

MAY 2014



Tongaat Hulett

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Tongaat Hulett

■ Location of operations



Tongaat Hulett's Positive Socio-Economic Profile in the Southern African Region - Going from Strength to Strength



Cornubia Launch – 6 April 2014
President of South Africa - Jacob Zuma
and KZN Premier - Senzo Mchunu



6 250 direct jobs **24 979 hectares**



SusCo Launch



Cornubia Launch – 6 April 2014
President of South Africa - Jacob Zuma
and KZN Premier - Senzo Mchunu



Ingonyama Trust Board Signing
Ceremony
30 April 2013: ITB Board Members



Muda Dam Launch - 19 May 2007
President of Mozambique - Armando
Guebuza



SUGAR OPERATIONS

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Sugar Markets

Zimbabwe

- Total production 2013/14 season - 488 000 tons
- Local market 2013/14 season - 287 000 tons
 - Imports - 139 000 tons
 - Tongaat Hulett local sales - 148 000 tons
- Protection (since March 2014)
 - 10% + US \$100 (6,3 US c/lb)
 - Limited import permits

Mozambique

- Total production 2013/14 season - 383 000 tons
 - Tongaat Hulett production - 249 000 tons
- Local market 2013/14 season 188 000 tons
 - Supplied by local producers - 138 000 tons
 - Imports (refining limitations) - 50 000 tons
- Possible future local market - 525 000 tons
 - Per capita consumption rises from 8 kg to 21 kg (Zimbabwe in 2012/13)
 - 66% growth in domestic market over last 10 years



Sugar Markets (cont.)

South Africa - 2013/14

- **Production - 2,344 million tons (SA industry)**
 - **Tongaat Hulett production - 634 000 tons (Industry share 27%)**
- **Local market 2013/14 season - 2,2 million tons**
 - **Imports - 462 000 tons (342 000 tons sold in 2013/14 - estimate)**
 - **Swaziland - 330 000 tons**
- **Industry exported 800 000 tons (34% of production)**

South Africa - into the future

- **Effective reference price - no imports (responsible Industry pricing)**
 - **Current change from 16 USc/lb to 25,6 USc/lb**
- **Phase 1 pilot Ethanol regime - 1% RSA petrol pool equivalent to 180 000 tons sugar**
- **Industry to export up to 20% of production (depending on growing conditions)**
- **Substantial revenue stream from electricity sales**

World Sugar Market (Deficit to Surplus to)

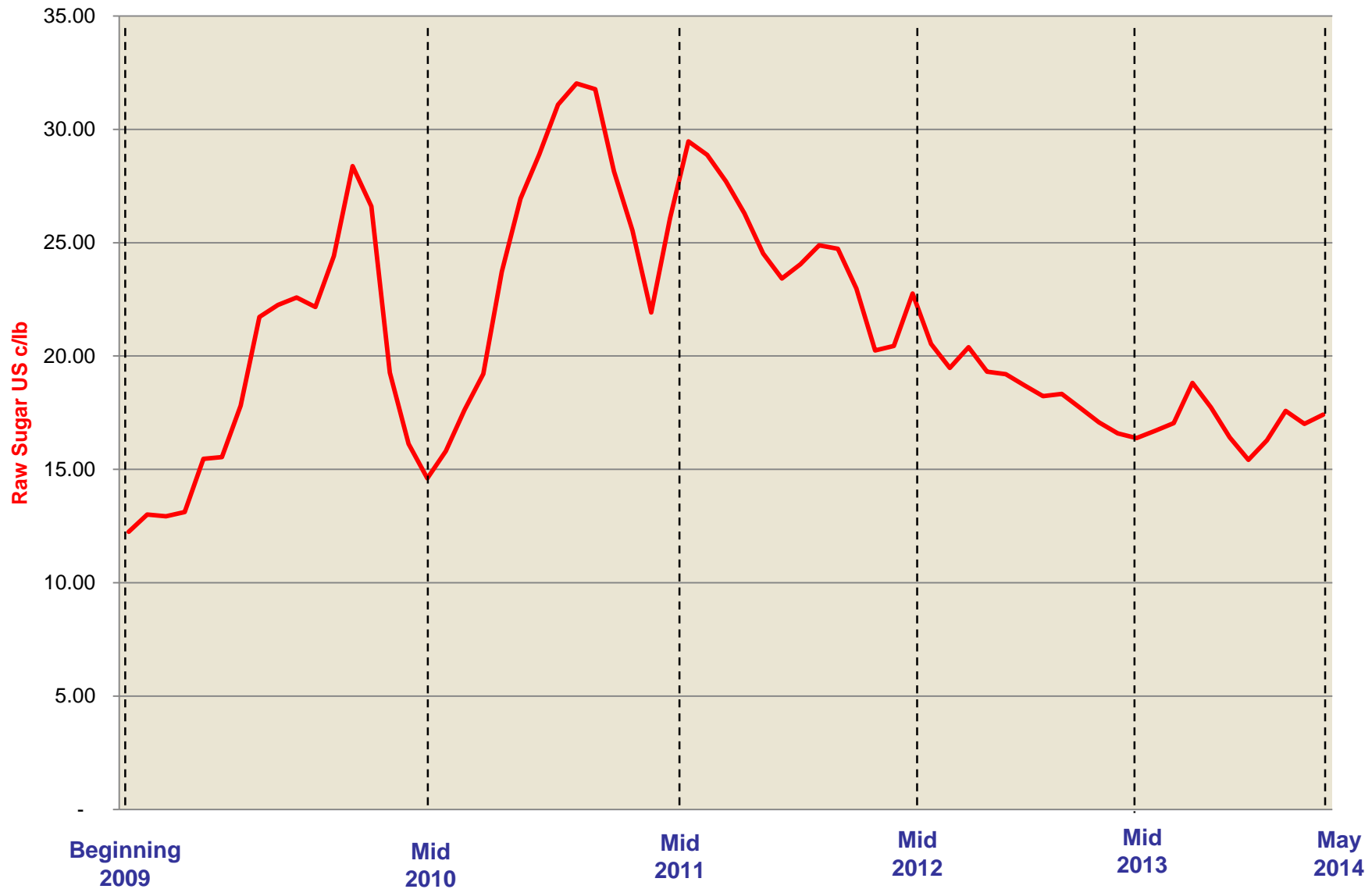
'000 Tons*	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15 Estimate
Sugarcane and Beet Production	167 041	150 070	159 782	167 982	174 777	186 458	180 109	177 783
Estimated Consumption#	161 066	160 787	162 969	164 908	168 837	173 747	176 825	180 396
Surplus/(Deficit)	5 975	(10 717)	(3 187)	3 074	5 940	12 711	3 284	(2 613)
Estimated World Closing Stock	64 580	53 863	50 676	53 750	59 690	72 401	75 684	73 071



* Information provided by LMC International (15 May 2014)

Includes a statistical adjustment to account for unrecorded consumption

World Sugar Price is Volatile



Growing Sugar Production

> 2,1 million Tons from Existing Capacity (All About Cane)

