



*Tongaat Hulett*

NOVEMBER 2012



# **FINANCIAL RESULTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2012**



# Tongaat Hulett Earnings

R million	6 months to 30 Sept 2012	6 months to 30 Sept 2011	% Change
Revenue	7 398	6 027	+ 22,7%
Profit from Operations	1 313	1 047	+ 25,4%
Headline Earnings	654	501	+ 30,5%

Interim Dividend	150 cents	120 cents	+ 25,0%
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Tongaat Hulett		Profit from Operations		Revenue	
R million		6 months to 30 Sept 2012	6 months to 30 Sept 2011	6 months to 30 Sept 2012	6 months to 30 Sept 2011
<b>Sugar operations</b>					
Zimbabwe		437	364	1 633	1 179
Swaziland		41	30	135	117
Mozambique		270	267	1 286	1 082
SA agriculture, milling, refining and downstream value added activities		221	196	2 513	2 347
<b>Starch operations</b>		147	167	1 401	1 210
<b>Land conversion and developments</b>		244	62	430	92
<b>Total of Operating Areas</b>		1 360	1 086	7 398	6 027
<b>Centrally accounted and consolidation items</b>		(47)	(39)	-	-
<b>Total</b>		1 313	1 047	7 398	6 027

# Starch Operations

- Operating profit: R147 million (H1 - 2011/12: R167 million) -12%
- Margins were under pressure from higher local maize prices - above CBOT
- Starch and glucose local market sales volumes 3,8% higher than prior year
  - Growth in coffee & coffee creamer, paper making and converting sectors



# Land Conversion and Developments

- **Financial results for the half-year to 30 September 2012**
  - Profit from operations: R244 million (H1 - 2011/12: R62 million)
  - Capital profit: R2 million (H1 - 2011/12: R3 million)
- **Revenue generated from 40 developable hectares sold**
  - Cornubia Industrial, Umhlanga Ridge Town Centre, Zimbali, Izinga, Kindlewood, Mount Moriah and La Lucia Ridge Office Estate



# Mozambique Sugar Operations

- Profit from operations: H1 - 2012/13: R270 million (Metical 909 million)  
H1 - 2011/12: R267 million (Metical 1 096 million)
- Margin pressure
  - Wage increase - 11%
  - Export proceeds negatively affected by strength of Metical vs Euro - 15%
- Positive impact of exchange rate on conversion of Metical earnings to Rands

# Zimbabwe Sugar Operations

- Profit from operations: H1 - 2012/13: R437 million (US\$ 53 million)  
H1 - 2011/12: R364 million (US\$ 52 million)
- Margin pressure
  - Wage increase - 18%
  - Export proceeds negatively affected by strength of US\$ vs Euro - 11%
- Positive impact of exchange rate on conversion of US\$ earnings to Rands

# South African Sugar and Downstream Operations

**Profit from operations: R221 million (H1 - 2011/12: R196 million) +13%**

- **Agriculture, sugar milling and refining: R99 million (H1 - 2011/12: R54 million)**
  - Export and local market sales: 271 000 tons (2011: 253 000 tons)
  - Lower cost per ton of sugar produced
- **Downstream sugar value added activities: R122 million (H1 - 2011/12: R142 million)**
  - Voermol animal feeds – recovery of volumes
  - Refined exports from South Africa
  - South African domestic marketing sales and distribution - Hulett's brand
  - Botswana and Namibia sugar packing and distribution - Blue Crystal and Marathon brands





# Cash Flow (R million)

	6 months to 30 Sept 2012	6 months to 30 Sept 2011
<ul style="list-style-type: none"> <li>Operating cash flow - IFRS format (before working capital and interest, after tax) <ul style="list-style-type: none"> <li>R192 million improvement</li> </ul> </li> </ul>	1 747	1 555
<ul style="list-style-type: none"> <li>Operating cash flow - before root planting (before working capital, interest and tax) <ul style="list-style-type: none"> <li>R336 million improvement</li> </ul> </li> </ul>	2 131	1 795
<ul style="list-style-type: none"> <li>Capital and sugar root investment <ul style="list-style-type: none"> <li>Expenditure on plant and equipment</li> <li>Root planting expenditure</li> </ul> </li> </ul>	495 373	359 211
<ul style="list-style-type: none"> <li>Tongaat Hulett net debt <ul style="list-style-type: none"> <li>Long-term debt to replace short-term debt successfully concluded</li> </ul> </li> </ul>	5 088	4 278

# BEE ESOP and MSOP - Vesting Mechanics

- July 2012 was the 5 year anniversary: vesting (as per 2007 Circular to Shareholders)
- Tongaat Hulett repurchased 6,4 million B shares for R64 000 and cancelled these shares
- The 3,3 million remaining B shares converted to ordinary shares and listed on the JSE on 25 September 2012 (included in HEPS, EPS and dilutive EPS disclosures)
- Of those 3,3 million shares, 1,9 million vested in the hands of eligible employees and 1,4 million are still “locked up” (up to 5 years)
- 1,2 million shares were sold through a book build process inter alia to settle individuals’ tax liabilities
- 70% of individual MSOP employees with shares vested have elected to hold their shares in Tongaat Hulett



# Land Conversion and Developments

8 560 developable hectares

13 561 gross hectares

(1 October 2012)



# Active Developments - 507 Hectares Unsold

## 2005: 151 Hectares

Area	Status - Developable hectares sold	Developable hectares to sell	Indicative cash realisation# (R m/developable hectare)	Indicative cash realisation# Still to come
Ridgeside	42 ha sold	62	15,1	R936 million
Umhlanga Ridge Town Centre	123 ha sold	19	16,0	R304 million
Izinga/Kindlewood	36 ha sold	192 71 121	3,5	R672 million
Other 5 active developments	168 ha sold	66	3,3	R218 million
<b>Sub Total</b>		<b>339</b>	<b>6,3</b>	<b>R2 130 million</b>

Cornubia industrial	58,5 ha sold	43,5	Commercially sensitive	
Sibaya Node 1	Available for bulk or own development sales	49	Commercially sensitive	
Sibaya Node 5	Available for bulk or own development sales	76		

# Money of today



# Additional Active Developments - 80% by March 2014

Area	Ready for Development	Developable hectares to sell
Cornubia New Town - Phase 1	EIA 30% complete	26
Cornubia New Town - Phase 2	EIA 30% complete	252
iNyaninga	EIA 55% complete	550
uShukela Drive	EIA 55% complete	49
Compensation (East)	EIA 80% complete	71
Sibaya Node 4	EIA 55% complete	91
<b>Total</b>		<b>1 039</b>



# Ridgeside - 13 October 2012



- Current phases infrastructure substantially complete
- Major electrical sub station commissioning November 2012
- Major bank head office of 16 000 m<sup>2</sup> to commence March 2013
- Preparing application for increased development rights<sup>14</sup>



# Umhlanga Ridge Town Centre



- Residential phase and last commercial sites selling
- 4 high density residential developments underway
  - First residents taking occupation October 2012
- New private hospital commenced construction
- New retail park nearing completion
- New BRT route being planned by Municipality
- Application for further development rights being considered



