 10,96 tons per hectare compared to 10,57 tons per hectare in 2015/16.
- Higher plantings and improved yields for 2016/17 have resulted in lower prices in the US and export demand remains strong.
- There are currently some weather concerns in the US and plantings have been delayed due to wet weather.
- Currently world corn supplies are adequate and there are no supply concerns given the favourable crops that are expected to be harvested internationally.

International starch and glucose prices

- International corn and starch and glucose prices remain at levels similar to the previous year.
- Currency devaluation in commodity-based countries has shielded the impact of lower prices.
- Chinese market less competitive due to high domestic corn prices.

* Fourth crop estimate of 15,6 million tons announced on 26 May 2017

Maize Prices



Starch and Glucose Markets

Tons	2014/15 Actual	2015/16 Actual	2016/17 Actual	% Growth 2016/17 vs. 2015/16
Alcoholic beverages	176 489	178 441	169 349	-5,1%
Coffee creamers	75 201*	74 484*	69 566	-6,6%
Confectionery	67 148	63 643	66 501	4,5%
Paper	59 870	58 732	56 496	-3,8%
Prepared foods	13 696	11 241	10 792	-4,0%
Other	45 828	45 206	41 332	-8,6%
Total local	**438 232**	**431 747**	**414 036**	**-4,1%**

* Includes imported product

Volumes and Financial Data

Volume (tons)	March 2017	March 2016
Local starch	83 735	91 085
Local glucose	330 301	340 662
Total local	**414 036**	**431 747**
Export starch	25 134	28 593
Export glucose	38 352	33 077
Total exports	**63 486**	**61 670**
Co-products	**180 929**	**174 081**
Total	**658 451**	**667 498**

R millions	March 2017	March 2016
Revenue	**4 172**	**3 640**
Domestic	2 854	2 459
Exports	534	462
Co-products	784	719
Operating Profit	**510**	**658**

Creating Value through Land Conversion in KwaZulu-Natal

Land Conversion Updates

The land conversion portfolio update of May 2017* includes the following:

- Progress made in the period in respect of Tongaat Hulett's developmental process to create value using 7 709 developable hectares of strategically located land as an enabler. Selected notable accomplishments are:
  - 624 developable hectares approved for release from agriculture under Act 70 of 1970, bringing the total to 3 582 developable hectares (46% of the total portfolio).
  - 962 developable hectares at Compensation and Inyaninga received EIA approval, bringing the total EIA approvals to 1 314 developable hectares (17% of the total portfolio).
  - Further 1 100 developable hectares well advanced in EIA processes.
  - Significant progress on land reform related initiatives, with developable hectares under gazetted land claim reducing by 346 hectares as land in the far north has been reallocated for cane and rural development, part of the 24 560 hectares of new cane planted over the past five years.
- Significant sales in the period including robust demand for high-end residential, growing momentum in retirement and the entry of National players into Durban in the key markets of affordable residential (CalgroM3 and Chartwell) and schools (ADvTECH).
- An assessment of demand dynamics across twelve demand drivers active in Durban's real estate market and an assessment of the pace of land conversion activities over the next five years.
- Details of 233 developable hectares (tabulated on the next slide) where sales negotiations are currently underway.
- Details of a further 334 developable hectares where enquiries are being received and negotiations are expected to commence.
- Details of a further 2 745 developable hectares where remaining sales, arising from the demand dynamics, are expected to come over the next five years.
- Further progress made in expanding the commercial transacting options being employed to foster further collaborative partnerships and to respond best to each set of commercial opportunities.