Tons Raw Sugar	2010/11 Actual	2013/14 Actual	2017/18 Target
South Africa	455 000	634 000	808 000
Zimbabwe	333 000	488 000	628 000
Mozambique	164 000	249 000	319 000
Swaziland RSE	54 000	53 000	61 000
Total	1 006 000	1 424 000	1 816 000
Growth		420 000	392 000

**Tongaat Hulett unutilised milling capacity > R13,3 billion
(current replacement value for 700 000 tons)**

Unit Cost Reduction

- Overheads - 90% fixed
- Milling costs - 80% fixed
- Agriculture - 90% fixed per hectare

RSE - Raw Sugar Equivalent

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
South Africa	977	762	868	659	731	760	674	612	652	573	455	486	486	634
Mozambique	39	36	71	82	85	115	106	108	108	134	164	233	235	249
Swaziland RSE	41	45	50	54	50	56	55	58	56	54	54	59	58	53
Zimbabwe *	547	509	578	507	422	430	451	349	298	259	333	372	475	488
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
Capacity	1 820	1 820	1 820	1 820	1 820	1 820	1 820	1 820	1 820	2 030	2 030	2 030	2 100	2 100
% of Capacity	88%	74%	86%	72%	71%	75%	71%	62%	61%	50%	50%	57%	60%	68%

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

Growing Sugar Production –

Indicative - Next 4 Years

Tons Raw Sugar	2013/14 Actual	2017/18 Target	Growth will come from		
			Additional Hectares		Yield and Sugar Recovery Improvements
			Tongaat Hulett - Direct	3 rd Parties / TH Supported	
South Africa	634 000	808 000	4%	89%	7%
Zimbabwe	488 000 449 000 39 000 ^	628 000	-	26%	74%
Mozambique	249 000	319 000	-	43%	57%
Swaziland RSE	53 000	61 000	-	-	100%
Total	1 424 000	1 816 000	2%	54%	44%

RSE - Raw Sugar Equivalent

^ Cane received from Green Fuel 2013/14

Cane Ownership Mix

Supply of Cane to Tongaat Hulett Sugar Mills

Tons Cane	2013/14 Actual		2017/18 Target	
	Tonga at Hulett	3 rd Parties	Tonga at Hulett	3 rd Parties
South Africa	2 568 567	2 909 427	3 796 000	3 207 000
Tonga at Hulett	1 016 766	-	1 546 000	-
Tonga at Hulett supported	1 551 801	-	2 250 000	-
Zimbabwe	2 555 958	1 017 163	3 096 000	1 827 000
- Green Fuel		313 368		-
Mozambique	1 825 374	192 863	2 178 000	405 000
Tonga at Hulett	1 592 305	-	1 837 000	-
Tonga at Hulett supported	233 069	-	341 000	-
Total	6 949 899	4 432 821	9 070 000	5 439 000

South Africa

New Plantings and Net Gain in Hectares

South Africa	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Target 2014/15#	2015/16	2016/17
Small scale farmers	1 636	3 689	4 411	4 297	1 651	2 084		
Commercial and medium scale farmers	630	371	1 831	1 884	498	250		
Tongaat Hulett leased land	1 824	1 546	2 445	5 373	2 589	4 166		
Total	4 090	5 606	8 687	11 554	4 738*	6 500		
Cumulative new plantings since 2009/10 - milling of this cane commenced in 2011/12			4 090	9 696	18 383	29 937	34 675	41 175
Cumulative net cane losses since 2007/08			(13 948)	(14 732)	(17 757)	(17 889)^	(17 453)^	(19 050)
Net change in hectares since 2007/08			(9 858)	(5 036)	626	12 048	17 222	22 125

Assumes normal weather conditions

^ Updated since November 2013 to reflect targeted gains/losses in 2014/15 and 2015/16

* Reduced from November 2013 target of 8 021 due to 3rd party funding not yet being in place and poor rainfall in early 2014

Zimbabwe

Cane Milled and Sugar produced	Actual 2011/12 Season	Actual 2012/13 Season	Actual 2013/14 Season
Total hectares farmed as at 1 April (beginning of the season)	38 626	43 185	44 814
Hectares milled	35 307	37 473	39 615
% Hectares under cane milled	91,4%	86,8%	88,4%
Cane yield (tcphm)	86,63	90,54	90,20
Cane tons '000	3 059	3 393	3 573
Cane to Sugar ratio	8,21	8,26	7,97
Chisumbanje Estate #		63 000	39 000
Sugar production - raw (tons)	372 000	475 000 (28%)	488 000

tcphm – tons cane per hectare milled

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

Mozambique

Cane Milled and Sugar produced	Actual 2011/12 Season	Actual 2012/13 Season	Actual 2013/14 Season
Total hectares farmed as at 1 April (beginning of the season)	26 513	26 789	27 602
Hectares milled	24 555	24 333	24 898
% Hectares under cane milled	92,6%	90,8%	90,2%
Cane yield (tcphm)	80,36	79,89	81,06^
Cane tons '000	1 973	1 944	2 038
Cane to Sugar ratio	8,47	8,29	8,11
Sugar production - raw (tons)	233 000	235 000	249 000

tcphm – tons cane per hectare milled

^ 89,70 excluding Mafambisse Home Estate

Cost of Producing Sugar

Goods & Services / Salaries & Wages / Transport*

Millions	2012/13	2013/14	% Change	
			Overall	Per ton raw sugar produced
Mozambique (Metical)	Mt3 052	Mt2 785	9% down	14% down
South Africa (Rands)	R2 325	R2 558	10% up	16% down
Zimbabwe (US\$)	\$186	\$146	21% down	23% down



* Excludes Cane Planting costs, Off-crop expenditure and Depreciation. Does not separate costs between sugar and other revenue generating items

Off-Crop Expenditure

- All costs incurred at the mill from shutdown of a season to 31 March of that financial year
- Costs expensed against next seasons production

Millions - Per Income Statement	2012/13	2013/14	2014/15
Mozambique (Metical)	421	466	429
South Africa (Rand)	131	182	139
Zimbabwe (US\$)	17	20	14



Total Rand reduction from 2013/14 to 2014/15 - R118 million



STARCH AND GLUCOSE

Starch and Glucose - Overview 2014/15

- **Large crop: 13,55 million tons to be harvested May - July 2014**
 - Ensures continued competitiveness of local maize industry - remains in line with international markets
 - Some margin pressure in Q1: 2014/15 due to high old season maize prices
- **Improving capacity utilisation and market mix**
 - Available upstream capacity (wet mill) - 20%
 - > R100 million investment in downstream capacity for value added products
 - Coffee/creamer sector and modified starches
 - 0,9% local market growth 2013/14, forecast 4,3% in 2014/15
- **Continued improvements in operating efficiencies**



Tongaat Hulett Starch

Outlook for South African maize

	1979/80	2010/11	2011/12	2012/13	2013/14 Estimate
Hectares planted (000 ha)	4 031	2 372	2 699	2 781	2 688
Yield (t/ha)	3,37	4,37	4,38	4,21	5,04
Production (000 tons)	13 583	10 360	11 830	11 811	13 549
Carry in stock (000 tons)	2 115	2 336	994	1 417	479
Total usage incl. exports (000 tons)	8 324	11 702	11 418	12 749	12 499
Stock to use ratio	10,02%	8,49%	12,41%	3,76%	8,07%

