



JANUARY 2011



# An integrated Agriculture and Agri-processing Business

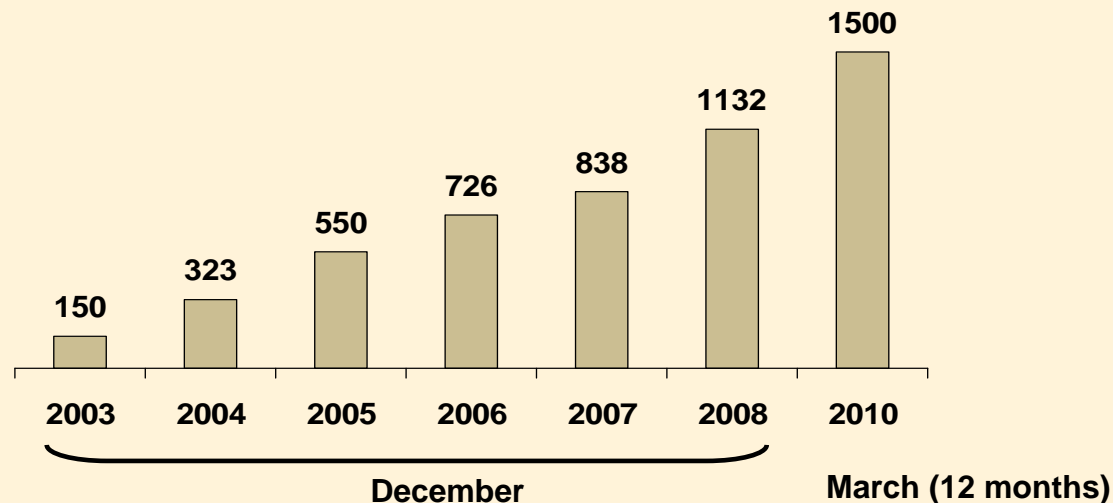
- > 42 000 Employees
- Operations in 6 countries in SADC
- Sugar - 14 operations
- Maize/corn - 6 operations
- Market Capitalisation - R11 billion
  - Net debt R3,7 billion

Period (Rands million)	Profit from operations	Headline earnings
31 March 2010 12 months	R1 500	R815
30 September 2010 6 months	R963	R507



# Profit from Tongaat Hulett Operations

R million - 12 Months



## Interim Results

### Profit from Operations

Half-year ended 30 September

	<u>2010</u>	<u>2009</u>
R million	963	873

### Headline Earnings

Half-year ended 30 September

	<u>2010</u>	<u>2009</u>
R million	507	452

# Grow Sugar Production Using Existing Milling Capacity

## Additional 1 Million Tons Sugar

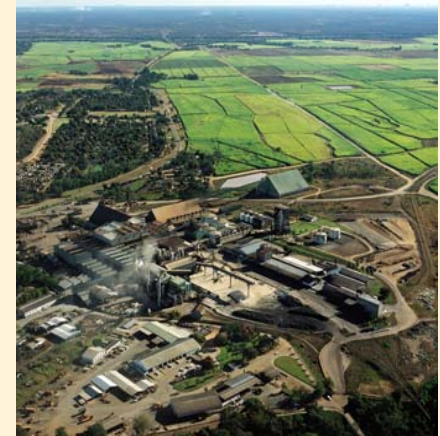
Indicative Minimum Revenue Gap

“Mills Full”

> R3,3 billion p.a.



	Sugar Production at Capacity	Previously Achieved (Year)
South Africa	1 000 000	969 000 (2001)
Zimbabwe	600 000	580 000 (2002)
Mozambique	327 000	-



Replacement cost of 1 million  
tons unutilised milling  
capacity

> R10 billion

Cane supplies

Future potential

- Brownfield investment
- Greenfield investment



# Efficient Electricity Generation From Fibre in Sugar Cane

## All Tongaat Hulett Mills - Full

<b>Generating capacity (MW)</b>	<b>350</b>
<b>Additional Revenue - Electricity (Rand billion)</b>	<b>2,7</b>
<b>Investment (Rand billion)</b>	<b>8,9</b>
<b>Annual running costs (Rand million)</b>	<b>161</b>



# Ethanol From Sugar Cane



## Working towards

- SADC introducing a workable ethanol regime as a CO<sub>2</sub> mitigation strategy