# Starch Operations





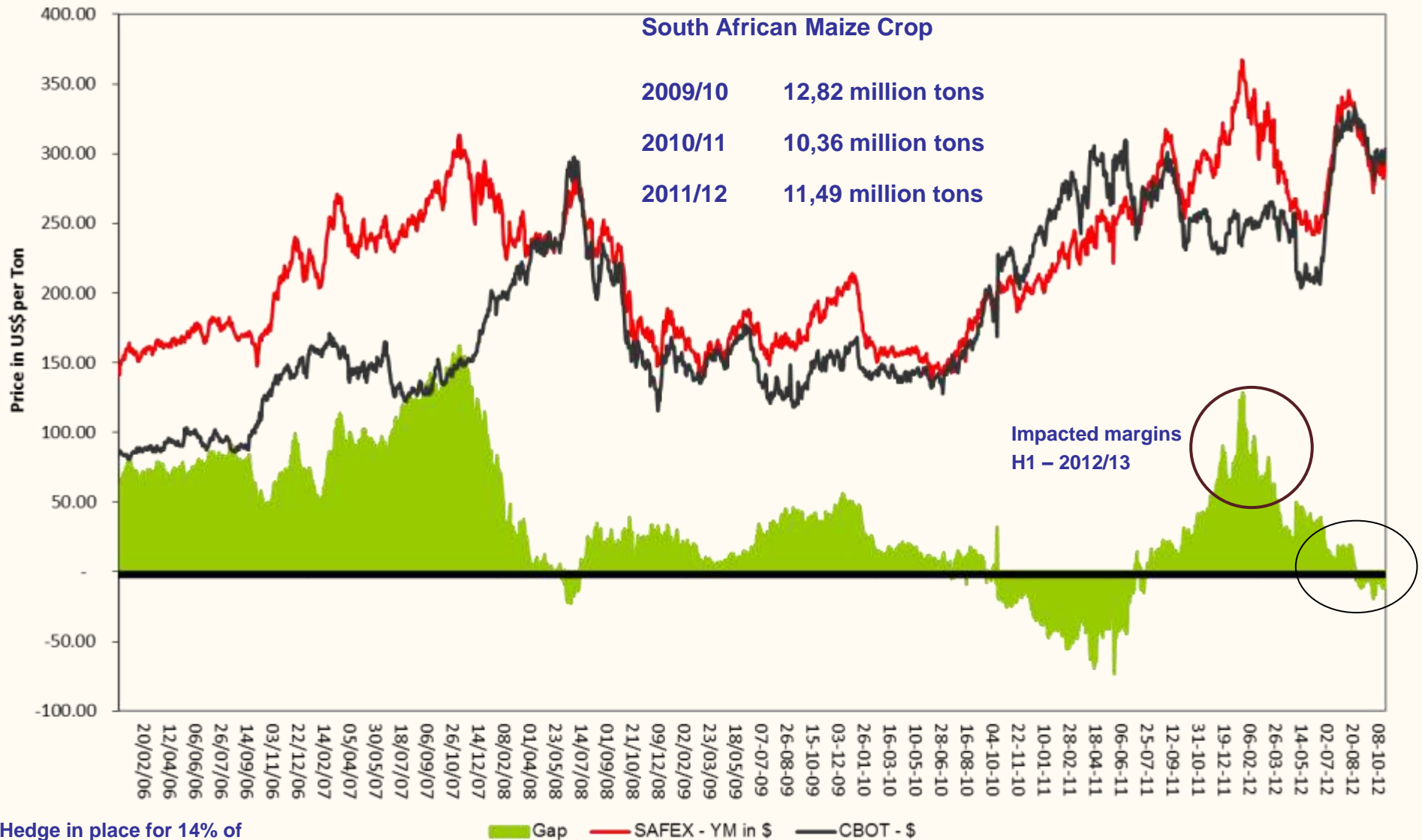
# Starch and Glucose

- Expanding product range and downstream capacity
  - Initial phase of enzyme capacity expansion for creamer sector completed
  - Product development trials for modified starches concluded
    - Low capital investment commenced - commercialisation H1 - 2013/14
- Competitiveness of local maize industry has again improved
  - High world prices encourages new season plantings
  - Margin improvement H2 - 2012/13



# Tongaat Hulett Starch

## Maize



Gap Hedge in place for 14% of  
2013/14 maize requirements

# Sugar Operations



# Progress - Growing Sugar Production Utilizing Installed Milling Capacity

Tons Raw Sugar	2010/11 Actual	2011/12 Actual	November 2012/13 Estimate #	May 2012/13 Estimate #
South Africa	455 000	486 000 (7%)	501 000 - 536 000	537 000 - 610 000
Zimbabwe	333 000	372 000 (12%)	460 000 - 490 000	450 000 - 500 000
Hippo	131 000	170 000 (30%)	225 000 - 242 000	
Triangle	202 000	202 000 (0%)	235 000 - 248 000	
Mozambique	164 000	233 000 (42%)	230 000 - 240 000	240 000 - 264 000
Mafambisse	45 000	63 000 (40%)	60 000	
Xinavane	119 000	170 000 (43%)	170 000 - 180 000	
Swaziland RSE	54 000	59 000 (9%)	56 000 - 59 000	56 000 - 60 000
Total	1 006 000	1 150 000 (14%)	1 247 000 (8%) to 1 325 000 (15%)	1 283 000 (12%) to 1 434 000 (25%)

# Assumes average weather conditions for the remainder of the season

RSE – Raw Sugar Equivalent



# South Africa

Cane Milled and Sugar produced	Actual 2011/12 Season	November Estimate 2012/13 Season		May Estimate 2012/13 Season ^	
Total hectares under cane as at 1 April (beginning of the season)	129 513	137 652		137 652	
Hectares milled	95 815	87 171	93 380	102 779	
% Hectares under cane milled	74,0%	63,3%	67,8%	74,7%	
Cane yield (tcphm)	47,32	49,40	49,44	46,99	49,79
Cane tons '000	4 534	4 306	4 617	4 830	5 117
Cane to Sugar ratio	9,32	8,81	8,84	9,20	8,60
Sugar from 1 year contract #		12 000	14 000	12 000	15 000
Sugar production - raw (tons)	486 000	501 000	536 000	537 000	610 000

tcphm – tons cane per hectare milled

^ Assumed normal weather conditions

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

# Gap Between Hectares Milled vs Hectares Under Cane

## At an All Time High

- Carryover cane for 2013/14 season
  - Unseasonal rainfall - Tongaat Hulett mills rainfall statistics
    - September 2012 - 540% of LTM
    - October 2012 - 179% of LTM
  - Impact of 2 week transport strike
    - 6,25% of available milling time lost
- Leaving land fallow between replanting of roots
- Seed cane requirements for new plantings and root replacement
- Farmers growing cane for longer

New Plantings	Hectares	2012/13 Target
2009/10	4 090	To date (Oct) 2012 3 019 hectares
2010/11	5 606	
2011/12	8 687	Last year (Oct) 2011 1 259 hectares
2012/13 Target	9 506	



