TONGAAT HULETT ANNUAL RESULTS

For the year ended 31 March 2020

IT'S A NEW DAWN, IT'S A NEW DAY, IT'S THE TONGAAT HULETT WAY

Est. 1892

TongaatHulett®

Presenters

Gavin Hudson
Chief Executive Officer

Rob Aitken
Chief Financial Officer

Agenda

1. **Introduction and strategic update**
   Gavin Hudson
2. **Financial results**
   Rob Aitken
3. **Divisional performance**
   Rob Aitken
4. **Outlook**
   Gavin Hudson
5. **Q & A**

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Acknowledgements

The Board
Recent appointments: Ms Louisa Stephens and Mr David Noko

Our Shareholders

Our Lenders

Customers and Suppliers

Experienced team leading and executing our strategy

Management Team

Gavin Hudson
Chief Executive Officer
February 2019

Rob Aitken
Chief Financial Officer
March 2019
Tongaat Hulett employee since 2018

Dan Marokane
Strategy, Property and Business Transformation Executive
April 2019
Tongaat Hulett employee since 2018

Garth Macpherson
MD Starch
August 2010
Tongaat Hulett employee since 1994

Simon Harvey
MD Sugar
April 2019

Bongani Gumede
Corporate Affairs Executive
July 2020
Tongaat Hulett employee since 1996

Michelle Jean-Louis
Business Assurance
January 2020
Tongaat Hulett employee since 2001

Johan van Rooyen
Company Secretary
January 2020

Sashir Milne
Human Resources Executive
July 2020

Tongaat Hulett: a leading player in the sectors in which we operate

Group Highlights

Leading agri-business in Africa

A Leader in the Starch and Glucose, Sugar, Ethanol, Cattle and Animal Feeds markets

One of the largest portfolios of premier commercial land in KZN/SA

Starch

4
Plants

R4.2bn
In FY20 Revenue

>850k
Tons of maize per annum processing capacity

Sugar

13
Production facilities(1)

R15.2bn
In FY20 Revenue

~45k
Hectares farmed(2)

1.7m
Tons per annum in sugar production capacity(3)

40m
Litres per annum in ethanol capacity(3)

~400k
Tons per annum in animal feed capacity(3)

Property

~19k
Of which 11.7k Hectares are of prime commercial land(4)

~R11bn
Indicative fair value of developable land(4)

>R35bn
Developed value of land(5)

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Notes: Unless otherwise indicated, operational data and company estimates as at December 2019. (1) Including Eswatini. (2) Including Miller-cum-planter (MCP). (3) Based on management estimates as at December 2019. (4) Independent Valuation Report issued on 23 August 2019, valued as at 1 June 2019. (5) Developable value of land once infrastructure is in place

In the last 12 months, we have seen significant improvements

Board and Governance	Management	Business	Financial
Strengthened governance and financial control	Improved transformation at Board and Exco	Improved Health and Safety in our workspaces: • Fatalities: 1 vs 5 FY19 • Total Injury Frequency Rate (TIFR): 1.63 vs 2.04 FY19	Enhanced our cash position
Strengthened internal audit, discipline and assurance	Deepened relationships with stakeholders	Repositioned and revitalised our assets	Met our debt reduction milestones to date
Improved decision making	Strengthened implementation of policies and procedures	Step changed all our operational metrics	Improved our financial metrics
Improved compliance to King IV	Anchored and improved our people processes Launched values	Improved and better positioned our human capital	

*TIFR: Total Injury Frequency Rate

PwC forensic investigation – 8 Key findings

- Early recognition of revenue from land sales
- Overstatement of cane root and standing cane valuations
- Overstatement of value: capital work in progress, plant and machinery
- Overstatement of sugar sales in Zimbabwe
- Capitalisation of infrastructure costs
- Incorrect apportionment of revenue between land sales and infrastructure
- Provision of cash collateral in relation to land sales
- Overstatement of projected revenue

Progress to date

1

- Fixed and improved corporate governance
- Implemented comprehensive ethics governance
- Restated historic financials

2

- Co-operating with regulators in SA, Mozambique and Zimbabwe to assist with investigations
- Regulators in contact with former directors

3

- Criminal investigation in SA well advanced – NPA decision expected within the next 3-6 months
- Criminal investigation in Zimbabwe well advanced

4

- Civil claims against former executives are imminent

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Our strategy remains fit for purpose…

Drive efficiencies within our business to truly leverage our asset base

Rightsize and fix the fundamentals of our business

Create a platform for sustainable profitable growth

Build capability in our people and processes

… is delivering the desired results

Some operational highlights

- Mozambique refinery to >60 000 tons
- Milling costs in SA down by 31%
- SA Refining costs down by 24%
- Refinery and Ethanol output in Zimbabwe up by 11% and 30% respectively
- SA sugar farming is being optimised

- White sugar market in SA share to above 35%, overall sugar to > 27%
- Strong sales growth in Mozambique
- Improving power generation revenue opportunities
- Diversification projects well advanced

- Reduced headcount by > 10 000 people
- Mafambisse mill in Mozambique from R100m loss to break even
- Cane supply to increase by 4 000 hectares from Project Kilimanjaro in Zimbabwe
- The Zimbabwe US$ loan significantly reduced plus dividends being extracted

- Leveraging internal talent and key appointments
- Driving our ambition to become an employer of choice
- Strengthening performance management and accountability
- Driving our change management programs

Progress on debt reduction initiatives … R6.4 bn

Core and non-core asset disposals :