Outlook for World maize

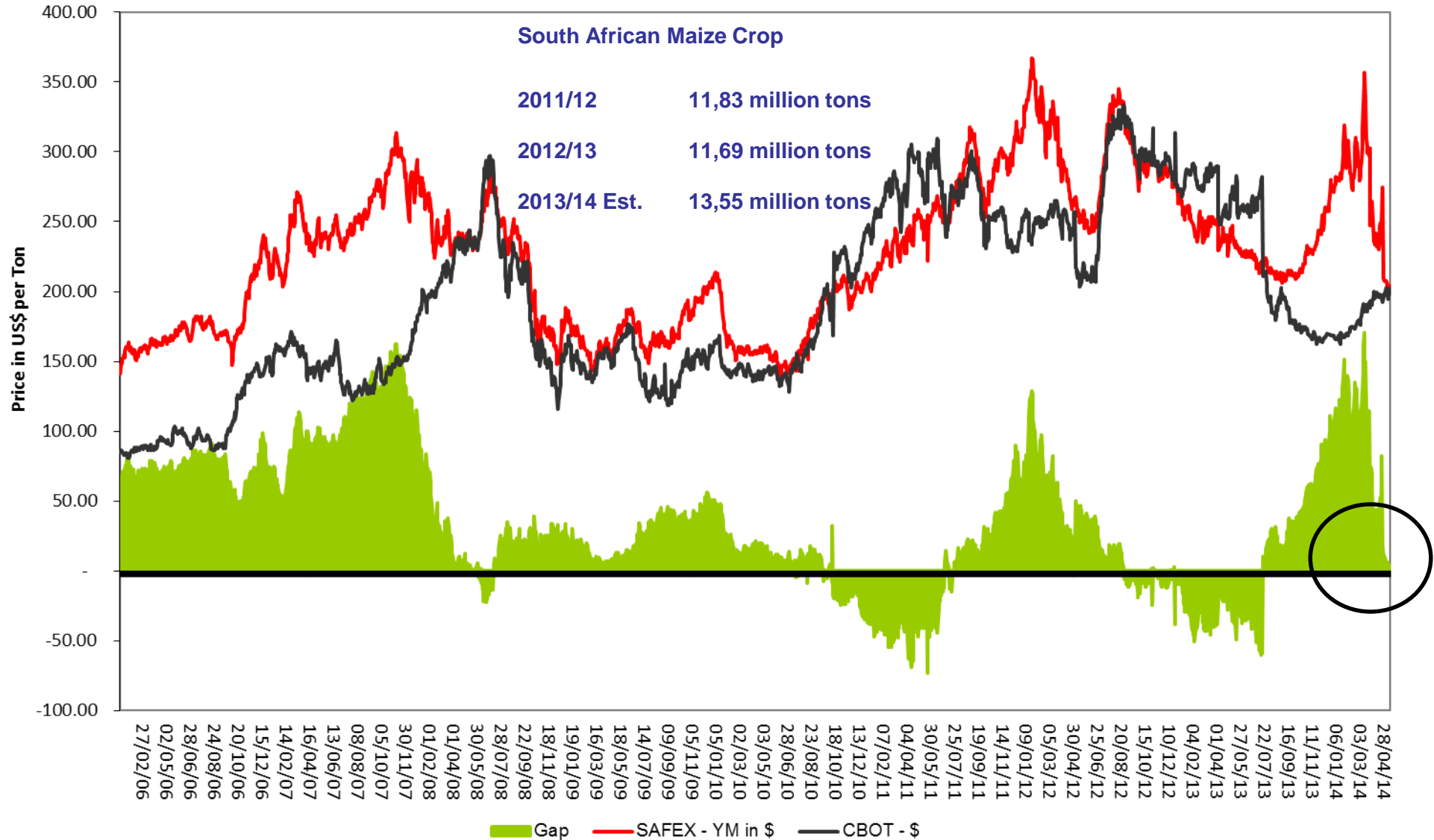
- 2014/15 – Corn production in the US is projected at 354 million tons – yields are higher at 10,38 tons per hectare compared to 9,97 tons per hectare in 2013/14 – this assumes normal planting and rainfall
- The possibility of an El Niño weather event are increasing in the Northern Hemisphere which will be detrimental to crops
- Global corn production for 2014/15 is flat year on year and ending stocks are at 15 year highs

International Starch and Glucose prices remain firm

- Despite lower expected Chinese corn imports for 2014/15, corn consumption is expected to be higher
- Higher usage is also expected in Brazil, the EU, Mexico and Japan
- Cassava root supplies are lower as a result of slower harvesting due to drought and the roots used for processing have shown a decreased starch content

Tongaat Hulett Starch

Maize



Markets

Tons	2012/13 # Actual	2013/14 Actual	2014/15 Estimate	% Growth 2013/14 vs. 2012/13	% Growth 2014/15 vs. 2013/14
Alcoholic beverages	173 925	173 352	177 085	-0,3%	+2,1%
Coffee creamers	65 122	70 734	75 775	+8,6%	+7,1%
Confectionery	57 789	61 599	65 052	+6,6%	+5,6%
Paper	59 416	56 486	56 873	-4,9%	+0,7%
Prepared foods	14 197	12 323	14 119	-13,2%	+14,5%
Other	46 204	45 712	49 354	-1,1%	+8,0%
Total Local	416 653	420 206	438 258	+0,9%	+4,3%

2013 domestic and export volumes reclassified to reflect BLNS customer countries as exports



LAND CONVERSION ACTIVITIES

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Magnitude of Tongaat Hulett's Land Conversion Activities Going Forward

- **Some 8 200 developable hectares (12 900 gross hectares) earmarked for conversion**
 - **Urban expansion: Durban to Ballito - 4 600 developable (7 100 gross)**
 - **Urban expansion to the West of Durban - 1 100 developable (2 050 gross)**
 - **Coastal North of Ballito - 2 500 developable (3 750 gross)**
- **Vastly improved platform established**
- **Pace determined by value creation for all stakeholders (including Government and communities) as distinct from financial reporting periods**
 - **Next 5 years 1 000 - 1 500 developable hectares likely to be sold based on current economic conditions**
- **Net Cash realisations vary depending on usage and location**
 - **Currently R2,4[#] million to R34,0[#] million per developable hectare**

[#] Money of today – net cash profit

Current Context Within Which Land Conversion is Undertaken

- **More land becoming “shovel ready”**
 - **Has many facets (Agricultural release, Infrastructure, Environmental, Zoning, Subdivision)**
 - **Bulk infrastructure - R22 billion unlocked**
 - **Opens up more possibilities for sales**
- **Major positive has been the expansion of hectares under cane in other areas of KZN (24 979 hectares in the past 3 years creating 6 250 rural direct jobs)**
- **Pace of development accelerating with the growth of eThekweni and the region**

Targeted Areas for Sales of 1 000 - 1 500 Hectares

Next 5 Years - Based on Current Economic Conditions

Area	Targeted Areas - Developable hectares	Total Developable hectares
Urban expansion: Durban to Ballito	3 144	4 600
Urban expansion west of Durban	296	1 100
Coastal north of Ballito	270	2 500
Grand Total	3 710	8 200

