Tongaat Hulett

NOVEMBER 2013

Sugar Operations

- Milling capacity > 2,1 million tons
- 8 Sugar mills
- Leading brands
- 6 Countries

Markets / Prices / Brands

Multiple actions underway to ensure best possible outcomes for sugar prices, brand strength, combatting import competition and the mix of sugar flow destinations

Key areas

- Unsustainably low international prices
- EU market going forward
- Imports and protection

Growing Sugar Production

> 2,1 million Tons from Existing Capacity

Tons Raw Sugar	2003/04 Actual	2011/12 Actual	2012/13 Actual	2013/14 November Estimate
South Africa	**652 000**	**486 000 (7%)**	**486 000**	**605 000 - 620 000 (25%)**
Zimbabwe	**507 000**	**372 000 (12%)**	**475 000 (28%)**	**460 000 - 478 000**
Hippo	**243 000**	**170 000 (30%)**	**228 000 (34%)**	
Triangle	**264 000**	**202 000**	**247 000 (22%)**	
Mozambique	**82 000**	**233 000 (42%)**	**235 000**	**245 000 - 252 000**
Mafambisse		**63 000 (40%)**	**60 000**	
Xinavane		**170 000 (43%)**	**175 000**	
Swaziland RSE	**54 000**	**59 000 (9%)**	**58 000**	**56 000 - 58 000**
Total	**1 295 000**	**1 150 000**	**1 254 000**	**1 366 000 - 1 408 000**
Growth (year on year)		**144 000 (14%)**	**104 000 (9%)**	**112 000 (9%) - 154 000 (12%)**

- **Cost of new sugar production capacity: R5,6 billion for 200 000 tons - agriculture, infrastructure and mill (limited power generation)**
  - **R3,8 billion required for mill**
  - **Tongaat Hulett unutilised milling capacity > R13,3 billion (replacement value for 700 000 tons)**

Costs

- **Overheads - 90% fixed**
- **Milling costs - 80% to 85% fixed**
- **Agriculture - 90% fixed per hectare**

RSE - Raw Sugar Equivalent

Hectares Under Cane

Zimbabwe and Mozambique 2013/14 versus 2012/13

- **Zimbabwe (Miller cum planter)**
  - **Down 734 hectares**
- **Mozambique (Miller cum planter and private farmers)**
  - **Up 558 hectares**
  - **Additional 1 945 hectares required to reach milling capacity**

South Africa – Hectares Milled versus Previous Years				
2011/12 versus 2007/08	2012/13 versus 2011/12	2013/14 versus 2012/13	2014/15 versus 2013/14	2015/16 versus 2014/15
(9 858) hectares	**+ 4 822 hectares**	**+ 5 662 hectares**	**+ 11 177 hectares**	**+ 7 901 hectares**

Cost Reduction

> R5 billion Goods and Services Costs

Variable component of Salaries and Wages

Targeted Costs - 2013/14 versus 2012/13*	Lower versus previous year	
	US$/Metical	Rand
Zimbabwe - Total operations (US$)	**$29 million**	**R290 million**
Mozambique - Total operations (Metical)	**Mt 146 million**	**R49 million**
South Africa - Milling operations (Rand) **25% growth in sugar production - 2013/14**		**R24 million**

Exclude costs related to

- **Root replant**
- **Capital expenditure**
- **Cane procurement**
- **Mill off-crop costs**

- **Wage and Salaries increases in 2013/14**
  - **Zimbabwe - 6,66% and 4,5%**
  - **Mozambique - 9,04% and 8,0%**
  - **South Africa - 8,41% and 7,5%**

Key cost increases - Rands

- **Fuel 11%**
- **Coal 9%**

*** Money of the day**

Off-crop: Milling Costs

- **Seasonal milling costs**
  - **Costs incurred from April to mill shutdown (normally November/December)**
  - **Costs include all expenses associated with running the mill**
  - **Costs expensed in the current financial year**
- **Off-crop costs**
  - **Costs incurred from mill shutdown to March of the following year**
  - **Costs expensed in the following financial year**

Off crop compared to previous year *	Expensed in 2013/14 incurred in 2012/13	To be expensed in 2014/15 To be incurred in 2013/14
Zimbabwe	**+ R22 million**	**- R20 million**
Mozambique	**- R6 million**	**- R43 million**
South Africa	**+ R48 million**	**- R26 million**

Renewable Energy - Electricity and Ethanol

Electricity

- Currently produce 52 MW at 4 Tongaat Hulett South African sugar mills
- Ability to produce between 320 MW - 360 MW at South African mills
  - Capital cost: > R4 billion per mill project
  - Innovative financing options of "Power Island"
- Expecting formal bid - early 2014
- Ready to make unconditional bid for 1 plant

Ethanol

- South African fuel market - 12 billion litres petrol per annum
- Convert SA industry export sugar to ethanol
  - 5% blend
  - 600 million litres of ethanol per annum
- Tongaat Hulett opportunity (convert 1 of 4 mills to ethanol)
  - Investment: R1 billion
  - Produce approximately 125 million litres per annum
- Support mechanism for ethanol production from sugarcane is being developed

FINANCIAL RESULTS

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2013

Financial Results

R million	6 months to 30 Sept 2013	6 months to 30 Sept 2012	% Change
Revenue	**7 854**	**7 398**	**+ 6,2%**
Operating Profit	**1 381**	**1 290**	**+ 7,1%**
Operating Cash Flow before Working Capital	**2 402**	**1 794**	**+ 33,9%**
Cash Flow before Dividends	**(450)**	**(455)**	**+ 1,1%**
Headline Earnings	**663**	**655**	**+ 1,2%**
Interim Dividend (Scrip/Cash Alternative)	**150 cents**	**150 cents**	**-**