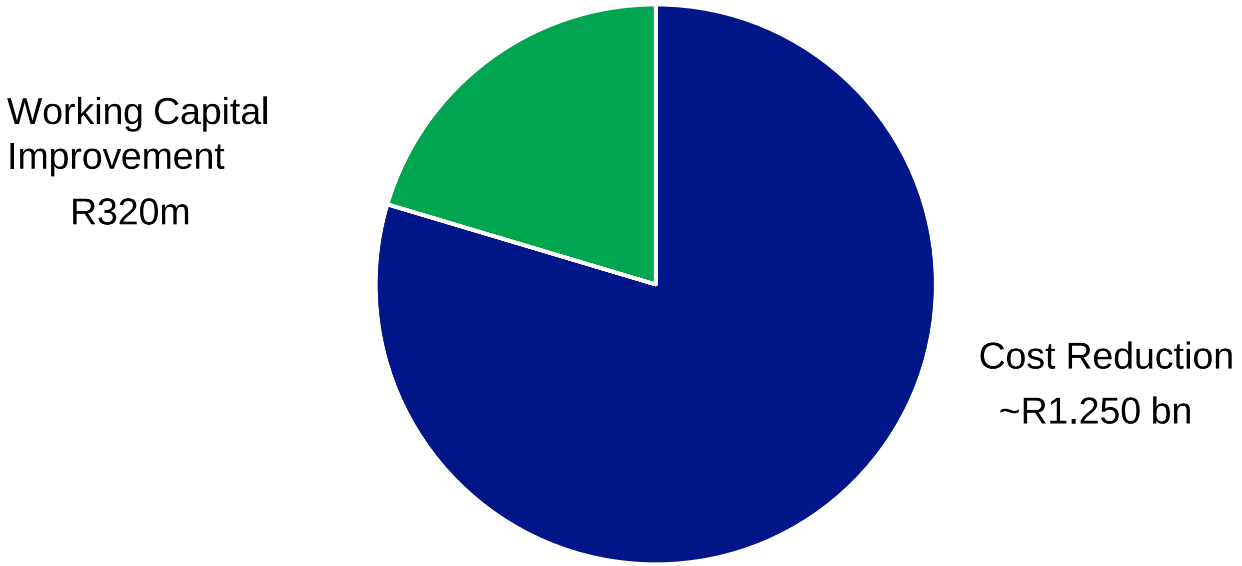
1. Pension fund	R512 million
2. Namibia	R109 million
3. Ongoing land sales	R101 million
4. Tambankulu Estates (Eswatini)	R372 million
5. Starch	R5,350 million

- MAC Key dates:
  - 1st submissions: Barloworld – 18 Jul; Tongaat – 3 Aug
  - 2nd submissions: Barloworld – 10 Aug; Tongaat – 17 Aug
  - Oral Presentations: 22 Aug
  - Final and binding ruling: 21 Sept

Tongaat remains optimistic

Cash flow improvement to deliver R3 bn over 2 years

FY20 R1.57 bn achieved against R1 bn target



FY21 target R1.5 bn:

- **Cost reduction**
- **Working capital improvement**
- **Interest savings**

Financial highlights – FY20

Revenue

Up 18%

to R15.4 bn

Cash flow from operating activities

Up 62%

to R2.1 bn

Operating Profit

Up 491%

to R3.3 bn

Sugar:	R3.0 bn (2019: R346m)
Starch:	R616m (2019: R656m)
Property:	R658m (2019: R273m)

Adj. EBITDA*

Up 397%

to R3.0 bn

Sugar:	R2.7 bn (2019: R395m)
Starch:	R729m (2019: R777m)
Property:	R660m (2019: R279m)

Headline loss

Improved 79%

to R(285)m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Financial Results

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Improved financial results in a weak market

Substantial recovery in financial results

Strong progress in turnaround strategy

Significant improvement in all Sugar operations

Hyperinflationary effects in Zimbabwe

Solid performance in Starch
RECLASSIFIED AS DISCONTINUED

Recovery countered by net finance cost and hyperinflationary monetary loss

Group financial results

EPS
Improved 109%
to 89 cents
2019: loss of 948 cents

HEPS
Improved 111%
to 90 cents
2019: loss of 823 cents

No dividend declared

No material COVID-19 impact on these financial results

Salient financial features (Continuing operations – excl starch)

Revenue
Up 18%
to R15.4 bn

Net monetary loss
R1.3 bn
Effect of hyperinflation

Cash flow from operating activities
Up 62%
to R2.1 bn

Operating profit
Up 491%
to R3.3 bn

Operating profit excl Zimbabwe
Up R1 bn

Adjusted EBITDA*
Up 397%
to R3.0 bn

Headline loss
Improved 79%
to -R285m

HLPS
Improved 83%
to -211 cents

Tongaat Hulett utilises the concept of adjusted EBITDA
that removes any fair value adjustments to biological assets

Zimbabwe hyperinflation inflates financial results

- Application of IAS 29 *Financial Reporting in Hyperinflationary Economies*
- Official inflation rate: **676%** (March)
- Group comparatives not restated
- Fair value movements in biological assets especially susceptible to hyperinflation
- Net monetary loss arises from local currency cash balances that are losing purchasing power
- An unofficial rate was evident within the country for informal trading
- New auction system is aligning rates with official rate moving from ZWL 25 to ZWL 82 to US$1 (at 13 August 2020)