Urban expansion: Durban to Ballito

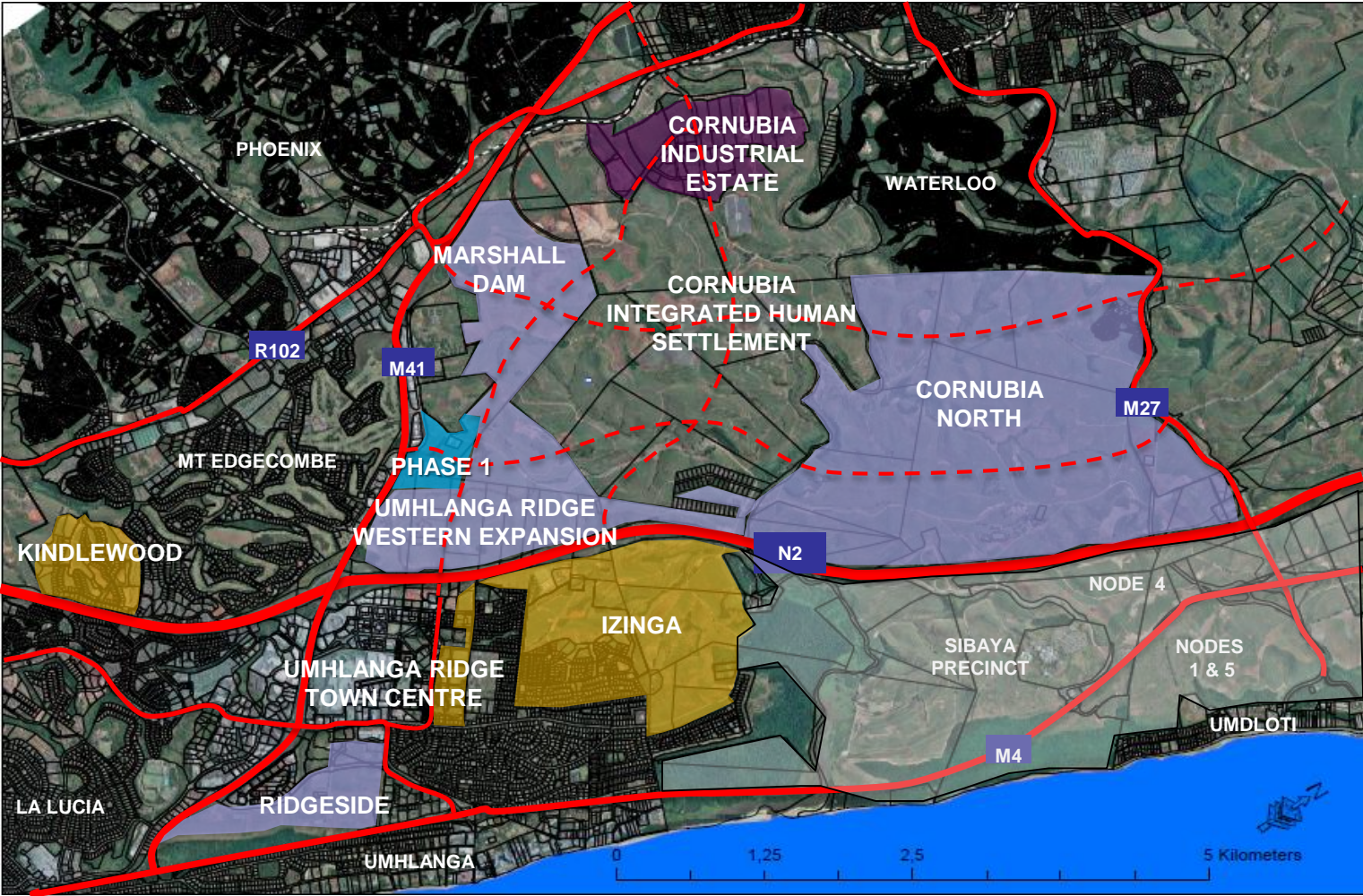
Sales Likely to come from 3 144 Developable Hectares in Targeted Areas
(4 600 Developable Hectares Available)

Area	Targeted Areas - Developable Hectares
Urban expansion: Durban to Ballito	3 144
Urban growth and consolidation - Umhlanga region	1 122
Coastal / Lifestyle / Leisure / High end residential	275
Airport Region - business, industrial and residential	1 725
Remaining sites on nearly completed developments	22



Urban growth and consolidation : Umhlanga Region

Sales likely to come from 1 122 Developable Hectares in Targeted Areas



Area	Targeted Areas - Developable Hectares
Urban growth and consolidation - Umhlanga region	1 122
Ridgeside remaining Precinct 1 and 2	42
Ridgeside Precinct 4	20
Umhlanga Ridge Town Centre	9
Izinga / Kindlewood	152
Umhlanga Ridge westerly expansion - New Town Phase 1 (Retail)	12
Umhlanga Ridge Extension - Cornubia New Town Phase 2	234
Cornubia industrial	29
Cornubia North	624