## 10% ethanol blend

- Equivalent to 2,2 million tons raw sugar
- Current South African sugar market is 1,7\* million tons
- Existing Northern SADC sugar capacity is 2,2 million tons



# Value Extraction from Land under Sugar Cane

Last 12 Years: 2 600 hectares  
Converted to Development

Developable Hectares: 8 763 in SA

Net Cash Inflow (including overheads)

- Cornubia
  - R700 000 per developable hectare
  - Bulk deal for low cost housing
- Ridgeside development
  - R9,9 million per developable hectare

Majority of developments between R2 million  
and R6 million per developable hectare



# Tongaat Hulett

## Interchangeability of maize/corn and sugar cane

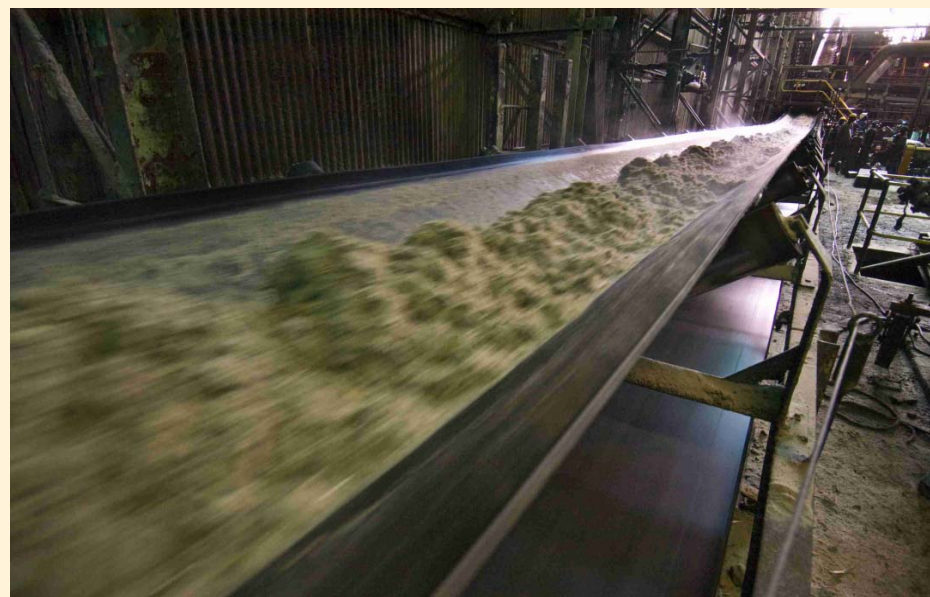
- Tongaat Hulett processes 600 000 tons of maize per annum - starch and glucose
- Turnover from animal feeds - R1,1 billion per annum
- Hulett's consistently rated as the leading sugar brand in South Africa





# Zimbabwe and Mozambique - Sugar Production

Sugar production (tons)	2009/10 Actual	2010/11 Actual (% Increase)	2011/12 Estimate Nov*	2011/12 Jan 2011 Estimate	Milling Capacity
Zimbabwe	258 965	333 020 (29%)	380 000 - 400 000	360 000 - 380 000	> 600 000
Mozambique	133 802	165 744 (24%)	270 000 - 290 000	250 000 - 270 000	> 327 000



# Hectares Supplying our Mills - Harvested

	2010/2011 Estimate Nov #	2010/2011 Actual Hectares Harvested	2011/2012 Jan 2011 Estimate (% change)	Indicative Target (Year)
<b>Mozambique</b>				
Tongaat Hulett	18 330	17 904	20 380 (14%)	21 496 (2013/14)
Outgrowers	3 890	3 809	4 305 (13%)	5 304 (2013/14)
<b>Total</b>	<b>22 220</b>	<b>21 713</b>	<b>24 685 (14%)</b>	<b>26 800</b>
<b>Zimbabwe</b>				
Tongaat Hulett	26 488	24 943	26 392	30 247 (2014/15)
Outgrowers	8 585 <sup>^</sup>	8 805	9 405	15 880 (?)
<b>Total</b>	<b>35 073<sup>*</sup></b>	<b>33 748<sup>*</sup></b>	<b>35 797</b>	<b>46 127</b>