Zimbabwe only	March 2020		
R million	As reported: Hyperinflation + official rate (closing)	Sensitivity: Hyperinflation + unofficial rate (closing)	% change
Revenue (external)	6,126	3,978	-35%
Profit from operations	2,882	1,872	-35%
Net asset value	3,857	2,505	-35%

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Statement of Profit or Loss(Continuing operations – excl starch)

R 'millions	12 months ended 31 March 2020 (Audited)	12 months ended 31 March 2019 (Audited)
Revenue	15,382	13,061
Cost of sales	(8,591)	(9,394)
Gross profit	**6,791**	**3,667**
Operating profit	**3,257**	**551**
Net finance costs	(1,620)	(1,331)
Net monetary loss	(1,296)	-
Profit / (loss) before taxation	**365**	**(778)**
Taxation	(228)	(459)
Profit / (loss) from continuing operations	**137**	**(1,237)**
Profit from discontinued operations	393	445
Profit/(loss)for the year	**530**	**(792)**
Basic and diluted loss per share (cents) from continuing operations	(212)	(1,352)

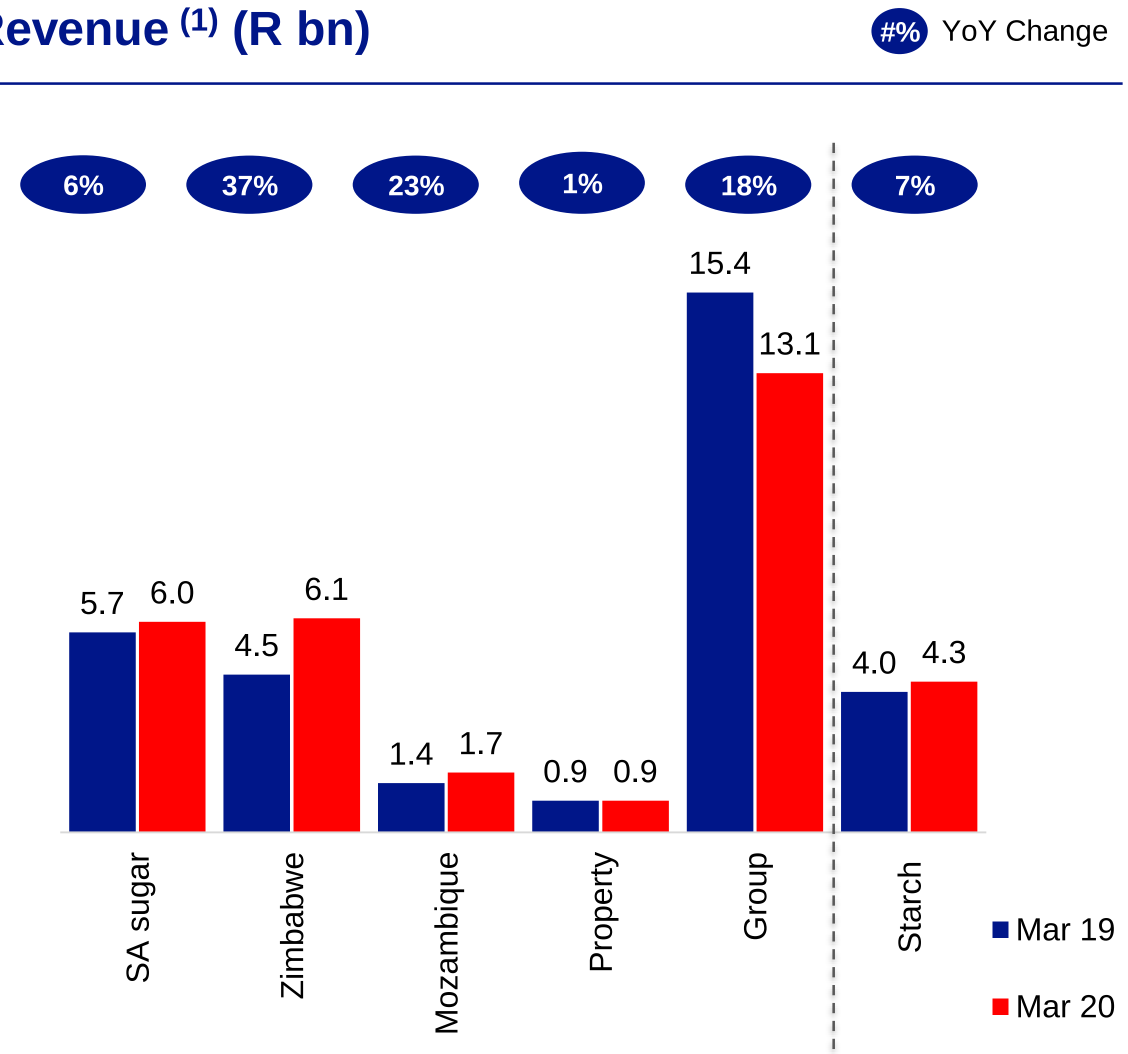
Strong operational progress, impact of hyperinflation, land deals included

Repricing of debt, impact of applying IFRS 16, early cash outflows to normalise creditors

Hyperinflation, erosion of purchasing power of monetary assets

Revenue up 18%

Revenue (1) (R bn)