* Available at www.tongaat.com

Sales Negotiations Currently Underway

Sales negotiations currently underway on some 233 developable hectares represent profit potential of around R1,58 billion and are referenced in the land portfolio document as follows:

Landholding within which the negotiations are taking place	Developable Hectares under negotiation	Demand drivers	Portfolio Document Page Numbers *
Ridgeside Precincts 1 and 2	20	Multiple demand drivers in a high-intensity mixed use environment	26, 27
uMhlanga Ridge Town Centre	4	Multiple demand drivers in a high-intensity mixed use environment	28, 29
Kindlewood	9	Mid-market to high-end residential, retirement	30
Cornubia - Town Centre	25	Multiple demand drivers in a high-intensity mixed use environment	31
Cornubia - uMhlanga Hills	43	Affordable to mid-market residential, retirement, urban amenities	32
Cornubia - Marshall Dam residential	12	Affordable to mid-market residential, urban amenities	33
Cornubia - Blackburn Extension	14	Public sector facilitated and affordable residential, urban amenities	34
Sibaya Nodes 1, 4 and 5	84	Mid-market to high-end residential, retirement, urban amenities, offices, tourism and unique clusters of opportunity, with high-intensity mixed use nodes	35 - 37
Bridge City	2	Multiple demand drivers in a high intensity mixed use environment, business park	38
Tinley – North Resort	20	Coastal Resort	39
Total developable hectares	**233**		

* Available at www.tongaat.com

Pace of Land Conversion Activities over the next Five Years

RANGE OF SALES OVER 5 YEARS

DEMAND DRIVER		AS COMMUNICATED AT MAY 2016: Range of Developable Hectares		AS COMMUNICATED AT MAY 2016: Range of Profit per Developable Hectare		DEVELOPABLE HECTARES SOLD IN THE YEAR TO MARCH 2017	RANGE OF SALES AS AT MAY 2017: Range of Developable Hectares		RANGE OF SALES AS AT MAY 2017: Range of Profit per Developable Hectare	
		From	To	From	To		From	To	From	To
Medium and High Intensity Urban Mixed Use		75	120	22	39	3	48	118	19,2	42
Predominantly residential neighbourhoods	High-end residential neighbourhoods	65	120	6	12	49	92	186	5,6	16,7
	Mid-market neighbourhoods	125	175	3,5	7,5	-	56	90	3,2	6,6
	Integrated affordable neighbourhoods	50	250	2,5	3,8	3	91	199	2,5	5,8
	Public sector facilitated residential neighbourhoods	150	450	2	2,4	-	80	240	2,2	3
Urban Amenities for Residential Neighbourhoods		60	115	3,8	6	8	41	61	3,2	6
Retirement		-	-	-	-	6	49	59	3,8	12
Tourism Markets	City hotels and residences	6	16	12	25	-	4	5	12,5	15
	Coastal resorts catering to domestic, charter markets	10	50	3,5	5	-	15	42	3,5	6
Office Market		20	50	6	15,4	-	12	22	7,5	21,5
Warehousing, logistics, industrial, business park, manufacturing and big-box retail		100	300	5	9,5	6	94	233	4,8	9,5
Unique Clusters of opportunity		25	100	4	7,4	-	25	56	5	12
TOTAL DEVELOPABLE HECTARES		686	1 746				607	1 311		

Socio-Economic Value Unlocked Following Land Conversion Sales

RANGE OF SOCIO-ECONOMIC OUTCOMES THAT WILL BE UNLOCKED OVER TIME FOLLOWING THE 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		48	118	7 344	18 054	159	391	8 568	21 063
Predominantly residential neighbourhoods	High-end residential neighbourhoods	92	186	5 474	11 067	52	105	1 877	3 794
	Mid-market neighbourhoods	56	90	1 428	2 295	14	22	393	631
	Integrated affordable neighbourhoods	91	199	3 094	6 766	29	64	619	1 353
	Public sector facilitated residential neighbourhoods	80	240	1 088	3 264	-	-	544	1 632
Urban Amenities for Residential Neighbourhoods		41	61	2 509	3 733	36	54	8 364	12 444
Retirement		49	59	3 749	4 514	81	98	9 996	12 036
Tourism Markets	City hotels and residences	4	5	578	723	13	16	1 088	1 360
	Coastal resorts catering to domestic, charter markets	15	42	1 594	4 463	35	97	3 060	8 568
Office Market		12	22	979	1 795	21	39	2 448	4 488
Warehousing, logistics, industrial, business park, manufacturing and big-box retail		94	233	4 700	11 650	131	326	3 760	9 320
Unique Clusters of opportunity		25	56	1 913	4 284	41	93	1 275	2 856
Total socio-economic value to be unlocked over time following the sales		**607**	**1 311**	**34 449**	**72 607**	**613**	**1 305**	**41 991**	**79 546**

