



 *Tongaat Hulett*

*FEBRUARY 2008*

# FINANCIAL RESULTS

# Year to 31 December 2007

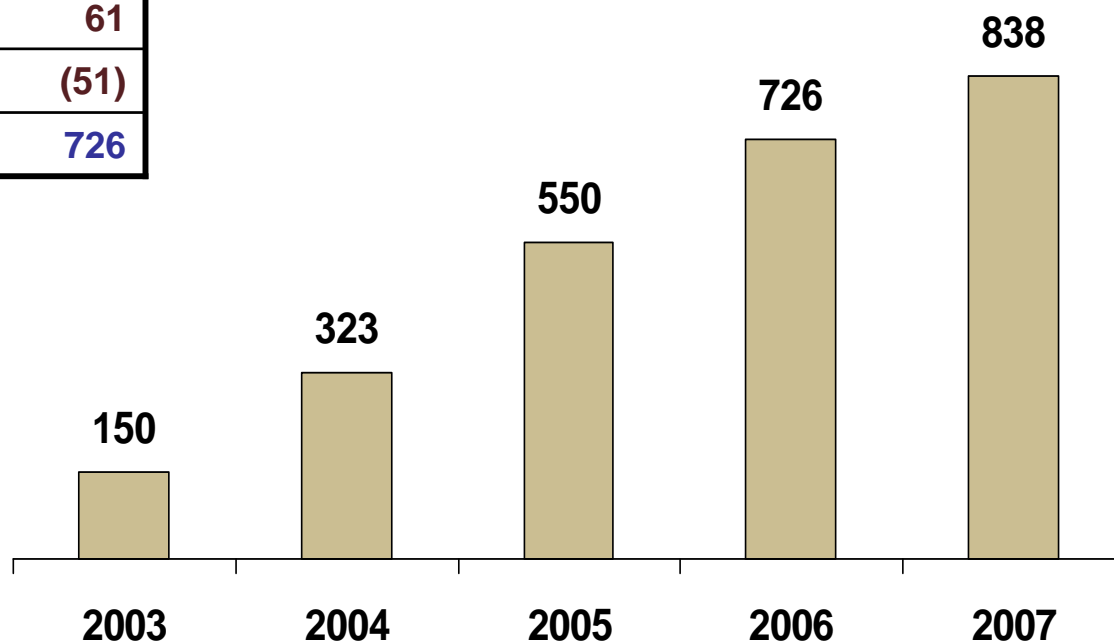
- Revenue from continuing operations of R6,395 billion (2006 : R5,110 billion)
- Profit from Tongaat Hulett operations of R838 million (2006 : R726 million)
- Corporate structuring transactions
  - Once-off BEE IFRS 2 cost : R320 million
  - BEE MSOP ESOP IFRS 2 cost : R13 million
  - Advisory and other transaction related costs : R50 million
  - Once-off BEE and transaction costs not tax deductible
  - Hulamin accounted for as a discontinued operation (6 months of 2007 and 12 months of 2006)
- Total net profit of R3,485 billion - includes Hulamin investment valuation gain prior to unbundling
- Headline earnings of R61 million - after structuring transaction costs and excluding Hulamin investment valuation gain
- Annual dividend 310 cents per share

# Corporate Structuring Transactions

- **Approved by shareholders and sanctioned by Court in June 2007**
  - **General Meeting : 84% of shareholders represented, with 99% voting in favour**
- **Major components**
  - **The listing and unbundling of Hulamin : completed during June 2007**
    - **Investment in Hulamin fair valued through the income statement by R3,348 billion**
    - **Unbundled as a distribution in specie to The Tongaat-Hulett Group shareholders**
  - **The 25% BEE equity participation transaction in Tongaat Hulett**
    - **18% BEE Partners : grant in June 2007**  
**: subscription for shares in July 2007**
    - **7% BEE employees ESOP and MSOP transaction**  
**: implemented in the second half of 2007**
  - **A pro rata share repurchase of 4,5% of Tongaat Hulett ordinary shares**  
**: implemented in July 2007**

# Profit from Tongaat Hulett Continuing Operations

R million	2007	2006
Developments	428	325
Starch	105	96
Sugar	307	295
Triangle dividend	53	61
Centrally accounted costs	(55)	(51)
<b>Total</b>	<b>838</b>	<b>726</b>



<b>Land and Property Developments</b>	<b>2007</b>	<b>2006</b>
<b>Operating profit (Rm)</b>	<b>428</b>	<b>325</b>
<b>Capital Profit (Rm)</b>	<b>48</b>	<b>26</b>
<b>Value of additional agricultural land with development potential</b>	<b>Increasing</b>	

- **83 hectares of developable land sold**

Umhlanga Ridgeside, RiverHorse Valley Business Estate, Bridge City, Umhlanga Ridge Town Centre, Zimbali Coastal Resort, Briardene, Izinga, Ilala and Kindlewood

- **Achieved from limited stock of unconditional developable land**

- **Growth of eThekweni / KZN North Coast**

**+ Tongaat Hulett development processes**

**→ higher prices + higher values**

<b>Starch Operations</b>	<b>2007</b>	<b>2006</b>
<b>Operating profit (Rm)</b>	<b>105</b>	<b>96</b>

- SA maize price at significant premium to international price
- International starch margins improved in the last quarter after being under pressure from sharp increases in international maize prices
- Domestic prime product sales volume growth : 6,0%
- Improving efficiencies and capacity optimisation

<b>Sugar Operations</b>	<b>2007</b>	<b>2006</b>
<b>Operating profit (Rm)</b>	<b>360</b>	<b>356</b>

- Triangle dividends of R53 million brought to account (2006: R61 million)
- Mozambique, Swaziland and Zimbabwe contributed R176 million (2006: R99 million) to operating profits
  - Xinavane mill consolidated in 2007 (2006 : R10 million operating profit included in Associate Company line)
- 2007 SA crop (604 000 tons) lowest in 12 years
  - Increased cost per ton of sugar produced
- Exports from SA : 245 000 tons (2006 : 316 000 tons)
  - Sold at effective world sugar price of 11,8 USc/lb at R7,12/US\$ (2006: 12,8 US c/lb at R6,56/US\$)
- Increased contributions from : Swaziland, Botswana, Mozambique and the Animal Feeds operations



# Other Income Statement Items

- **Finance costs**

- R119 million in 2007 (2006: R88 million income)
- Income from Hulamin finance structure in 2006, finance costs in discontinued operations segment of the income statement
- Higher interest rates in 2007

- **Tax**

- Includes STC on March 2007 dividend for Tongaat-Hulett Group
- Includes STC of R56 million on share buy-back

# Cash Flow and Balance Sheet

- Cash inflow from operations :

Cash generated	R970 million
Tax payments	- R293 million
Working capital	<u>- R175 million</u>
	<u>R502 million</u>
- Capital expenditure : R755 million
- Tongaat Hulett net borrowings : R991 million  
Net debt % equity - Consolidated balance sheet 34%
- BEE SPV's consolidated non-recourse equity settled borrowings R812 million