# Zimbabwe: Major Step-Up In Production

Cane Milled and Sugar produced	Actual 2011/12 Season	November Estimate 2012/13 Season		May Estimate 2012/13 Season ^	
Total hectares under cane as at 1 April (beginning of the season)	38 626	43 185		43 185	
Hectares milled	35 307	37 346		37 577	
% Hectares under cane milled	91,4%	86,5%		87,0%	
Cane yield (tcphm)	86,63	87,85	88,65	91,95	94,61
Cane tons '000	3 059	3 281	3 311	3 455	3 555
Cane to Sugar ratio	8,21	8,28	8,24	8,23	8,08
Chisumbanje Estate #		64 000	88 000	30 000	60 000
Sugar production - raw (tons)	372 000	460 000 (24%)	490 000 (31%)	450 000	500 000

tcphm – tons cane per hectare milled

^ Assumes normal weather conditions for the remainder of the season

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

# Mozambique - Year of Consolidation

## Xinavane

Cane Milled and Sugar produced	Actual 2011/12 Season	November Estimate 2012/13 Season ^		May Estimate 2012/13 Season ^	
Total hectares under cane as at 1 April (beginning of the season)	16 200	16 702		16 702	
Hectares milled	15 178	14 756		15 450	
% Hectares under cane milled	93,7%	88,3%		92,5%	
Cane yield (tcphm)	95,08	94,12	97,51	93,94	100,60
Cane tons '000	1 443	1 389	1 439	1 451	1 554
Cane to Sugar ratio	8,50	8,18	8,01	8,45	8,23
Sugar production - raw (tons)	170 000	170 000	180 000	172 000	189 000

tcphm – tons cane per hectare milled

^ Assumes normal weather conditions for the remainder of the season





# Mozambique - Year of Consolidation

## Mafambisse

Cane Milled and Sugar produced	Actual 2011/12 Season	Actual 2012/13 Season	May Estimate 2012/13 Season ^	
Total hectares under cane as at 1 April (beginning of the season)	10 313	10 087	10 087	
Hectares milled	9 377	9 462	9 436	
% Hectares under cane milled	90,9%	93,8%	93,5%	
Cane yield (tcphm)	56,53	54,26	61,56	65,92
Cane tons '000	530	513	581	622
Cane to Sugar ratio	8,38	8,51	8,50	8,28
Sugar production - raw (tons)	63 000	60 000	68 000	75 000

tcphm – tons cane per hectare milled

^ Assumed normal weather conditions



# Renewable Energy

## Electricity

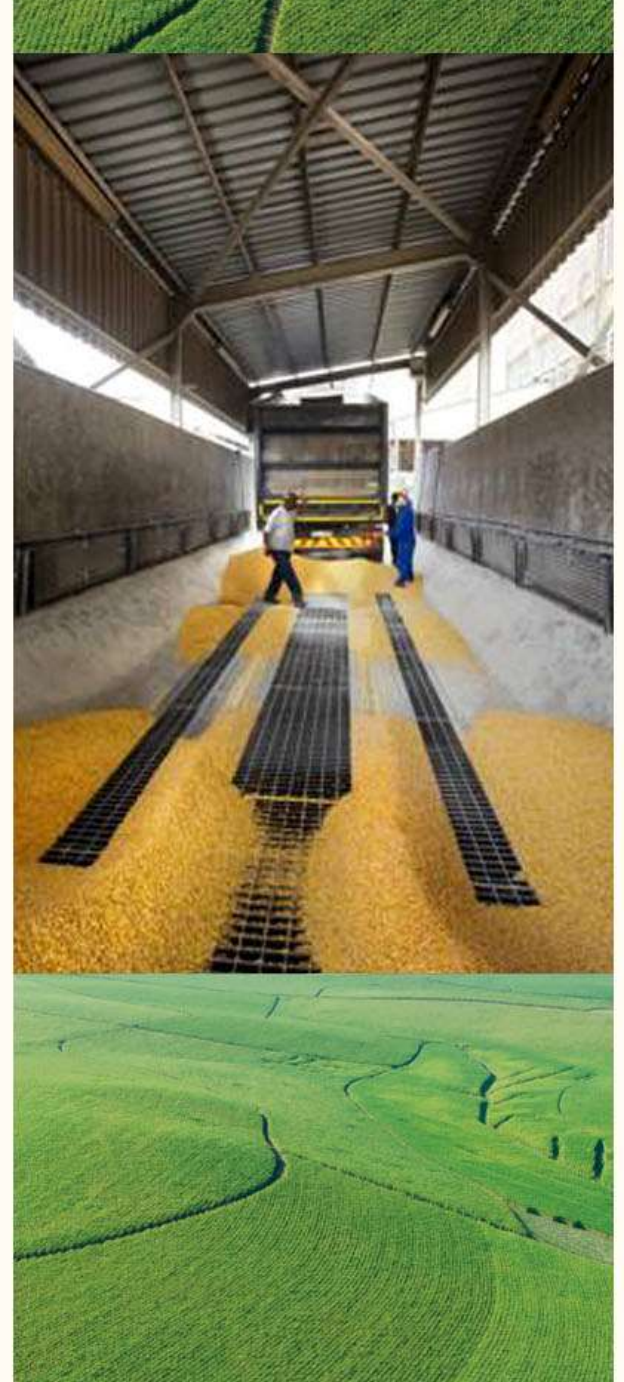
- **First window of Renewable Energy IPP Procurement Process completed**
  - Request for Proposal for first bid window issued 3 August 2011
  - Contracts for **1 400 MW**, cost of **R47 billion** signed with **28 IPP's** on 5/6 November 2012

## Ethanol

- **Mandatory biofuel regulation gazetted on 23 August 2012 (E2 - E10)**
- **Pricing and timing still to be announced**



