

COMMENTARY

The results for the year ended 31 March 2015 were attained in difficult conditions in the sugar industry and with a number of positive achievements by Tongaat Hulett in terms of cost reductions, securing local markets and future cane supplies. The starch operations again delivered a strong performance. Land conversion and development activities continue to unlock substantial value, albeit with operating profit recognised in the year being below that reported last year. Overall, with revenue of more than R16 billion, operating profit of R2,089 billion was earned, reflecting a 12% reduction compared to the previous best of R2,374 billion earned last year.

Operating profit from the various sugar operations totalled R806 million (2014: R908 million). The benefit of cost reductions over the past two years, increased local market sales in Zimbabwe, together with the negative cane valuation effect recorded in the income statement last year not being repeated this year, were offset by a reduction in sugar production volumes and lower prices. Sales volumes included the sale of sugar from previous season stocks in Zimbabwe. Revenue in Mozambique and Zimbabwe was impacted by a further substantial reduction in prices (4,7 US cents per pound, with a total impact of some R390 million) for exports into the EU. World sugar prices declined further, with global stock levels having increased following favourable weather conditions in many sugar production regions of the world. The overall cane valuation impact in the income statement was a positive R96 million this year (driven mainly by the increased areas under cane and new/replanting of roots), compared to a negative R153 million last year (when there was a large negative impact of sugar price reductions). Tongaat Hulett's sugar production for the year totalled 1,314 million tons compared to 1,424 million tons in the prior year.

The South African sugar operations, including the agriculture, milling, refining and various downstream activities recorded operating profit of R261 million (2014: R340 million). These operations, which previously increased sugar production substantially to 634 000 tons, saw sugar production this season reduce to 541 000 tons due to low rainfall in KwaZulu-Natal (KZN). The impact of the dry conditions has been partially mitigated by 11 554 hectares of new cane developments that were harvested for the first time this year. Local sales were below prior years, with various pressures in the market. Cost reduction actions have limited the cost of goods, services, transport, marketing, salaries and wages to an increase of 4% this year.

The Zimbabwe sugar operations' operating profit for the year amounted to R386 million (US\$35 million) compared to the R330 million (US\$33 million) last year. Local market sales volumes recovered significantly, with improved local market protection (tariffs and import licences) implemented earlier in the year and progress being made with distribution and marketing initiatives. The local market remains suppressed by the macro-economic conditions. Sugar production for the year was 445 000 tons (2014: 488 000 tons) as a consequence of no cane being diverted from the independent ethanol plant at Chisumbanje (39 000 tons sugar equivalent in the prior year) and after experiencing the impact of low dam levels for irrigation at the end of 2013, which only recovered in early 2014. The conversion of US dollar profits into Rands on consolidation was positively impacted by exchange rate movements. The cost of bought-in goods and services, salaries and wages was US\$11 million lower than the prior year and US\$51 million lower than two years ago, after absorbing input price, salary and wage increases.

The Mozambique sugar operations recorded operating profit of R130 million (2014: R168 million). Sugar production for the year increased to 271 000 tons (2014: 249 000 tons). The local market was significantly impacted by additional imports and this necessitated increased exports by local producers at lower prices, with a negative R77 million profit impact on Tongaat Hulett. The cost of goods and services, salaries and wages was lower than two years ago by an amount of Mt165 million, which was the Rand equivalent of some R58 million, after absorbing price increases and substantial salary and wage increases. Sugar production has grown by 15% over the same period.

The Swaziland sugar operations reported operating profit of R29 million (2014: R70 million) as a result of the lower sucrose price as a consequence of a reduction in export prices into the EU. The Swaziland estates produced the raw sugar equivalent of 57 000 tons (2014: 53 000 tons).

The starch operation increased operating profit to R561 million (2014: R482 million), with improvements in the sales mix, co-product recoveries, capacity utilisation and plant efficiencies. Domestic sales volumes grew by 4%, with increases in the coffee/creamers and paper making sectors. Working together with customers, success has been achieved in increasing sales of products where demand is growing (locally and exporting into the rest of Africa) and recovering local market from imports. Starch and glucose processing margins were in line with the prior year.