**SUGAR CANE  
PROCESSING**

**Increase sugar production  
Increase realizations per ton**

# Increase Sugar Production

<b>Tons Per Annum</b>	<b>2007 Production</b>	<b>2009 Capacity</b>
<b>South Africa</b>	<b>604 000</b>	<b>&gt; 1 000 000</b>
<b>Zimbabwe</b>	<b>349 000</b>	<b>&gt; 600 000</b>
<b>Mozambique</b>	<b>108 000</b>	<b>&gt; 285 000</b>
<b>Swaziland RSE</b>	<b>58 000</b>	<b>&gt; 60 000</b>
<b>Total</b>	<b>1 119 000</b>	<b>&gt; 1 945 000</b>



- Further develop expansion opportunities



# Sugar Cane Processing



## Tops and trash

- Burnt
- Left in the field
- Electricity

## Molasses

- Ethanol
  - Potable
  - Industrial
  - Fuel
- Other fermentation products
- Animal feeds

## Raw Sugar

- Refined sugar
- Ethanol
- Fructose
- Other value add products

## Bagasse

- Electricity
- Animal feeds
- Paper
- Bio-oil
- Steam
- Cellulosic ethanol
- Other value add products

# Increased Realization from Raw Sugar



## Liquid Fructose

- Start-up May 2008
- Production capacity 3 000 tons per annum





# Increase Realizations from Molasses

Production	Tons	Possible Ethanol (litres)
2007	386 000	97 000 000
2009 full milling capacity	670 000	168 000 000

## 2007

- Lowest molasses realization (Mafambisse ex works)
- Imported molasses into South Africa (3<sup>rd</sup> Party)

\$22 / ton

\$90 / ton





# Increase Realizations from Bagasse and Tops & Trash

## Power Generation

All Mills at Full Capacity using Current Technology, 67% Tops & Trash		
	In season	Out of season
Power contribution to grid	660 MW	495 MW
Price	60 c/kWh	50 c/kWh
Revenue	<b>R1,978 billion</b>	R648 million
Less : Indicative cost of coal (2007)		R278 million
Net revenue		<b>R370 million</b>
SA revenue 2007 - 5 MW - average price	R789 498 12 c/kWh	

- 660 MW power generation = saving 2 million tons coal
- CO<sup>2</sup> emissions reduced by 4,25 million tons in season
- Using emerging **Combined Cycle technology** will increase in season power generation to approximately **1 300 MW**

# Co-generation Expansion at Felixton

- **Timing**
  - Start-up 22 months after go-ahead
- **Additional capital - R220m (today's money)**

## Without Tops & Trash + Conventional Technology After Expansion

Internal consumption	20 MW
Exported to the national grid (in season)	38 MW
Exported to the national grid (out of season)	17 MW

- **Price - to be negotiated**
  - Wind power (62c – 140c per kWh)
  - Nuclear power (62c – 195c per kWh)
  - New coal power > 40c per kWh
- **Current Mauritius price for sugar cane power generator - 109c per kWh**



## Electricity Conversions

$\text{kWh} = \text{MW} \times \text{Hours of production} \times 1\,000$

Felixton :  $38,2 \times 5\,134 \times 1\,000$   
 $= 196\,118\,800 \text{ kWh}$

# Cane Expansion in South Africa

- 65% mill capacity utilisation of mills during 2007
  - Equivalent profit gap > **R205 million**
- Yields :
  - 2007 Estimate - 45+ tcp hectare
  - 2000 Actual - 64+ tcp hectare
    - 32% Gap



**Rainfall Statistics for Tongaat Hulett SA Mills**

Period	2006/2007	2007/2008
% long-term mean		
Oct – Feb	86%	96%
Oct - March	80%	?

**Land under cane supplying TH Mills (ha)**

2006	143 360
2007	140 518
2008 Estimate	145 940
2008 Net gain over 2007 ha	5 422

# Zimbabwe

**Normalised Operating profit**

**> \$100m / R760m**

**- TH share**

**> \$85m / R646m**

**TH 2007 results : Dividends**

**\$8m / R53m**

**Two major factors that impacted  
on current profitability**

- **Distorted domestic realizations**
- **349 000 tons sugar production out of 600 000 capacity**



# Zimbabwe - Distorted Domestic Pricing

- **2007 Domestic realizations**

- Domestic - parallel rate (217 000 tons at \$87 per ton): \$19m / R144m
- Regional average - (217 000 tons at > \$500 per ton) : > \$109m / R828m
- **Revenue gap on local market :** > \$90m / R684m
- Currently Zambia brown sugar : > \$600 per ton

- **2007 Export realization**

- 132 000 tons at an average of \$440 per ton \$58m / R441m

- **Latest price increase**

- Effective 8 February 2008
- 849% increase
- Raw sugar price = \$279 per ton (parallel rate)





# Zimbabwe - Sugar Production

- Milling capacity > 600 000 tons per annum
- Record year 2002
  - 580 000 tons
- 2007 - 349 000 tons
- 6 000 ha carried over to 2008
  - 72 000 tons sugar
- Major focus on increasing cane particularly from outgrowers





**XINAVANE - MOZAMBIQUE**



# EU Sugar Market

- Tongaat Hulett in base load negotiations with 5 short listed customers

EU Reference Price (€per ton)		
Season	Raw Sugar (EU)	Refined Sugar (EU)
Past 15 years to 2007	496,80	631,90
2008	448,80	541,50
2009 up to 2015	335,20	404,40

- Imports 2009 / 2010
  - LDC – 1,9 million tons
  - ACP – 1,6 million tons
- €335,2 = US\$ 22 c/lb

Forecasted Supply Balance (million tons)				
Season	Production	Imports	Exports	Demand
2005 / 2006	20,1	1,6	5,2	16,5
2007 / 2008	16,2	1,7	1,4	16,5
2009 / 2010	13,0	3,5	0	16,5



# Mozambique

## Latest Sugar Production Expectation

Tons Per Annum	2007 Actual	2008 Forecast	2009 Forecast	2009 Milling Capacity
Xinavane	67 000	80 000	180 000	204 000
Mafambisse	41 000	60 000	82 000	82 000
<b>Total</b>	<b>108 000</b>	<b>140 000</b>	<b>262 000</b>	<b>286 000</b>



- Expansions being considered
    - Ethanol / Refined sugar (Xinavane)
    - Mafambisse
      - Phase 1 - Sugar to 116 000 tons
      - Phase 2 - > 200 000 tons
- Ethanol / Sugar mix

# International Corn / Maize Prices

Currently > \$200 per ton vs Long-term average \$85- \$90 per ton

- Biofuels growth continues
- U.S. Energy Bill signed into law
  - Target 136 billion litres biofuels by 2022
  - Requires 100% of current U.S. corn output if cellulosic ethanol not successful
- Chinese demand continues to rise
  - Chinese authorities limiting industrial use
  - Preserving supplies for food applications
  - Production potential limited by land and water constraints



# Continued Upward Pressure on Starch-based Product Prices

- **>80% of World's Starch and Glucose is corn-based**
- **Main alternates**
  - **Cassava (Thailand) – increasingly used to make ethanol**
  - **Wheat (EU, Australia) – prices at extremely high levels**
- **China**
  - **Limiting production**
  - **Discouraging exports**
  - **Removed VAT rebate on Starch**
  - **Imposed an export duty**



