



NOVEMBER 2014

 *Tongaat Hulett*



Tongaat Hulett

■ Location of operations



Agriculture and agri-processing (sugarcane/sugar and maize/starch) and renewable energy (electricity generation and ethanol production)

Conversion of agricultural land to development (urban expansion and prime coastal land)

Large-scale operations located in six countries in the SADC region

Largest private sector employer in both Mozambique and Zimbabwe

Managing and influencing those socio-economic dynamics which are relevant to Tongaat Hulett

Investment Case

Tongaat Hulett creates value for all stakeholders through an all-inclusive approach to growth and development

From an investor perspective, the business's strategic positioning and objectives focus on the following key points:

Growth from existing starch and sugar asset and business base

- Starch - local and African market growth, supplied from existing available wet-milling capacity and enhanced product mix
- Increasing sugar production by some 50 percent from existing unutilised milling capacity - low cost and high incremental profit per additional ton of sugar produced. Platform for further brownfield/greenfield regional expansion
- Increasing cane supplies - higher yields and greater areas under cane, with a particular focus on developing private farmers
- Well-established market positions, brands and market opportunities - local, African, EU and other international markets
- Renewable energy opportunities to increase revenue from sugarcane - ethanol production to replace export sugar and electricity generation from fibre

Land conversion

- Unique land portfolio and well-established development platform - in the fastest-growing area of KwaZulu-Natal
- Accelerating pace of land conversion, increasing momentum and substantial step-up in value being unlocked, with cash generation

Socio-economic position going from strength to strength

- Strategic positioning in the region is underpinned by the inextricable 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

Costs – substantial reductions targeted for 2015/16 after consolidation in the current year, following the substantial reductions achieved in 2013/14

People - multiple advanced core competencies, good governance, strong executive and Board leadership

Sound sustainability strategy and track record - from environmental stewardship through to the specifics of safety at the operations

Strong balance sheet with high-quality assets

Increasing earnings and cash flows - leading to higher dividends



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STARCH OPERATIONS



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Background on Starch and Glucose

- Only maize wet miller in SADC
- Use > 600 000 tons maize per annum
- Significant market sectors where we manufacture complementary and substitute products from either maize or sugar cane
- 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 Supporting Performance

- Second largest crop in 2013/14 (14,31 million tons) continues to support margins in second half 2014/15
 - 86% of remaining maize requirements priced for 2014/15
- Improving capacity utilisation and market mix
 - Available upstream capacity (wet mill) - 15%
 - Investments to support customers' local and African growth prospects
 - > R120 million investment in downstream capacity for coffee creamer sector supported by long term supply agreements (commercialisation October 2015)
 - Investments in final product capacity by customers to replace imports improving existing capacity utilisation



Key Drivers Supporting Performance

- Improving capacity utilisation and market mix (cont.)
 - Evolving food sector customer mix to higher value products
 - Modified starches
- Operations
 - Continued improvements in efficiencies and capacity utilisation
 - Increased investments in asset care
 - Investments in plant infrastructure



Tongaat Hulett Starch

Outlook for South African maize

	1979/80	2010/11	2011/12	2012/13	2013/14 Final Crop Estimate	2014/15 Estimate*
Hectares planted (000 ha)	4 031	2 372	2 699	2 781	2 688	2 600
Yield (t/ha)	3,37	4,37	4,38	4,21	5,32	4,30
Production (000 tons)	13 583	10 360	11 830	11 811	14 307	11 180
Carry in stock (000 tons)	2 115	2 336	994	1 417	589	
Total usage incl. exports (000 tons)	8 324	11 702	11 418	12 639	13 011	
Stock to use ratio	10,02%	8,49%	12,41%	4,66%	14,49%	

Outlook for World maize

- 2014/15 – Corn production in the US is projected at 367,7 million tons – yields are higher at 10,93 tons per hectare compared to 9,97 tons per hectare in 2013/14 – based on the October 2014 USDA report
- World corn supplies are adequate and there are no supply concerns given the favourable crops harvested worldwide
- World corn stocks are forecast to be 10,2% higher than in the prior season and ending stocks are at 15 year highs

International Starch and Glucose prices remain firm

- Despite marginally lower Chinese corn imports for 2014/15 being expected, consumption is expected to be higher
- Higher usage is also expected in Argentina, Brazil, Mexico and Japan
- Cassava root quality for the new season is lower than anticipated and this has resulted in higher prices