Commentary

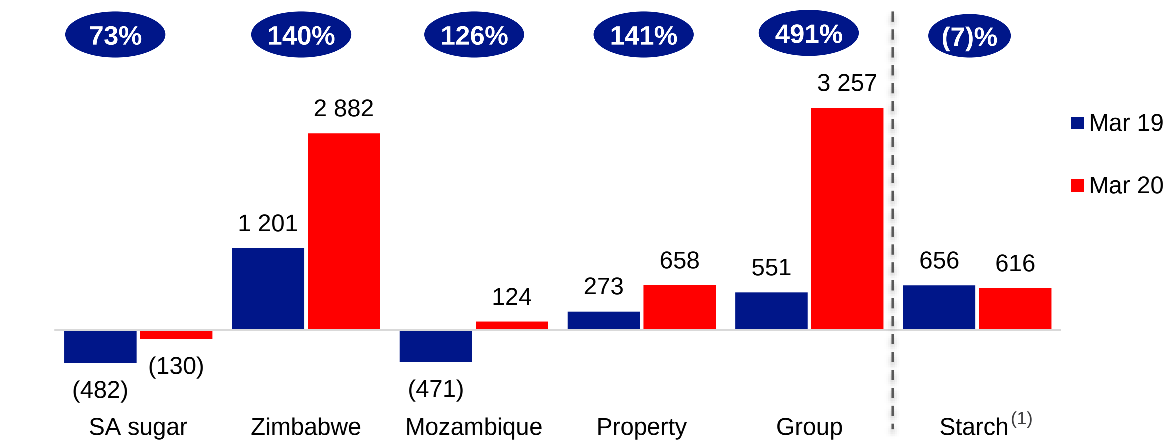
- Solid performances within operations.
- Improved sales mix in sugar weighted towards more profitable local sales.
- Excluding Zimbabwe, revenue increased by 7%.
- Zimbabwe revenue up 37% due to hyperinflation, together with dynamics arising from translating into Rands using the official interbank exchange rate.
- If the unofficial exchange rate were used to translate Zimbabwe's profits, revenue for the year would have been R2.1 billion lower than currently reported.

Notes: (1) In addition to operations shown separately. This also includes eSwatini, Corporate and intra-company eliminations.

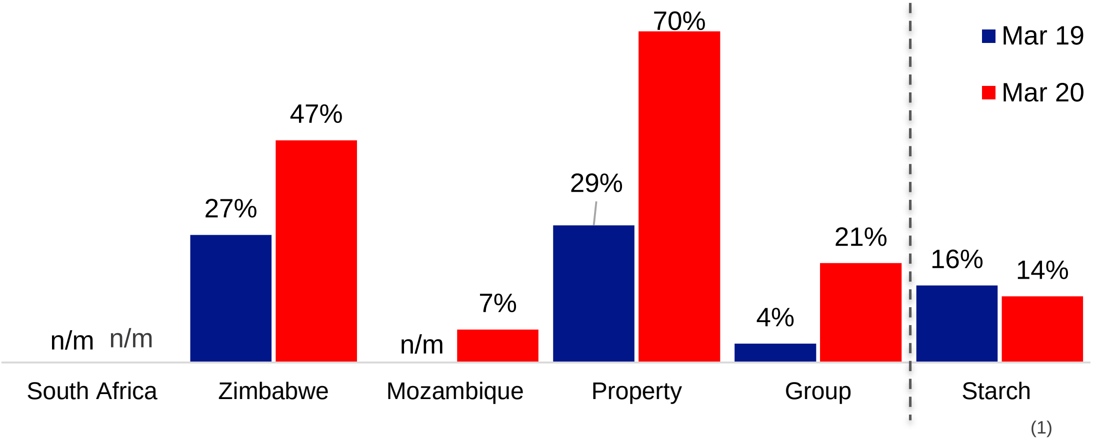
Operating profit increased by 491%

Operating profit [(1)] (Rm)

#% YoY Change



Operating profit margin [(2)]