# South African Maize Dynamics

- **Two small crops**
  - 2005/06 - 6,6 m tons due to very low plantings
  - 2006/07 - 7,1 m tons due to drought→ Prices at or near import parity
- **Expectation for a large crop in 2008**
  - Areas planted – 2,785,800 Hectares
  - Crop > 10 million tons likely→ Prices nearer to export parity from July onwards
- **Export parity at high levels due to international prices**
  - Farmers viable at these levels



# Starch and Glucose Volume Growth

- **Local market**
  - Consumption per capita < 50% of developed countries
  - Usage per capita follows GDP per capita growth
  - 6% local market growth in 2007
- **Export markets can be attractive!**
  - Local maize prices need to be close to world prices
  - Established trading network
    - **Far East and Australasian markets**
  - Capacity utilisation of existing plants increased without incremental costs



# Value Creation out of Agricultural Land Conversion





# Key elements that enable value optimisation

- Leading development skills and competencies
- Bulk / concentrated prime land ownership
- Planning partnership with eThekweni and KwaDukuza Municipalities
- Optimise pace of transition for value, in the development cycle



La Lucia Ridge : 1995



La Lucia Ridge : 2007

# Key elements that enable value optimisation (cont)

- Continue to use land up to final transition
- Minimal land holding costs / responsibilities / rates exposure
- A number of land use options
- Provides options to secure cane and maize supplies



- Opportunities for land reform process to increase both the agricultural base and development prospects



# Rising Profitability out of Land and Property Development

Year	Operating Profit (Rm)	Capital Gain (Rm)
2002	20	7
2003	90	13
2004	181	11
2005	231	5
2006	325	26
2007	428	48



# Distinction between Gross, Developable and Saleable Hectares

Gross hectares	= full title deed extent of land (e.g. including wetlands and forests)
Developable hectares	= gross extent, less undevelopable land (e.g. too steep) and environmentally sensitive areas (e.g. wetlands)
Saleable hectares	= developable area less roads, planned parks and open spaces etc.



Current focus on prime land in KZN coastal belt

14 015 Gross Hectares



8 935 Developable hectares

# Value Creation out of Agricultural Land Conversion

February 2008

- **Developments within 5 years**

(1 416 Gross Ha → 893 Developable Ha)

- Bulk transfer value of cane land

R 744m

- Expected operating profit contributions

R2 470m

- **Bulk land : developments 5 years +**

(12 599 Gross Ha → 8 042 Developable Ha)

- Current market value as agricultural land with development potential

R2 777m

- Expected operating profit

R ?



- **Money of today**

- Capital gains tax on bulk transfer value

- Globally prime coastal land shows real appreciation that exceeds the time value of money over the long-term

# Comparison to July 2007

## Changing Dynamics for Land Developers

	February 2008	July 2007
<b>Gross Hectares - total</b>	<b>14 015</b>	<b>14 057</b>
- within 5 years	<b>1 416</b>	<b>1 772</b>
- 5 years +	<b>12 599</b>	<b>12 285</b>
<b><u>Within 5 years</u></b>		
• Bulk transfer value of cane land (R million)	<b>744</b>	<b>814</b>
• Expected operating profit contributions (R million)	<b>2 470</b>	<b>2 526</b>
<b><u>5 years +</u></b>		
• Market value as agricultural land with development potential (R million)	<b>2 777</b>	<b>2 427</b>
• Expected operating profit contributions (R million)	<b>?</b>	<b>?</b>



# Bulk value of land for development : 5 years +

				Market value as bulk agricultural land with development potential	
Locality	Gross Extent (Ha's)	Developable (Ha's)	Affected by gazetted land claims (Gross Ha's) #	Value per developable Ha (Rm)	Bulk Value (Rm)
<b>eThekwini:</b>					
Izinga – future	151	121		0,42	51
Sibaya / Mdloti	676	315		0,75	237
Shongweni – future	1 936	936		0,29	271
Cornubia – future	918	633		0,36	230
Mdloti North	278	253		0,55	139
Mount Moreland	1 146	750		0,23	171
Inyaninga	1 027	635		0,24	154
La Mercy Beach	741	556		0,27	148
Dudley Pringle Dam	657	329		0,20	66
Westbrook *	340	231		0,74	170
Waterloo	764	573		0,33	191
Amanzimnyama Hill	773	618		0,19	116
<b>Sub Total</b>	<b>9 407</b>	<b>5 950</b>			<b>1 944</b>
<b>KwaDukuza:</b>					
Pencarrow (Compensation Flats)	79	62	79	0,36	22
Nonoti / Zinkwazi	630	383		0,49	189
Tinley Manor	828	571	282	0,65	373
Tugela (Thukela)	1 655	1 076		0,23	249
<b>Sub Total</b>	<b>3 192</b>	<b>2 092</b>	<b>361</b>		<b>833</b>
<b>Total Dev land 5 yrs +</b>	<b>12 599</b>	<b>8 042</b>	<b>361</b>		<b>2 777</b>

\* Tongaat Hulett's share

# Proof of ownership before 1913

# Value of land for development within 5 years

Locality	Gross Extent (Ha's)	Developable (Ha's)	Affected by gazetted land claims (Gross Ha's) #	Bulk transfer value (Rm)	Expected operating profit contribution (Rm)
<b>eThekwini:</b>					
Umhlanga Ridge Town Centre	48	38		24	186
Umhlanga Ridgeside	122	96		207	684
Izinga	90	72		31	70
Canelands	28	21		4	138
Sibaya / Mdloti	125	50		63	196
Kindlewood	53	38		2	88
RiverHorse Valley Business Estate *	2	2		1	6
Bridge City *	15	6		3	52
Shongweni (Assagay)	107	35		50	90
Cornubia	300	207		150	386
Mt Moreland / Inyaninga (La Mercy)	150	97		40	144
Other	5	4		3	22
<b>Total in eThekwini</b>	<b>1 045</b>	<b>666</b>	<b>-</b>	<b>578</b>	<b>2 062</b>
<b>KwaDukuza:</b>					
Compensation Flats	236	140	107	71	228
Zimbali West / Lakes *	135	87		95	180
<b>Total in KwaDukuza</b>	<b>371</b>	<b>227</b>	<b>107</b>	<b>166</b>	<b>408</b>
<b>Total Developed within 5 years</b>	<b>1 416</b>	<b>893</b>	<b>107</b>	<b>744</b>	<b>2 470</b>

\* Tongaat Hulett's share

# Proof of ownership before 1913

# Umhlanga Ridgeside



# Umhlanga Ridgeside

- Bulk transfer value of unsold land : R207 million
- Expected future operating profit contribution : R684 million
  - Commercial : R301 million over 3 years
  - Residential : R383 million over 5 years

**Total : R891 million**



- 96 hectares developable – magnificent sea views / M4 / N2 accessibility
- Four precincts / mixed use
- 2007
  - 12 hectares sold
  - 9 sales transactions
  - R130 million operating profit
  - R39 million capital profit / bulk transfer value
- Commercial precincts launched end 2007 – 160 000m<sup>2</sup> sold



# Cornubia

## Sought After Commercial and Industrial Location



- 840 developable hectares in total
- Within 5 years : **R536 million**
  - 207 developable hectares
  - R150 million bulk transfer value
  - R386 million expected operating profit contribution
- N2 freeway / M41 highway access / Umhlanga Ridge road link
- Integrated mixed use development
  - Commercial 500 000+ m<sup>2</sup>
  - Industrial 100 hectares
  - Residential including affordable housing (35 000+ units)