Tongaat Hulett Starch - 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	173 822	173 352	174 557	- 0,27%	0,70%
Coffee creamers	65 122	70 734	77 225	8,60%	9,18%
Confectionery	59 202	61 599	69 414	4,05%	12,69%
Paper	59 416	56 486	57 501	- 4,93%	1,80%
Prepared foods	14 197	12 323	14 327	-13,20%	16,26%
Other	47 698	45 712	47 533	- 4,16%	3,98%
Total Local	419 457	420 206	440 557	0,18%	4,84%



Volumes and Financial Data

Volume (tons)	September 2014	September 2013
Local Starch	47 293	45 442
Local Glucose	172 093	163 481
Total Local	219 386	208 923
Export Starch	18 037	15 830
Export Glucose	12 915	14 414
Total Exports	30 952	30 244
Co-Products	86 253	83 677
Total	336 591	322 844

R millions	September 2014	September 2013
Revenue	1 740	1 594
Domestic	1 196	1 094
Exports	221	202
Co-Products	323	298
Operating Profit	264	232

Co-product Pricing

Co-product	Price movement 2014 over 2013	Major price drivers
Germ	Down 2,9%	International edible oil price
Gluten-60	Up 14,0%	Weaker exchange rate
Gluten-20	Down 7,4%	Local maize price decline





SUGAR OPERATIONS

 *Tongaat Hulett*

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World Sugar Market

'000 Tons*	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15 Estimate
Estimated Consumption	165 046	166 703	168 419	171 461	175 935	180 077	183 783
Sugarcane and Beet production	152 768	158 558	170 600	180 806	186 820	185 390	185 624
Surplus/(Deficit)	(12 278)	(8 145)	2 181	9 345	10 885	5 313	1 841

- World market prices remain volatile
- There have been substantial increases in input costs over the past decade
- Limited number of new sugar mills in the pipeline
 - Tongaat Hulett's view is that a sugar price of > 25 US c/lb is required to trigger investment in a low cost (low capital and low operating costs) sugar operation
- Global sugar consumption projected to continue growing

* Information provided by Czarnikow Sugar



EU Market - Supply and Demand

'000 Tons*	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16 Estimate
Beet and Isoglucose production	16 166 000	19 484 000	18 071 000	17 589 000	19 687 000	18 220 000
Sugar imports	4 149 000	3 299 000	4 163 000	3 568 000	3 793 000	3 800 000
Total sugar available	20 315 000	22 783 000	22 234 000	21 157 000	23 480 000	22 020 000
Consumption	(18 752 000)	(19 029 000)	(19 059 000)	(19 080 000)	(19 117 000)	(19 120 000)
Exports	(1 918 000)	(3 299 000)	(2 616 000)	(2 731 000)	(2 731 000)	(2 750 000)
Change in stocks	(355 000)	455 000	559 000	(654 000)	1 632 000	150 000

* Information provided by European Commission



Potential for Local Market Growth in Mozambique and Zimbabwe

Country	Per Capita Consumption (kg) 2013/14
Namibia	31
Botswana	32
Zimbabwe	21
Mozambique	8
South Africa	30
Swaziland	30

Tons sugar	Mozambique	Zimbabwe
Production - 2013/14	383 000	488 000
Local market consumption 2013/14	188 000	287 000
Local market size based on 30 kg per capita consumption	750 000	400 000

- Current consumption in Sub-Equatorial Africa is 6 million tons per annum or 14 kg per capita
- If sugar consumption increased to 30 kg per capita, consumption would rise to 12,8 million tons per annum



Update of SA Sugar Market Dynamics

	2013/14 Actual	2014/15 Estimate
Saleable sugar production		
- Total Industry sugar production (tons)	2,344 million	2,149 million
Tongaat Hulett raw sugar production (tons)	634 000	525 000 - 595 000
Local sales from SA sugar production, including SACU. Excludes Swaziland sales into SACU - tons	1,543 million	1,649 million
Export Sales (FOB Durban) - tons	800 000	500 000*
- Priced (tons)	800 000 (18,22 US c/lb) ^	400 000 (17,5 US c/lb)
- Unpriced (tons)	Nil	100 000
Imports into the country - tons		
- First 6 months	173 000	60 000
- Full year	462 000#	?
Tongaat Hulett bagged export sales into Africa	98 000 tons	92 000 tons