Urban Growth and Consolidation – Umhlanga Region

Ridgeside

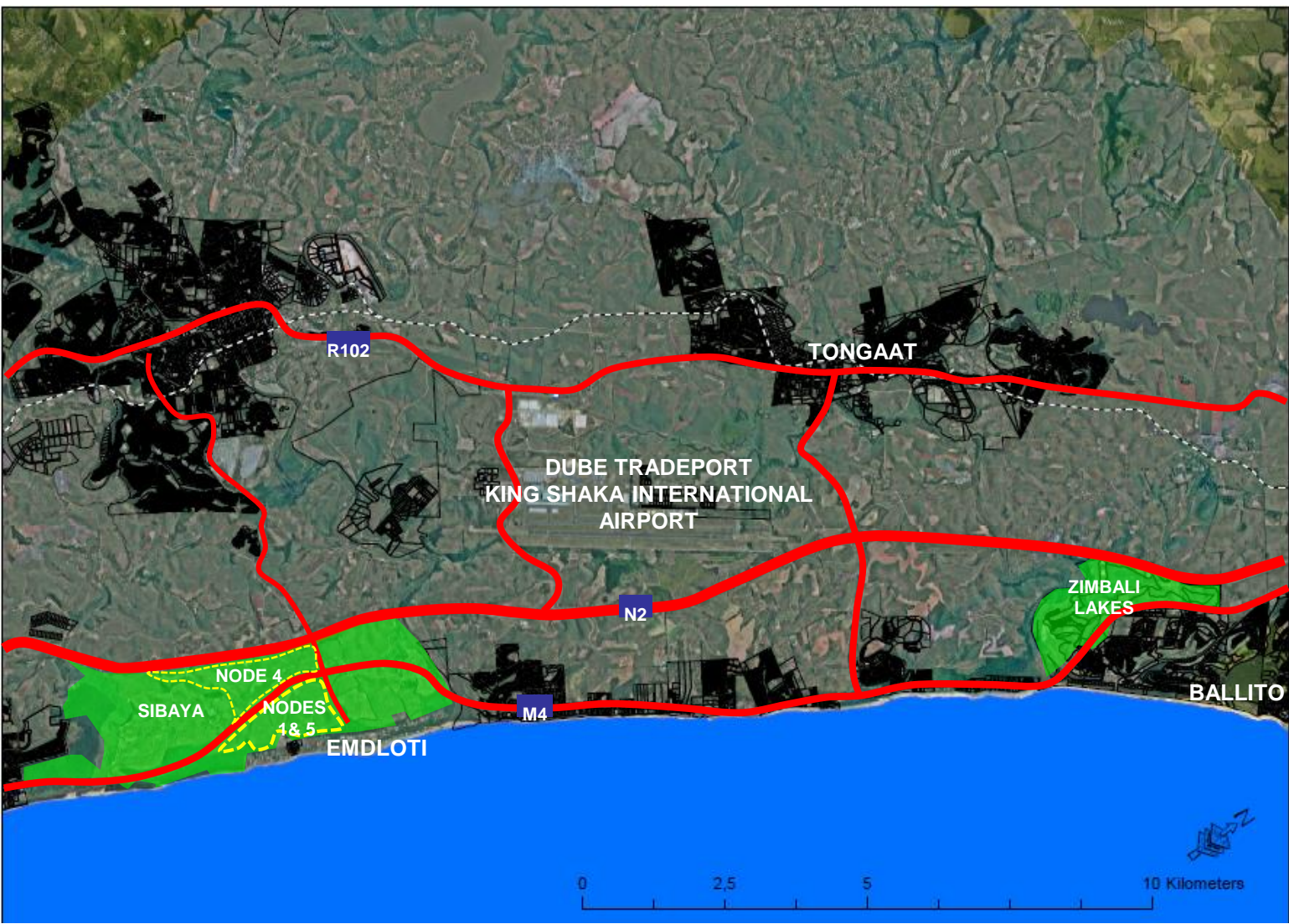


- Good progress being made with the targeted sale of 42 developable hectares ———
- 20 developable hectares being retained ———
- Net cash realisation of R34 million per developable hectare has been achieved



Coastal / Lifestyle / Leisure / High End Residential

Sales Likely to come from 275 Developable Hectares in Targeted Areas
(608 Developable Hectares Available)



Area	Targeted Areas - Developable Hectares
Coastal / Lifestyle / Leisure / High end residential	275
Zimbali Lakes	47
Sibaya Node 1	49
Sibaya Node 5	76
Sibaya Node 4 ^	103

Coastal / Lifestyle / Leisure / High End Residential

Sibaya - Nodes 1 and 5: 125 “Shovel Ready” Developable Hectares ———

Sibaya - Node 4: 103 Developable Hectares in EIA Process

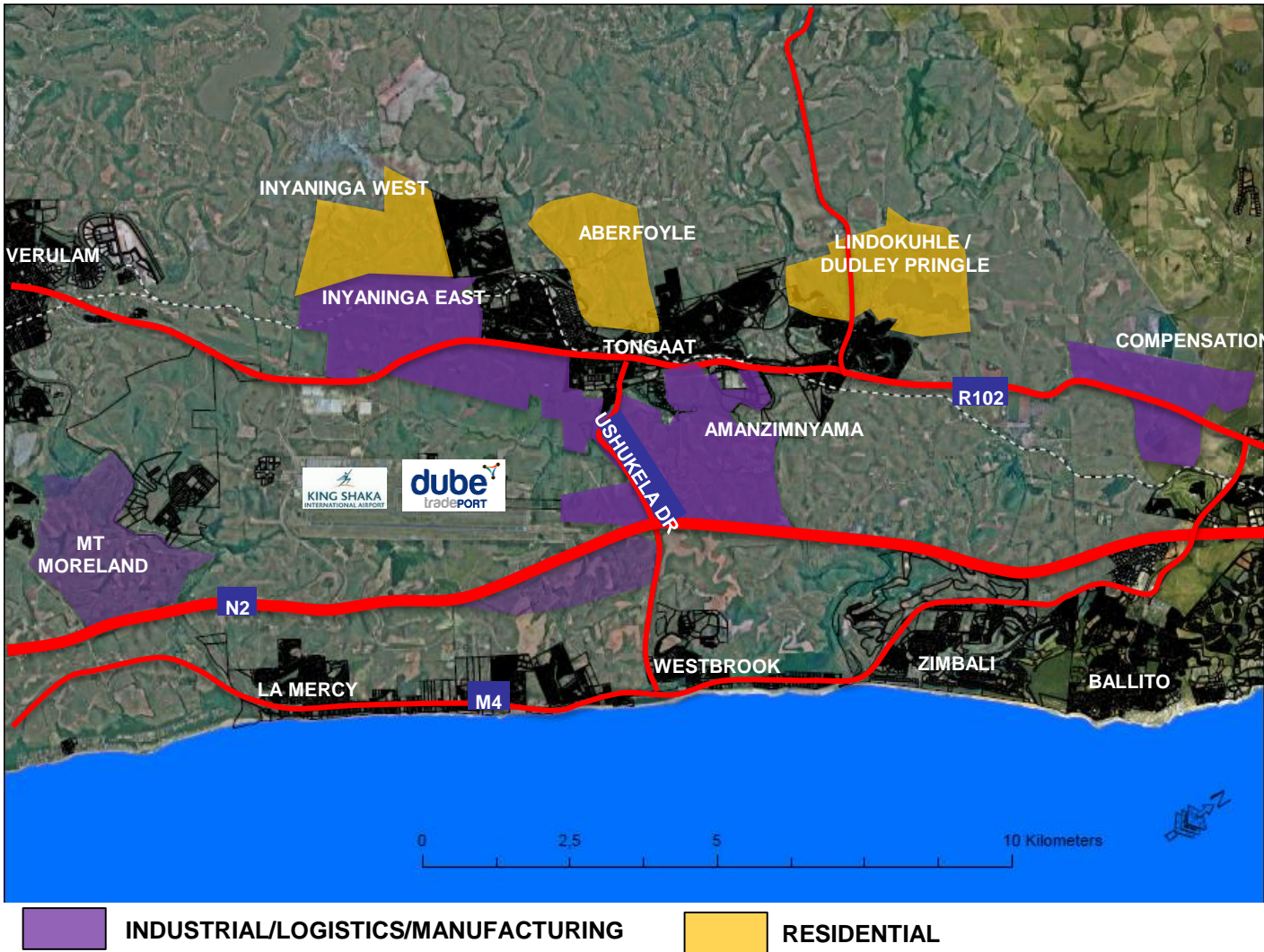
Sibaya - Total: 561 Developable Hectares - - - -



- This year will see a comprehensive international launch of our commercial process to fully explore a mega transaction.
- Focusing on nodes 1 and 5

Airport Region - Business, Industrial and Residential

Sales Likely to come from 1 725 Developable Hectares in Targeted Areas



Area	Targeted Areas - Developable Hectares
Airport Region - Business, Industrial and Residential	1 725
uShukela Drive – Airport linked Industrial, Retail and Logistics	49
Amanzimnyama – Office / Business / Industrial and Logistics park	345
Compensation (East) – Industrial and Manufacturing	73
Compensation western expansion - Industrial and Manufacturing	152
iNyaninga East - Industrial / Logistics / Manufacturing	550
iNyaninga West, Lindokuhle, Aberfoyle, Dudley Pringle - Residential and Urban expansion of Othongathi (Tongaat)	556