# Cornubia



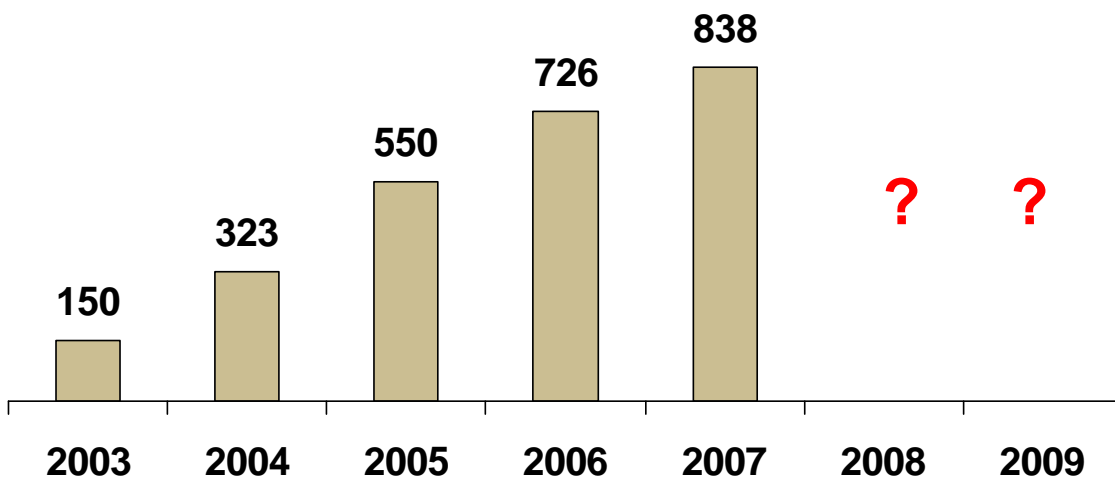


# La Mercy Airport, Tongaat



# Conclusion

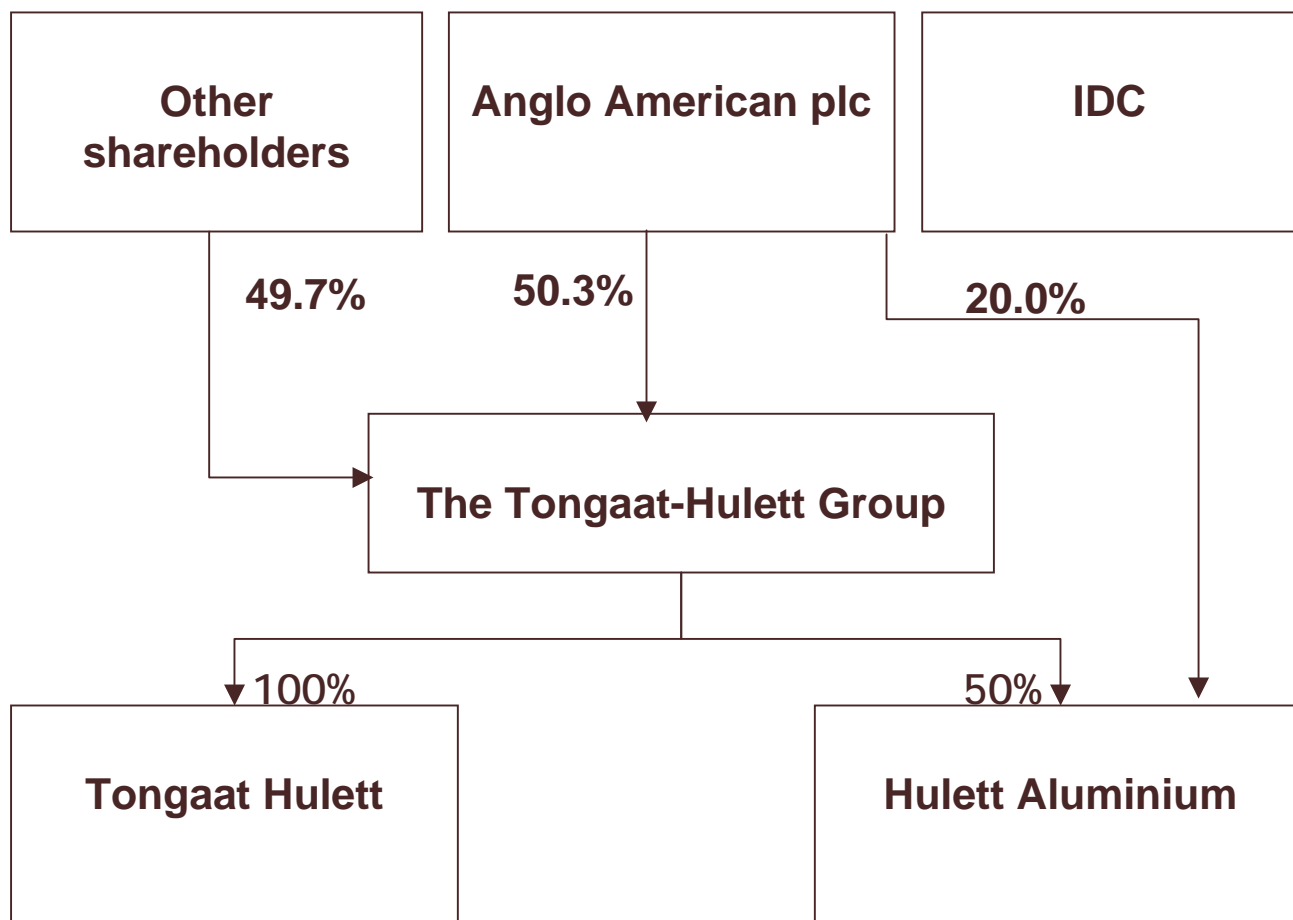
**Profit from Continuing Operations  
(R's million)**