Tongaat Hulett	Operating Profit		Revenue	
R million	6 months to 30 Sept 2013	6 months to 30 Sept 2012	6 months to 30 Sept 2013	6 months to 30 Sept 2012
Sugar				
Zimbabwe	232	435	1 324	1 633
Swaziland	53	41	173	135
Mozambique	151	270	1 402	1 286
SA agriculture, milling, refining and downstream value added activities	248	221	2 740	2 513
Sugar operations - total	684	967	5 639	5 567
Starch operations	232	147	1 594	1 401
Land Conversion and Developments	512	246	621	430
Centrally accounted and consolidation items	(47)	(70)	-	-
Total	1 381	1 290	7 854	7 398

Sugar Financial Results

Impacting factors in H1 of 2013/14

- Increasing sugar production
- Sugar market - prices and imports
- Reducing costs
- Cane valuations
  - Negative impact - mainly sugar prices: effect on standing cane valuations
- Exchange rates
  - Export proceeds
  - Earnings conversion on consolidation
  - R/$ input cost pressure : while sugar price lower in US$

Growing Crops - Change in Fair Value: H1 2013/14

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

R million	2013/14 H1	2012/13 H1
Roots	- 40	172
Standing cane	- 733	- 407
Change in fair value	- 773	- 235

R million	2013/14 H1	2012/13 H1
South Africa	47	40
Swaziland	- 33	- 21
Zimbabwe	- 410	- 110
Mozambique	- 377	- 144
Change in fair value	- 773	- 235

- 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 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

Starch Operations

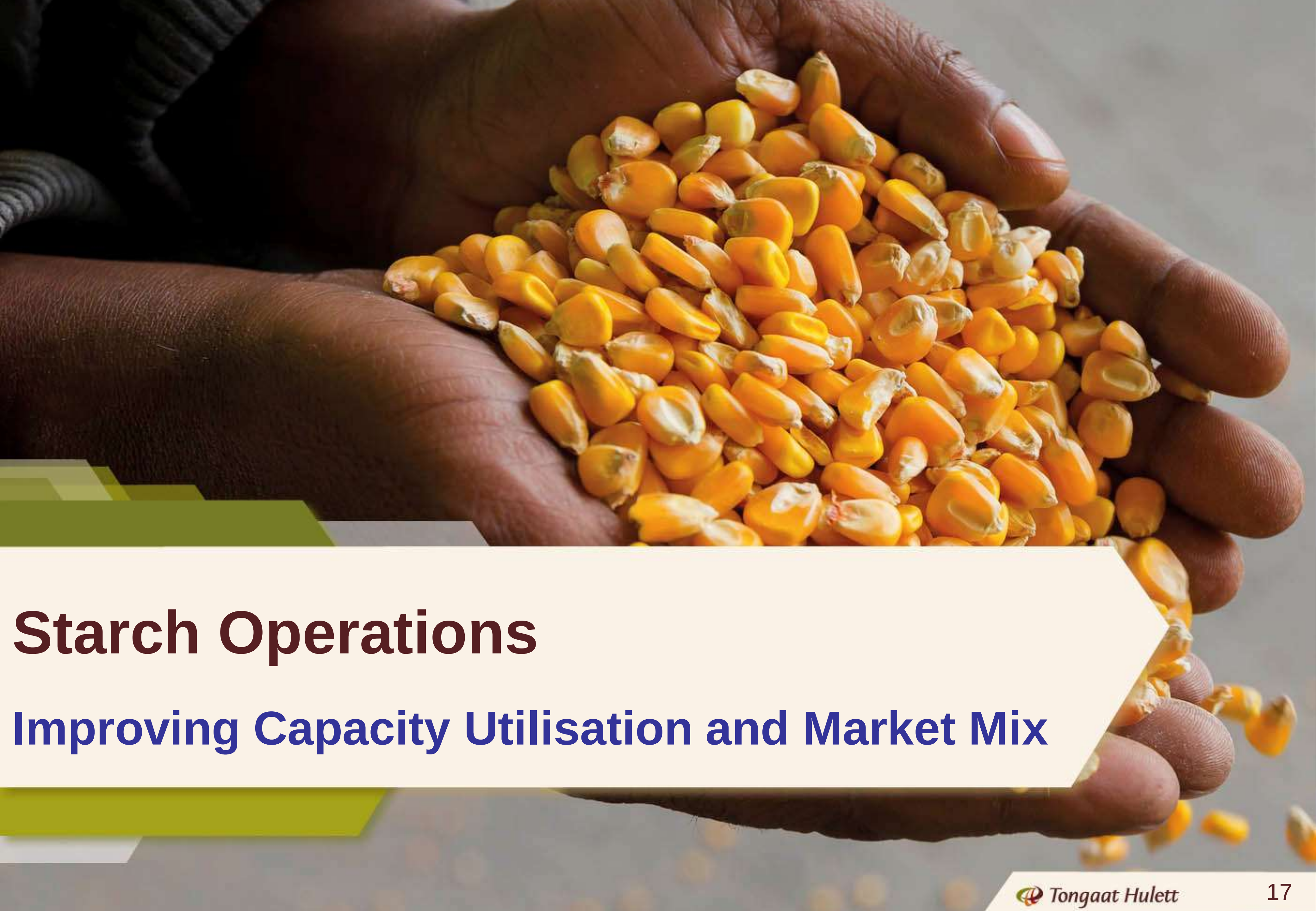
- Operating profit: R232 million (2012: R147 million)
- Improved processing margins
  - Competitive local maize costs
  - Good co-product realisations
  - Favourable exchange rates
- Total sales volumes grew by 5%
  - Increased export sales
  - Growth in alcoholic beverage and coffee/creamer sectors
  - Improved plant performance