# ADDITIONAL INFORMATION



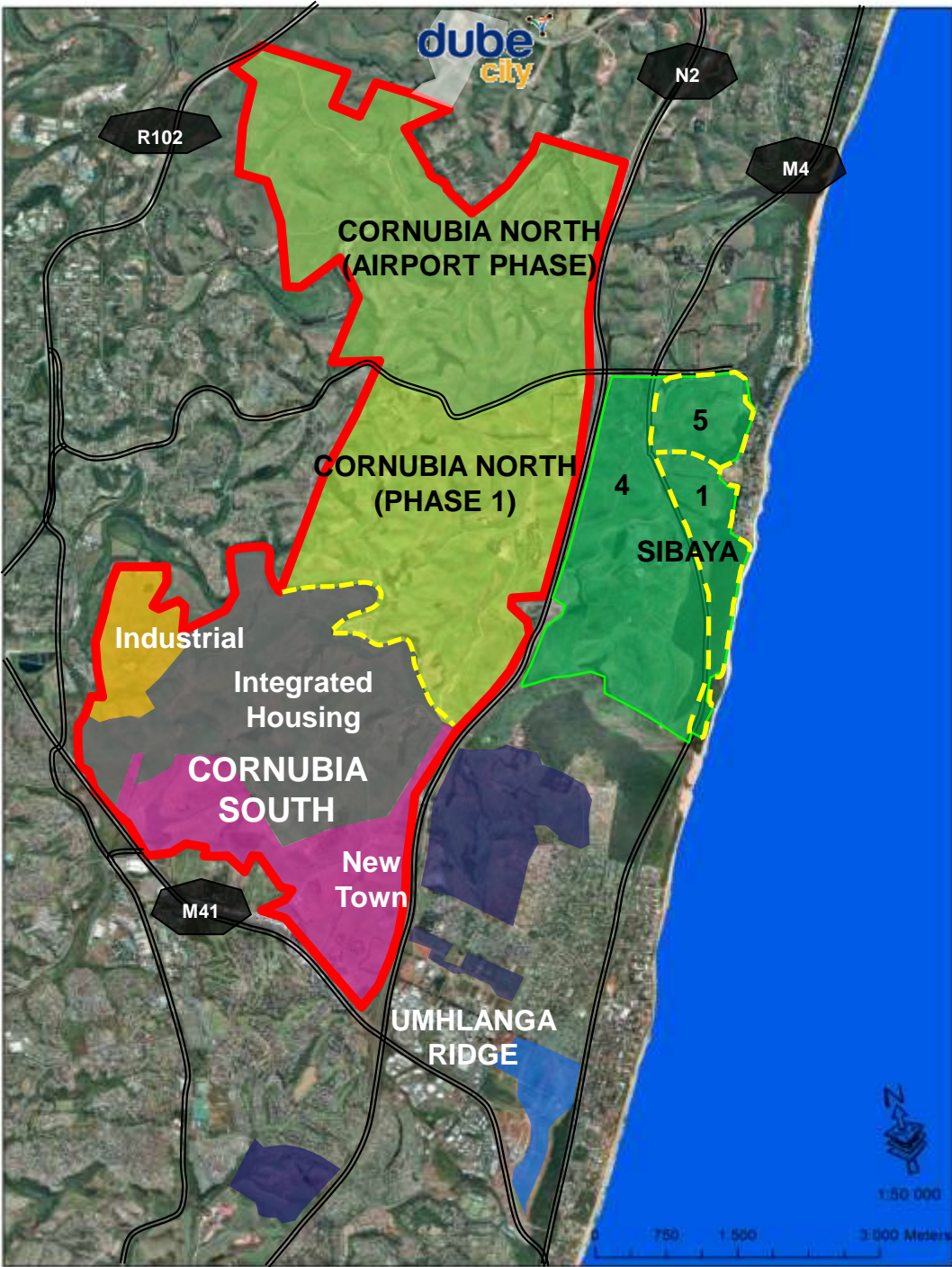


# Izinga



- Medium to low density open residential suburb with cameras and security patrols
- Phase 1
  - 280 Potential dwelling units
  - 193 units transferred to date
  - 5 sites remain available to sell
  - Currently 33 building contractors on-site and 11 homes occupied
- Phase 2E zoned and subdivision approved – about to commence selling
- Phase 2A zoning application submitted and advertised







# Cornubia South



- **Industrial and Business Estate**

- Permission to sell obtained March 2012
- 1<sup>st</sup> transfers in March 2013
- Civils contract commenced June 2012

- **New Town Phase One**

- 100 000 m<sup>2</sup> value destination retail to be developed near Mt Edgecombe - opening October 2016
- EIA well under way

- **New Town Phase 2**

- EIA well under way

- **Integrated Housing**

- Pilot project progressing well - occupation of first 486 units by March 2013
- Rollout to second phase imminent



# Kindlewood



**573 units gated estate development**

- 89 families living in the estate
- 22 new structures under construction
- Phase 1 sold out
- Phase 2 90% sold
- Phase 3 now selling



# Bridge City



- **Rail public transport: station completed**
  - Line construction to be completed Q2 2013
- **eThekwini's Integrated Rapid Public Transport network (IRPTN)**
  - Dedicated Bus Rapid Transport (BRT) routes from Pinetown, the CBD and the north converging on Bridge City
- **Bus-taxi rank to be converted into BRT bus terminus - completed 2014/15**
- **3,6 ha BRT bus depot likely in business estate**

- **Successful PPP with eThekwini Municipality**
- **Mixed use, high density Town Centre and Business Estate**
- **Regional 500 bed public hospital**
  - Building commenced October 2012
  - Up to 60 000 m<sup>2</sup> to be developed
- **48 000 m<sup>2</sup> shopping centre**
  - 13 000 m<sup>2</sup> second phase and 45 000 m<sup>2</sup> residential to be built
- **Regional Magistrates court complete**
- **Business Estate 2 retail, warehouse and offices sites sold with 7,5 ha available for sale**



# Inyaninga

## Bulk Sale / Partnership / Tongaat Hulett Own Development



- Planning aligned with Municipal plans for Northern Urban Development Corridor
- EIA process underway - anticipated date of approval for development rights is March 2014
- Phase 1 - envisaged around existing rail line
  - Opportunity for multi-modal specialised logistics hub

# Ushukela Drive

## Bulk Sale Opportunity



- Total gross extent - 137 ha (DTP 57 ha and Tongaat Hulett 80 ha)
- Formalised Joint Venture Planning Agreement with DTP for EIA and PDA processes
- Business park, retail park, office park logistics and Trade Zone extension
- Frontage onto N2 and M34. DTP Link Road under construction - anticipated completion December 2013
- EIA process underway - anticipated date of approval for development rights March 2014