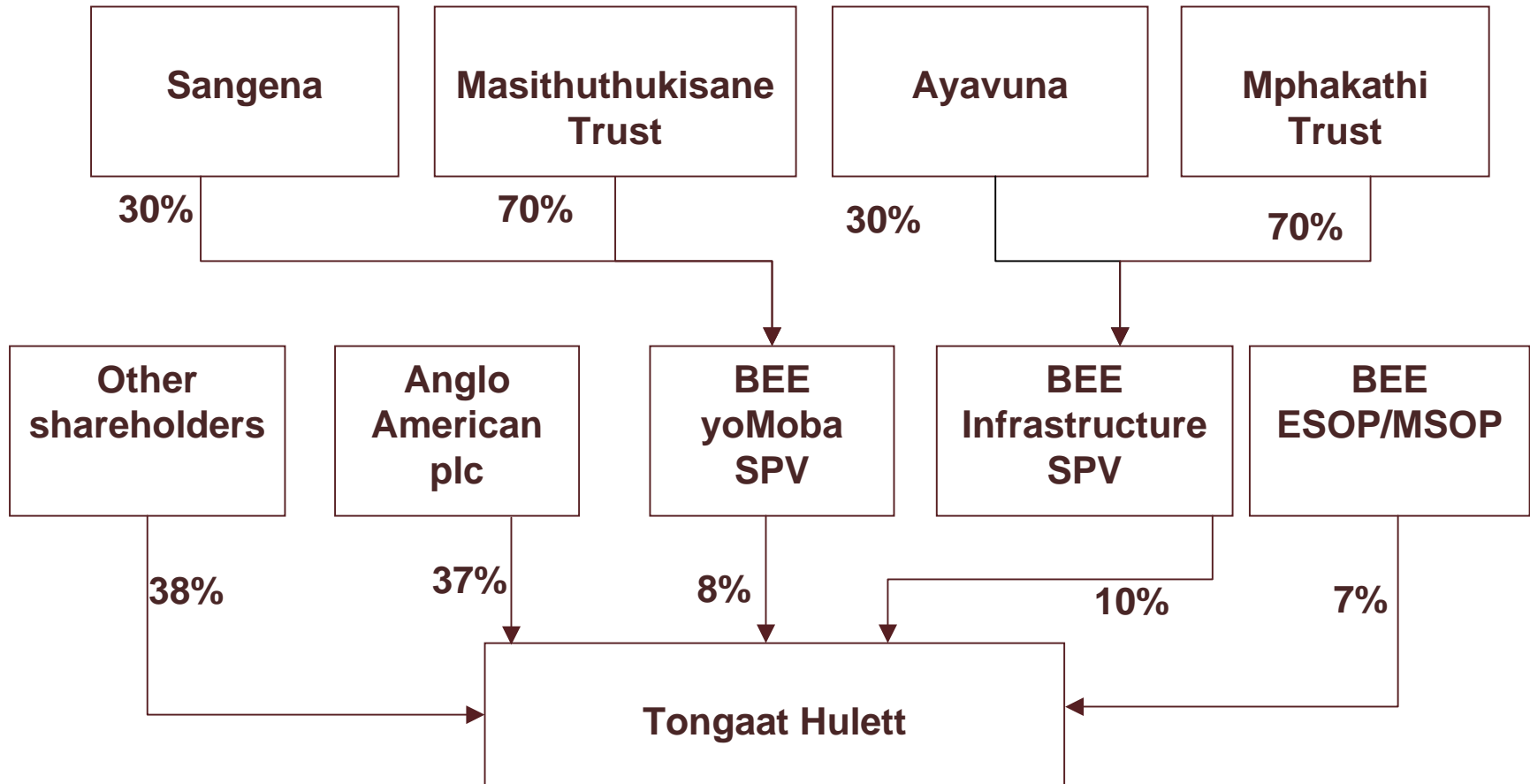


# ADDITIONAL INFORMATION

# Previous Group Structure



# New Tongaat Hulett Structure



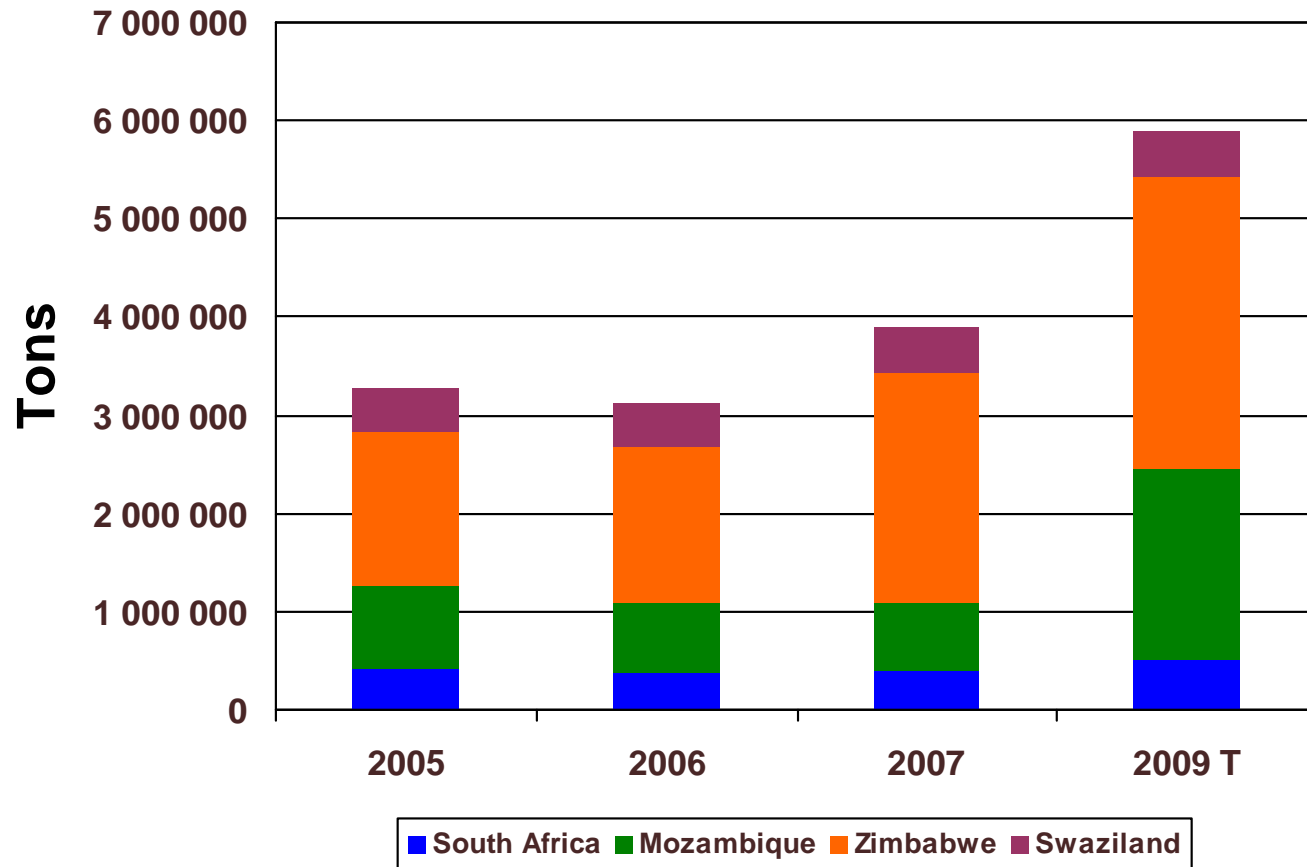
# Sugar Production

<b>Tons '000</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>South Africa</b>	<b>969</b>	<b>755</b>	<b>860</b>	<b>652</b>	<b>723</b>	<b>753</b>	<b>666</b>	<b>604</b>
<b>Mozambique</b>	<b>39</b>	<b>36</b>	<b>71</b>	<b>82</b>	<b>85</b>	<b>115</b>	<b>106</b>	<b>108</b>
<b>Swaziland RSE</b>	<b>41</b>	<b>45</b>	<b>50</b>	<b>54</b>	<b>50</b>	<b>56</b>	<b>55</b>	<b>58</b>
<b>Zimbabwe *</b>	<b>282</b>	<b>264</b>	<b>296</b>	<b>264</b>	<b>222</b>	<b>236</b>	<b>240</b>	<b>349</b>
<b>Total</b>	<b>1 331</b>	<b>1 100</b>	<b>1 277</b>	<b>1 052</b>	<b>1 080</b>	<b>1 160</b>	<b>1 067</b>	<b>1 119</b>
<b>Capacity</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 785</b>
<b>% of Capacity</b>	<b>89%</b>	<b>73%</b>	<b>85%</b>	<b>70%</b>	<b>72%</b>	<b>77%</b>	<b>71%</b>	<b>63%</b>