* US \$175 million covered year to date at an average rate of R11,01

^ Average R/US\$ rate R10,05

Estimated 120 000 tons of the 462 000 tons available for sale in the 2014/15 year



Ethanol and Electricity - South Africa

A key driver to achieving a good regime remains that it will significantly improve the sustainability of the sugar industry. Job creation and rural development will benefit substantially from these initiatives

Ethanol

- Policy paper publication imminent
- Sugarcane included with its own price support mechanism
- Detailed regulation will take approximately 12 months
- Phase 1 pilot Ethanol regime - 2% South Africa's petrol pool equivalent to 460 million litres
 - Phase 1 for sugar, sorghum and bio-diesel: 460 million litres = to 670 000 tons sugar
- Industry approach
 - Convert export sugar
 - Priority given to established industry
- Ethanol improves capacity utilisation and reduces exposure to sugar price volatility

Electricity

- Co-generation program RFP - first half 2015
 - Create value from fibre component of sugarcane



Cost of Producing Sugar

Goods & Services / Salaries & Wages / Transport*

Millions	2012/13 Season	2013/14 Season	% 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

- The costs of producing sugar for the 2014/15 season will be available at the end of the season. This information together with the consolidated Income Statement for each operation will be presented at year-end
- 2014/15: consolidation of substantial reductions achieved in the 2013/14 year, while absorbing input price increases
- Substantial reductions in cost of sugar production targeted for 2015/16

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



Sugar Production Growth

> 2,1 million Tons from Existing Capacity

Tons Raw Sugar	2010/11 Actual	2012/13 Actual	2013/14 Actual	2014/15 Estimate	2018/19 Under Review*
South Africa	455 000	486 000	634 000	525 000 - 595 000	847 000
Zimbabwe	333 000	475 000	488 000	440 000 - 475 000	606 000
Mozambique	164 000	235 000	249 000	265 000 - 280 000	307 000
Swaziland RSE	54 000	58 000	53 000	55 000 - 58 000	61 000
Total	1 006 000	1 254 000	1 424 000	1 285 000 - 1 408 000	1 821 000



66% of future incremental sugar to be produced will come from improvements in cane yields and sucrose content / sugar recovery, which has a marginal cost of some 30% of the current low world sugar price

RSE - Raw Sugar Equivalent

* Average rainfall and good dam levels. The target presented in May 2014 is being reviewed in the light of lower international / EU sugar prices. Agricultural improvement plans are being prioritised



Sugar Production Growth

Indicative - Next 4 Years

Tons Raw Sugar	2014/15 Estimate	2018/19	Growth will come from ^	
			Additional Hectares: New cane already planted, net of cane losses and future planting partially grant funded #	Yield and Sugar Recovery Improvements*
South Africa	525 000 - 595 000	847 000	42%	58%
Zimbabwe	440 000 - 475 000	606 000	23%	77%
Mozambique	265 000 - 280 000	307 000	22%	78%
Swaziland RSE	55 000 - 58 000	61 000	-	100%
Total	1 285 000 - 1 408 000	1 821 000	34%	66%

Unit cost reduction

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



RSE - Raw Sugar Equivalent

^ Based on movement from 2014/15 Estimate mid point to 2018/19

* Average rainfall and good dam levels

Zimbabwe

Cane Milled and Sugar produced	Actual 2012/13 Season	Actual 2013/14 Season	2014/15 Estimate		2018/19*
Total hectares farmed as at 1 April (beginning of the season)	43 185	44 814	44 750		47 786
Hectares milled	37 473	39 615	40 972		43 729
% Hectares under cane milled	86,8%	88,4%	91,6%		91,5%
Cane yield (tcphm)	90,54	90,20	86,34	92,89	108,72
Cane tons '000	3 393	3 573	3 538	3 806	4 754
Cane to Sugar ratio	8,26	7,97	8,04	8,01	7,84
Chisumbanje Estate #	63 000	39 000	-	-	-
Sugar production - raw (tons)	475 000	488 000	440 000	475 000	606 000

tcphm - tons cane per hectare milled

* Assumes normal weather conditions

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



Zimbabwe

Yields (tons cane per hectare)	2010/11 Actual	2012/13 Actual	2013/14 Actual	2014/15 Estimate	2018/19*
Tongaat Hulett	85,04	96,90	99,00	91,90 - 98,00	114,00
Private Farmers	47,78	75,75	73,72	76,31 - 83,69	100,18
Zimbabwe	75,51	90,54	90,20	86,34 - 92,89	108,72