Land conversion and development activities generated profit of R829 million from the sale of 108 developable hectares (2014: profit of R1 080 million from sales of 259 developable hectares). Sales came largely from Cornubia (industrial, business and retail) with an average profit of R8,2 million per developable hectare and Izanga/Kindlewood with average profit of R6,3 million per developable hectare. Profit in Umhlanga Ridge Town Centre exceeded R25 million per developable hectare. The momentum on larger land sales has continued, with a single sale of 19 developable hectares in Izanga and a sale of 27 developable hectares in a new area of Cornubia. The sale of 42 developable hectares of highly valued land in Umhlanga Ridgeside, precincts 1 and 2, which was previously expected to be finalised by the end of March 2015, was not concluded in this financial year. Negotiations with four parties are at various stages, aimed towards reaching an imminent conclusion. The development proposals received for Ridgeside are confirming the value that has previously been attributed to the land.

Cash flow from operations generated R2,533 billion (2014: R2,173 billion), an improvement of some R360 million, with a reduced cash absorption in working capital. Net debt at the end of the year reduced to R3,992 billion with a R419 million positive cash flow after dividend payments.

Total net profit before the deduction of minority interests was R1,047 billion (2014: R1,227 billion) and headline earnings attributable to Tongaat Hulett shareholders amounted to R945 million compared to R1,106 billion last year. A final dividend of 210 cents per share has been declared, bringing the annual dividend to 380 cents per share (2014: 360 cents per share).

LOOKING AHEAD

Tongaat Hulett has substantially enhanced its strategic positioning over the past few years and expects to continue to do so, focusing on multiple strategic thrusts, all with a positive impact on earnings and cash flow.

More Favourable Sugar Markets in Coming Years

The sustainability of farmers in the sugar industry throughout many parts of the world is under significant pressure at the low current world price and taking into account the substantial input cost increases over the past decade. This, together with possible variable weather conditions, is likely to exert downward pressure on global sugar production levels. Global sugar consumption is predicted to continue to grow

at a rate of some 2% per annum, with most of this growth coming from low per capita consumption developing countries. There are predictions for sugar demand growth in southern and eastern Africa of some 30% over the next six years. The current surplus global stock levels have also been putting pressure on local and regional prices, as well as the EU market, amplified by the EU market reforms. Tongaat Hulett is steadily shifting export sales from the EU to regional deficit markets. Attention is focused on capturing and growing local market sales. In South Africa, the reference price used to calculate import duty levels does not yet fully provide adequate and appropriate protection for this socio-economically important rural industry. In Mozambique, the imminent substantial increase in the reference price should provide such assistance

Further Cost Reductions

The sustainable cost reductions achieved over the past two years, while having to absorb input price increases, provide a good base for the next steps in the concerted cost reduction process in the sugar operations. Unit costs of sugar production will benefit substantially from growth in volumes and better yields, as milling costs and many of the agricultural costs per hectare are mostly fixed. The marginal cost of additional sugar production from existing hectares under cane is typically 4 to 6 US cents per pound.

Growing Sugar Production

The crop size in the coming season in South Africa is uncertain and is likely to be at the lowest level for many years, while Zimbabwe and Mozambique are likely to show modest growth in sugar production.

Good progress continues to be made in growing the number of hectares under cane and it is expected that by 2018/19 an additional 22 800 hectares will be harvested, of which 9 074 hectares have already been planted. Agricultural improvement programs aimed at improving yields and sucrose content are proceeding well. Tongaat Hulett has more than 2,1 million tons of sugar milling capacity. Sugar production is targeted to grow from the 1,314 million tons in 2014/15 to some 1,821 million tons in 2018/19, under normal weather conditions. Of this growth, 37% is expected to come from a return to normal weather conditions, 30% from additional hectares under cane and 33% from yield and sugar extraction improvements.