# Sibaya

## Bulk Sale Opportunity / Partnership / Tongaat Hulett Own Development

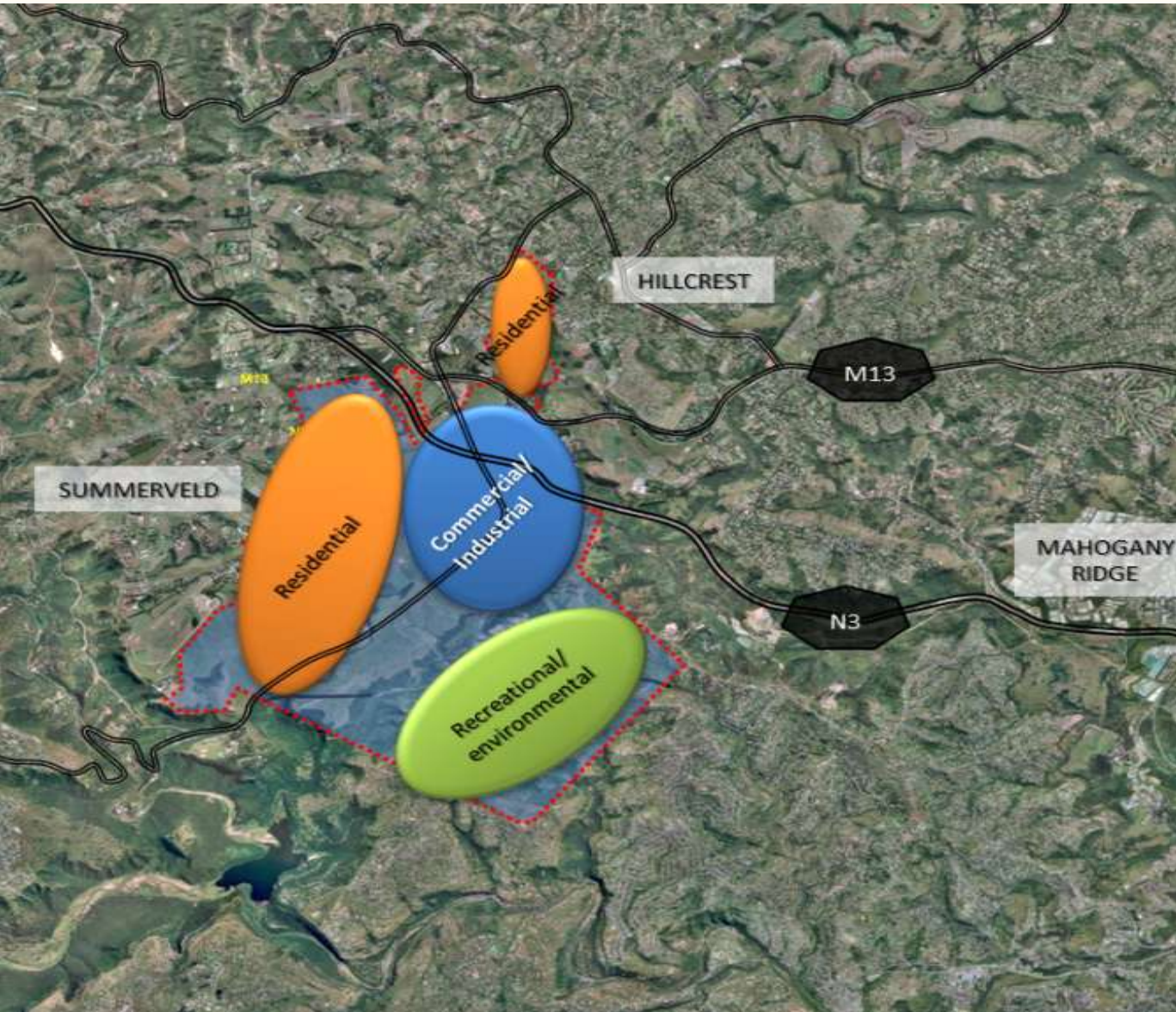


<b>Node 1</b> <ul style="list-style-type: none"><li>• All development approvals received</li><li>• Assessing own development versus bulk sale/partnerships</li></ul>	<b>Node 5</b> <ul style="list-style-type: none"><li>• EIA approved</li><li>• Zoning and subdivisional applications approved</li><li>• Assessing bulk sales before finalising own development</li></ul>	<b>Node 4</b> <ul style="list-style-type: none"><li>• Office/commercial node</li><li>• Excellent location relative to Umhlanga Ridge and airport</li><li>• EIA scoping complete – in detailed EIA stage</li></ul>
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# Ntshongweni

## Partnership / Tongaat Hulett Own Development



- Development supported by Municipal SDP and LAP's
- Important logistics location and in Strategic Integrated Project 2 (SIP 2) of Presidential Infrastructure Coordinating Committee (PICC)
- 3 major uses
  - Residential infill
  - Mixed use centre
  - Business Park and Logistics
- Regional shopping centre as a proposed catalytic development on the N3 growth corridor
  - EIA process under way
  - Considering bulk sale/partnership



# Zimbali and Zimbali Lakes



- Last few Zimbali sites being marketed
- Zimbali Lakes
  - Golf course construction delayed while EIA amendments are processed
  - Semi-Bulk sales of Resort Node and Retirement Village being progressed



# Tinley Manor

Bulk Sale Opportunity / Partnership / Tongaat Hulett Own Development



- Largest consolidated property surrounding a river on North Coast
- 882 developable ha 1 042 gross ha
- Coastal frontage (3,9 km) and access to both sides of Umhlali Lagoon and River Basin
- Tinley Manor ski boat launch site license issued to Tongaat Hulett
- EIA on South Bank progressing well
  - Scoping phase complete
  - Detailed EIA underway
- Setback lines established in terms of the Coastal Management Act



# Compensation

## Bulk Sale Opportunity / Partnership

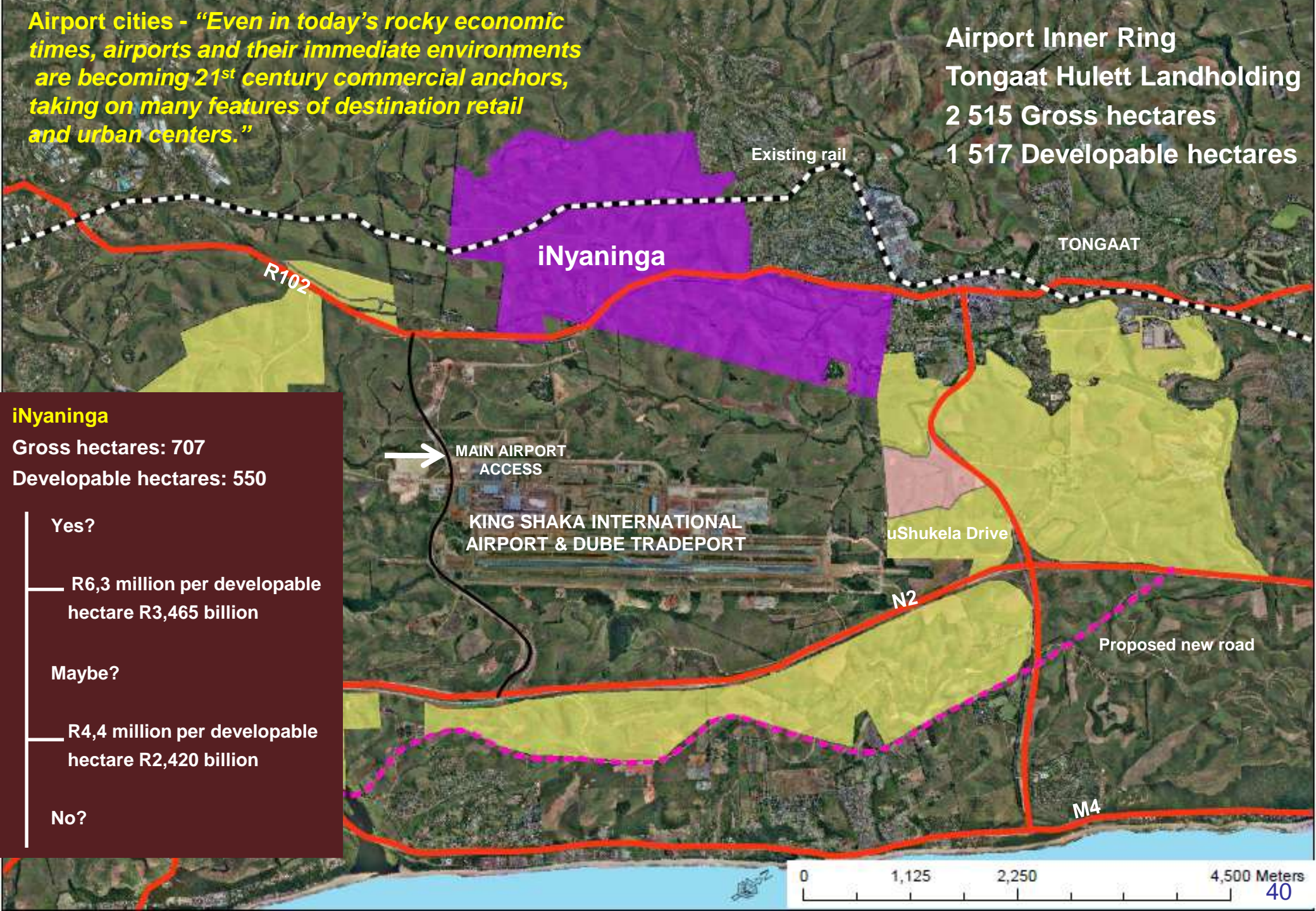


- Large, flat landholding strategically situated adjacent to the R102 about 13 km from King Shaka International Airport and Dube Tradeport
- One of very few good general industrial site locations near Durban
- Adjacent to the main northern railway line between Durban and Richards Bay
- Approximately 224 ha developable
- EIA well advanced
- Servicing arrangements finalised
- Zoning application to commence shortly



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

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



**iNyanninga**  
Gross hectares: 707  
Developable hectares: 550

Yes?	
R6,3 million per developable hectare	R3,465 billion
Maybe?	
R4,4 million per developable hectare	R2,420 billion
No?	



