

MAY 2014



Tongaat Hulett

Tongaat Hulett

■ Location of operations



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**

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

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

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	23% down	
Cane valuations - income statement effect	- 308	368	Negative Mt 676m	
Operating profit	496	1 408	65% down	
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	12% down	
Cane valuations - income statement effect	- 24	9	Negative US \$33m	
Operating profit	33	74	56% down	
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	273% up	
Cane valuations - income statement effect	178	265	Negative R87m	
Operating profit	340	308	10% up	
Raw sugar production (tons)	634 000	486 000	30% up	

* Revenue after SA Industry Redistribution/Sugar Purchases

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



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%)



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

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%

Starch and Glucose - Overview 2014/15

- **Large crop: 13,03 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**



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

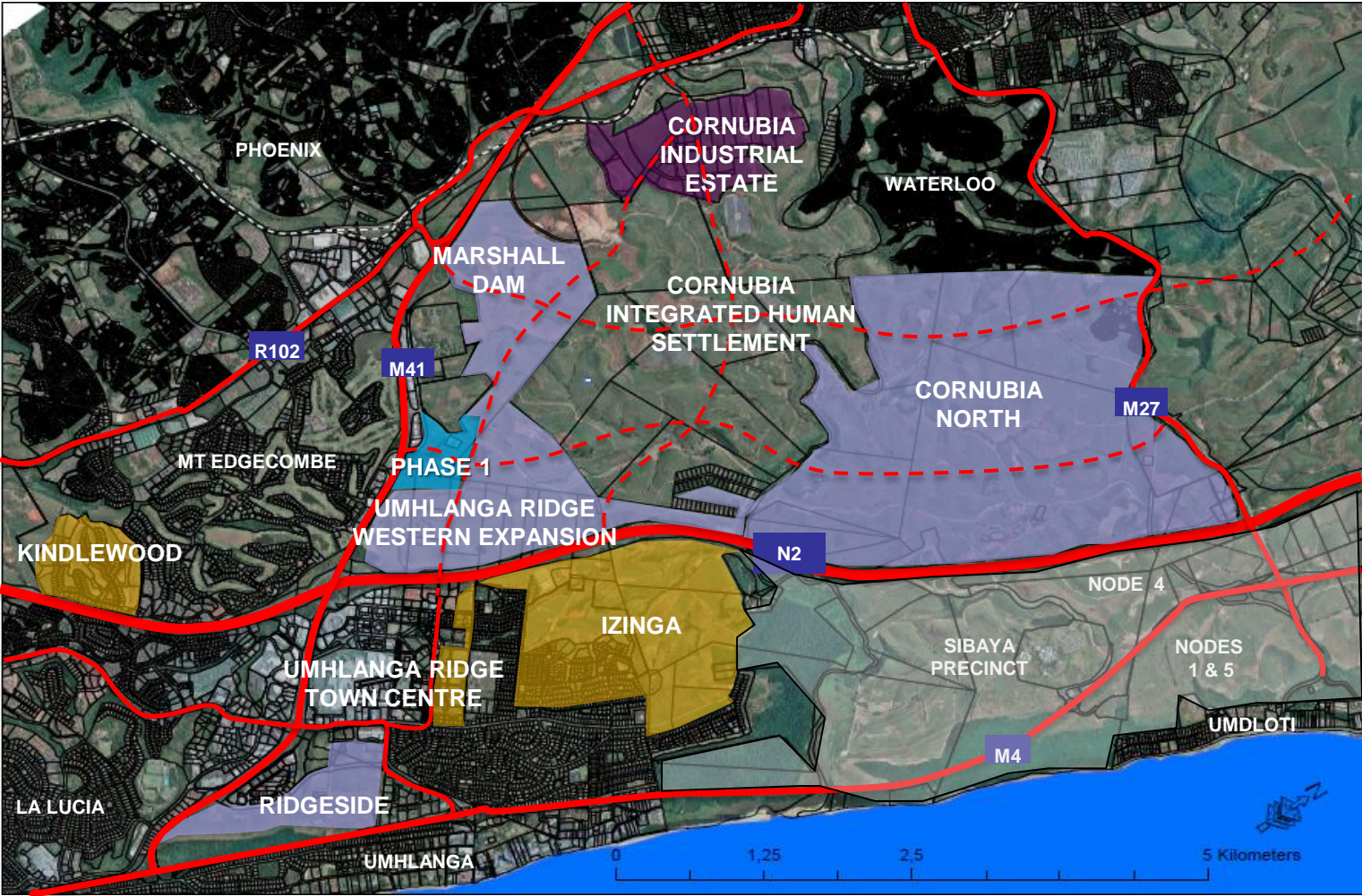
Sales Likely to come from 3 144 Developable Hectares in Targeted Areas
(4 600 Developable Hectares Available)

