

Annual Results

Tongaat-Hulett

For the year ended
31 December 2003

TONGAAT-HULETT

Taking Action

Rand/US\$ average

7,55

10,48

Rand/US\$ closing

6,67

8,58

INCOME STATEMENT (Rmillion)	2003	2002
Revenue	6 559	6 103
Underlying operating profit	452	818
Triangle dividend	19	71
Valuation adjustments	(398)	(215)
EBIT	73	674
Net finance costs	(152)	(134)
Headline (loss)/earnings	(93)	380

REVENUE (Rmillion)	2003	2002
African Products	1 487	1 470
Hulett Aluminium (50%)	1 600	1 623
Moreland	226	146
Tongaat-Hulett Sugar	3 246	2 864
Group total	6 559	6 103

Rand/US\$ average

7,55

10,48

- Low international prices
- Hulett Aluminium rolled products sales volumes up 24%
- Tongaat-Hulett Sugar sales revenue up 13%
 - South Africa and Mozambique
- Moreland revenue up 55%

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AFRICAN PRODUCTS	2003	2002
Underlying operating profit (Rmillion)	114	262

Rand/US\$ average

7,55

10,48

- Maize cost above R1 350/ton - contracted in 2002
- Local selling price reductions - import threats
- Low international starch and glucose prices
- Export margins - R/\$ pressure
- Co-product price reductions
- Fixed costs held below 2002

Accounting Policy

Maize - Constructive Obligations

- Maize procurement includes arranging physical deliveries at points in time
- Certain maize procurement commitments are now considered constructive obligations
- Early recognition of
 - Inventory
 - Current liability
 - Interest element, rather than cost of sale
 - 2003: R56m
 - 2002: R34m
- Effect on 2003 attributable earnings: R10m reduction

HULETT ALUMINIUM (50%)	2003	2002
Underlying operating profit (Rmillion)	22	179

Rand/US\$ average

7,55

10,48

- Rolled Products volume up 24%
- Sales mix improvement
- Manufacturing costs (excl metal) only up 2%
- Offset by
 - Currency effect on margins
 - Lacklustre international rolling margins
 - Metal price lag of R43 million in 2003
- Second half earnings - volumes and mix

MORELAND	2003	2002
Underlying operating profit (Rmillion)	92	20

- Record performance: >350%
- Accelerating returns from a solid platform
- Prime land and world class development
- Strong property market
- Positive cash flow

TONGAAT-HULETT SUGAR	2003	2002
Underlying operating profit (Rmillion)	263	391

Rand/US\$ average

7,55

10,48

South Africa

- Sales increase offset by lower margins
- Production levels down 24%
- Share of industry: 27%
- Domestic sugar price: 7% decrease in October 2003
- Export realisations

Tongaat-Hulett Sugar

Mozambique

- Xinavane (associate company) loss includes
 - Operating loss
 - Finance costs
 - Valuation adjustments on foreign loans
- Mafambisse
- Not yet reached their potential
- Production up 15%
- Domestic sales up 68%

Tongaat-Hulett Sugar

Zimbabwe

Triangle Sugar

- Profitable
- Remittance of dividends
- R19 million in 2003

VALUATION ADJUSTMENTS	2003	2002
Maize procurement contracts	(211)	(20)
Translation of foreign currency:		
- offshore cash holdings	(80)	(151)
- loans	(57)	(15)
Export receivables	(33)	(26)
Financial instruments	(17)	(3)
Total (Rmillion)	(398)	(215)

Rand/US\$ closing

6,67

8,58

Rand/GBP closing

11,94

13,81

- Foreign currency denominated balance sheet items
- Maize procurement contracts

Valuation Adjustments on Maize Contracts

- Certain maize procurement contracts
- Contracted in 2002
- Marked-to-market through income statement

First half of 2003

- 40 to 45% maize price reduction
- Negative valuation adjustment: R255 million

Second half of 2003

- Futures position reduced
- Price increased to R1 190/ton
- Positive valuation adjustment: R44 million

Income Statement

Tax

- Deferred tax reversal
- Permanent differences

Balance Sheet

- Total assets: R8,3 billion
- Equity: R4,2 billion
- Net debt/equity: 13,4% (2002: zero)
- Strength to capitalise on opportunities