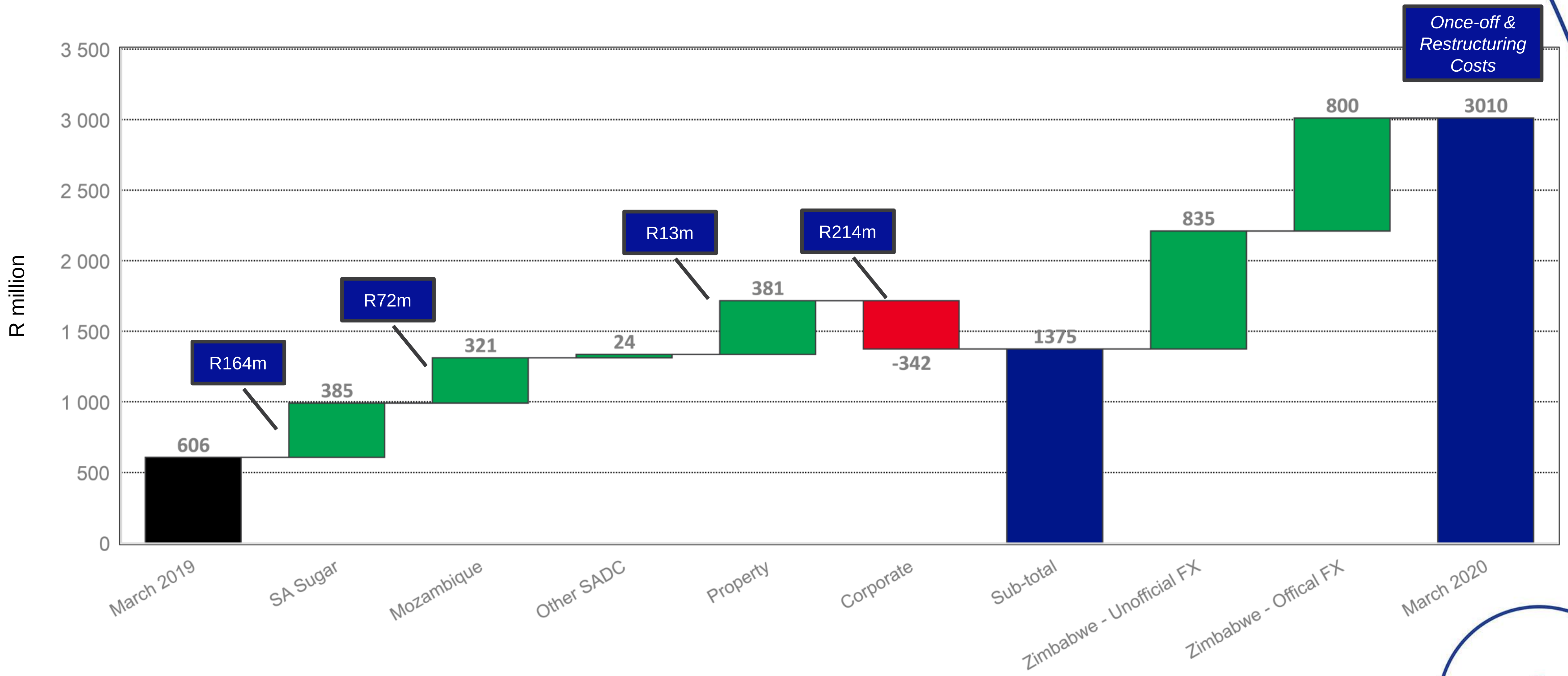
Commentary

- Solid operational progress on a variety of fronts.
- A turnaround in Mozambique and South African sugar operations.
- The application of hyperinflation to Zimbabwean operations and cane valuations.
- Land sales and the re-recognition of certain land transactions.
- Notable increase in once-off (including restructuring) corporate costs.
- Operating profit excluding Zimbabwe recovers to R375m profit (2019: loss of R650m)

Operating profit is an important financial measure, but not a meaningful measure for Tongaat Hulett, as it is materially impacted by cane valuations

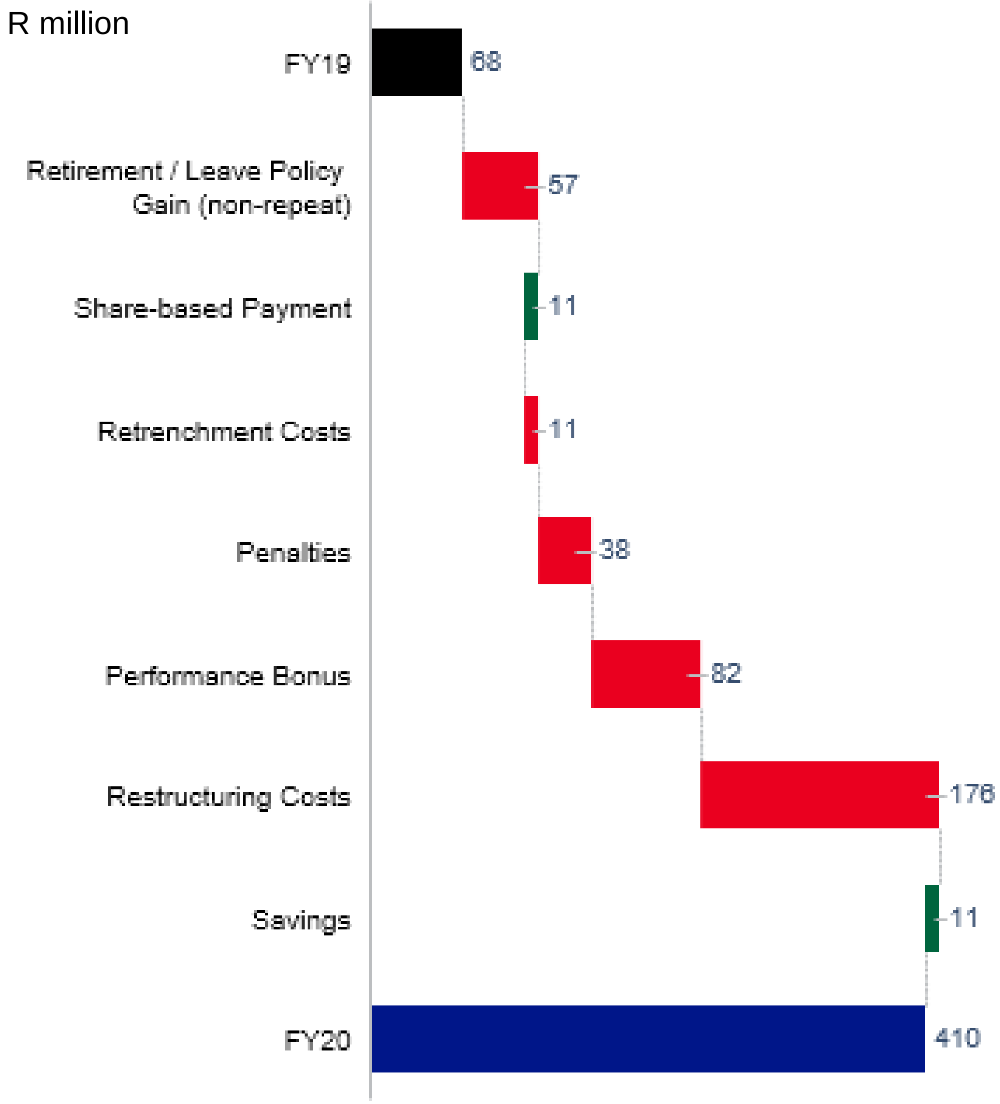
Notes: (1) In addition to operations shown separately . This also includes eSwatini, Corporate and intra-company eliminations. (2) Operating profit - Earnings before interest & tax. (includes non-trading items).
n/m – not meaningful