Land Conversion and Developments

- Operating profit: R512 million (2012: R246 million)
  - Includes capital profit: R46 million (2012: R2 million)
- Revenue generated from 174 developable hectares sold
  - Sale of land to Dube Tradeport
    - 151 developable hectares
    - R350 million profit
  - Umhlanga Ridgeside
    - Highest price thus far per square meter
      → R34 million net cash profit per developable hectare
  - Umhlanga New Town Centre, Izinga, Kindlewood, Cornubia

Cash Flow: H1 2013/14

R million	6 months 2013/14	6 months 2012/13	
Operating profit	+ 1 381	+ 1 288	Includes all agricultural costs
Growing crop fair value adjustment	+ 773	+ 235	As per income statement
Root planting costs (direct planting, excluding other agricultural costs) charged to operating profit	+ 67	+ 337	Included below #
Other non-cash items	+ 248	+ 271	Includes depreciation etc.
→	+ 2 469	+ 2 131	R338 million improvement
Working capital	- 2 075	- 1 390	Inventories
Capital expenditure - plant, equipment, other capital	- 299	- 495	Consciously restricted
Root planting costs	- 106	- 373	Includes operating costs above # and capex items
	- 11	- 127	
Interest and tax	- 439	- 328	
Net cash flow before dividends	- 450	- 455	



Starch Operations

Improving Capacity Utilisation and Market Mix

Starch and Glucose

Lower international prices due to record US corn crop

- Local maize prices trading close to US price for new season
- Initial planting intentions for new season 3,46% below prior season

Operations

- Increased exports and growth in grind of 6,5% in H1 - 2013/14
- Significant improvements in steam generation efficiency
- Ongoing improvements in protein recoveries

Expanding product range and downstream capacity

- Commercialisation of modified starches commenced in September 2013
- Coffee/coffee creamer expansion
    - 16% growth in the sector for the current year
    - Further 10% growth via efficiency gains over the next two years
    - New capital project (R80 million): additional 56% capacity in H2 - 2015

Land Conversion and Developments

Gaining Momentum - High Expectations

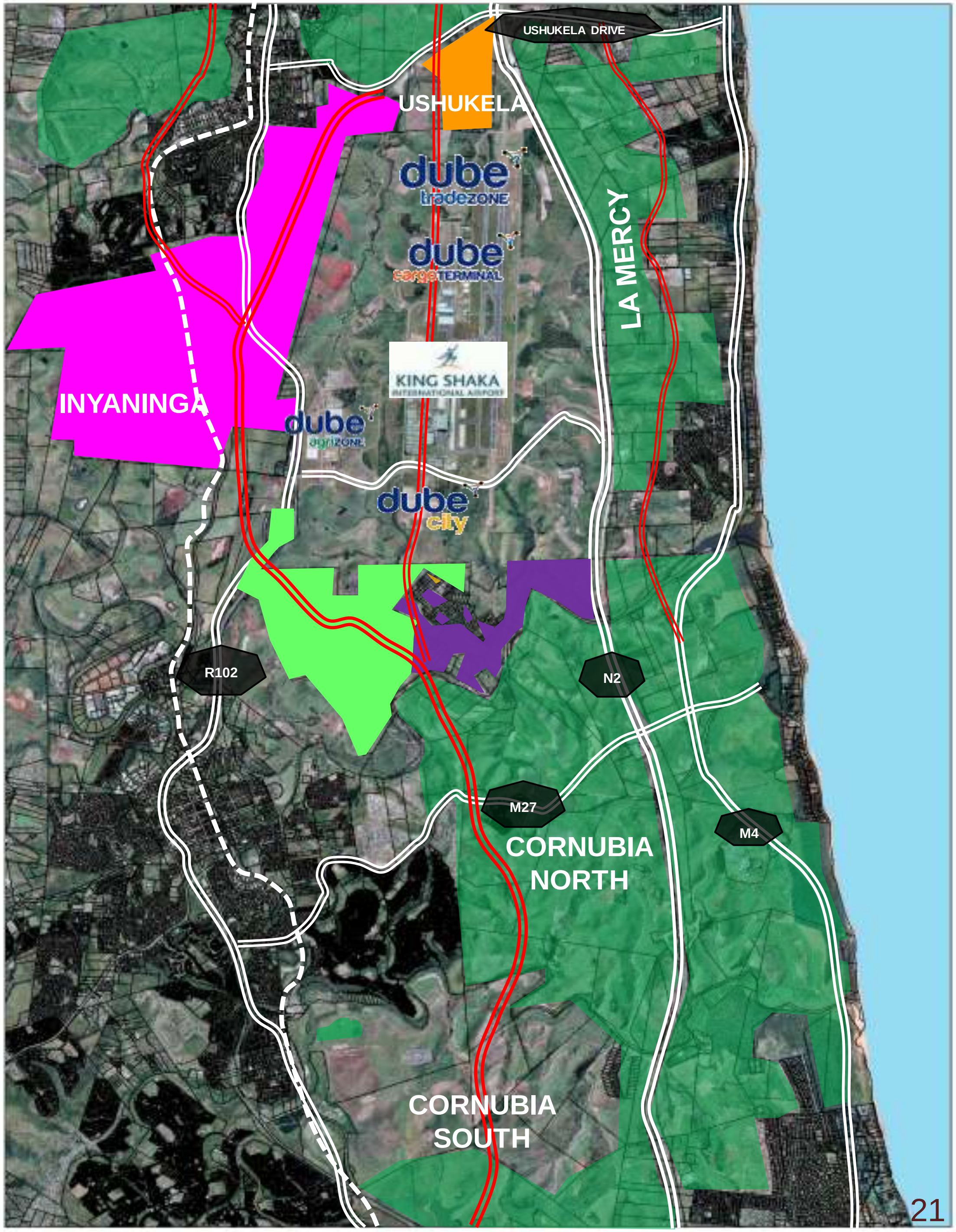
Hectares Targeted for Development in South Africa