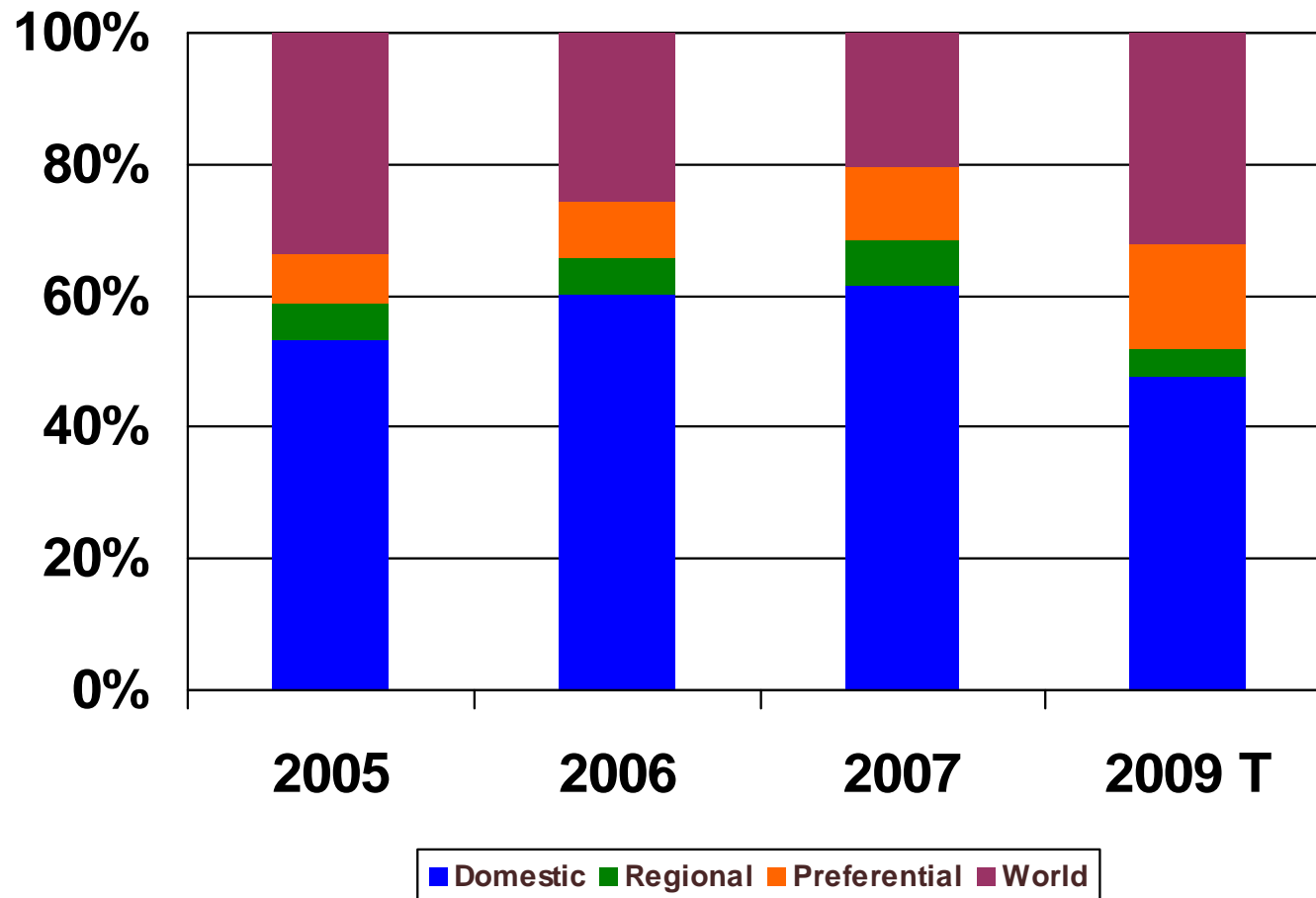
**\* Triangle only up to 2006**



# TH Miller Cum Planter Cane Production



## TH Crop Disposition

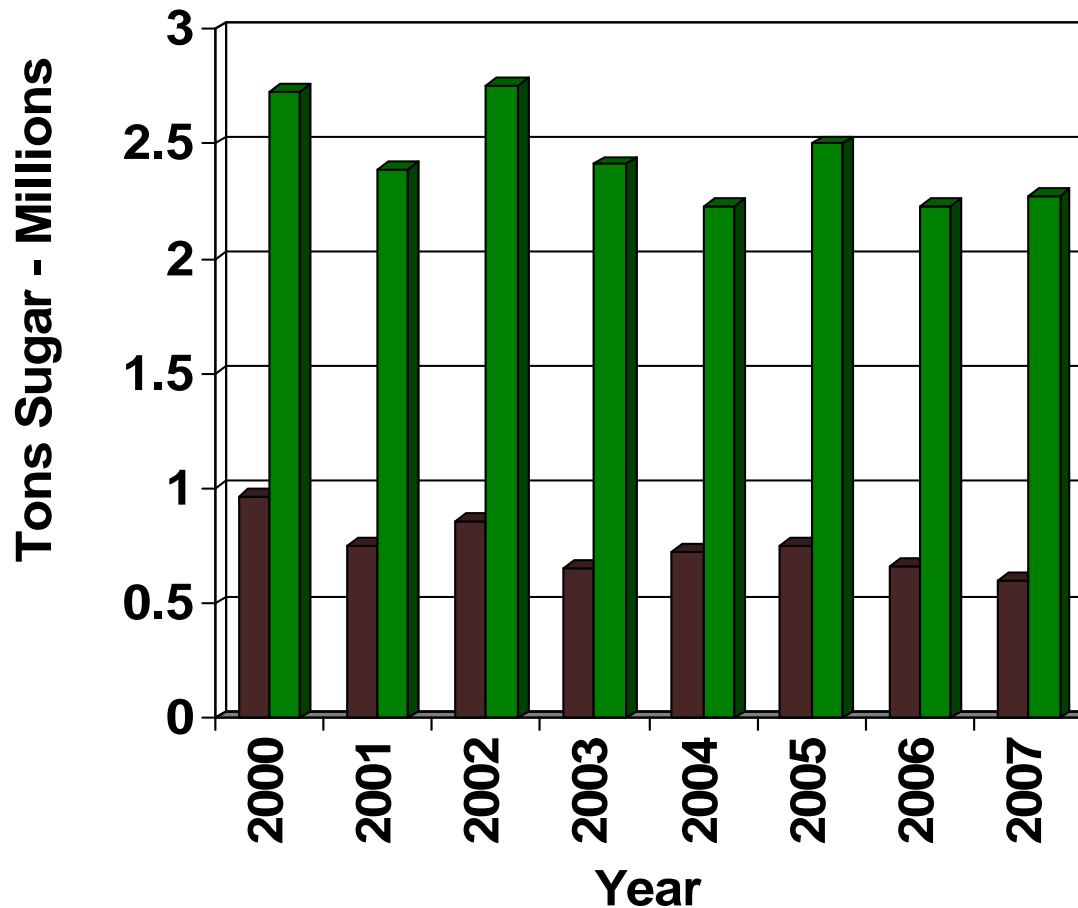


# Hectares under Cane

	<b>Tongaat Hulett</b>	<b>Outgrowers</b>	<b>Total</b>
<b>South Africa (2008)</b>	<b>10 401</b>	<b>135 539</b>	<b>145 940</b>
<b>Mozambique (2009)</b>	<b>21 411</b>	<b>3 200</b>	<b>24 611</b>
<b>Zimbabwe (current)</b>	<b>30 055</b>	<b>16 279</b>	<b>46 334</b>
<b>Swaziland (current)</b>	<b>3 818</b>	<b>-</b>	<b>3 818</b>
<b>TOTAL</b>	<b>65 685</b>	<b>154 334</b>	<b>220 019</b>