Factors contributing to yield performance - 2014/15

- Reduced water application during the 2013/14 season and curtailed root planting for Tongaat Hulett operations

Yields - key factors

- The Tongaat Hulett yield of 114 tons cane per hectare has previously been achieved
- Full irrigation currently underway and accelerated replant implemented
- A comprehensive cropping program that embraces conventional tillage, soil yield potentials, milling season optimisation, use of break crops and effective game control underway
- Improved water use efficiency through the upgrading of bulk water conveyance and storage systems while at the same time enhancing the harvesting of regenerated water
- Engage in focused extension programs aimed at lifting cane yields for private farmers

* Assumes normal weather conditions



Zimbabwe Operations

Developing Indigenous Private Farmers

Impact of Tongaat Hulett initiatives on Rural Communities	Actual 2011/12 Season	Actual 2012/13 Season	Actual 2013/14 Season	2014/15 Season Estimate
Area farmed (hectares) excluding fallow land	9 501	12 573	14 120	14 726
Area harvested (hectares)	8 966	11 260	13 797	14 611
Tons cane produced (000)	532	853	1 017	1 189
Payments made to private farmers	R307 million	R525 million	R591 million	R783 million
Cumulative jobs created	4 750	6 286	6 700	7 363



Mozambique

Cane Milled and Sugar produced	Actual 2012/13 Season	Actual 2013/14 Season	2014/15 Estimate		2018/19*
Total hectares farmed as at 1 April (beginning of the season)	26 789	27 602	27 450		27 613
Hectares milled	24 333	24 898	25 931		26 108
% Hectares under cane milled	90,8%	90,2%	94,5%		94,6%
Cane yield (tcphm)	79,89	81,06	82,26	86,81	95,13
Cane tons '000	1 944	2 038	2 133	2 251	2 484
Cane to Sugar ratio	8,29	8,11	8,05	8,04	8,09
Sugar production - raw (tons)	235 000	249 000	265 000	280 000	307 000

tcphm – tons cane per hectare milled

* Assumes normal weather conditions



Mozambique - Agricultural Improvement Plans

Yields (tons cane per hectare)	2013/14 Sugar Production (tons)	2007/08 Actual	2013/14 Actual	2014/15 Estimate	2018/19*
Xinavane	184 000	77,60	92,86	92,05 - 97,14	104,53
Mafambisse	65 000	46,17	62,41	64,75 - 68,33	78,17
Total average yield	249 000	60,74	81,13	82,26 - 86,81	95,13

Actions underway at Xinavane to increase yields

- Irrigation and drainage improvement projects
- Salinity and sodicity amelioration project
- Reconfiguring cane row layouts
- Training and development of critical staff
- Improvement of harvesting standards
- Improvement of loading and haulage standards

Actions underway at Mafambisse to increase yields

- Improve field layout using laser and GPS systems
- Closer monitoring of crop nutrient requirements through foliar and soil analysis
- Introduction of new varieties - better suited to the new irrigation system being implemented
- Reduction of area allocation from 1 000 hectares to 600 hectares for each section manager

* Assumes normal weather conditions



Mozambique Operations

Developing Indigenous Private Farmers

Impact of Tongaat Hulett initiatives on Small-Scale Farmers	Actual 2007/08 Season	Actual 2012/13 Season	2014/15 Season Estimate
Cumulative hectares planted	571	2 952	4 170
Association members	249	1 522	1 898
Tons cane delivered by these farmers	45 528	269 496	381 970
Payments made to these farmers	R12,4 million	R40,6 million	R48,6 million



South Africa - DBSA Jobs Fund

The business has received R150 million in grant funding from the DBSA's Jobs Fund and the following elements are relevant:

- Tongaat Hulett required to match the R150 million provided by the Jobs Fund
- The sugarcane will be planted by Tongaat Hulett
 - 12 000 hectares will be planted to cane over the next three years
- A key requirement for this “vehicle” is the creation of jobs in rural communities
- Tongaat Hulett is responsible for providing training to people that have been employed for the new hectares planted
- Where the land is leased from a rural community, Tongaat Hulett pays 10% of the revenue earned as rental