# Starch Operations

## Financial Data

R millions	Six months to September 2012	Six months to September 2011
<b>Revenue</b>	<b>1 401</b>	<b>1 210</b>
<b>Domestic</b>	<b>1 041</b>	<b>882</b>
<b>Exports</b>	<b>111</b>	<b>120</b>
<b>Co-Products</b>	<b>249</b>	<b>208</b>
<b>Operating Profit</b>	<b>147</b>	<b>167</b>



# Volume Data

Volume (tons)	Six months to September 2012	Six months to September 2011
Local Starch	48 564	44 433
Local Glucose	163 544	159 850
<b>Total Local</b>	<b>212 108</b>	<b>204 283</b>
Export Starch	11 413	17 997
Export Glucose	5 235	6 621
<b>Total Exports</b>	<b>16 648</b>	<b>24 618</b>
Co-Products	79 057	77 332
<b>Total</b>	<b>307 813</b>	<b>306 233</b>



# Co-product Pricing

Co-product	Price movement September 2012 over Comparative six month Period	Major price drivers
Germ	Up 14,6%	50%: International edible oil price and local oil seeds 50%: Local maize
Gluten-60	Up 2,7%	International protein (Soya, fishmeal) prices
Gluten-20	Up 34,8%	Local maize price/hominy chop





# Tongaat Hulett Starch

## Outlook for South African maize

	1979/80	2008/09	2009/10	2010/11	2011/12
Hectares Planted (000 ha)	4 031	2 428	2 742	2 372	2 699
Yield (t/ha)	3,37	4,96	4,67	4,37	4,26
Production (000 tons)	13 583	12 050	12 815	10 360	11 494

### Outlook for World maize

- 2012/13 - Worst drought conditions experienced in USA over 50 years and yields adversely affected
- Demand remains firm and stock to use ratios have continued to decline
- World prices remain high and any supply shocks could result in prices returning to record highs

### International Starch and Glucose prices remain firm

- US producers confronted with increasing maize and energy costs
- China remains net importer of corn
- Higher cassava stocks have resulted in lower prices



# Cane Ownership Mix

## Supply of Cane to Tongaat Hulett South Africa Sugar Mills

SA Cane Supply Hectares Under Cane	Actual 1 April 2010	Actual 1 April 2011	Actual 1 April 2012	Plan 1 April 2014 ^	% Change from 2010 to 2014
Tongaat Hulett owned	7 745	7 745	7 803	7 468	- 4%
Tongaat Hulett leased/co-managed	7 090	11 114	15 760	30 367	+ 328%
Tongaat Hulett supported - small scale/community farmers	21 996	25 610	30 021	36 342	+ 65%
Commercial and Medium Scale	87 076	85 044	84 068	85 082	- 2%
<b>Total</b>	<b>123 907</b>	<b>129 513</b>	<b>137 652</b>	<b>159 259</b>	<b>+ 29%</b>
<b>Net growth in area (hectares)</b>	<b>4 090</b>	<b>5 606</b>	<b>8 139#</b>	<b>21 607</b>	

^ Assumes normal weather conditions

# Includes a net loss of 548 hectares, who have transferred to other mills and excludes 3 034 hectares for a 1 year contract



# New Plantings - South Africa

Categories - new hectares	Actual 2009/10	Actual 2010/11	Actual 2011/12	Target 2012/13 #
Small scale farmers	1 636	3 689	4 411	4 320
Commercial and medium scale farmers	630	371	1 831	1 180
Tongaat Hulett leased land	1 824	1 546	2 445	4 006
<b>Total</b>	<b>4 090</b>	<b>5 606</b>	<b>8 687</b>	<b>9 506</b>

Actual Planting to date	Actual Oct 2011	Actual Oct 2012
Small scale farmers	539	759
Commercial and medium scale farmers	126	401
Tongaat Hulett leased land	594	1 859
<b>Total</b>	<b>1 259</b>	<b>3 019</b>



# Assumes normal weather conditions



# Yield Improvement - Commercial and Medium Scale Farmers in South Africa

- Root age is fundamental to good yields
- Yields for old roots are significantly impacted by drought conditions
- Tongaat Hulett scheme
  - Interest free loan given to commercial farmers to replant their oldest cane on condition that going forward farmers will undertake regular root replanting
- 2011/12 season: R11,3 million spent equivalent to 1 612 hectares of roots replanted
- Similar scheme for the 2012/13 season
  - R32 million allocated to replant 4 266 hectares



# Government Partnerships with Tongaat Hulett

## Cane Development in South Africa

Type of Funding	Govt. Grant (R million)	Beneficiary	Term	Application of Grant
Comprehensive agricultural support program (CASP)	R45,2 m	<ul style="list-style-type: none"> <li>84 beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>5 year partnership</li> <li>2008/9, 2009/10, 2010/11, 2012/13</li> </ul>	Planting, replanting, ratoon management, irrigation and infrastructure repairs
Recapitalisation and Development Program (RECAP)	R70 m	<ul style="list-style-type: none"> <li>Currently 57 commercial land reform beneficiaries.</li> <li>Likely to increase with additional funding</li> <li>17 000 hectares</li> </ul>	<ul style="list-style-type: none"> <li>3 year strategic partnership between National Department of Land Reform and TH</li> <li>2011/12, 2012/13, 2013/14</li> </ul>	Planting, infrastructure and farm equipment
Vuselela	R51,8 m	<ul style="list-style-type: none"> <li>3 534 hectares of communal land</li> <li>Currently investigating the planting of another 200 hectares</li> </ul>	<ul style="list-style-type: none"> <li>5-year partnership between KZN Dep. Of Economic Development and TH</li> <li>2009/10, 2010/11, 2011/12, 2012/13, 2013/14</li> </ul>	<ul style="list-style-type: none"> <li>Planting and new cane establishment</li> <li>TH to contribute R12,3 million for seed cane costs</li> </ul>
Fertilizer Assistance	R23,5 m	<ul style="list-style-type: none"> <li>8 884 hectares of communal land</li> </ul>	<ul style="list-style-type: none"> <li>A one year agreement to provide small scale farmers with a fertilizer grant</li> </ul>	Fertilizer inputs to existing communal land
Total	R190,5 m			





# South African Sugar Sales

	2011/12 Actual	Sep 2012/13 Estimate	May 2012/13 Estimate
<b>Saleable sugar production</b>			
- Total Industry sugar production (tons)	1,822 million	2,101 million @	2,205 million @
- Tongaat Hulett share of Industry	26%	?	?
Tongaat Hulett raw sugar production (tons)	486 000	501 000 - 536 000	537 000 - 610 000
<b>Local sales (including SACU) - tons</b>			
- Average notional price	1,685 million 32 US c/lb @ average of R7,47	> 1,7 million ? ?	> 1,7 million ? ?
<b>Export Sales (FOB Durban) - tons</b>			
- USA (tons) #	137 000 38 000 (36 US c/lb) ^	399 000* ? 36 000 (30 US c/lb)	505 000 ? 34 000 (30 US c/lb)
- World Market (tons) #	99 000 (25 US c/lb) ^	255 000 (23 US c/lb)	165 000 (23 US c/lb)
- World market - unpriced	Nil	108 000 ?	306 000 ?