- Some 8 300 developable hectares (13 100 gross hectares) still to be sold *
  - Urban expansion: Durban to Ballito - 4 700 developable (7 300 gross)
  - Urban expansion to the West of Durban - 1 100 developable (2 050 gross)
  - Coastal North of Ballito - 2 500 developable (3 750 gross)
- 467 developable hectares of "shovel ready" land available
  - 151 developable hectares in 2005
  - > R3 billion indicative cash realisations to come from these land sales
- Additional 1 387 developable hectares well advanced to become "shovel ready"

* 30 September 2013

Aerotropolis

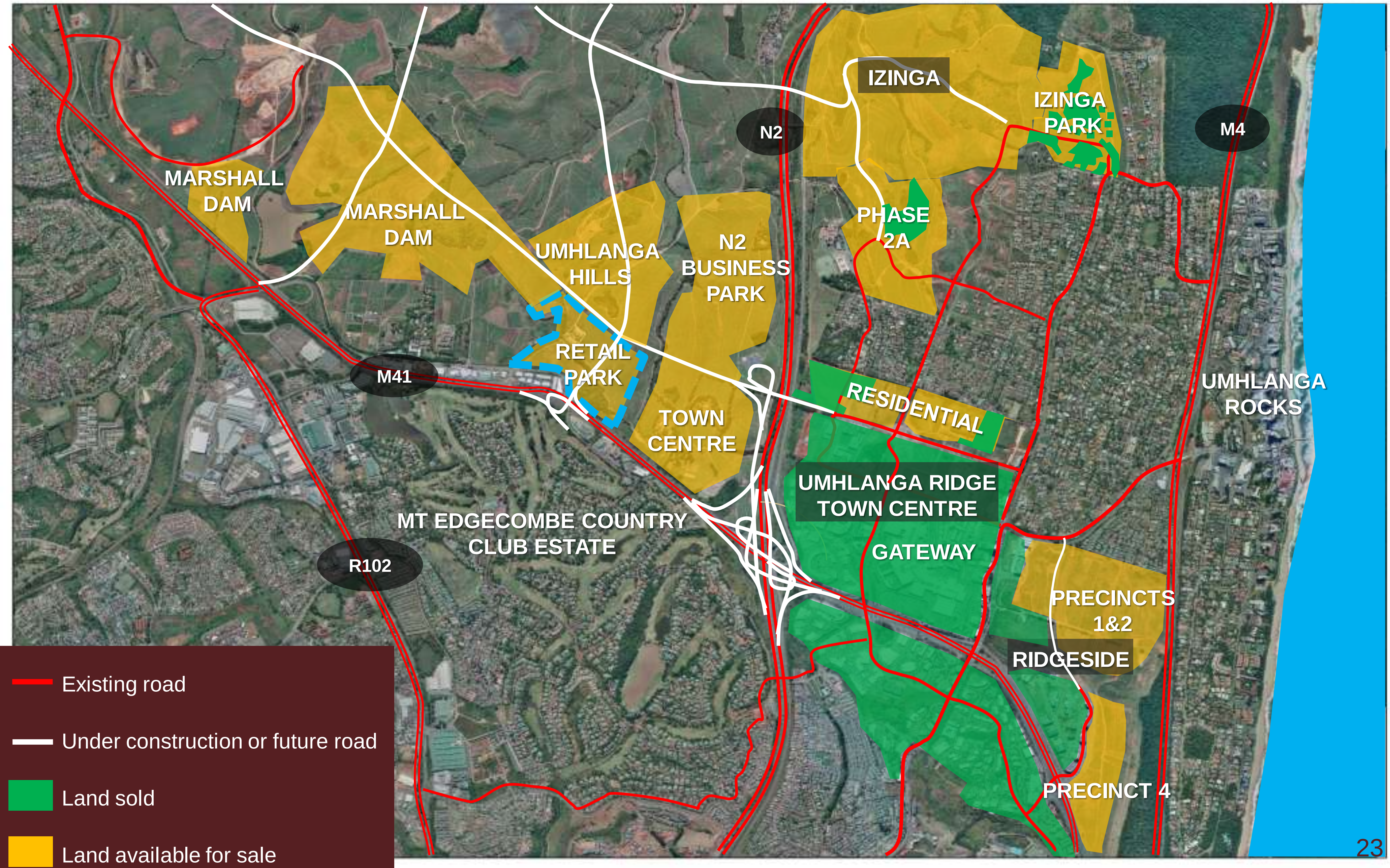
- Sale to DubeTradeport
  - R350 million "cash profit"
  - R2,32 million per developable hectare
  - 328 gross (151 developable) hectares
- Option for DTP to acquire an additional 161 gross hectares
  - Option expires end January 2014
- Inyaninga
  - 707 gross (550 developable) hectares
- UShukela
  - 83 gross (49 developable) hectares
- Significant construction progress
  - TradeZone Link road to uShukela Drive - to be complete by mid 2014



Sibaya Nodes 1 & 5

- “Shovel ready” on 125 developable hectares
- Node 4 EIA well advanced (further 103 developable hectares)

Greater Umhlanga Area



Izinga

- > R99 million sales (H1 - 2013/14)
- Sales constrained due to construction
- Sell out Izinga Park in 2013/14 financial year?