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

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

Sibaya - Node 4: 103 Developable Hectares in EIA Process

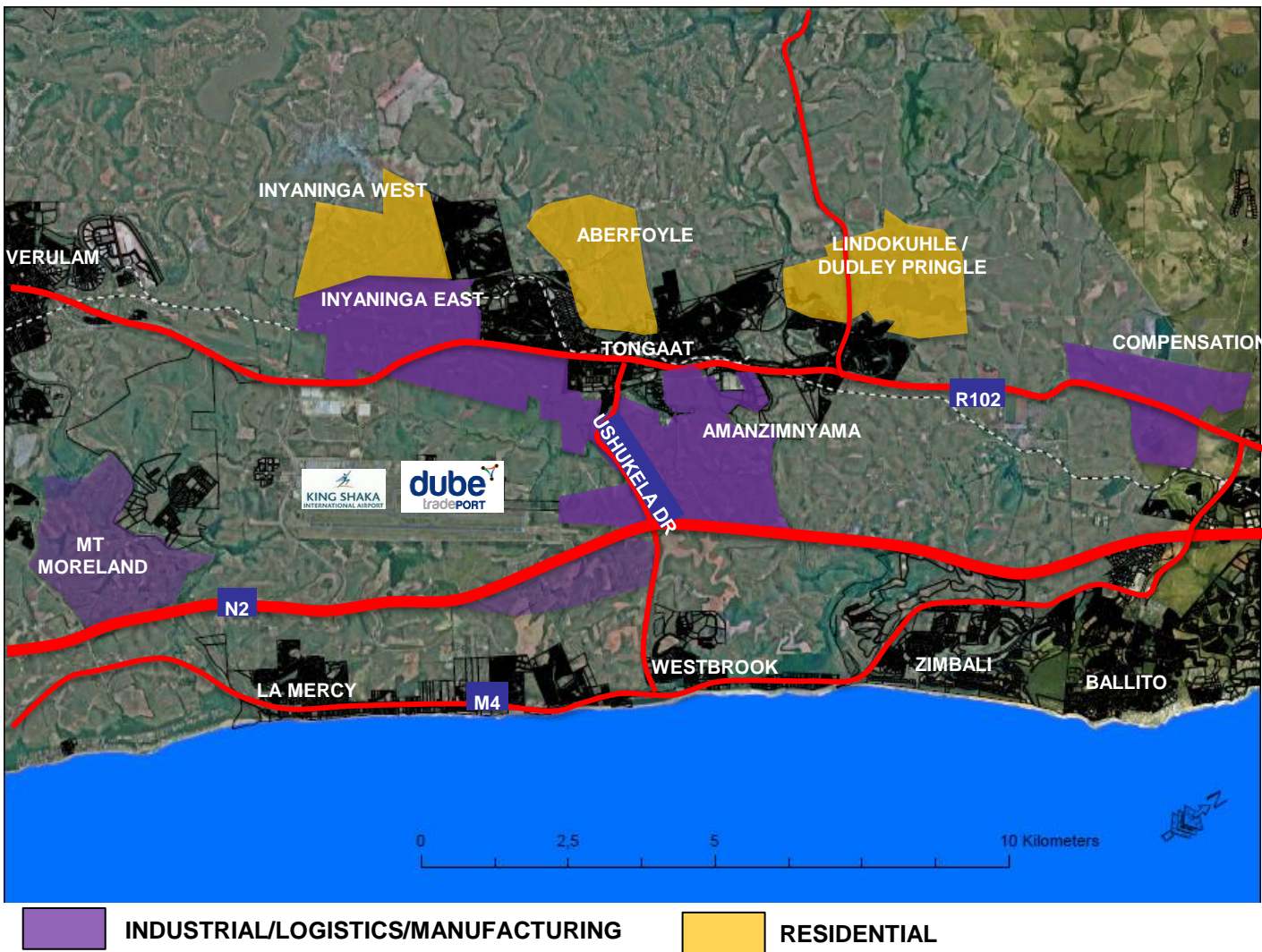
Sibaya - Total: 561 Developable Hectares - - - -



- 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

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



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