- To date 11 700 hectares transferred to new black farmers in South Africa

# Sugar Production - SA



Industry: 2 273 000 tons  
TSH: 604 000 tons  
Share of industry 26,6%  
(2006: 29,9%)

■ TSH  
■ Industry

Share of industry affected by

- Poor rainfall in Northern KZN
- No impact on compitor irrigated land



## Total Volumes – THS (SA)

<b>Tons sugar</b>	<b>FY 2007</b>	<b>FY 2006</b>
<b>Opening stock</b>	<b>226 120</b>	<b>282 560</b>
<b>Production</b>	<b>604 313</b>	<b>665 978</b>
<b>Prior season adjustment</b>	<b>(459)</b>	<b>(203)</b>
<b>Sugar purchased in</b>	<b>82 367</b>	<b>63 153</b>
<b>Sales</b>	<b>(705 848)</b>	<b>(785 368)</b>
<b>Closing Stock</b>	<b>206 493</b>	<b>226 120</b>

## Local Market Volumes – THS (SA)

<b>Tons sugar</b>	<b>FY 2007</b>	<b>FY 2006</b>
<b>Opening stock</b>	<b>150 243</b>	<b>156 010</b>
<b>Production</b>	<b>372 122</b>	<b>400 345</b>
<b>Prior season adjustment</b>	<b>85</b>	<b>(1)</b>
<b>Sugar purchased in</b>	<b>82 367</b>	<b>63 153</b>
<b>Sales</b>	<b>(460 420)</b>	<b>(469 264)</b>
<b>Closing Stock</b>	<b>144 397</b>	<b>150 243</b>

# Export Volumes – THS SA

<b>Tons sugar</b>	<b>FY 2007</b>	<b>FY 2006</b>
<b>Opening stock</b>	<b>75 877</b>	<b>126 550</b>
<b>Production</b>	<b>232 191</b>	<b>265 633</b>
<b>Prior season adjustment</b>	<b>(544)</b>	<b>(202)</b>
<b>Sales</b>	<b>(245 428)</b>	<b>(316 104)</b>
<b>Closing stock</b>	<b>62 096</b>	<b>75 877</b>

# Raw Export Realizations: South Africa

Raw Sugar	FY 2007	FY 2006
Price in US c/lb*	11,77	12,81
Average Rand/US\$ realisation	R7,12	R6,56
Average Rand realisations per ton	R1 944	R1 999

- Table includes raw sugar for refined exports
- \* Excludes preferential markets and premiums

# Sunsweet (Brown) Price Statistics – 2007 (Zimbabwe)

Month	Z\$ Price/ton	Parallel Rate	US\$ Equiv/ton
January	491,000	5,000	98
February	1,373,000	6,000	229
March	1,373,000	20,000	69
April	5,184,200	38,000	136
May	5,184,200	60,000	86
June	13,368,240	140,000	95
July	13,368,240	180,000	74
August	32,675,320	200,000	163
September	32,675,320	500,000	65
October	100,533,900	1,500,000	67
November	100,533,900	3,240,000	31
December	329,734,868	6,000,000	55



# Raw Sugar Price Statistics – 2007 (Zimbabwe)

Month	Z\$ Price/ton	Parallel Rate	US\$ Equiv/ton
January	328,438	5,000	66
February	918,856	6,000	153
March	918,856	20,000	46
April	3,467,800	38,000	91
May	3,467,800	60,000	58
June	8,943,560	140,000	64
July	8,943,560	180,000	50
August	21,814,550	200,000	109
September	21,814,550	500,000	44
October	67,725,846	1,500,000	45
November	67,725,846	3,240,000	21
December	220,601,521	6,000,000	37

# Refined Sugar Price Statistics – 2007 (Zimbabwe)

Month	Z\$ Price/ton	Parallel Rate	US\$ Equiv/ton
January	566,500	5,000	113
February	1,585,000	6,000	264
March	1,585,000	20,000	79
April	5,875,000	38,000	155
May	5,875,000	60,000	98
June	15,150,000	140,000	108
July	15,150,000	180,000	84
August	37,031,460	200,000	185
September	37,031,460	500,000	74
October	113,935,900	1,500,000	76
November	113,935,900	3,240,000	35
December	373,691,290	6,000,000	62

# LDC Countries

- 50 LDC countries
- 22 sugar producing LDC countries
- Total production 2,5 million tons
- Countries that have exported into EU
  - Ethiopia                      Tanzania                      Togo                      Senegal
  - Nepal                          Malawi                      Mozambique              Zambia
  - Sierra Leone                Sudan                      Congo                      Benin
- LDC criteria
  - Gross national income per capita < US\$750
  - Human asset index based on nutrition, health, education & adult literacy
  - Economic vulnerability - 5 indicators
  - Population < 75 million

# SA Regulatory Framework

- Sugar Act of 1978 and Sugar Industry Agreement of 2000 under review by DTI
- Need for ongoing regulation accepted by DTI
- Any changes implemented by 1 April 2009 earliest
- Growers and Millers at odds on
  - Default cane price formula
    - Definition of net actual price for Division of Proceeds purposes
    - Industrial rebates
  - Structure of industry – horizontal vs vertical
  - Provision in sugar industry legislation for production of bio ethanol and co-generation of electricity

# 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
- Speciality sugars and high intensity sweeteners in South Africa
- Alcohol production in Zimbabwe
- Technology and royalty revenue in South Africa
- Co-generation of electricity in South Africa and Zimbabwe



# Impact of Gap between SA and International Maize Price

## Possible Operating Profit Swing > R300 million per annum

International maize and cassava prices increase



World starch & glucose price increase (4-6 month lag)