# Estimate presented in the November 2010 Roadshow

<sup>^</sup> 5 900 hectares previously reported increased by 2 685 low yield hectares requiring replant

<sup>\*</sup> Excludes 1 500 hectares from Chisumbanje Estate (future ethanol mill)

# Growing Cane Supply - Yields

Tons Cane per Hectare	Harvested Cane 2010/2011 Estimate Nov <sup>^</sup>	Harvested Cane 2010/2011 Actual Yields	Hectares to be harvested 2011/2012 Jan 2011 Estimate	Indicative Target (Year)
<b>Mozambique</b>				
Tongaat Hulett	94 <sup>#</sup>	88 <sup>#</sup>	100 <sup>#</sup>	> 107 <sup>#</sup> (2013/14)
Outgrowers	86	86	93	> 107 (2013/14)
<b>Zimbabwe</b>				
Tongaat Hulett	85	86	98	> 112 (2014/15)
Outgrowers	48 <sup>*</sup>	47 <sup>*</sup>	50	> 100 (?)

## Mozambique actual cane yields

Excessive rainfall during the main growing period from January to April 2010 adversely affected young cane which manifested itself in lower stalk weights when harvested in November/December 2010

<sup>^</sup> Estimate presented in the November 2010 Roadshow

<sup>#</sup> Excludes yield on Mafambisse Original Estate - 7 000 hectares


<sup>\*</sup> Excludes 1 500 hectares from Chisumbanje Estate (future ethanol mill)



# South Africa

- Sugar Industry Regulatory Framework
  - To change
- Indicative electricity price for cane is imminent
- Integrated Resource Plan (IRP 2010) for electricity to be finalised by March 2011



 Tongaat Hulett

COFIT/REFIT Price (SA Rands)	cent/kWh
Return on Capital	55
Operating cost (indicative)	9
Fuel (bagasse)	110
Total	174



# South Africa - Increasing Cane Supplies

## Private Public Partnerships

- 3 534 hectares over 3 years - government R51 million
- 17 000 gross hectares
  - Tongaat Hulett identified as the strategic partner
  - Initial award of R30 million

New Sugar Cane Planting	September 2010 - March 2011
Small scale growers	3 216
Commercial growers	691
Tongaat Hulett leased land	2 097
<b>Total</b>	<b>6 004</b>

## Yields

- |           |                |           |
|-----------|----------------|-----------|
| • 2000/01 | SA North Coast | 63,8 tcph |
| • 2009/10 | SA North Coast | 44,8 tcph |
| • 2010/11 | SA North Coast | 34,0 tcph |
| • Target  |                | 60,0 tcph |

## Rainfall for hectares supplying TH Mills

- |                                   |             |
|-----------------------------------|-------------|
| • October 2009 to March 2010      | 75% of LTM  |
| • October 2010 to 10 January 2011 | 112% of LTM |

## Hectares harvested and sugar produced

- 2009/10: 111 005 hectares harvested  
564 000 tons sugar
- 2010/11: 112 527 hectares harvested  
445 694 tons sugar
- Targeted 2012/13: 123 715 hectares  
835 000\* tons sugar

# Hectares Supplying our Mills

<b>South Africa</b>	<b>2009/2010 (564 000 tons)</b>	<b>835 000 Tons Sugar*</b>
<b>Small scale growers</b>	<b>21 996</b>	<b>29 963</b>
<b>Commercial growers</b>	<b>94 688</b>	<b>97 704</b>
<b>Tongaat Hulett leased land</b>	<b>6 145</b>	<b>10 155</b>
<b>Tongaat Hulett owned land</b>	<b>7 765</b>	<b>7 725</b>
<b>Total hectares under cane</b>	<b>130 594</b>	<b>145 547</b>
<b>Total hectares harvested 85% of total hectares under cane</b>	<b>111 005</b>	<b>123 715</b>