TONGAAT-HULETT

Tonga at-Hulett Sugar

2003 Annual Results

- **Revenue**
 - R3 246 billion
 - Up 13,3%
- **Underlying Operating Profits**
 - R263 million
 - Down 32,7%
- **Operating earnings margin 8,1%**

2003 Annual Results

- **EBIT**
 - R214 million
 - Down 49,0%
- **Triangle dividend**
 - R19 million received as at 31 December
 - US\$2 million received subsequent to year end

Sales Volumes THS (SA)

Tons Sugar	Actual Year to Dec 2003	Actual Year to Dec 2002
Local Market	498 919	471 380
Export Raws	344 388	340 400

Raw Sugar Export Realisations

South African Industry

Raw Sugar	Year to Dec 2003	Year to Dec 2002
Price in US c/lb	6,59	6,48
Average Rand/US \$	R8,85	R9,91

Table includes raw sugar
for refined exports

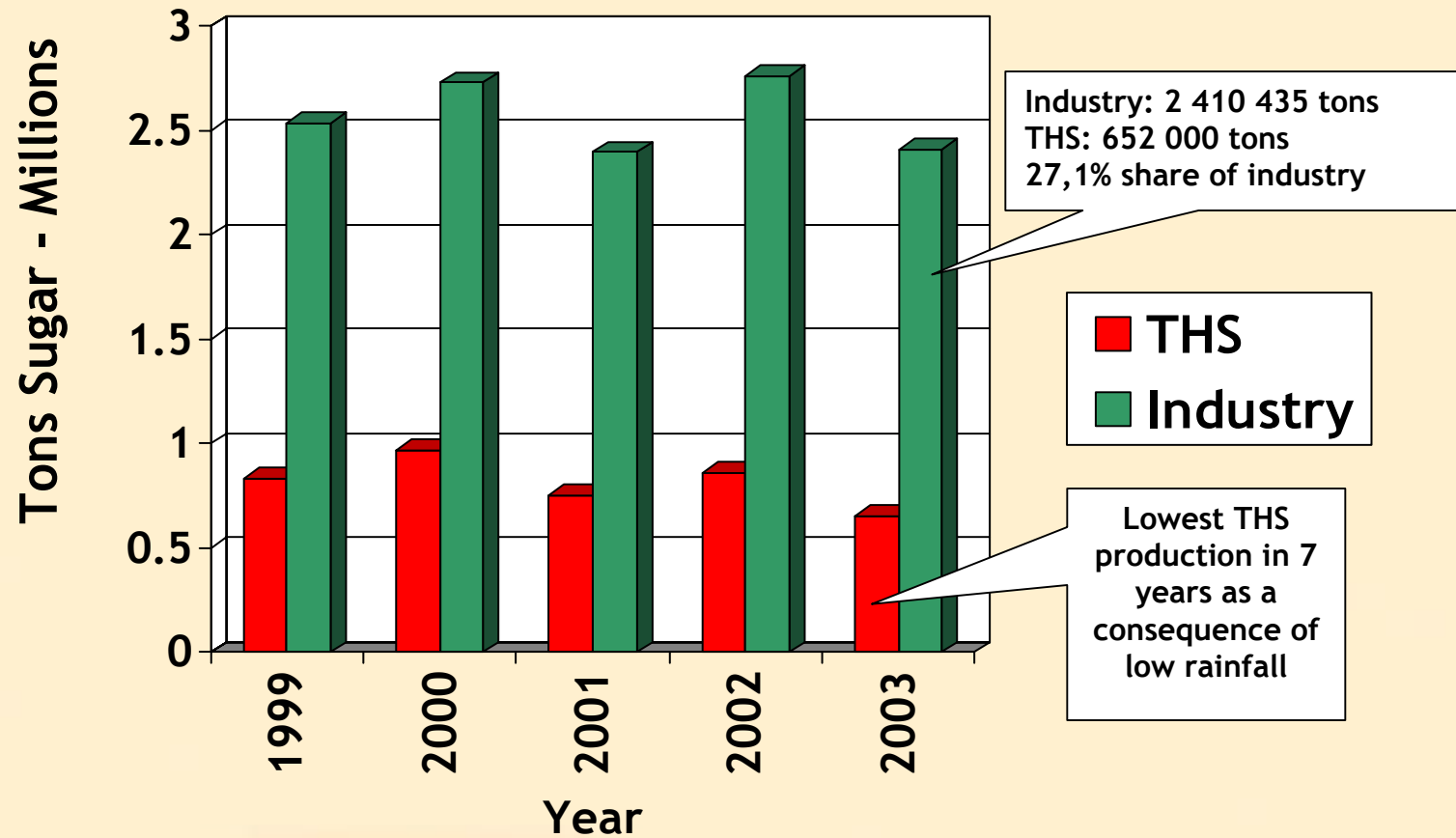
TONGAAT-HULETT SUGAR

Taking Action

THS - Southern Africa Sugar Production

Tons '000	2000	2001	2002	2003	Installed capacity
South Africa	969	755	861	652	974
Mozambique	39	36	71	82	156
Swaziland RSE	41	45	50	54	55
Zimbabwe	282	264	296	264	315
Total Sugar	1 331	1 100	1 278	1 052	1 500

SA Sugar Production



TONGAAT-HULETT SUGAR

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Value-adding Activities

- Animal Feeds in South Africa and Zimbabwe
- Retail packing operations in South Africa, Mozambique, Zimbabwe, Namibia and Botswana
- Refined and direct consumption raw sugar exports from South Africa and Zimbabwe

Value-adding Activities

- Speciality sugars and high intensity sweeteners in South Africa
- Alcohol production in Zimbabwe
- Technology and royalty revenue in South Africa

Distorted World Sugar Market

	Production	Production cost	Market	Price
	Tons millions	US c/lb	Tons millions	US c/lb
EU	16	28	15	32
USA	8	17	9	26
Brazil	26	?	10	6.2
"Dumped" world price			40	<6