Airport Region - Business, Industrial and Residential

Sales Likely to come from 1 725 Developable Hectares in Targeted Areas

Area	Targeted Areas - Developable Hectares
Airport Region - Business, Industrial and Residential	1 725
uShukela Drive – Airport linked Industrial, Retail and Logistics	49
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iNyaninga West, Lindokuhle, Aberfoyle, Dudley Pringle - Residential and Urban expansion of Othongathi (Tongaat)	556

**Act enabling Special Economic
Zones - 23 May 2014**



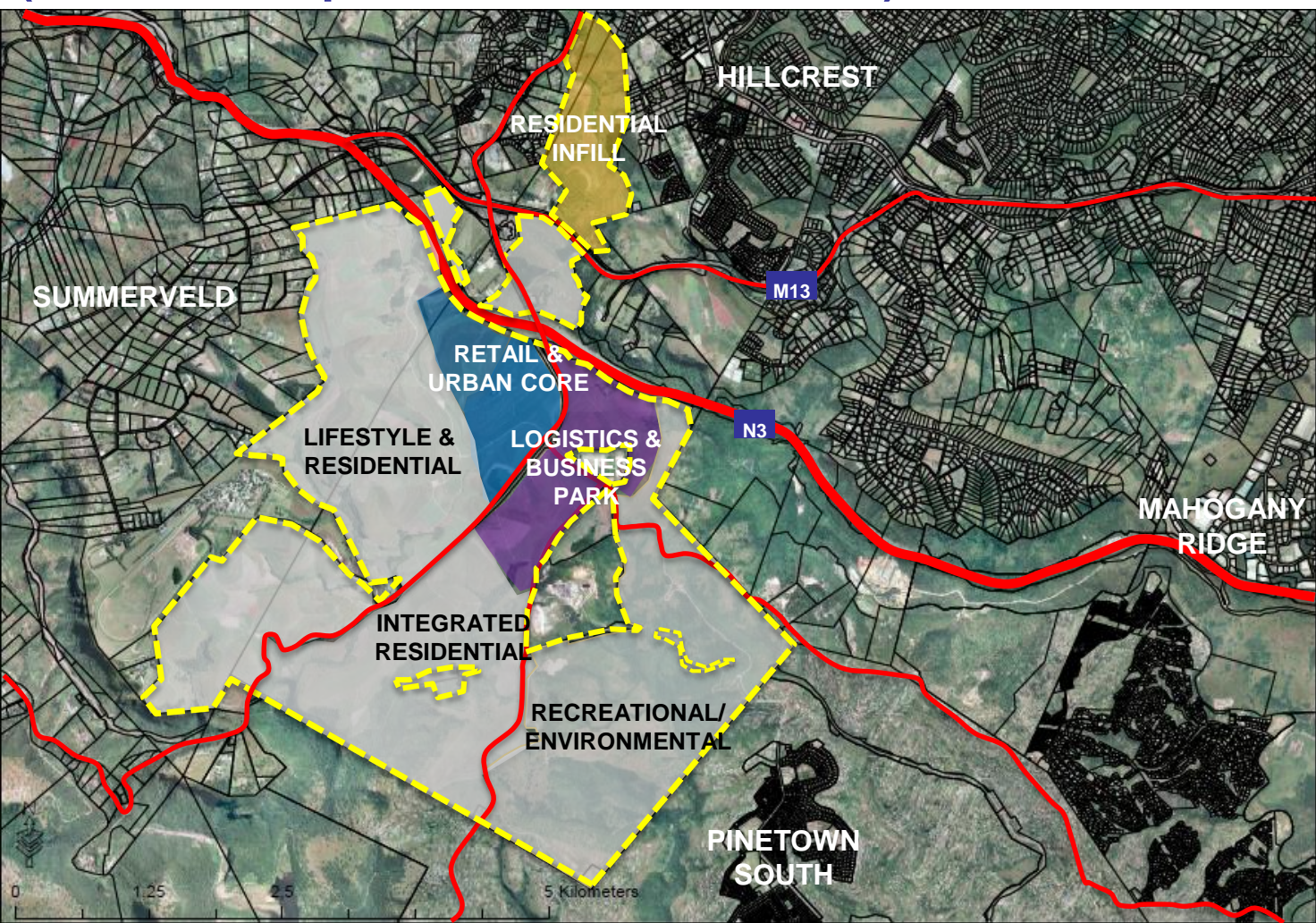
Urban expansion: West of Durban and Coastal North of Ballito **566 Developable Hectares**

Area	Targeted Areas - Developable Hectares
Urban expansion west of Durban	296
Ntshongweni - residential infill / consolidation	57
Ntshongweni - retail and urban core	78
Ntshongweni - Logistics and Business Park	161
Coastal north of Ballito	270
Tinley Manor South Banks – resort	270



Urban expansion: West of Durban

Sales Likely to come from 296 Developable Hectares in Targeted Areas
(1 100 Developable Hectares Available)



Area	Targeted Areas - Developable Hectares
Urban expansion west of Durban	296
Ntshongweni - residential infill / consolidation	57
Ntshongweni - retail and urban core	78
Ntshongweni - Logistics and Business Park	161

INDUSTRIAL/LOGISTICS/MANUFACTURING RETAIL & URBAN CORE RESIDENTIAL

Urban Expansion West of Durban

Ntshongweni



- 1 100 developable hectares strategically located on the N3 growth corridor
- EIA for the retail and urban core of 78 developable hectares underway

Definitions Relevant for this Operation

Land conversion

The activity, consciously and proactively undertaken by Tongaat Hulett, of moving appropriate components of its land holdings from an agricultural land use to other uses in order to create and realise value for a range of its stakeholders.

Land Development

An activity within the land conversion process that includes the installation of services to a land holding, its establishment as a township and the sale of individual subdivisional stands, sometimes with a range of additional value-adding services provided to the buyer.

Mega property transaction

A particularly large commercial transaction undertaken in respect of a component of Tongaat Hulett's land portfolio.

Definitions Relevant for this Operation

Gross hectares

The total area of a land holding, defined by a line around it's boundary.

Developable hectares

The area of a land holding left over after deducting areas not available for development, such as very steep, geologically unstable or environmentally sensitive land. These hectares will carry both sites that can be sold as well as roads, parks and other amenities.

Net cash realisation

The net cash profit, both operating and capital in nature, after all conversion costs have been accounted for and often expressed in money of today.

Definitions Relevant for this Operation

Bulk infrastructure

The large-scale roads, sewerage, water, electrical and drainage works necessary to enable a land holding to be converted from agricultural to other, higher value usage.

Shovel ready

The status of an element of the land portfolio where environmental (EIA), zoning and subdivisional permissions are sufficiently advanced that it is assessed that, within a short space of time (generally around six months or less), physical work on both infrastructure and buildings could be commenced. A key consideration in the ability to realise optimum value from a particular land holding.