@ Information released every 2/3 months on the SASA website

# Hedged to date by the South African Sugar Association

\* US\$ 202 million (89%) covered year to date at an average rate of R8,36

^ Average R/US\$ rate R7,47



# Zimbabwe - Private Farmers

- **15 880 hectares**
  - 2011/12 season produced 531 990 tons cane
  - Plan to increase to > 1,4 million tons in the 2014/15 season
- **Funding**
  - EU funding for replanting of 1 200 hectares
  - BancABC 4-year revolving US\$ 30 million financing scheme
  - Tongaat Hulett US\$ 3 million initial funding

**From 1 April 2012 to 31 October 2012 - 1 675 new/replant hectares\***

EU funded Caneland Trust	82 hectares
Private farmer replant	416 hectares
SusCo project	1 177 hectares

\* 1 059 New hectares and 616 replant hectares





# Zimbabwe - Private Farmers

	Actual 2011/12	November Estimate 2012/13 ^	May Estimate 2012/13 ^
Total hectares allocated to cane farmers	15 880	15 880	15 880
Total hectares under cane as at 1 April	9 501	14 060	14 060
Total hectares milled	8 966	11 138	11 184
Cane yield tcphm	59,33	69,35	68,26
Total cane crush (tons)	531 990	772 448	763 384
Root replant/New plantings (hectares) #	6 264	2 088 @	4 469



# Includes replant of existing roots and fallow land

tcphm – tons cane per hectare milled



@ Reduced due to dam levels at Mkwesine being low

^ Assumes normal weather conditions for the remainder of season



# Zimbabwe - Own Estates

	Actual 2011/12	November Estimate 2012/13 ^	May Estimate 2012/13 ^
Total hectares under cane	29 122	29 125	29 125
Total hectares milled	26 341	26 208	26 393
Cane yield tcphm	95,92	96,66	103,88
Total cane crush (tons)	2 526 517	2 533 168	2 741 800
Root replant (hectares)	5 439	4 243	4 197



tcphm – tons cane per hectare milled



^ Assumes normal weather conditions for the remainder of season



# Mozambique

## Cane Yields - Tons cane per hectare milled

Tongaat Hulett hectares	Actual 2011/12	November Estimate 2012/13 Hectares milled	November Estimate 2012/13	May Estimate 2012/13 ^
Xinavane	96,84	11 022	97,54	102,00
Mafambisse	55,27	8 856	53,17 *	65,10
Home Estate	48,15	6 379	38,98 *	54,87
Lamego Estate	73,34	2 477	89,95 *	91,75
<b>Total</b>	<b>78,58</b>	<b>19 878</b>	<b>77,77</b>	<b>86,02</b>

Tongaat Hulett leased and Private Farmers	Actual 2011/12	November Estimate 2012/13 Hectares milled	November Estimate 2012/13	May Estimate 2012/13 ^
Tongaat Hulett Leased Land	92,44	2 071	91,96	97,27
Private Farmers	84,32	2 269	81,90	90,59

^ Assumed normal weather conditions

\* Actual yields as season completed



# Mafambisse



# Increase in Hectares Under Cane

Hectares	1 April 2009 Actual	1 April 2010 Actual	1 April 2011 Actual	1 April 2012 Actual	1 April 2013 November Estimate	1 April 2013 May Estimate
South Africa	119 817	123 907	129 513	137 652	147 158	147 158
Zimbabwe	37 815	37 815	38 626	43 185	43 152	45 069
Mozambique	23 253	25 272	26 513	26 789	27 489	27 711
<b>Total</b>	<b>180 885</b>	<b>186 994</b>	<b>194 652</b>	<b>207 626</b>	<b>217 799</b>	<b>219 938</b>
<b>Net growth in hectares over previous season</b>		<b>6 109 (3%)</b>	<b>7 658 (4%)</b>	<b>12 974 (7%)</b>	<b>10 173 (5%)</b>	<b>12 312 (6%)</b>





# Raw Sugar Production

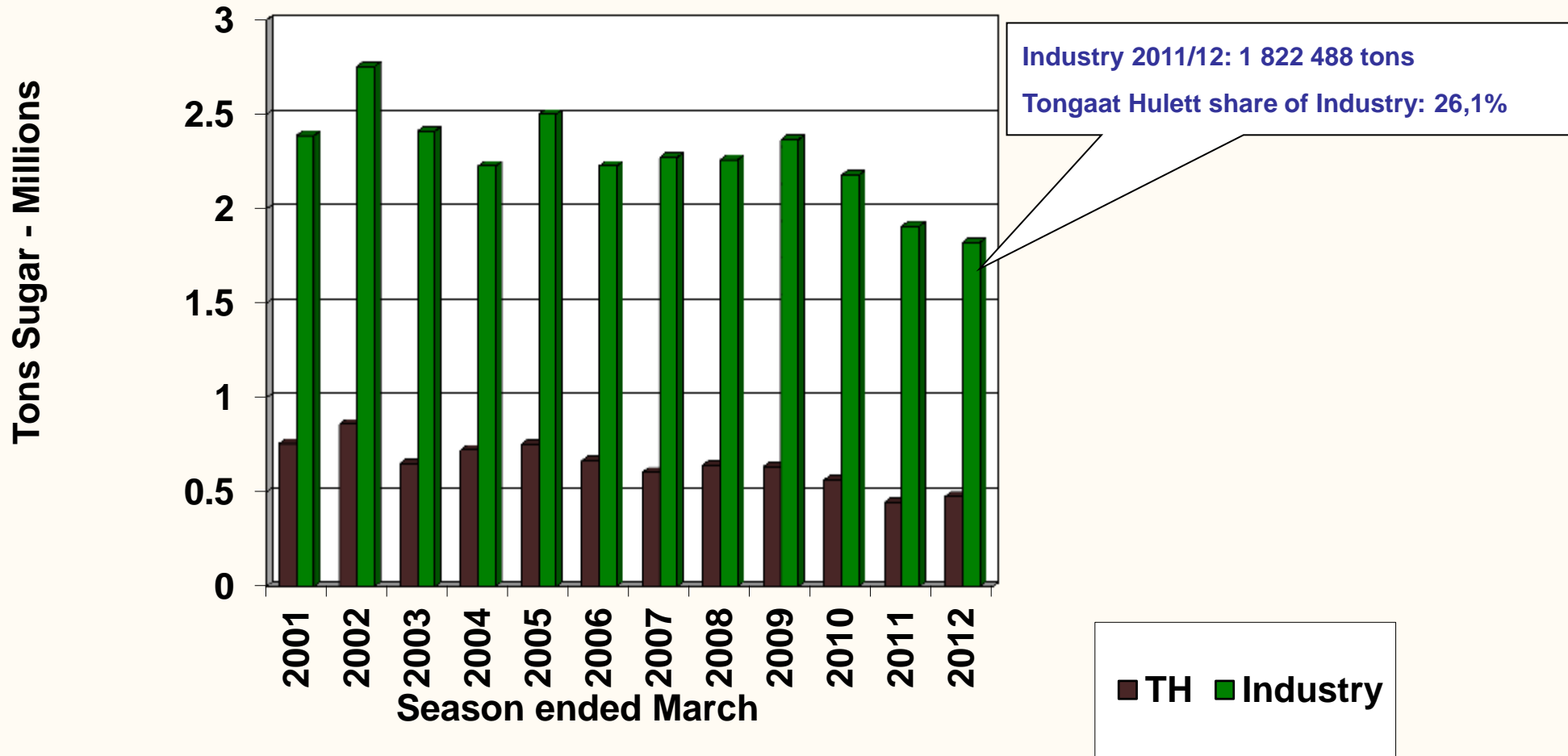
	Milling Season											
Tons '000	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
South Africa	977	762	868	659	731	760	674	612	652	573	455	486
Mozambique	39	36	71	82	85	115	106	108	108	134	164	233
Swaziland RSE	41	45	50	54	50	56	55	58	56	54	54	59
Zimbabwe *	282	264	296	264	222	236	240	349	298	259	333	372
Total	1 339	1 107	1 285	1 059	1 088	1 167	1 075	1 127	1 114	1 020	1 006	1 150
Capacity	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 820	1 820	2 030	2 030	2 030
% of Capacity	89%	74%	86%	71%	73%	78%	72%	62%	61%	50%	50%	57%