# Raw Sugar Flows - Tongaat Hulett

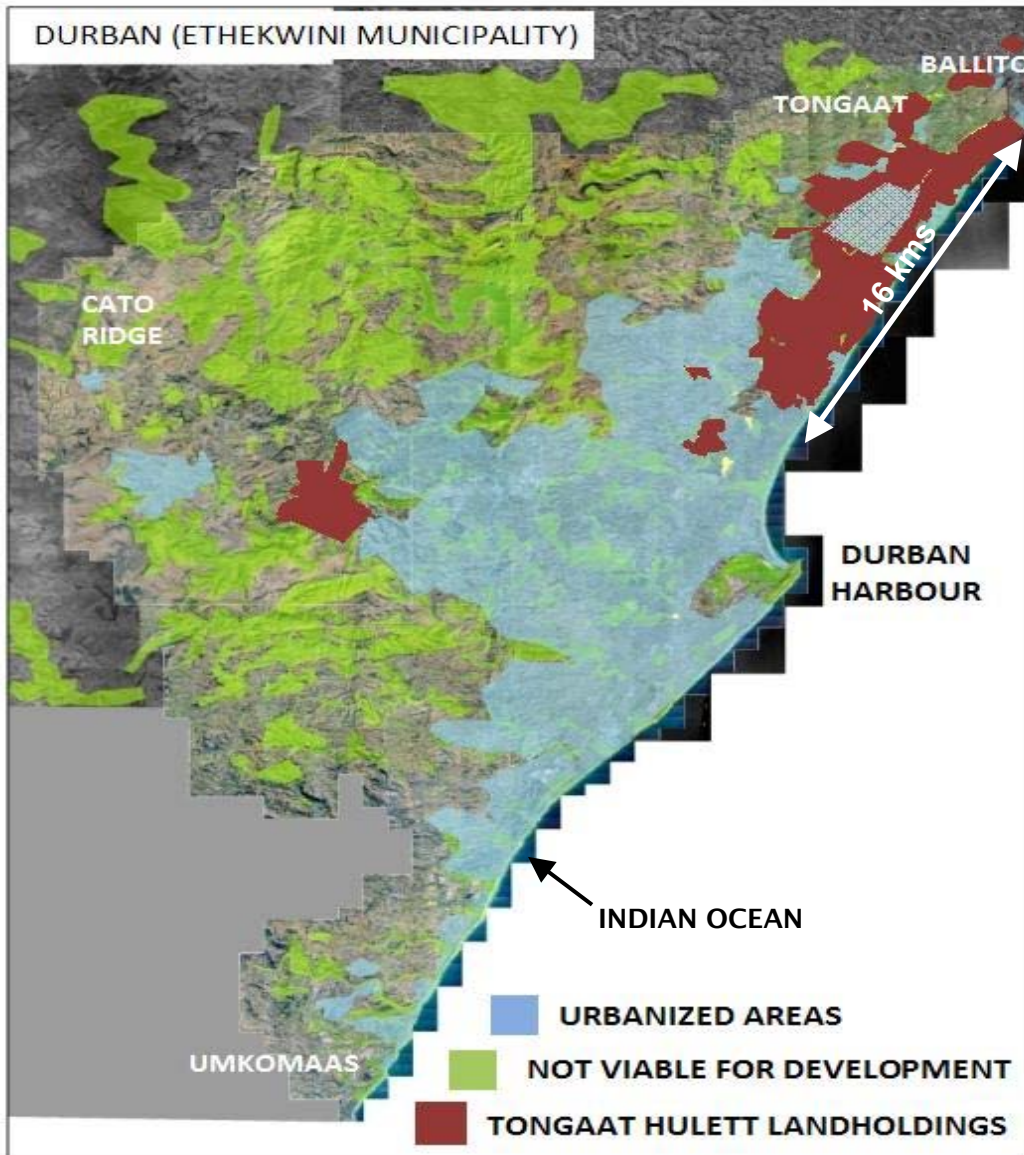
	2010/2011 Estimate	Indicative 2 million tons <sup>^</sup>
<b>South Africa - effective sugar regime</b>		
Local market	365 000 tons at 29 c/lb	500 000 #
Exports - World market	81 000 tons at 19 c/lb	} 500 000
- EU	-	
Ethanol	-	
<b>Mozambique and Zimbabwe</b>		
Regional market	295 000 tons	433 000
Exports - World market	-	} 494 000
- EU/USA	204 000 tons	
Ethanol	-	

# Reducing the Unit Cost of Sugar Production

- **Milling and indirect overheads**
  - > 92% of costs fixed (not related to volume)
- **Harvesting and delivery of cane to the mill**
  - Average cost based on 15 km haul - 2,3 USc/lb
- **Farming (input costs per hectare)**
  - Fertiliser/chemicals, manpower, equipment and irrigation
- **Cane replanted on average every 9 years**
  - R16 000 to R25 000 per hectare