FINANCIAL RESULTS

FOR THE YEAR ENDED

31 MARCH 2014

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Financial Highlights

R million	12 months to 31 March 2014	12 months to 31 March 2013	% Change
Revenue	15 716	14 373	9%
Operating Profit	2 374	2 131	11%
Operating Cash Flow before Working Capital	2 934	2 182	34%
Net Cash Flow for the year	300	- 180	
Tongaat Hulett Net Debt at 31 March	4 320	4 642	Lower than last 2 years
Headline Earnings	1 106	1 067	4%
Dividends per share	360 cents	340 cents	6%

Tongaat Hulett		Operating Profit		Revenue	
R million		12 months to 31 March 2014	12 months to 31 March 2013	12 months to 31 March 2014	12 months to 31 March 2013
Sugar					
Zimbabwe		330	625	2 896	3 222
Swaziland		70	76	211	207
Mozambique		168	421	1 704	1 688
SA agriculture, milling, refining and downstream value added activities		340	308	6 224	5 739
Sugar operations - total		908	1 430	11 035	10 856
Starch operations		482	388	3 210	2 859
Land Conversion and Developments		1 080	366	1 471	658
Centrally accounted and consolidation items		(96)	(53)	-	-
Total		2 374	2 131	15 716	14 373

Land Conversion Activities

- Operating profit: R1,080 billion (2013: R366 million) +195%
- Sales of 259 developable hectares (a further 8 200 developable hectares still available and earmarked for development)
 - 63 developable hectares - Umhlanga/Izinga/Kindlewood/Cornubia areas
 - Average profit of R7,6 million per developable hectare
 - 6 developable hectares in Umhlanga Ridge Town Centre - single developer
 - Profit of R24 million per developable hectare
 - Two transactions for the sale of 190 developable hectares (not yet shovel ready) to Dube TradePort
 - Profit of R2,4 million per developable hectare

Starch Operations

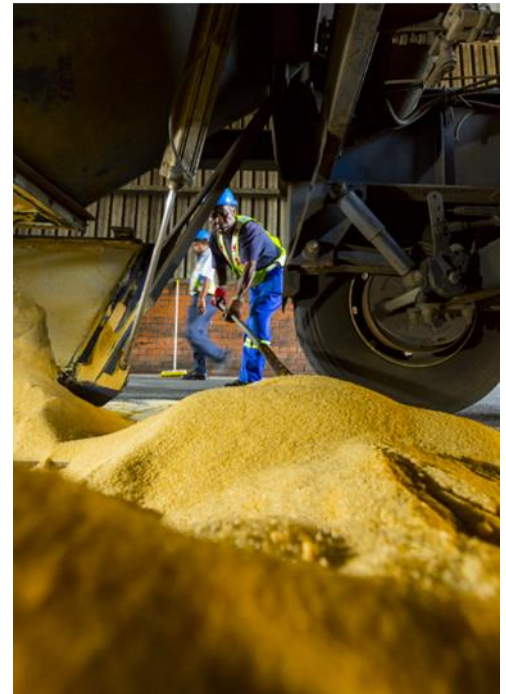
- Operating profit: R482 million (2013: R388 million) +24%
- Starch and glucose processing margins benefited from
 - Local maize costs competitive with international prices
 - Co-product realisations
- Overall sales volumes growth of 4% compared to prior year
 - Exports growth of 10 619 tons (23%)



Sugar Financial Results

Impacting factors in 2013/14

- Growth sugar production
- Sugar market - lower prices and imports
- Reducing costs
- Cane valuations
 - Write-down in 2013/14 reflects current lower prices
- Exchange rates
 - Export proceeds
 - Earnings conversion on consolidation
 - R/\$ input cost pressure : while sugar price lower in US\$



Mozambique - Revenue and Cost Breakdown

	2013/14 Metical million	2012/13 Metical million	Variance	Per ton raw sugar produced
REVENUE	5 035	5 644		
Sugar sales	4 857	5 452	11% down	16% down
Other activities	178	192	7% down	12% down
COSTS				
Payments for 3rd party cane	318	350		
Goods/services/transport/marketing, salaries/wages	2 785	3 052	9% down	14% down
Root replant costs	167	339	51% down	
Offcrop costs carried in	466	421	11% up	
Depreciation/amortisation	495	442		
Profit before cane valuations	804	1 040		
Cane valuations - income statement effect	- 308	368	Negative Mt 676m	
Operating profit	496	1 408		
Raw sugar production/sales (tons)	249 000	235 000	6% up	

Zimbabwe - Revenue and Cost Breakdown

	2013/14 US\$ million	2012/13 US\$ million	Variance	Per ton raw sugar produced
REVENUE	286	380		
Sugar sales	260	360	28% down	30% down
Other activities	26	20	31% up	28% up
Sugar stock movement	35	10		
COSTS				
Payments for 3rd party cane	76	91		
Goods/services/transport/marketing, salaries/wages	146	186	21% down	23% down
Root replant costs	3	12	76% down	
Offcrop costs carried in	20	17	20% up	
Depreciation/amortisation	19	19		
Profit before cane valuations	57	65		
Cane valuations - income statement effect	- 24	9	Negative US \$33m	
Operating profit	33	74		
Raw sugar production (tons)	488 000	476 000	3% up	
Sugar sales (tons)	426 000	456 000	7% down	

South Africa - Revenue and Cost Breakdown

	2013/14 R million	2012/13 R million	Variance	Per ton raw sugar produced
REVENUE *	5 265	4 467		
Sugar sales - own production	4 206	3 554	18% up	9% down
Other activities	1 059	913	16% up	11% down
COSTS				
Payments for 3rd party cane/SASA levies	2 194	1 809		
Goods/services/transport/marketing, salaries/wages	2 558	2 325	10% up	16% down
Root replant costs	45	74	39% down	
Offcrop costs carried in	182	131	39% up	
Depreciation/amortisation	124	85		
Profit before cane valuations	162	43		
Cane valuations - income statement effect	178	265	Negative R87m	
Operating profit	340	308		
Raw sugar production (tons)	634 000	486 000	30% up	

* Revenue after SA Industry Redistribution/Sugar Purchases

Mozambique Sugar Operations

- Operating profit: 2013/14: R168 million (Metical 496 million)
2012/13: R421 million (Metical 1 408 million)
- Reduction in cane valuations
 - Decrease in sugar prices
- Export prices into the EU under pressure
- Higher sugar production and sales volumes
- Benefit of cost reductions
 - Goods, Services, Salaries & Wages were Mt 267 million (equivalent of R91 million) lower than prior year, after absorbing salary/wage rate and cost increases



Zimbabwe Sugar Operations

Triangle and Hippo Valley Estates

- **Operating profit:** **2013/14: R330 million (US\$ 33 million)**
 2012/13: R625 million (US\$ 74 million)
- **Lower sugar sales volumes: 426 000 tons (2013: 456 000 tons)**
 - **Lower local market sales - increased imports**
- **Export prices into the EU under pressure**
- **Reduction in cane valuations**
 - **Decrease in sugar prices**
 - **Curtailed root replanting**
- **Benefit of cost reductions**
 - **Goods, Services, Salaries & Wages were US\$ 40 million lower than prior year, after absorbing salary/wage rate and cost increases**

South African Sugar Operations

(Including Downstream Value Added Activities)

- Operating profit: R340 million (2013: R308 million) +10%
- Substantial growth in sugar production 634 000 tons (2013: 486 000 tons)
 - Volume growth of 30% achieved with a total increase in the cost of goods, services, transport, marketing, salaries and wages limited to 10%
- Lower local market volumes and net prices - import competition



Growing Crops - Change in Fair Value: 2013/14

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

R million	2013/14	2012/13
Roots	- 78	303
Standing cane	- 75	165
Change in fair value (FV)	- 153	468

R million	2013/14	2012/13
Sugar operations: profit before cane valuations	1 061	962
Cane valuation: change in FV	- 153	468
Operating Profit: Sugar total	908	1 430

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

Growing Crops - Change in Fair Value: 2013/14 (cont.)