\* Hippo Valley acquired in December 2006. Production for Hippo included from the 2007/08 season





# Sugar Production - South Africa



# Financial Information





# 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 and recovery
  - Growing crops consolidated balance sheet value: R3,540 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 – cane roots	30 Sept 2012	31 March 2012	30 Sept 2011
Mozambique	24 931	24 675	24 664
Zimbabwe	28 527	28 432	28 614
South Africa	30 098	25 013	20 090
Swaziland	3 838	3 840	3 838
Total	87 394	81 960	77 206

# 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**





# Growing Crops on the Tongaat Hulett Balance Sheet

	30 Sep 11	31 Mar 12	30 September 2012				
	Total	Total	Total	South Africa	Swaziland	Zimbabwe	Mozambique
<u>Roots</u>							
Hectares	77 206	81 960	87 394	30 098	3 838	28 527	24 931
Amortised root value (Rands per ha)	19 427	20 355	22 284	15 650	12 649	21 572	32 590
<u>Standing Cane</u>							
Hectares for harvest	74 210	77 739	79 320	22 885	3 754	28 388	24 293
Standing cane value (Rands per hectare)	18 832	24 522	20 076	9 522	22 547	26 273	22 393
Yield (tons cane per ha)	85,9	86,3	86,6	57,1	127,5	103,3	91,2
<u>Balance Sheet</u>							
Roots (R million)	1 500	1 668	1 947	471	49	615	812
Standing cane (R million)	1 397	1 907	1 593	218	85	746	544
Total (R million)	2 897	3 575	3 540	689	134	1 361	1 356

March 2012 (R million)	3 575
Change in Fair Value	-235
Foreign Currency Translation	164
Other	36
September 2012 (R million)	3 540

Cane Root Amortisation Profile at Present
<ul style="list-style-type: none"><li>• Ranges from 54% to 78% unamortised in the different countries</li><li>• Average: 70% unamortised</li></ul>

# Growing Crops - Income Statement

- IAS 41 Fair Value Change included in the Income Statement: Six months to 30 September 2012

	R million
Roots	172
Standing cane	- 407
Change in fair value	- 235

	R million
South Africa	40
Swaziland	-21
Zimbabwe	-110
Mozambique	-144
Change in fair value	-235

- Comparative IAS 41 Fair Value Change 30 September 2011: - R239 million
- Roots change in Fair Value:
  - + Hectares replanted and fallow land planted
  - + Change in fair value costing
  - Amortisation of roots
- Standing cane change in Fair Value:
  - + Cane growth on new areas planted
  - + Change in sucrose and sugar pricing
  - +/- Change in quantity of standing cane (+ growth and - harvested)
- All agricultural costs are charged to the income statement as operating costs



# Cash Flow : Cane Valuations and Root Planting highlighted in a Sugar Business

R millions	6 months 2012/13	6 months 2011/12	
Operating profit	+ 1 288	+ 1 029	Includes all agricultural costs
Growing crop fair value adjustment	+ 235	+ 239	As per Income Statement
Root planting costs (direct planting, excluding other agricultural costs) charged to operating profit	+ 337	+ 211	Included # below
Other non-cash items	+ 271	+ 318	Includes depreciation etc.
	+ 2 131	+ 1 795	R336 million improvement
Working capital	- 1 390	- 1 044	
Capital Expenditure - Plant & Equipment and other capital	- 495	- 359	
Root planting costs	- 373	- 211	Incl. operating costs # above and capex items
	- 127	181	
Interest and tax	- 328	- 278	
Net cash flow before dividends	- 455	- 97	



# Average Exchange Rates

Average	H1 2012/13	H1 2011/12	% Change
Rand/US\$	8,18	6,95	+18%
Rand/Euro	10,40	9,91	+5%
Rand/Metical	0,30	0,24	+25%
US\$/Euro	1,27	1,43	-11%
Metical/Euro	35	41	-15%



- **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



# Exchange Rates

	Currency Exchange Rates		Prices	Costs
Zimbabwe	Export proceeds	Euro → US\$	<ul style="list-style-type: none"> <li>• EU exports: Euro</li> <li>• Local market: US\$</li> </ul>	<ul style="list-style-type: none"> <li>• US\$</li> <li>• Zim inflation</li> </ul>
	Earnings conversion on consolidation	US\$ → Rands		
Mozambique	Export proceeds	Euro → Metical	<ul style="list-style-type: none"> <li>• EU exports: Euro</li> <li>• Local market: Metical</li> </ul>	<ul style="list-style-type: none"> <li>• Rands</li> <li>• US\$</li> <li>• Metical</li> <li>• Moz inflation</li> </ul>
	Earnings conversion on consolidation	Metical → Rands		
South Africa	Export proceeds	US\$ → Rands	<ul style="list-style-type: none"> <li>• USA quota: US\$</li> <li>• World market prices: US\$</li> <li>• Local price: Rands</li> </ul>	<ul style="list-style-type: none"> <li>• Rands</li> <li>• Maize has a US\$ link</li> </ul>

**Thank You**