Ridgeside

Future Precinct 4
Sold Precinct 3
Precinct 2
Remainder of Precinct 1
Sold Precinct 1

Ridgeside - A Unique Opportunity

- Remainder of precinct 1 and precinct 2
  - 42 developable hectares or 485 000 m^2
  - Above ground development expected to exceed R12 billion
  - Single purchaser or consortium

Additional Information

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	12/13
South Africa	977	762	868	659	731	760	674	612	652	573	455	486	486
Mozambique	39	36	71	82	85	115	106	108	108	134	164	233	235
Swaziland RSE	41	45	50	54	50	56	55	58	56	54	54	59	58
Zimbabwe *	547	509	578	507	422	430	451	349	298	259	333	372	475
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
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
% of Capacity	88%	74%	86%	72%	71%	75%	71%	62%	61%	50%	50%	57%	60%

* Hippo Valley acquired in December 2006. Production for Hippo included from the 2000/01 season

World Sugar Market

'000 Tons	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Sugarcane and Beet Production	**171 292**	**151 134**	**156 008**	**168 024**	**178 872**	**185 201**	**182 564**
Consumption	**162 823**	**165 029**	**166 583**	**168 194**	**171 235**	**174 395**	**177 860**
Surplus/(Deficit)	**8 469**	**(13 895)**	**(10 575)**	**(170)**	**7 637**	**10 806**	**4 704**

South Africa

New Plantings and Net Gain in Hectares

South Africa	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Target 2013/14 # (Nov 2013)	2014/15	2015/16
Small scale farmers	**1 636**	**3 689**	**4 411**	**4 297**	**4 043**		
Commercial and medium scale farmers	**630**	**371**	**1 831**	**1 884**	**670**		
Tongaat Hulett leased land	**1 824**	**1 546**	**2 445**	**5 373**	**3 308**		
Total	**4 090**	**5 606**	**8 687**	**11 554**	**8 021***		
Cumulative new plantings since 2009/10 - milling of this cane commenced in 2011/12			**4 090**	**9 696**	**18 383**	**29 937**	**37 958**
Cumulative net cane losses since 2007/08			**(13 948)**	**(14 732)**	**(17 757)**	**(18 134)**	**(18 254)**
Net change in hectares since 2007/08			**(9 858)**	**(5 036)**	**626**	**11 803**	**19 704**

 # Assumes normal weather conditions
*** Reduced from 10 500 hectares due to low sugar prices**

Zimbabwe

Cane Milled and Sugar produced	Actual 2011/12 Season	Actual 2012/13 Season	November Estimate 2013/14 Season		2013/14 Early Season Forecast (May 2013)
Total hectares farmed as at 1 April (beginning of the season)	**38 626**	**43 185**	**44 814**		**44 519**
Hectares milled	**35 307**	**37 473**	**40 592**		**40 125**
% Hectares under cane milled	**91,4%**	**86,8%**	**90,6%**		**90,1%**
Cane yield (tcphm)	**86,63**	**90,54**	**85,56**	**88,30**	**82,77**
Cane tons '000	**3 059**	**3 393**	**3 473**	**3 584**	**3 321**
Cane to Sugar ratio	**8,21**	**8,26**	**8,25**	**8,16**	**8,20**
Chisumbanje Estate #		**63 000**	**39 000**	**39 000**	**55 000**
Sugar production - raw (tons)	**372 000**	**475 000 (28%)**	**460 000**	**478 000**	**460 000**

tcphm – tons cane per hectare milled

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

Mozambique

Cane Milled and Sugar produced	Actual 2011/12 Season	Actual 2012/13 Season	November Estimate 2013/14 Season		2013/14 Early Season Forecast (May 2013)
Total hectares farmed as at 1 April (beginning of the season)	**26 513**	**26 789**	**27 602**		**27 824**
Hectares milled	**24 555**	**24 333**	**24 797**		**25 042**
% Hectares under cane milled	**92,6%**	**90,8%**	**89,8%**		**90,0%**
Cane yield (tcphm)	**80,36**	**79,89**	**80,52**	**82,18**	**80,71**
Cane tons '000	**1 973**	**1 944**	**1 997**	**2 038**	**2 021**
Cane to Sugar ratio	**8,47**	**8,29**	**8,15**	**8,09**	**8,25**
Sugar production - raw (tons)	**233 000**	**235 000**	**245 000**	**252 000**	**245 000**

tcphm – tons cane per hectare milled

Starch Operations

Financial Data

R million	Six months to September 2013	Six months to September 2012 #
Revenue	**1 594**	**1 401**
Domestic	**1 094**	**1 015**
Exports	**202**	**137**
Co-Products	**298**	**249**
Operating Profit	**232**	**147**

 # 2012 domestic and export revenue reclassified to reflect BLNS customer countries as exports

Volume Data

Volume (tons)	Six months to September 2013	Six months to September 2012 #
Local Starch	45 442	48 278
Local Glucose	163 481	158 347
Total Local	208 923	206 625
Export Starch	15 830	11 699
Export Glucose	14 414	10 432
Total Exports	30 244	22 131
Co-Products	83 677	79 057
Total	**322 844**	**307 813**

2012 domestic and export revenue reclassified to reflect BLNS customer countries as exports

Co-product Pricing

Co-product	Price movement September 2013 over Comparative six month Period	Major price drivers
Germ	**Up 7,3%**	**50%: International edible oil price and local oil seeds** **50%: Local maize**
Gluten-60	**Up 28,4%**	**International protein (soya, fishmeal) prices**
Gluten-20	**Up 2,7%**	**Local maize price/hominy chop**

Tongaat Hulett Starch – Markets

Tons	2012/13 Actual	2013/14 Estimate	% Growth 2013/14 vs 2012/13
Alcoholic beverages	**173 822**	**175 888**	**1,2%**
Coffee and Coffee Creamer	**65 122**	**75 588**	**16,1%**
Confectionery	**59 202**	**61 122**	**3,2%**
Paper	**59 416**	**56 980**	**- 4,1%**
Prepared foods	**14 197**	**15 159**	**6,8%**
Other	**47 698**	**47 210**	**- 1,0%**
Total Local	**419 457**	**431 947**	**3,0%**