# Cane Land in KZN Targeted for Property Development



Total of 13 807 ha (8 763 developable ha)

- eThekweni growth corridor

7 420 gross ha (4 333 developable ha)

- Coastal corridor / outside eThekweni

6 387 gross ha (4 430 developable ha)

Value benchmarks: Net cash inflow (including overheads)

- Higher value land - > 9,9 million / developable hectare
- Lower value land - > R700 000 / developable hectare (low cost housing)



## Zinkwazi / Thukela

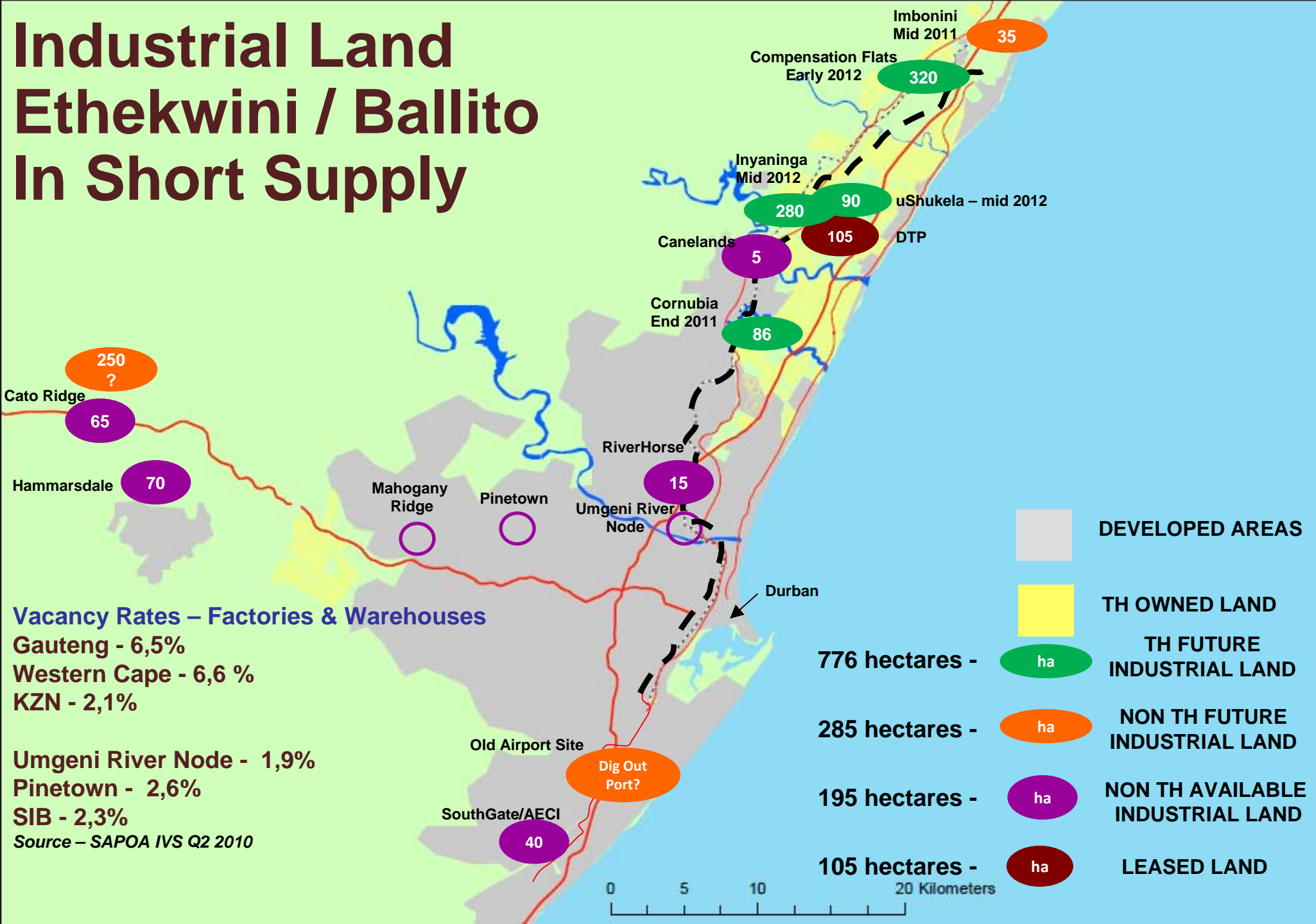
- Gross hectares - 2 352
- Developable hectares - 1 459