South Africa – Development and Grant Funding

Type of Funding	Approved	Cash Received To Date	Application of Funding
Comprehensive agricultural support program (CASP)	R43 million	R25 million	Planting, replanting, ratoon management, irrigation and infrastructure repairs
Recapitalisation and Development Program (RDAP)	R110 million	R93 million	Planting, infrastructure, ratoon management and farm equipment
Vuselela – KZN Department of Economic Development and Tourism	R51 million	R51 million	New cane establishment
Fertilizer Assistance	R26 million	R24 million	Fertilizer inputs to existing communal land
Small Enterprise Finance Agency	R50 million	R35 million	Combination of new cane establishment and improving farming operations
DBSA - Jobs Fund	R150 million	R40 million	Job creation and new cane establishment
Total	R430 million	R268 million	



South Africa

Cane Milled and Sugar produced	Actual 2012/13 Season#	Actual 2013/14 Season	2014/15 Estimate		2018/19*
Total hectares farmed as at 1 April (beginning of the season)	-	116 469	121 207		137 249
Hectares milled^	-	92 087	94 653		119 527
% Hectares under cane milled	-	79,06%	78,09%		87,09%
Cane yield (tcphm)	-	56,34	46,64	52,93	60,94
Cane tons '000	4 451	5 481	4 415	5 010	7 284
Cane to Sugar ratio	9,16	8,64	8,41	8,42	8,60
Sugar production - raw (tons)	486 000	634 000	525 000	595 000	847 000

During this year Tongaat Hulett embarked on a mapping exercise to accurately measure the hectares under cane from all its farmers

^ This is based on information that is supplied to the mill by individual farmers

* Assumes normal weather conditions



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	1 766	2 000	1 979
Commercial and medium scale farmers	630	371	1 831	1 884	498	255	-	-
Tongaat Hulett leased land	1 824	1 546	2 445	5 373	2 589	2 979	4 500	4 521
Total	4 090	5 606	8 687	11 554	4 738	5 000*	6 500	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	39 675^
Cumulative net cane losses since 2007/08			(13 948)	(14 732)	(17 757)	(17 889)	(18 009)	(19 607)
Net change in hectares since 2007/08			(9 858)	(5 036)	626	12 048	16 666	20 068

Assumes normal weather conditions

^ Updated since May 2014 to reflect the updated cumulative planting, based on new 2014/15 target

* Reduced from May 2014 target of 6 500 due to poor rainfall since June to end September 2014



South African Sugar Operations

Contributing to Rural Development and Job Creation

Impact of Tongaat Hulett initiatives on Small-Scale and Land Reform Farmers	Actual 2011/12 Season	Actual 2012/13 Season	Actual 2013/14 Season
Hectares planted for these farmers	6 036	7 542	4 197
Jobs per year - includes planting and harvesting and ratoon phase	5 691	6 602	7 594
Wages paid - includes planting and harvesting and ratoon phase	R 86 million	R 152 million	R 187 million
Net cane payments to Small Scale farmers	R 19,8 million	R 23,4 million	R 29,8 million
Rental payment to communal farmers	R 1,6 million	R 3,8 million	R 5,3 million



Sugar Operations - Dam Levels

Adequate water availability remains an important component of Tongaat Hulett achieving its projected yields going forward. Detailed below is information relevant to water availability for Mozambique and Zimbabwe

Mozambique Dams	Full Volume ML	% Full as at 30 September 2013	% Full as at 30 September 2014
Corumana Dam - Xinavane	880 000	71,51%	67,95%
Muda Dam - Mafambisse	56 000	13,40%	82,60%

- The Corumana dam has sufficient water to irrigate the Xinavane estates for at least one and half seasons even if no rainfall is received over that period
- The Muda dam currently holds more than six times the amount of water compared to the same time last year. This is sufficient to irrigate the Lamego estate for a full two seasons



Sugar Operations - Dam Levels

Zimbabwe Water Systems	Full Volume ML	% Full as at 30 September 2013	% Full as at 30 September 2014
Mutirikwi -Tokwe System	1 740 206	14,2%	45,7%
Manjirenji - Siya System	379 634	19,7%	91,3%
Manyuchi system	303 473	61,9%	89,4%

- The Mutirikwi-Tokwe system, which supplies 64,6% of the total allocation, holds 321% more water than at the same time last year
 - The Tokwe-Mukorsi dam will supplement this water system
- The Manjirenji-Siya system, which supplies 23% of the total allocation, presently holds 463% more water than at the same time last year
- The Manyuchi system, which supplies 12,4% of the total allocation, holds 144% more water than at the same time last year