Creating Value For All Stakeholders

Tongaat Hulett continues to focus on value creation for all stakeholders through an all-inclusive approach to growth and development. In KZN there are established collaborations with Provincial and Local authorities in the inextricably linked areas of sugar and cane activities, the development of urban areas (including Cornubia) and maximising the future benefit of renewable energy. The planting of 28 687 hectares in the past four years has created some 7 175 direct jobs in rural areas and the 12 000 hectare project currently underway for cane development and job creation in rural KZN includes a Jobs Fund grant for R150 million allocated over some three years, with the first R50 million already received. In Zimbabwe, Tongaat Hulett, the Government and Local communities are working together on socio-economic initiatives in the south-eastern Lowveld region of the country. One of the key focus areas remains the on-going orderly development of sustainable private sugar cane farmers and at the end of the 2014/15 season, some 857 active indigenous private farmers, farming some 15 880 hectares, employing more than 7 300 people, generated US\$70 million in annual revenue. Current initiatives should increase this, by the 2017/18 season, to some 1 023 private farmers supplying more than 1 900 000 tons of cane harvested from 19 270 farmed hectares, with further job creation in rural communities. In Mozambique, 415 000 tons of cane were delivered from 4 370 hectares in the 2014/15 season, supporting 2 018 indigenous private farmers.

Growing Starch and Glucose

The starch and glucose operation, which is the only wet-miller in Sub-Saharan Africa, is well positioned strategically, focused on growing its sales volume, with an enhanced product mix and customer growth prospects into Africa. This is underpinned by improving use of its available capacity and the efficiency of its operations. Dry weather conditions in the new season have resulted in maize prices trading above international levels and the starch operations current exposure to these higher prices comprises approximately 15% of the coming year's maize requirements.

Momentum in Land Development

The momentum in unlocking value and cash flow from land conversion and development continues, with a portfolio of 8 091 developable hectares in KZN ultimately earmarked for development. The value achieved per hectare of land sold is increasingly reflecting the steadily improving land conversion platform and varies based on usage and location. A progressively larger area is benefitting from planning activities and infrastructural investment at key points. Tongaat Hulett continues to work together with Government, related organisations and key stakeholders in the property industry to capture the synergy of each other's unique capabilities and to maximise value for all stakeholders. This has a positive impact on economic residential, ranging from industrial and commercial to tourism and all levels of residential development and the affordable housing backlog, in the Durban/Northern KZN area and complements the simultaneous rural development taking place around new agricultural cane developments. Over the next 5 years, sales are expected to come primarily out of 3 801 developable hectares in key focus areas comprising the urban expansion north of Durban in the Umhlanga and Cornubia areas, coastal lifestyle areas of Zimbali and Sibaya, business and residential development around the airport, coastal development north of Ballito in Tinley Manor and in the Ntshongweni area west of Durban. Further detail on the land portfolio (including prospective usage, market momentum, development themes, possible timing and values) is available on the www.tongaat.com website.

Financial Prospects for the Year Ahead

The financial results for the year ahead will be influenced by a number of varying dynamics, the magnitude and impact of which are difficult to predict at this stage. It is likely that the sugar operations will remain under pressure, particularly in South Africa. Land development could have a record year. Starch volumes, mix, cost and exchange rate dynamics are likely to counter maize prices being closer to import parity.

The business is in a good position to benefit from multiple actions across all of its well-grounded strategic thrusts, with its footprint in six SADC countries, its ability to process both sugar cane and maize, electricity generation and ethanol opportunities and increased momentum in land conversion.

For and on behalf of the Board



Bahle Sibisi
Chairman
Amanzimnyama, Tongaat, KwaZulu-Natal



Peter Staude
Chief Executive Officer
21 May 2015

DIVIDEND DECLARATION

Notice is hereby given that the Board has declared a final gross cash dividend (number 175) of 210 cents per share for the year ended 31 March 2015 to shareholders recorded in the register at the close of business on Friday 19 June 2015.