## Tinley Manor

- Gross hectares - 1 042
- Developable hectares - 882

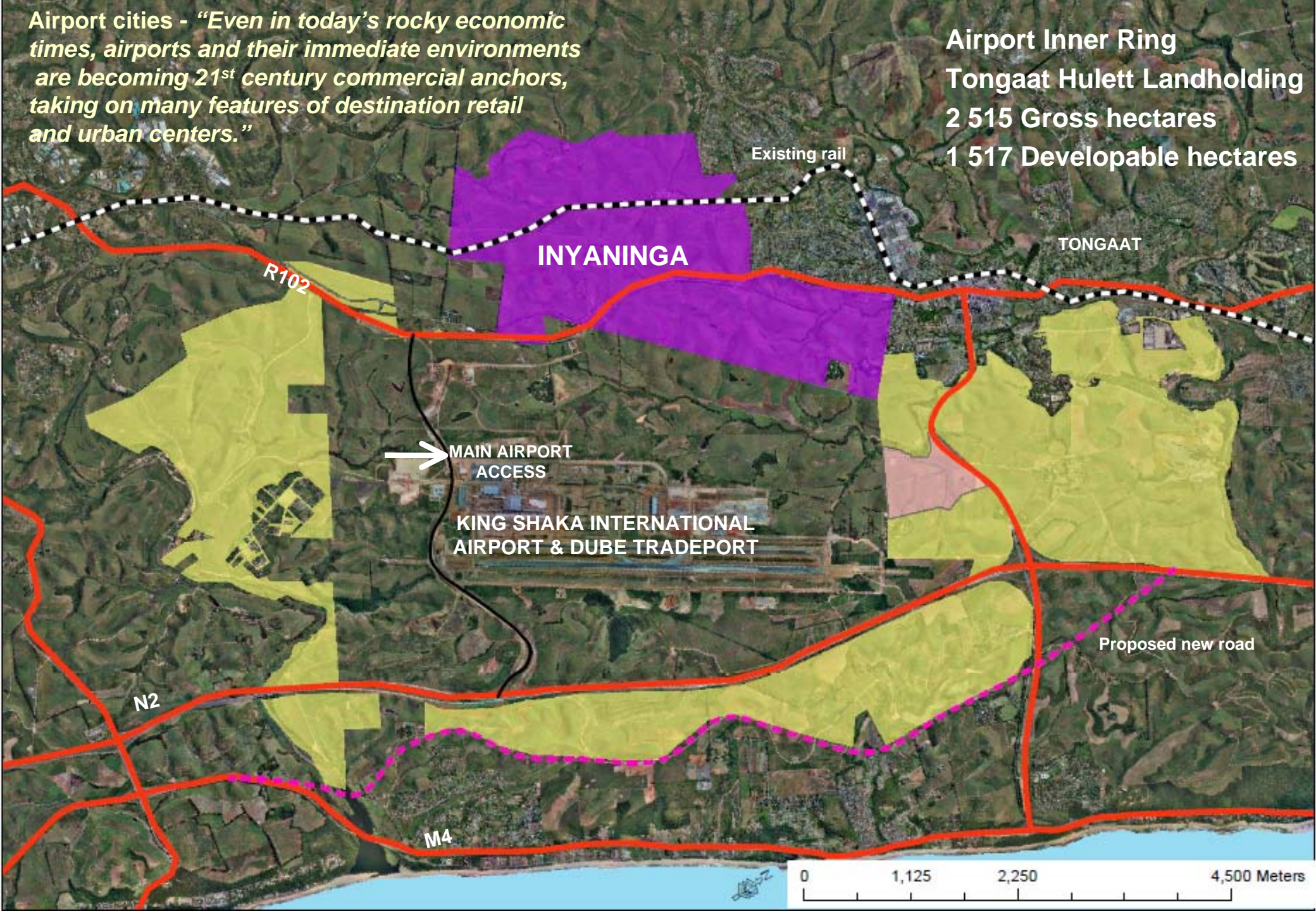
# Industrial Land Ethekwini / Ballito In Short Supply