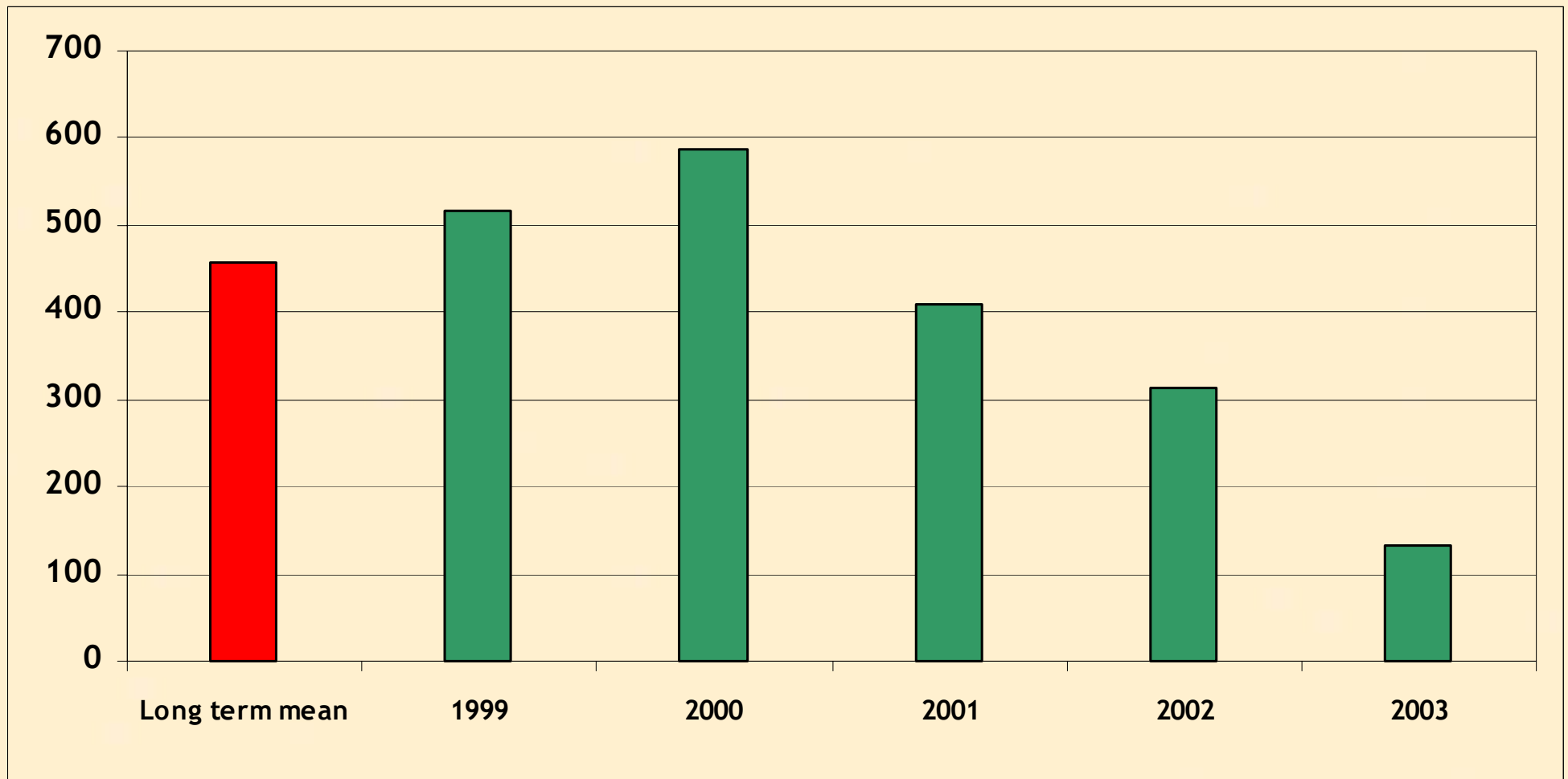
Total world

144

TONGAAT-HULETT SUGAR

Taking Action

Rainfall - Critical Growing Months



TONGAAT-HULETT SUGAR

Taking Action

Increase Capacity Utilisation of SA Mills

	Cane Tons millions
Current capacity 36 week season	9,3
Capacity after closure of Entumeni (Cost of running Entumeni: R28m p.a.)	8,9
Best season in recent times	8,3
2003 season	5,9
Current cane procurement initiatives Over next few years	0,6

Turnaround in Mozambique

- Actions over the next few years
 - Increase production from 82 000 tons to 156 000 tons
 - Grow domestic market
 - Increase SACU / LDC / ACP access
 - Reduce cost base
 - Government support

SA's Value-adding Activities

- **Revenue**
 - R679,8 million (2002: R604,5 million)
- **Underlying Operating Profits**
 - R92,4 million (2002: R95,7 million)

The background of the slide is a photograph of an industrial facility, likely a refinery or chemical plant. It features a complex network of large, vertical pipes, horizontal beams, and scaffolding. The image is overlaid with a semi-transparent orange filter. The title 'African Products' is centered over the image in a large, white, sans-serif font. Below the title, the words 'African Products' are repeated in a smaller, black, sans-serif font.

African Products

African Products

TONGAAT-HULETT

African Products

Introduction

- **Currently operating in a highly volatile environment**
 - **Maize market volatility**
 - **Pressure on co-product pricing**
 - **Import parity pricing**
 - **Export margins impacted by R/US\$ and maize price**