Adjusted EBITDA up 397%



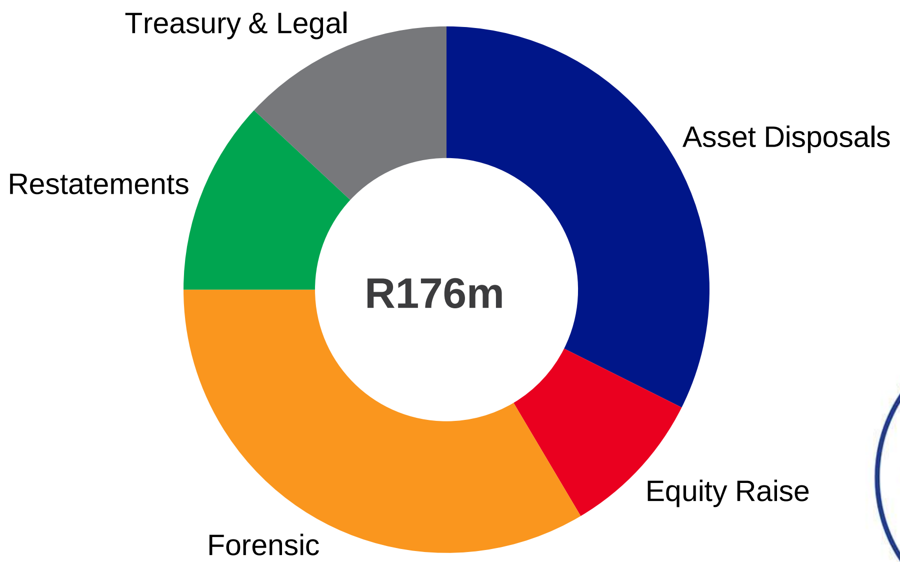
Adjusted EBIDTA is defined as EBITDA adjusted to exclude any impairment (or reversal thereof), any non-trading items as well as any fair value adjustments related to biological assets. To align with the EBTIDA used in the covenant testing in the Common Terms Agreement signed with the South African lenders, once-off and restructuring costs would need to be eliminated.

Corporate costs



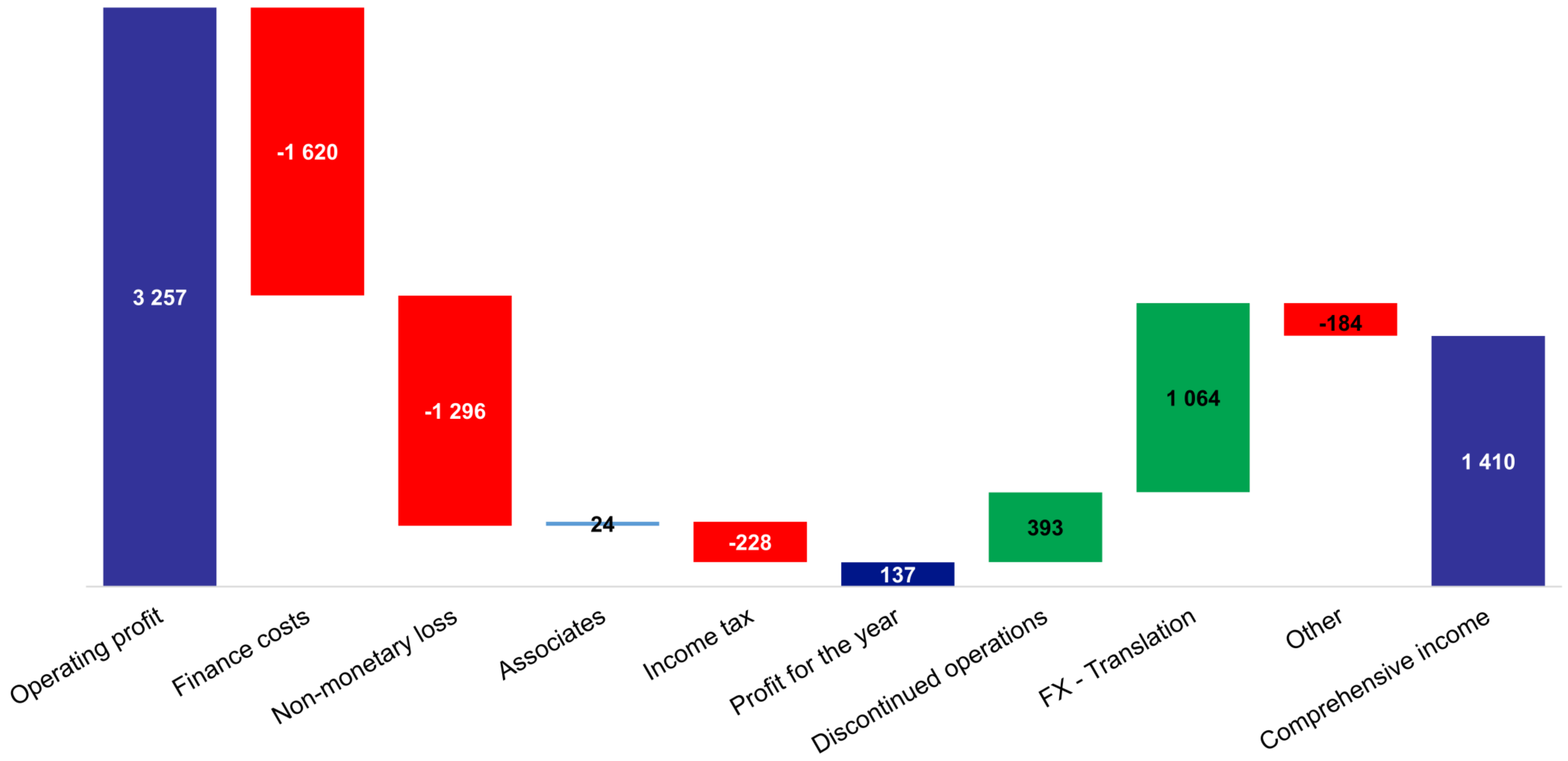
- Substantial increase is mainly transitionary
- Temporary contracted-in resources
- Administrative penalties accrued
- Certain group-wide support costs not yet on-charged