*Airport cities - "Even in today's rocky economic times, airports and their immediate environments are becoming 21<sup>st</sup> century commercial anchors, taking on many features of destination retail and urban centers."*

**Airport Inner Ring**  
**Tongaat Hulett Landholding**  
**2 515 Gross hectares**  
**1 517 Developable hectares**



**INYANINGA**

**TONGAAT**

Existing rail

R102



**MAIN AIRPORT  
ACCESS**

**KING SHAKA INTERNATIONAL  
AIRPORT & DUBE TRADEPORT**

Proposed new road

N2

M4

0 1,125 2,250 4,500 Meters



# Inyaninga: Bulk Land Sale / TH Development / Partnership

Gross hectares : 707  
Developable hectares : 550



Yes?

R6,3 million per developable hectare  
R3,465 billion

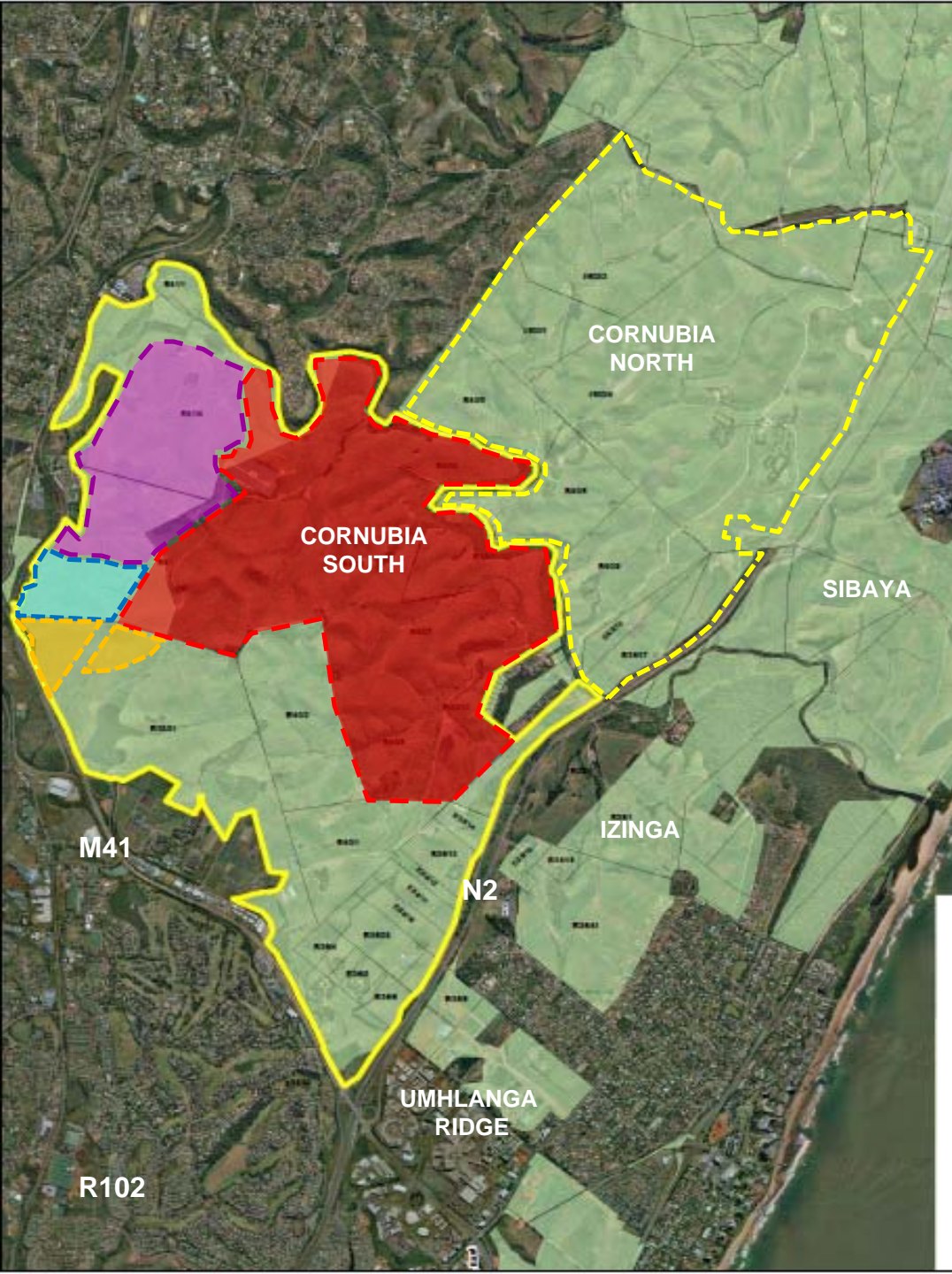
Maybe?