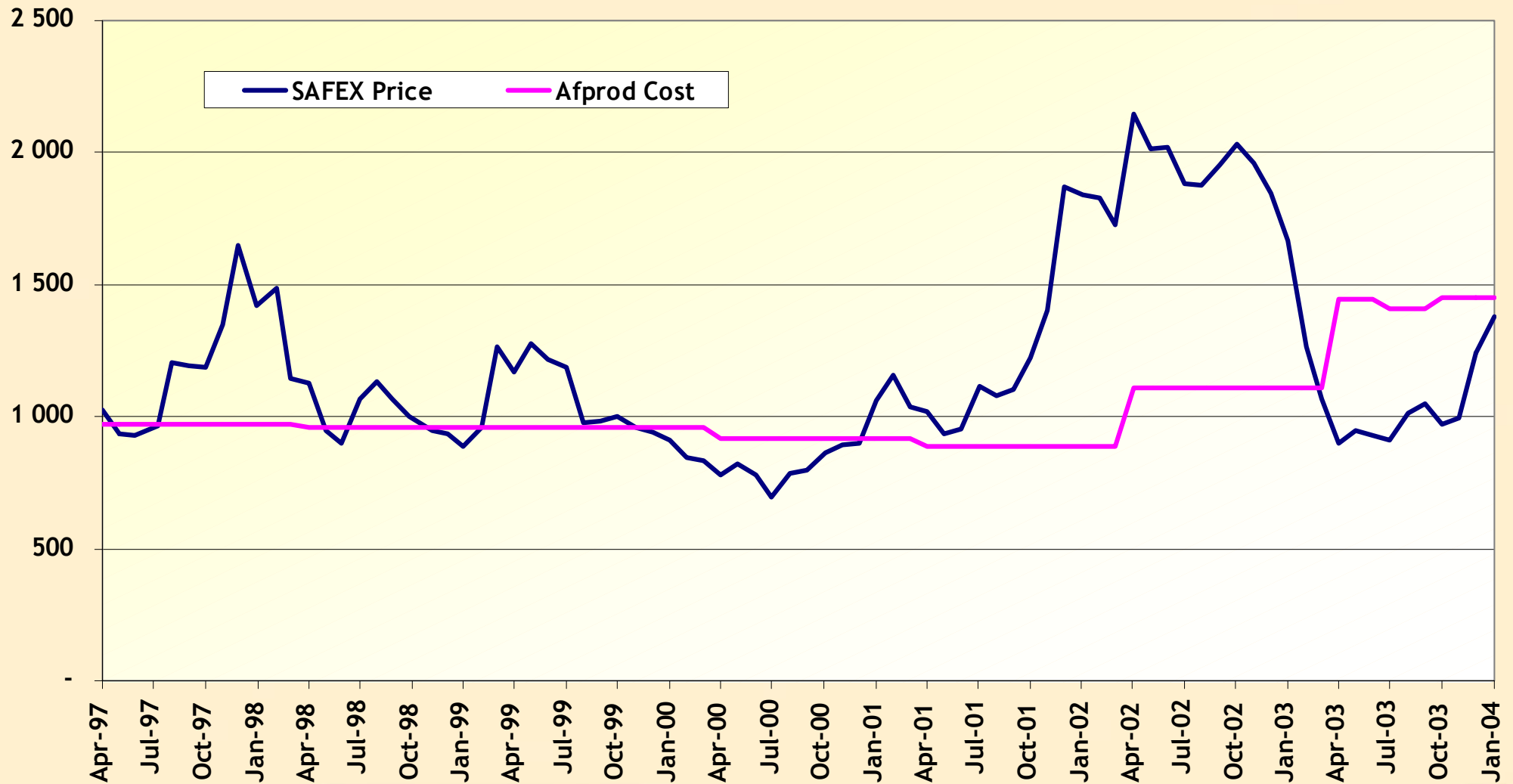
Volume Data

Volume	H2 2003	H2 2002	%	2003	2002	%
Local Starch	41 645	40 621	2,5	84 618	84 429	0,2
Local Glucose	151 499	169 159	(10,4)	297 753	303 763	(2,0)
Total Local	193 144	209 780	(7,9)	382 371	388 192	(1,5)
Export Starch	20 342	19 108	6,5	43 932	42 692	2,9
Export Glucose	11 055	10 805	2,3	21 389	20 447	4,6
Total Exports	31 397	29 913	5,0	65 321	63 139	3,5
Co-Products	78 359	85 428	(8,3)	161 840	165 073	(2,0)
Total	302 900	325 121	(6,8)	609 532	616 404	(1,1)

Financial Data

Rmillion	2003	2002 Restated	%
Revenue:			
Domestic	1 067 117	984 909	8,3
Exports	166 827	199 288	(16,3)
Co-Products	257 112	291 339	(11,8)
Underlying Operating Profits	114 039	261 210	(56,3)
Valuation Adjustments			
Maize	(211 096)	(19 669)	(973,2)
Other	(7 211)	(5 262)	(37,0)
E B I T	(104 268)	236 279	(144,1)

South African Maize Price - Inflation Adjusted



AFRICAN PRODUCTS

Taking Action

Afprod's Maize Position

Tons	30 Jun 2003	31 Dec 2003
Maize in Silo	435 571	316 322
Committed Physical Contracts (not yet delivered)	188 593	167 480
Futures Contracts Not Hedge Accounted	366 100	165 200
Futures Contracts Hedge Accounted	45 800	3 600