Restructuring costs



FY 2020 Comprehensive income

Bridge from Operating Profit to Total Comprehensive Income (Rm)



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Headline earnings (Continuing operations – excl starch operations)

	March 2020	March 2019	% change
Loss for the period (Rm)	-R286m	-R1,518m	+81%
Headline loss for the period (Rm)	-R285m	-R1,378m	+79%
Weighted average number of shares (000's)	134,820	112,277	+20%
Loss per share (cents)	-212 cents	-1,352 cents	+84%
Headline loss per share (cents)	-211 cents	-1,226 cents	+83%

Weighted number of shares increased by 25.1m shares, due to the transfer of B-BBEE scheme shares to the preference share funders

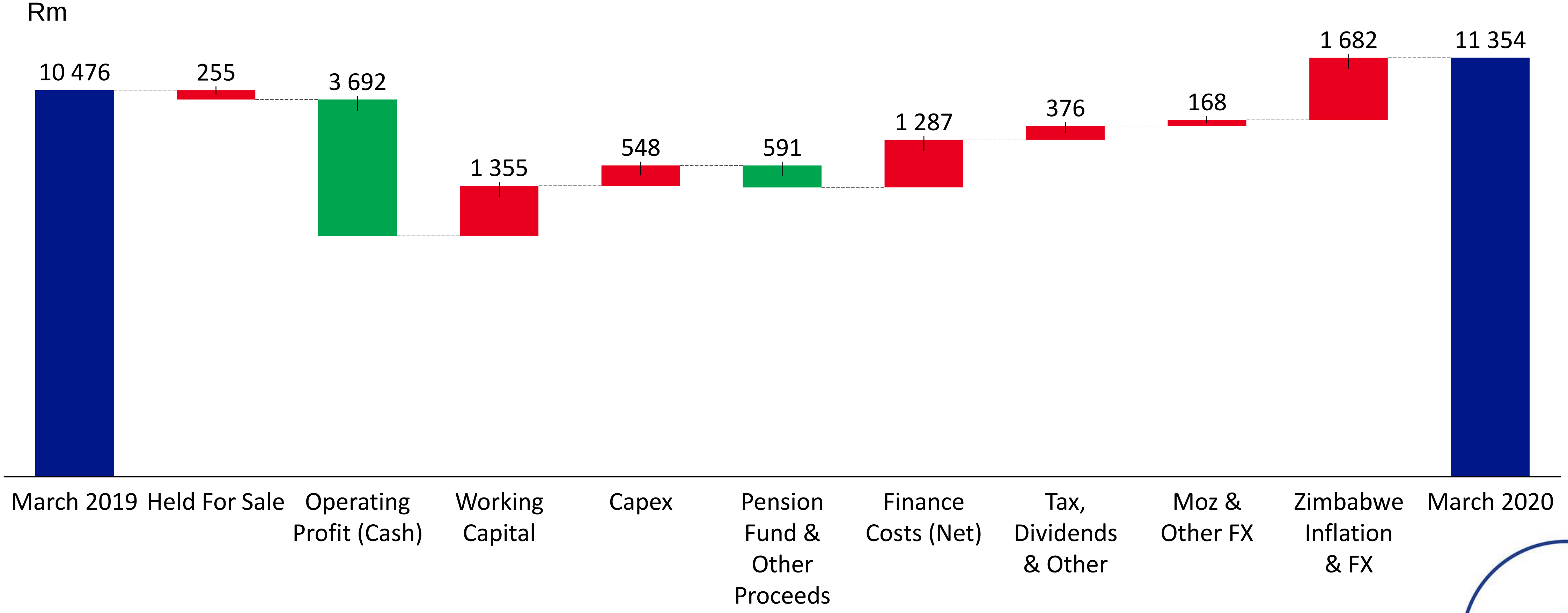
Cash flow highlights

R million	March 2020	March 2019
Net cash inflow generated from operating activities	2,098	1,312
Additions to property, plant and equipment	(538)	(1,090)
Net finance costs	(1,310)	(1,107)
Borrowings raised	1,312	542
Raised	*13,217*	*8,940*
Repaid	*(11,905)*	*(8,398)*
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,029**	**(443)**
Cash and cash equivalents at the beginning of the period	962	2,723
Foreign currency translation effects on cash and cash equivalents	164	(1,309)
Hyperinflation effect on cash and cash equivalents	(1,919)	-
Transfer to assets held for sale	6	(9)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**1,242**	**962**