The salient dates of the declaration and payment of this final dividend are as follows:

Last date to trade ordinary shares	Thursday	11 June 2015
"CUM" dividend	Friday	12 June 2015
Ordinary shares trade "EX" dividend	Friday	12 June 2015
Record date	Friday	19 June 2015
Payment date	Thursday	25 June 2015

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place, between Friday 12 June 2015 and Friday 19 June 2015, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Thursday 11 June 2015.

The dividend has been declared from income reserves. A net dividend of 178,5 cents per share will apply to shareholders liable for the local 15% dividend withholding tax and 210 cents per share to shareholders exempt from paying the dividend tax. The issued ordinary share capital as

at 21 May 2015 is 135 112 506 shares. The company's income tax reference number is 9306/101/20/6.

For and on behalf of the Board



M A C Mahlari
Company Secretary
Amanzimnyama, Tongaat, KwaZulu-Natal
21 May 2015

CORPORATE INFORMATION

Tongaat Hulett Limited
Registration No: 1892/000610/06 JSE share code: TON ISIN: ZAE000096541
Directorate: C B Sibisi (Chairman), P H Staude (Chief Executive Officer)*, S M Beesley, F Jakoet, J John, R P Kupara[^], T N Mgodoso, N Mjoli-Mncube, M H Munro*, S G Pretorius.
* Executive directors [^] Zimbabwean
Registered office: Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal
P O Box 3, Tongaat 4400 Telephone: +27 32 439 4019
Facsimile: +27 31 570 1055
Transfer secretaries: Computershare Investor Services (Pty) Limited
Telephone: +27 11 370 7700
Sponsor: Investec Bank Limited Telephone: +27 11 286 7000

AUDITED RESULTS for the year ended 31 March 2015

- Revenue of R16,155 billion (2014: R15,716 billion) +2,8%
- Operating profit of R2,089 billion (2014: R2,374 billion) -12,0%
- Cash flow from operations of R2,533 billion (2014: R2,173 billion) +16,6%
- Headline earnings of R945 million (2014: R1,106 billion) -14,6%
- Annual dividend of 380 cents per share (2014: 360 cps) +5,6%

INCOME STATEMENT

Summarised consolidated Rmillion	2015	2014
Revenue	16 155	15 716
Operating profit	2 089	2 374
Net financing costs (note 1)	(617)	(609)
Profit before tax	1 472	1 765
Tax (note 2)	(425)	(538)
Net profit for the year	1 047	1 227
Profit attributable to:		
Shareholders of Tongaat Hulett	989	1 155
Minority (non-controlling) interest	58	72
	1 047	1 227
Headline earnings attributable to Tongaat Hulett shareholders (note 3)	945	1 106
Earnings per share (cents)		
Net profit per share		
Basic	864,6	1 034,4
Diluted	864,6	1 022,3
Headline earnings per share		
Basic	826,1	990,5
Diluted	826,1	978,9
Dividend per share (cents)	380,0	360,0
Currency conversion		
Rand/US dollar closing	12,17	10,56
Rand/US dollar average	11,05	10,13
Rand/Metcal average	0,35	0,34
Rand/Euro average	13,96	13,59
US dollar/Euro average	1,26	1,34

SEGMENTAL ANALYSIS

REVENUE	2015	2014
Sugar		
Zimbabwe	3 471	2 896
Swaziland	203	211
Mozambique	1 804	1 704
South Africa	6 143	6 224
Sugar operations - total	11 621	11 035
Starch operations	3 447	3 210
Land Conversion and Developments	1 087	1 471
Consolidated total	16 155	15 716
OPERATING PROFIT		
Sugar		
Zimbabwe	386	330
Swaziland	29	70
Mozambique	130	168
South Africa	261	340
Sugar operations - total	806	908
Starch operations	561	482
Land Conversion and Developments	829	1 080
Centrally accounted and consolidation items	(86)	(75)
BEE IFRS 2 charge and transaction costs	(21)	(21)
Consolidated total	2 089	2 374