Tongaat Hulett Starch

Outlook for South African maize

	1979/80	2009/10	2010/11	2011/12	2012/13
Hectares planted (000 ha)	4 031	2 742	2 372	2 699	2 781
Yield (t/ha)	3,37	4,38	4,37	4,38	4,21
Production (000 tons)	13 583	12 016	10 360	12 121	11 723
Carry in stock (000 tons)	2 115	2 131	2 336	994	1 417
Total usage incl. net exports and farm retentions (000 tons)	8 324	11 811	11 702	11 698	12 343
Carry out stocks (000 tons)	849	2 336	994	1 417	797
Stock to use ratio	10,02%	19,44%	9,59%	12,42%	6,46%

Outlook for World maize

- 2013/14 – Despite delayed plantings, growing conditions were ideal and record crops are expected in the US – a total crop of 352 million tons is expected
- Corn prices have fallen significantly and are trading between US$170 and US$180 per ton compared to US$280 prior to planting – the lowest prices in three years
- Corn stock to use levels have recovered to around 14,6% compared to only 7,9% in the previous year

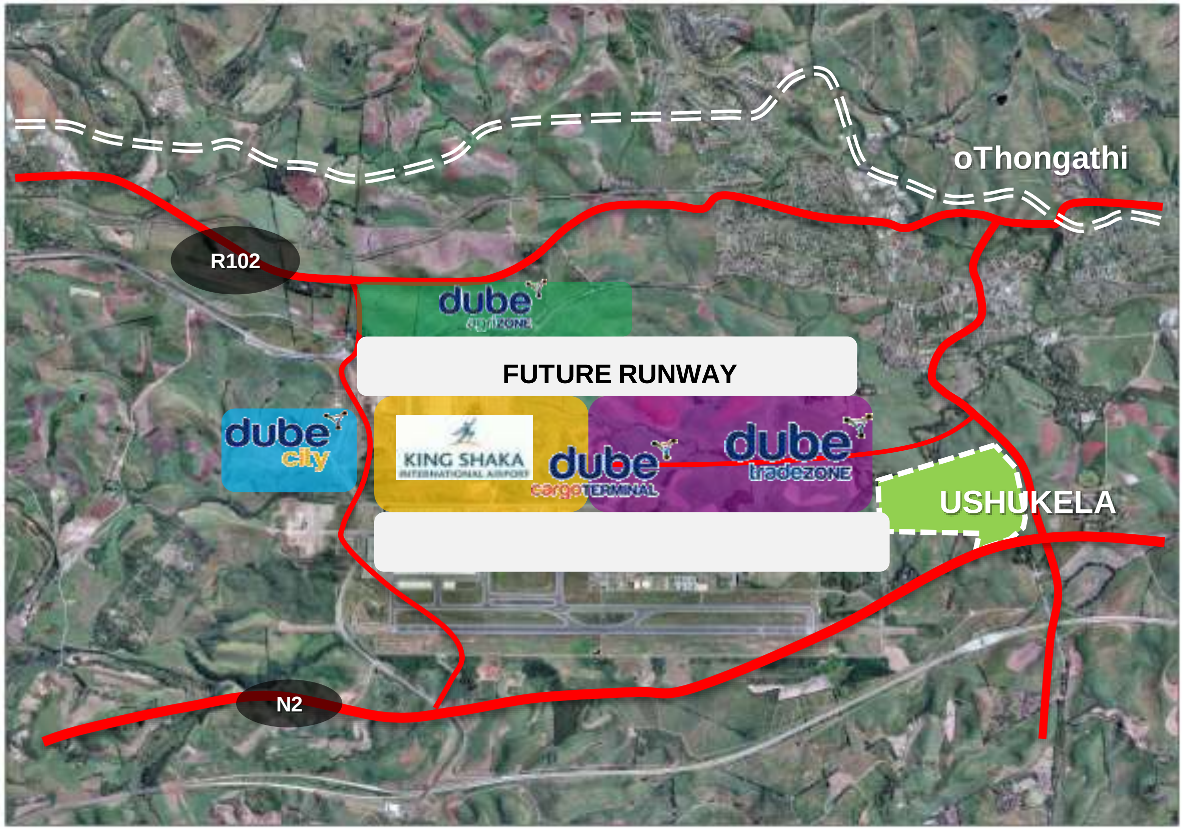
International Starch and Glucose prices remain firm

- Starch and glucose prices in the US have fallen on the back of lower maize prices
- Demand out of China remains strong and they remain a net importer of corn
- Cassava starch prices are lower as a result of new season harvest pressure

Additional "Shovel Ready" Land Well Advanced

Area	Developable hectares
Cornubia Retail Park	26
Cornubia New Town – Umhlanga Ridge Town Centre extension	252
iNyaninga	550
uShukela Drive	49
Compensation (East)	71
Sibaya Node 4	91
Ntshongweni	78
Tinley Manor South Banks	270
Total	1 387

uShukela Highway – Dube TradePort Northern Expansion



- 49 hectares developable
- EIA with DTP well advanced
- TradeZone Link road to uShukela Highway 50% complete

Retail Park

- Phase 1 retail near Umhlanga and Gateway – 2013/14 target activation and sale
- EIA well advanced both phases