Local starch & glucose prices increase



Good local maize crop



SA maize prices move towards export parity



Gap between SA maize price & international price decreases



Competitive raw material position

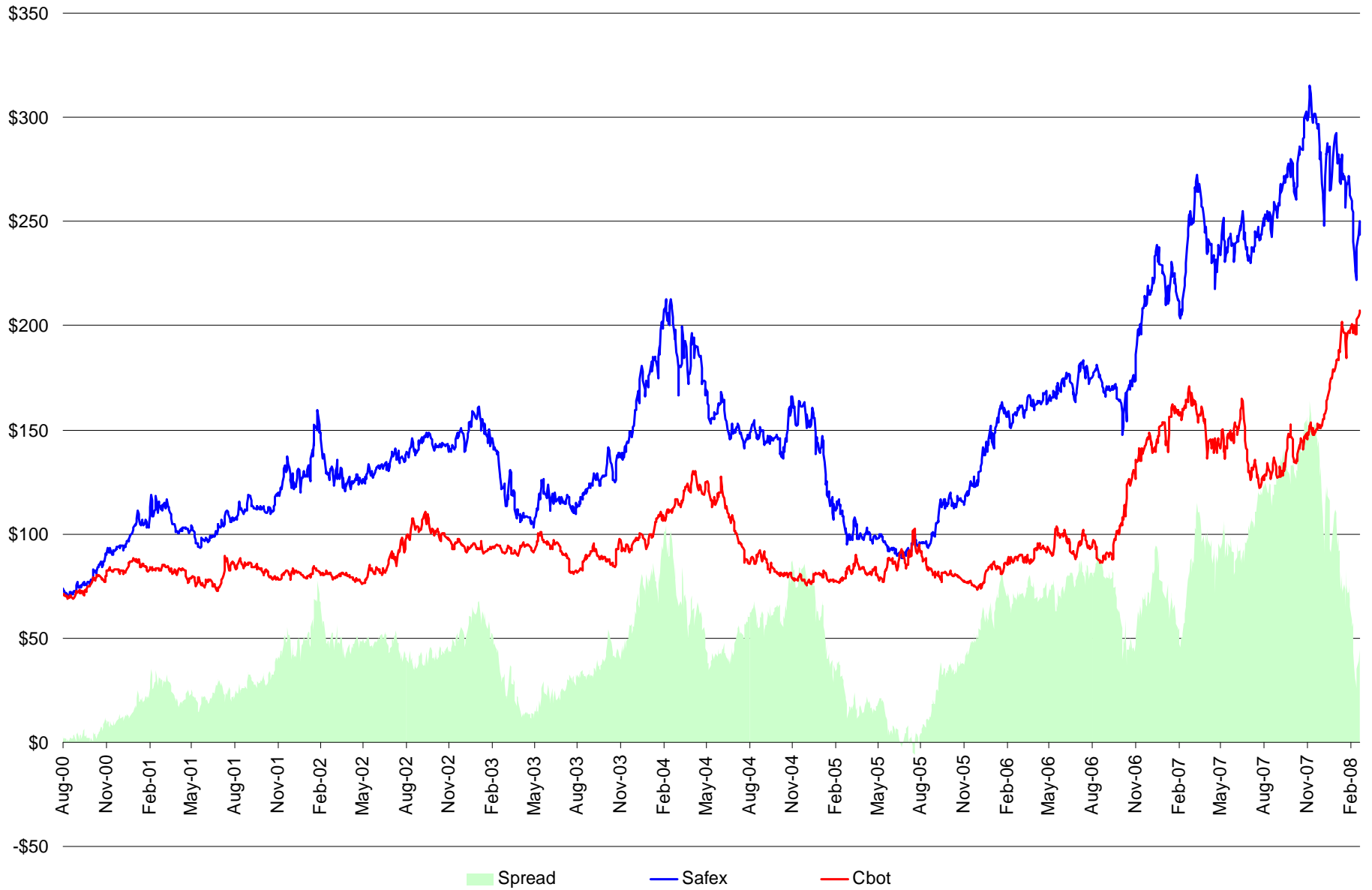
Improved margins



# Starch Operations Financial Data

R millions	FY 2007	FY 2006
Revenue:	1 684	1 320
Domestic	1 302	1 038
Exports	62	74
Co-Products	320	207
Operating Profit	105	96

Maize: Safex vs CBOT



# Volume Data

Volume (tons)	FY 2007	FY 2006
Local Starch	95 731	91 706
Local Glucose	332 302	312 144
Total Local	428 033	403 850
Export Starch	14 010	14 307
Export Glucose	6 849	13 344
Total Exports	20 798	27 685
Co-Products	153 525	141 632
Total	602 356	573 133

# Co-product Pricing

Co-product	Price movement 2007 on 2006	Major price drivers
Germ	Up 59,4%	50%: International edible oil price 50%: Local maize
Gluten-60	Up 12,8%	International protein (Soya, fishmeal) prices
Gluten-20	Up 57,2%	Local maize price



# Umhlanga Ridge Town Centre (within 5 years)

- Bulk transfer value of unsold land : R24 million
- Expected future operating profit contribution : R186 million **Total : R210 million**
  - Commercial : R86 million
  - Residential : R100 million



- 38 developable hectares unsold
- N2 / M4 accessibility
- Gateway catalyst
- Parkside/Northward expansion
  - good market response
- Residential precincts launch 2008



# Sibaya – Mdloti (within 5 years)

- Bulk transfer value of unsold land : R63 million
- Expected future operating profit contribution:
  - within next 5 years : R196 million

**Total : R259 million**



- 50 developable hectares
- Beach and river frontage
- N2 / M4 excellent access
- Includes 5 hotel sites
- R800 million Afrisun Sibaya Entertainment World catalyst / including two hotels
- EIA / planning approval for entire node - H2 2008



# Zimbali West / Lakes



- Relocated M4 has improved access
- 7-star Fairmont Hotel and Gary Player Zimbali Lakes golf course to commence 2008
- Zimbali Lakes launch 2008



# Izinga – Umhlanga Ridge



- First phase successfully sold out
- Prime location – convenience of Umhlanga Ridge
- Suburban lifestyle and inland views
- 193 developable hectares

*Izinga*



# Kindlewood



- 550 unit gated estate without golf / adjacent Mt Edgecombe Country Club Estates
- Single residential / cluster housing mix
- Development rights secured December 2006
- Excellent market response



# Bridge City

## PPP with eThekwin Municipality



- Significant mixed-use town centre development
- Strong support from National, Provincial and Local Government
- Major rail link
- Government hospital, magistrates court and shopping centre sites sold
- Regional shopping center under construction



# RiverHorse Valley Business Estate

## PPP with eThekweni Municipality



- 110 hectares developed
- Environmental rehabilitation
- Bridging historically divided city / straddling N2 at Effingham
- eThekweni Municipality's Queen Nandi Drive link road access (R250 million)
- Sold out



# Shongweni



- 971 developable hectares
- North & South of N3 / M13 Shongweni interchanges / great accessibility
- Potential PPP for infrastructural delivery
- Mixed use development (major retail, offices, residential, service industrial, intensive agriculture)
- Mixed density niche residential developments / equestrian
- Conservation and recreation potential
- 1st phase planning approvals - residential development launch early 2009
- Next 5 years – Assagay Valley 107 hectares



# Tinley Manor



- 571 developable hectares new resort node
- Coastal fronting / North and South bank of Mhlali River
- N2 access
- 5 000 potential units (processing EIA and zoning)
- Hotel, Residential and Retail
- Golf course, small craft harbour potential
- Future opportunities 5+ years



# Zinkwazi / Thukela



- 1459 developable hectares
- N2 access
- Coastal fronting
- Between Nonoti and Thukela Rivers
- Future opportunities 5+ years



 *Tongaat Hulett*

*FEBRUARY 2008*