FURTHER ANALYSIS OF SUGAR OPERATING PROFIT

	2015	2014
Sugar operations - before cane valuations	710	1 061
Zimbabwe	320	571
Swaziland	40	56
Mozambique	215	272
South Africa	135	162
Cane valuations - income statement effect	96	(153)
Zimbabwe	66	(241)
Swaziland	(11)	14
Mozambique	(85)	(104)
South Africa	126	178
Sugar operations - after cane valuations	806	908
Zimbabwe	386	330
Swaziland	29	70
Mozambique	130	168
South Africa	261	340

STATEMENT OF CASH FLOWS

	2015	2014
Operating profit	2 089	2 374
Surplus on disposal of property, plant and equipment	(77)	(75)
Depreciation	564	571
Growing crops and other non-cash items	1	64
Operating cash flow	2 577	2 934
Change in working capital	(44)	(76)
Cash flow from operations	2 533	2 173
Tax payments	(353)	(452)
Net financing costs	(617)	(609)
Cash flow from operating activities	1 563	1 112
Expenditure on property, plant and equipment:		
New	(203)	(117)
Replacement and plant overhaul	(529)	(411)
Capital expenditure on growing crops	(76)	(118)
Other capital items	93	87
Net cash flow before dividends and financing activities	848	553
Dividends paid	(429)	(253)
Net cash flow before financing activities	419	300
Borrowings raised / (repaid)	218	(258)
Non-recourse equity-settled BEE borrowings	(37)	(31)
Shares issued	1	5
Settlement of share-based payment awards	(175)	(15)
Net increase in cash and cash equivalents	426	1
Balance at beginning of year	1 067	917
Foreign currency translation	175	149
Cash and cash equivalents at end of year	1 668	1 067

STATEMENT OF OTHER COMPREHENSIVE INCOME

	2015	2014
Net profit for the year	1 047	1 227
Other comprehensive income	1 039	1 438
Items that will not be reclassified to profit or loss:		
Foreign currency translation	1 057	1 446
Actuarial loss	(23)	(17)
Tax on actuarial loss	7	5
Items that may be reclassified subsequently to profit or loss:		
Hedge reserve	(3)	6
Tax on movement in hedge reserve	1	(2)
Total comprehensive income for the year	2 086	2 665
Total comprehensive income attributable to:		
Shareholders of Tongaat Hulett	1 815	2 397
Minority (non-controlling) interest	271	268
	2 086	2 665

STATEMENT OF FINANCIAL POSITION

Summarised consolidated Rmillion	2015	2014
ASSETS		
Non-current assets		
Property, plant and equipment	12 059	11 279
Growing crops	5 473	5 005
Long-term receivable	518	485
Goodwill	376	338
Intangible assets	64	70
Investments	27	18
	18 517	17 195
Current assets		
Inventories	8 026	6 781
Trade and other receivables	2 472	2 416
Major plant overhaul costs	3 291	2 866
Cash and cash equivalents	595	432
	1 668	1 067
TOTAL ASSETS	26 543	23 976
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	135	135
Share premium	1 544	1 543
BEE held consolidation shares	(673)	(700)
Retained income	7 959	7 412
Other reserves	2 924	2 172
Shareholders' interest	11 889	10 562
Minority interest in subsidiaries	1 887	1 628
Equity	13 776	12 190
Non-current liabilities		
Deferred tax	2 491	2 131
Long-term borrowings	4 056	4 094
Non-recourse equity-settled BEE borrowings	654	691
Provisions	743	696
Current liabilities		
Trade and other payables (note 4)	4 823	4 174
Short-term borrowings	3 173	2 742
Tax	1 604	1 293
	46	139
TOTAL EQUITY AND LIABILITIES	26 543	23 976
Number of shares ('000)		
- in issue	135 113	109 967
- weighted average (basic)	114 388	111 655
- weighted average (diluted)	114 388	112 980