Bridge City

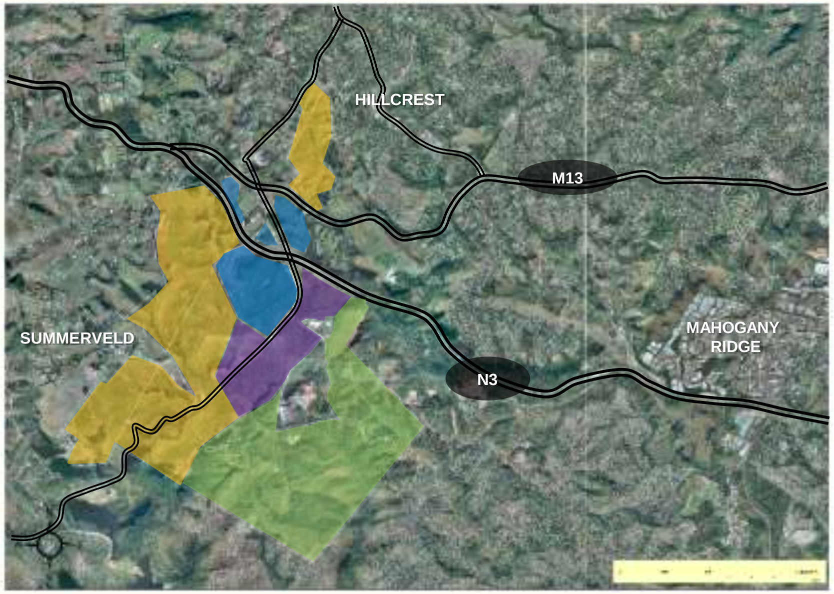
- Rail public transport: station completed, line completed October 2013, first commuters in March 2014
- eThekwini Integrated Rapid Public Transport network (IRPTN)
  - Dedicated Bus Rapid Transport (BRT) routes from Pinetown, the CBD and the North, converging on Bridge City and BRT bus terminus - completed 2016
- 3,6 hectares BRT bus depot for eThekwini Municipality

- Successful PPP with eThekwini Municipality
- Mixed use, high density Town Centre and Business Estates
- Regional 500 bed public hospital – building programme 2014 – 2017
  - 48 000 m^2 shopping centre
  - 13 000 m^2 second phase and 45 000 m^2 residential bulk
- Regional Magistrates court opened May 2013
- Business Estate - warehouse and light industry
- 12 developable hectares available

Compensation

- 224 hectares industrial/logistics park
- Potential industrial platform sizes between 20 hectares and 65 hectares
- Strategically located approx. 13 km's north of the Dube Tradeport
- Quick access to the R102, N2 and northern rail line
- Northern inter modal logistics gateway into Durban region
- Advanced EIA