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



FINANCIAL RESULTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2014



 **Tongaat Hulett**

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Financial Highlights

R million	6 months to 30 Sept 2014	6 months to 30 Sept 2013	% Change
Revenue	8 073	7 854	+ 3%
Operating Profit	1 510	1 381	+ 9%
Operating Cash Flow before Working Capital	2 413	2 402	+ 0,5%
Net Cash Flow before interest, tax and dividends	340	(11)	R351 million improvement
Tongaat Hulett Net Debt at 30 September	4 904	5 406	R502 million improvement
Headline Earnings	773	663	+ 17%
Dividends per share (cents)	170	150	+ 13%



Tongaat Hulett	Operating Profit		Revenue	
R million	6 months to 30 Sept 2014	6 months to 30 Sept 2013	6 months to 30 Sept 2014	6 months to 30 Sept 2014
Sugar				
Zimbabwe	344	232	1 824	1 324
Swaziland	35	53	146	173
Mozambique	226	151	1 482	1 402
SA agriculture, milling, refining and downstream value added activities	259	248	2 365	2 740
Sugar operations - total	864	684	5 817	5 639
Starch operations	264	232	1 740	1 594
Land Conversion and Developments	435	512	516	621
Centrally accounted and consolidation items	(42)	(37)	-	-
BEE IFRS 2 charge and transaction costs	(11)	(10)	-	-
Total	1 510	1 381	8 073	7 854



Further Analysis of Sugar Operating Profit

R million	6 months to 30 Sept 2014	6 months to 30 Sept 2013
Sugar operations - before cane valuations	1 454	1 458
Zimbabwe	609	642
Swaziland	64	86
Mozambique	556	528
South Africa	225	202
Cane valuations - income statement effect	(590)	(774)
Zimbabwe	(265)	(410)
Swaziland	(29)	(33)
Mozambique	(330)	(377)
South Africa	34	46
Sugar operations - after cane valuations	864	684
Zimbabwe	344	232
Swaziland	35	53
Mozambique	226	151
South Africa	259	248

Land Conversion Activities

- Operating profit: R435 million (2013: R512 million*)
- Sales of 49 developable hectares (a further 8 150 developable hectares still available and earmarked for development)
 - Cornubia (industrial / business / retail)
 - Profit of R9,0 million per developable hectare
 - Umhlanga Ridge Town Centre
 - Profit of R29,4 million per developable hectare
 - Izinga / Kindlewood
 - Profit of R6,7 million per developable hectare

* Includes the large Dube Tradeport transaction



Starch Operations

- Operating profit: R264 million (2013: R232 million) +13,8%
- Overall sales volumes growth of 4% compared to prior period
 - Local growth of 10 463 tons (5,0%): coffee / creamer, confectionary and paper making sectors
 - Export growth of 712 tons (2,3%)
- Starch and glucose processing margins in line with prior year
- Continued benefit of competitive maize and favourable co-product prices
- Improvements in operational efficiencies and plant utilisation



Sugar Operations

Impacting factors in 2014/15

- **Cane valuations**
 - Less of an impact of cane valuations in H1 2014/15 versus H1 2013/14
 - Reduction in 2013/14 - lower prices
- **Operating profit before cane valuations: H1 2014/15 at similar level to H1 2013/14**
- **Sugar production - lower**
- **Sugar market**
 - lower international prices
 - measures to protect and enhance local market are starting to produce some benefits
- **Costs**
 - consolidating gains of 2013/14
 - absorbing input price increases
- **Exchange rates**
 - Export proceeds
 - Earnings conversion on consolidation
 - R/\$ input cost pressure : while sugar price lower in US\$



Mozambique Sugar Operations

- Operating profit: 2014/15: H1: R226 million (Metical 653 million)
2013/14: H1: R151 million (Metical 457 million)
- Negative effect of cane valuations lower than the previous year
- Selling prices constant with the previous year
 - Improved local market prices
 - Export prices into the EU under pressure
- Higher sugar production and sales volumes
- Costs - include lower off-crop expenditure from 2013/14
- Favourable exchange rates on conversion from Metical to Rands



Zimbabwe Sugar Operations

Triangle and Hippo Valley Estates

- Operating profit: 2014/15: R344 million (US\$ 32 million)
 2013/14: R232 million (US\$ 23 million)
- Higher local market sugar sales volumes
 - More effective import protection
- Export prices into the EU under pressure
- Negative effect of cane valuations lower than last year
 - Increased root replanting
- Costs - include lower off-crop expenditure from 2013/14
- Favourable exchange rates on conversion from US\$ to Rands