Additional Financial Information

Results for 2016/17 full year, together with Commentary and Outlook available at www.tongaat.com

Growing Crops on the Tongaat Hulett Balance Sheet

	31 March 2017					31 Mar 16	31 Mar 15
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	Total	Total
Standing Cane							
Hectares for harvest	33 247	3 774	27 982	23 156	88 159*	86 263	86 967
Standing cane value (R per ha.)	21 265	31 914	36 475	30 268	28 913	33 775	29 319
Yield (tons cane per ha.)	59,8	110,0	91,9	74,5	76,0	73,3	82,6
Statement of financial position (current assets)							
Standing cane (R million)	707	120	1 021	701	2 549	2 914	2 550

March 2016 (R million)	2 914
Other	- 3
Change in fair value	+ 143
Currency alignment (FCTR - refer note on page 4)	- 505
March 2017 (R million)	2 549

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 R139 million in 2015/16 - reduction in operating profit.

* The increase in hectares for harvest in the next season is predominantly in South Africa with the recovery from the drought.

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

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

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

Effect on the Statement of Cash Flows - R million	
Cash flow from operations as previously reported	**1 262**
Expenditure on root planting now included in capex *	601
Cash flow from operations restated	**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 31 March

R million	2016/17	2015/16 (restated)
South Africa	+ 245	+ 141
Swaziland	+ 2	+ 10
Zimbabwe	- 244	- 129
Mozambique	+ 140	+ 119
Change in fair value	**+ 143**	**+ 141**

South Africa

- Price increases.
- Increased yields.

Mozambique

- Price increases.

Zimbabwe

- Younger cane due to later finish to the season.
- Change in Division of Proceeds.

Swaziland

- Younger cane due to later finish to the season.

- 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.

Cost Reductions 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 & wages, inflation etc. (per annum over last 4 years)	1,5%	13,1%	6,7%
2012/13 Costs adjusted to money of today	197	4 991	3 018
2016/17 Costs	145	4 444*	2 418
Effective reduction in money of today	52	547	600
Effective reduction in money of today (Rands)	735	122	600

Unit costs of production benefit from volume growth and better yields as milling costs and many of the agricultural costs per hectare are fixed.

* The Mozambique Metical weakened by some 55% - 60% against the Rand and the US$ (annual average) in 2016/17 compared to 2015/16. Rand and US$ based costs make up some 50% of the cost base and the other 50% are Metical denominated (salaries and wages being the biggest component).

Exchange Rates

	2016/17 Avg.	2015/16 Avg.	31 March 2017	31 March 2016
Rand/US$	14,09	13,81	13,38	14,84
Rand/Euro	15,45	15,20	14,29	16,84
Rand/Metical	0,22	0,35	0,20	0,33
US$/Euro	1,10	1,10	1,07	1,13
Metical/Euro	69	44	70	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.

Conclusion

Tongaat Hulett's profit for the 2017/18 year will continue to be influenced by a number of substantial and varying dynamics, both positive and negative. Overall, there is a positive outlook for the full year with earnings growth expected to continue and the cash flow momentum expected to be maintained.

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

Further information

For further information

visit www.tongaat.com

or

Contact Michelle Jean-Louis

Office: +27 32 439 4101

Mobile: +27 83 386 3846

Email: michelle.jean-louis@tongaat.com