Futures Position Not Hedge Accounted	30 June 2003		31 December 2003	
	Tons	Price	Tons	Price
White maize:				
Sep 03				
Dec 03	140 000	907		
Mar 04	137 600	938	47 700	1 155
Jul 04			107 500	1 192
Sep 04				
Yellow maize:				
Jul 03	400	877		
Sep 03				
Dec 03	84 400	945		
Mar 04	3 700	969		
Jul 04			10 000	1 135
Sep 04				

Value-added Products

Tons	2003	2002
Local	34 330	38 294
Export	13 406	10 461
Total:	47 736	48 755
Revenue (R'000)	2003	2002
Local	140 084	142 856
Export	54 575	49 713
Total:	194 659	192 569



Hulett Aluminium

Hulett Aluminium

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Hulett Aluminium

Hulett Aluminium

	2003	2002
Average R/US\$	7,55	10,48
Sales volumes - Rolled Products (t)	130 400	105 000
- Other	16 300	15 600
- Total	146 700	120 600
Revenue (R'm)	3 200	3 245
Underlying operating profit	44	358
Valuation adjustments	(39)	(86)
EBIT	5	272

Half-yearly Analysis of 2003

	H1	H2
Average R/US\$	8,04	7,08
Sales volumes - Rolled Products (t)	59 400	71 000
- Other	8 100	8 200
- Total	67 500	79 200
Revenue (R'm)	1 545	1 655
Underlying operating profit	(16)	60
Valuation adjustments	(21)	(18)
EBIT	(37)	42

2003 Underlying Operating Profit

- Reduced from R358m to R44m
- Currency effect on rolling margins approximately R400 million
- Metal price lag swing of R170 million
- Increase of R40 million in depreciation
- R300 million improvement from improved volumes, mix and costs

Industry Climate

- International markets generally quiet
- Competitor dynamics
 - Alcan acquires Pechiney
 - “Big Four” now “Big Three”
 - Ormet files for Chapter 11 protection
- Recent improvements in demand and margins in the USA

Rolled Products Capacity Utilisation

	Sales Volumes (000t)	% Increase
2001	91	7
2002	105	15
2003	130	24
2004	>155	>20

Capacity Utilisation

- Original feasibility
 - 143 000 tons in 2003
- Current estimate
 - >200 000 tons beyond 2006
- All products developed for specific customers and applications
- Exports now 70% of sales
- Incremental effect on EBIT
 - 10 000 tons → R55m

Most Profitable Sales Mix

- Can stock exports up 114%
- Painted exports up 37%
- Coated products now 27% of total exports
- Heat treated plate, treadbright and foil export volumes maintained
- Promising developments for clad products

The background of the entire page is a faded, sepia-toned photograph of a resort. It features several tall palm trees in the foreground and a large, multi-story building with a gabled roof in the background. The overall atmosphere is warm and tropical.

Moreland

M o r e l a n d

TONGAAT-HULETT

Moreland

Umhlanga Ridge



2003 Performance

- Accelerating unlocking value of Group's land holdings
- Continued property market bull-run
- Revenue up 54% to R226m
 - R161m in 2nd half
- EBIT up 350% to R90m
- Strong cash generation
- All record performances
- Further R½ billion invested by customers

Residential Sales R85m (up 33%)



**Mount Edgecombe
Country Club Estate**



La Lucia Ridge

M O R E L A N D

Taking Action

Commercial/Industrial Sales R83m (up 135%)

**Umhlanga Ridge
New Town Centre**



**RiverHorse Valley
Business Estate**



La Lucia Ridge Office Estate

M O R E L A N D

Taking Action

Resort Sales R62m (up 30%)



M O R E L A N D

Taking Action

2004 Highlights - Unlocking JV

R90m sales
already achieved



Zimbali South and West

M O R E L A N D

Taking Action

2004 Highlights - Openings



Sibaya Entertainment Kingdom



uShaka Marine World

M O R E L A N D

Taking Action

2004 Project Pipeline



Executive Village - La Lucia



Izinga Ridge

M O R E L A N D

Taking Action

Unlocking Prime Land Holdings



Umhlanga Triangle



Zinkwazi



Mhlanga Forest Estate

Conclusion

- On-going market strength
 - Low interest rates
- KZN North Coast market leader
- Increasing government infrastructural spend
 - Regional growth stimulation
- Prime / extensive Group land holdings
- Skills competency
- Exciting project pipeline

Taking Action