South African Sugar Operations

(Including Downstream Value Added Activities)

- Operating profit: R259 million (2013: R248 million)
- Sugar production lower - poor rainfall during the season
 - partly mitigated by 11 554 hectares of new cane harvested for first time
- Measures to protect the local market - limited benefits in H1
- Local market sales under pressure - lag effect of sugar imports in the prior year
- Costs - include lower off-crop expenditure from 2013/14



Growing Crops - Change in Fair Value: 2014/15

IAS 41 Fair Value Change included in the Income Statement: Period to 30 September

R million	2014/15 H1	2013/14 H1
Roots	+ 19	- 40
Standing cane	- 609	- 734
Change in fair value	- 590	- 774

R million	2014/15 H1	2013/14 H1
Sugar operations: profit before cane valuations	1 454	1 458
Cane valuation: change in FV	- 590	- 774
Operating Profit: Sugar total	864	684

- 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: 2014/15 (cont.)

IAS 41 Fair Value Change included in the Income Statement: Period to 30 September

R million	2014/15 H1	2013/14 H1
South Africa	+ 34	+ 46
Swaziland	- 29	- 33
Zimbabwe	- 265	- 410
Mozambique	- 330	- 377
Change in fair value	- 590	- 774

- **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**
 - Older cane due to 2 week strike
- **Zimbabwe**
 - Later start to the season (older cane)
 - Increased root replant
- **Mozambique**
 - Prices constant – less impact on standing cane value



Growing Crops on the Tongaat Hulett Balance Sheet

	30 Sep 13	31 Mar 14	30 September 2014				
	Total	Total	Total	South Africa	Swaziland	Zimbabwe	Mozambique
<u>Roots</u>							
Hectares farmed	90 911	92 117	92 743	34 915	3 838	28 303	25 687
Amortised root value (Rands per ha)	26 981	27 484	28 682	27 567	17 114	24 586	36 438
<u>Standing Cane</u>							
Hectares for harvest	82 083	85 058	86 120	29 362	3 715	28 085	24 958
Standing cane value (Rands per hectare)	21 174	29 080	22 793	12 548	23 805	30 798	25 687
Yield (tons cane per ha)	86,0	87,1	85,6	63,6	125,9	101,3	87,8
<u>Statement of financial position</u>							
Roots (R million)	2 453	2 532	2 661	963	66	696	936
Standing cane (R million)	1 738	2 473	1 962	368	88	865	641
Total (R million)	4 191	5 005	4 623	1 331	154	1 561	1 577

March 2014 (R million)	5 005
Change in fair value	- 590
Foreign currency translation	+ 199
Other	+ 9
September 2014 (R million)	<u>5 005</u>

Roots - unamortised profile 56% to 76% (average 64%)
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Average maturity of standing cane	Total	South Africa
30 September 2013	69%	77%
30 September 2014	64%	75%

Cash Flow: 2013/14

R million	6 months 2014/15	6 months 2013/14	
Operating profit	+ 1 510	+ 1 381	Includes all agricultural costs
Growing crop fair value adjustment	+ 590	+ 774	As per income statement
Root planting costs (direct planting, excluding other agricultural costs) charged to operating profit	+ 176	+ 67	Included below #
Other non-cash items	+ 313	+ 247	Includes depreciation etc.
Other proceeds	+ 30	+ 64	
	+ 2 619	+ 2 533	
Working capital	- 1 837	- 2 075	Inventories and debtors
Capital expenditure - plant, equipment, other capital	- 256	- 363	
Root planting costs	- 186	- 106	Includes operating costs above # and capex items
→ Interest and tax	+ 340	- 11	R351 million improvement
Dividends	- 237	- 214	
Net cash flow after dividends	- 408	- 664	

Average Exchange Rates

Average	2014/15 H1	2013/14 H1
Rand/US\$	10,64	9,78
Rand/Euro	14,35	12,87
Rand/Metical	0,35	0,33
US\$/Euro	1,35	1,32
Metical/Euro	41,36	38,94

- **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



2007 BEE Transaction - July 2014

SENS Announcement 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 has also been performed which determines 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



2007 BEE Transaction - July 2014 cont.

- 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 4,5 million shares held by the BEE SPVs are required to settle the external funding, which currently amounts to some R650 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 20,6 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 20,6 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 will use the next 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.





 *Tongaat Hulett*