R4,4 million per developable hectare  
R2,420 billion

No?



# Cornubia



**Cornubia South Boundary**



**Cornubia North**



**Tongaat Hulett landholdings**



**Land already purchased by eTM**  
517 ha Gross - 253 Developable ha  
R725 000/Developable ha



**Land Purchased by eTM - Oct 2010**  
34,6 ha Gross - 25 ha Developable  
R725 000/Developable ha



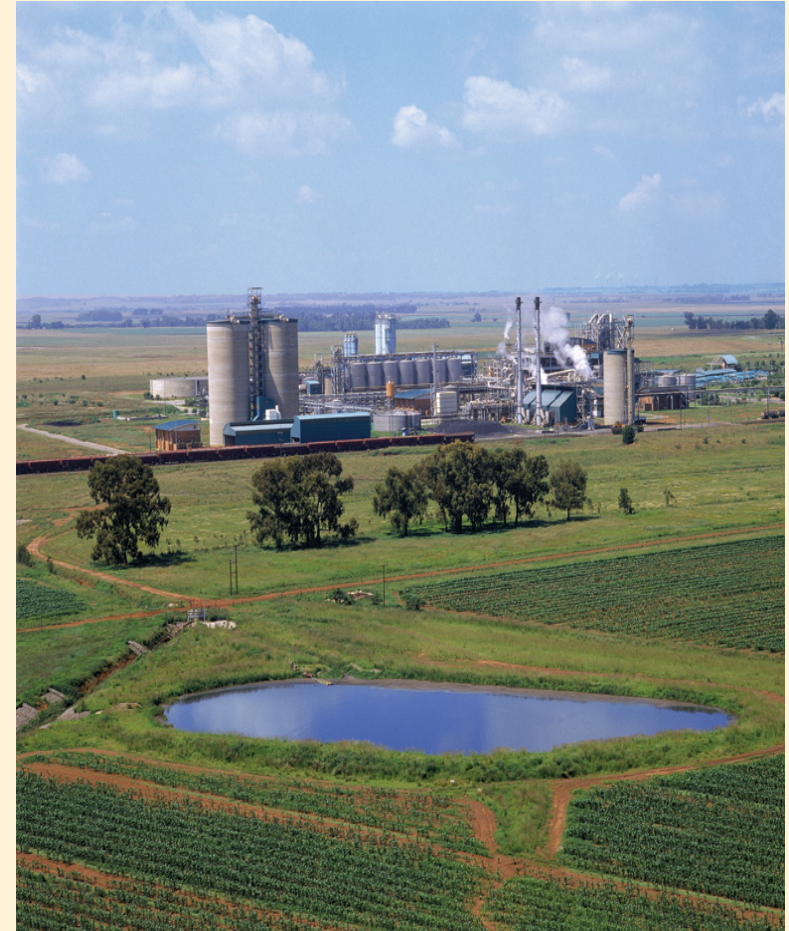
**Land being purchased by eTM –**  
28,6 ha Gross - 23 Developable  
R951 000/Developable ha



**Industrial Node - 86 ha Platform**

# Maize/Corn Production in SADC Poised for Growth

- Products from cane or maize
  - Ethanol
  - Sweeteners
  - Fermentation products (beer)
- Tongaat Hulett only maize wet miller in Southern Africa
- World maize price
  - Last 15 years US\$80 - US\$100 / ton
  - Recent price: US\$220 - US\$250 per ton
- Starch and glucose per capita usage below first world levels
- Plants have capacity to cater for growth



Tongaat Hulett's Kliprivier Mill



***Tongaat Hulett is one of the few agricultural and agri-businesses in sub Saharan Africa that has the capability, capacity and track record to  
make it happen***