Ntshongweni

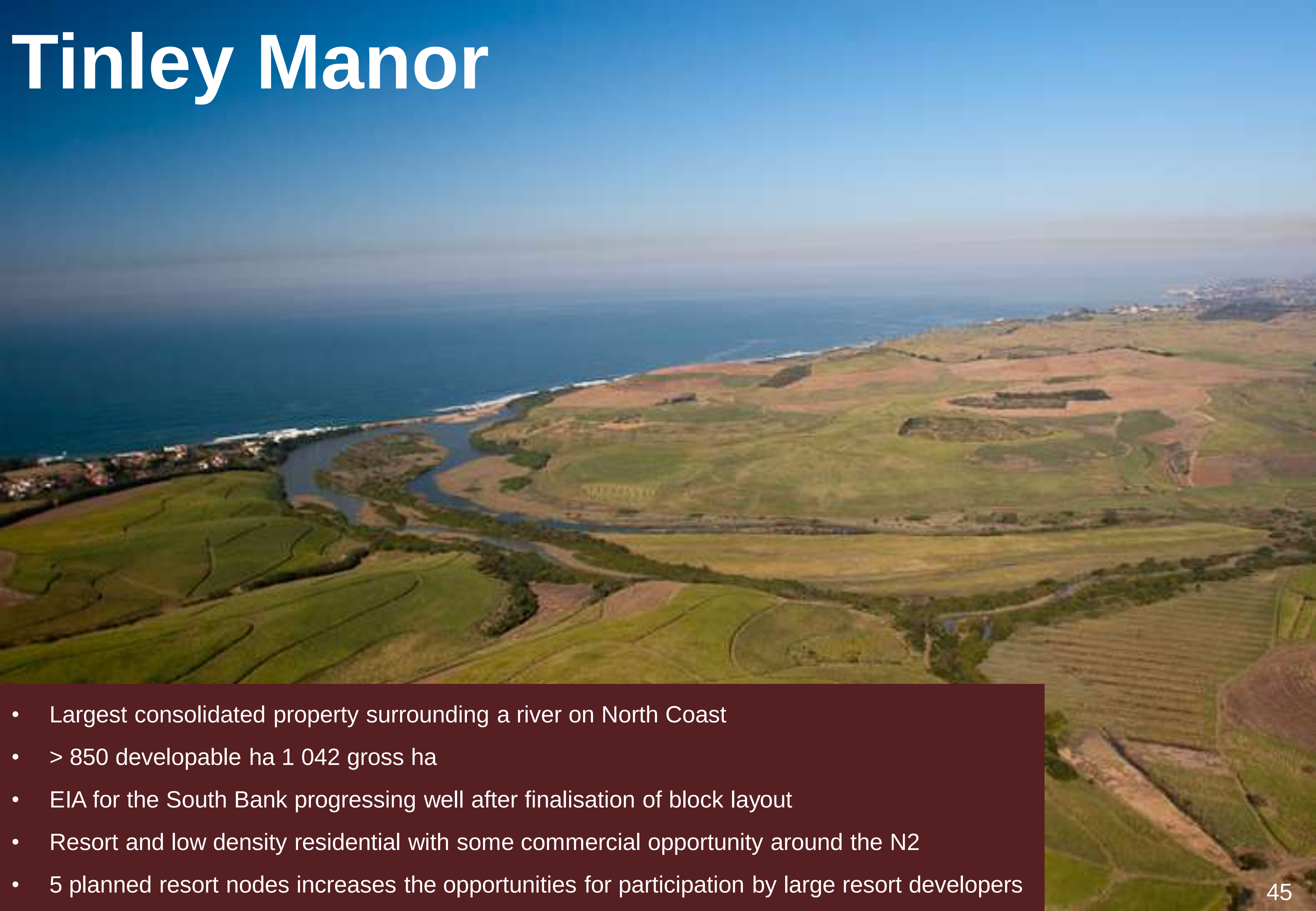


- Development supported by Municipal SDP and LAP's
- Important logistics location and in Strategic Integrated Project 2 (SIP 2) of Presidential Infrastructure Coordination Committee (PICC)
- 3 major uses - 1 105 developable hectares
  - Residential
  - Mixed use centre
  - Business Park and Logistics
- Regional shopping centre as a proposed catalytic development on the N3 growth corridor
  - EIA process is well advanced
- Assessing alternative business models for the development of the region through potential joint ventures, partnerships and/or associations

Zimbali and Zimbali Lakes

- Revised golf course and residential layout approved
- Layout more responsive to current market trends
- Potential Retirement Village node at scale
- Interest around the Resort Node and Retirement Village pursued
- EIA amendment approvals expected mid 2014

Tinley Manor



- Largest consolidated property surrounding a river on North Coast
- > 850 developable ha 1 042 gross ha
- EIA for the South Bank progressing well after finalisation of block layout
- Resort and low density residential with some commercial opportunity around the N2
- 5 planned resort nodes increases the opportunities for participation by large resort developers

Financial Information

South African Sugar and Downstream Operations: R248 million

- Agriculture, sugar milling and refining: R133 million (2012: R99 million)
  - Increased sugar production offset by
    - Local market pressure from imports
    - Increased export volumes at lower prices
  - Lower cost per ton of sugar produced
- Downstream sugar value added activities: R115 million (2012: R122 million)
  - Voermol animal feeds - increased sales volumes and higher margins
  - Refined exports from South Africa
  - South African domestic marketing sales and distribution - Huletts brand
    - Reduced local volumes due to imports
  - Botswana and Namibia sugar packing /distribution - Blue Crystal and Marathon brands

Zimbabwe Sugar Operations

Triangle and Hippo Valley Estates

- Operating profit: H1 2013/14: R232 million (US$ 23 million)

  H1 2012/13: R435 million (US$ 53 million)
- Lower sales volumes: 193 000 tons (2012: 248 000 tons)
  - Lower local market sales - increased imports
- Export prices into the EU under pressure
- Reduction in cane valuations
  - Decrease in sugar prices
  - Curtailed root planting - water dynamics
- Benefit of cost savings initiatives

Mozambique Sugar Operations

- Operating profit: H1 2013/14: R151 million (Metical 457 million)

  H1 2012/13: R270 million (Metical 909 million)

- Higher production and sales volumes by half-year
- Export prices into the EU under pressure
- Reduction in cane valuations
  - Decrease in sugar prices
- Benefit of cost savings initiatives

Growing Crops on the Tongaat Hulett Balance Sheet

	30 Sept 12	31 Mar 13	30 September 2013				
	Total	Total	Total	South Africa	Swaziland	Zimbabwe	Mozambique
Roots							
Hectares	87 394	91 179	90 911	33 978	3 838	27 245	25 850
Amortised root value (Rands per ha)	22 284	25 108	26 981	23 575	15 171	24 828	35 481
Standing Cane							
Hectares for harvest	79 320	82 969	82 083	26 679	3 712	26 891	24 801
Standing cane value (Rands per hectare)	20 076	27 644	21 174	10 358	20 931	29 360	23 968
Yield (tons cane per ha)	86,6	85,7	86,0	64,9	123,4	101,6	86,1
Balance Sheet							
Roots (R million)	1 947	2 289	2 453	801	58	676	918
Standing cane (R million)	1 593	2 294	1 738	276	78	790	594
Total (R million)	3 540	4 583	4 191	1 077	136	1 466	1 512

March 2013 (R million)	4 583
Change in fair value	- 773
Foreign currency translation	342
Other	39
September 2013 (R million)	4 191

Cane Root Amortisation Profile at Present

- Ranges from 55% to 79% unamortised in the different countries
- Average: 69% unamortised

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: R4,191 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 2013	31 March 2013	30 Sept 2012
Mozambique	25 850	25 352	24 931
Zimbabwe	27 245	27 978	28 527
South Africa	33 978	34 011	30 098
Swaziland	3 838	3 838	3 838
Total	90 911	91 179	87 394

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**

Cash Flow - Past 7 Years

July 2007 to September 2013

R billion

• Operating cash flow (before root planting)	+ 11,9
• Working capital	- 2,2
• Capex and sugar root investment	
- New plant and equipment	- 4,4
- Replacement capital expenditure	- 2,2
- Roots	- 1,9
• Interest and tax	- 3,9
• Dividends	- 1,8
• Increase in net debt	- 4,5

New plant and equipment	4,4
New roots/accelerated replant/replacement	1,9
	6,3
Replacement capex	2,2
Total	8,5

Net Debt at 30 September 2013	R5,4 billion

No new equity issued to fund expansion and growth

Average Exchange Rates

Average	2013/14 H1	2012/13 H1
Rand/US$	9,78	8,18
Rand/Euro	12,87	10,40
Rand/Metical	0,33	0,30
US$/Euro	1,32	1,27
Metical/Euro	38,92	35,02

- 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

Thank You