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

R million	2013/14	2012/13
South Africa	178	265
Swaziland	14	15
Zimbabwe	- 241	78
Mozambique	- 104	110
Change in fair value	- 153	468

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

- **South Africa**
Greater quantity of own standing cane more than offset the impact of prices
- **Zimbabwe**
 - Lower prices - impact on standing cane
 - Curtailed root replant (water dynamics)
- **Mozambique**
Lower prices - impact on standing cane value



Growing Crops on the Tongaat Hulett Balance Sheet

	31 Mar 12	31 Mar 13	31 March 2014				
	Total	Total	Total	South Africa	Swaziland	Zimbabwe	Mozambique
<u>Roots</u>							
Hectares farmed	81 960	91 179	92 117	35 035	3 838	27 557	25 687
Amortised root value (Rands per ha)	20 355	25 108	27 484	25 964	15 278	23 136	36 045
<u>Standing Cane</u>							
Hectares for harvest	77 739	82 969	85 058	29 206	3 741	27 153	24 958
Standing cane value (Rands per hectare)	24 522	27 644	29 080	12 942	33 463	40 099	35 321
Yield (tons cane per ha)	86,3	85,7	87,1	66,5	125,1	102,2	89,1
<u>Balance Sheet</u>							
Roots (R million)	1 668	2 289	2 532	910	59	638	925
Standing cane (R million)	1 907	2 294	2 473	378	125	1 088	882
Total (R million)	3 575	4 583	5 005	1 288	184	1 726	1 807

March 2013 (R million)	4 583
Change in fair value	- 153
Foreign currency translation	457
Other	118
March 2014 (R million)	<u>5 005</u>

Roots - unamortised profile 55% to 77% (average 66%)		
Average maturity of standing cane	Total	South Africa
31 March 2013	67%	60%
31 March 2014	69%	71%

Sugar Cane Growing Crops

- Accounted for in terms of International Accounting Standard - IAS 41: Agriculture
 - Measured and recognised at fair value
 - Changes in fair value are included in the income statement
- Replanting and agricultural costs actually incurred are charged to the income statement in the period
- The fair value elements are a “zero sum equation” over time in the income statement

Tongaat Hulett: Cane Grower and Sugar Miller

- Southern Africa - today:
 - South Africa cane supply initiatives
 - Mozambique expansion
 - Zimbabwe consolidation (2009) and recovery/growth
 - Growing crops consolidated balance sheet value: R5,005 billion
 - Growing with new root planting and replanting
 - Increases as cane yields, sugar content and prices rise

Sugar Industry - Time Lags

What you do today with its cash outflows  Impacts sugar production and cash inflows approximately 18 months later

- New planting/replanting of roots
- Cane growth: approximately 12 months
- Off crop work on mills between December and March

Hectares farmed #	31 March 2014	31 March 2013	31 March 2012
Mozambique	25 687	25 352	24 675
Zimbabwe	27 557	27 978	28 432
South Africa	35 035	34 011	25 013
Swaziland	3 838	3 838	3 840
Total	92 117	91 179	81 960

Fallow land included (land preparation)

Accounting for Sugar Cane Growing Crops

International Accounting Standards - IAS 41: Agriculture

- Sugar cane growing crops are accounted for as biological assets
 - Measured and recognised at fair value
- Changes in the fair value are included in the income statement
 - The fair value of roots is determined on a current amortised cost basis
 - Specific costs in each estate
 - Adjusted for cost increases
 - Amortisation takes place over the life of the roots (range 6 to 12 years)
 - The fair value of standing cane is determined by
 - Growth of the cane, yield, sucrose content
 - Selling prices (including specifics such as European Union exports)
 - Less costs to harvest, transport and costs into the market
- Replanting and agricultural operating costs actually incurred
 - Charged to the income statement in the period

Accounting for Sugar Cane Growing Crops (cont.)

- **Fair value adjustments - over time: “zero sum equation” in the income statement**
 - At time of cane establishment / expansion: costs incurred, cash outflow and fair value gain
 - Approximately 18 months later: standing cane harvested, sugar produced and sold → cash inflow and standing cane sees negative fair value adjustment
 - Root value is amortised over time
- **Operating profit generated from sales is recognised when standing cane is harvested for sugar production and sold**
- **Over time: operating profit = cash net inflow**

Cash Flow: 2013/14

R million	12 months 2013/14	12 months 2012/13	
Operating profit	+ 2 374	+ 2 131	Includes all agricultural costs
Growing crop fair value adjustment	+ 153	- 468	As per income statement
Root planting costs (direct planting, excluding other agricultural costs) charged to operating profit	+ 128	+ 398	Included below #
Other non-cash items	+ 407	+ 519	Includes depreciation etc.
Other proceeds	+ 96	+ 40	
	+ 3 158	+ 2 620	R538 million improvement
Working capital	- 761	- 56	Inventories and debtors
Capital expenditure - plant, equipment, other capital	- 537	- 1 034	
Root planting costs	- 246	- 554	Includes operating costs above # and capex items
	- 1 614	+ 976	
Interest and tax	- 1 061	- 799	
Dividends	- 253	- 357	
Net cash flow after dividends	300	- 180	

Cash Flow - Past 7 Years

July 2007 to March 2014

R billion

• Operating cash flow (before root planting)	+ 13,0
• Working capital	- 0,9
• Capex and sugar root investment	
- New plant and equipment	- 4,4
- Replacement capital expenditure	- 2,7
- Roots	- 2,1
• Interest and tax	- 4,5
• Dividends	- 1,9
• Increase in net debt	<u>- 3,5</u>

Net Debt at 31 March 2014

R4,3 billion



Average Exchange Rates

Average	2013/14	2012/13
Rand/US\$	10,13	8,48
Rand/Euro	13,59	10,95
Rand/Metical	0,34	0,30
US\$/Euro	1,34	1,29
Metical/Euro	40,16	36,61

- **Export proceeds: US\$ and Euro**
(exchange rates at time of export - Mozambique and Zimbabwe)
- **Earnings conversion on consolidation**
(at average exchange rates)
 - Zimbabwe : US\$ → Rands
 - Mozambique : Metical → Rands



MAY 2014



Tongaat Hulett