- Strong conversion of operating profit to cash flow
- Capital expenditure confined to essential replacement items and Project Kilimanjaro
- Normalisation of working capital cycle

Movement in net debt

FY20 Group net debt profile



Debt has increased mainly as a result of normalising over-extended creditors, higher net finance costs as well as currency and hyperinflation dynamics

Borrowings

South Africa Debt Restructure

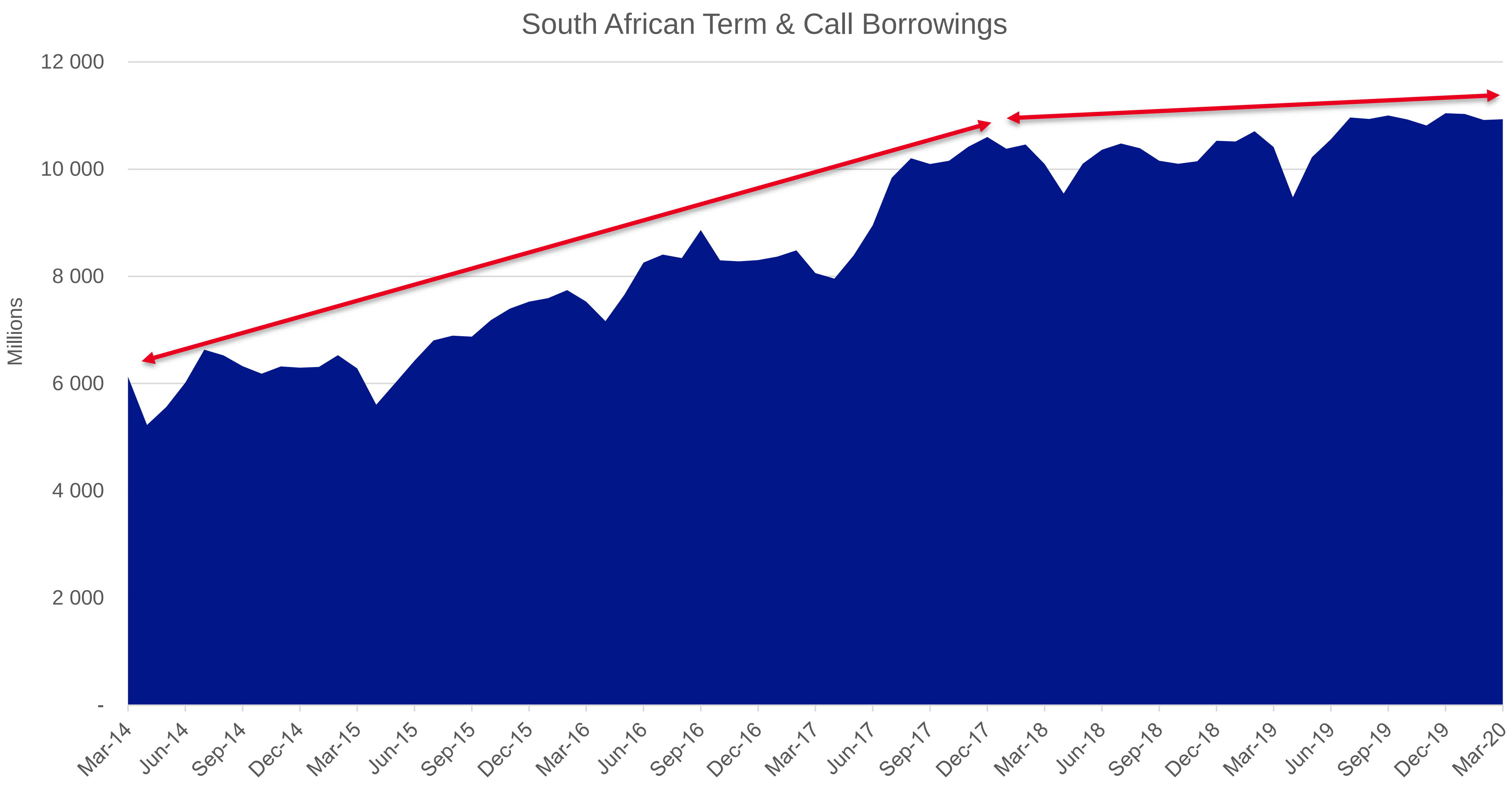
Facility	Facility type	Total (Rm)	Utilised (Rm)
Facility A	Senior Term Loan Facility	8,592	8,592
Facility B	Senior Revolving Credit Facility	2,200	1,550
Facility C	Seasonal Sugar Revolving Loan Facility	553	nil
Facility D	Seasonal Sugar Term Loan Facility	47	nil
Overdraft	General banking	300	nil
Total		**11,692**	**10,142**

Commentary

- On 10 March 2020 closed debt restructure in SA, resulting in new facilities, with a maturity date of 31 March 2021
- Originally required to reduce debt in SA by at least R8.1 bn by March 2021
- Met and exceeded first debt reduction milestone of R500m.
- Asset disposals of R6.4 bn initiated (before deduction of starch debt), R631m banked.
- Waiver letters obtained in SA, should September milestones not be met or financial covenants breached.
- Revised term sheet signed on 31 July 2020 that extends
- Reduction in prime interest rate of 2.75% in SA will reduce finance costs.

Target Total Debt / Adjusted EBITDA: < 2.0x

Average SA Borrowings – Flattening the curve



Borrowings

Mozambique Debt Standstill

	Type	Total (Rm)
Long term	Term loan (MZN)	602
Short term	Overdraft and similar	560
Short term	Overdraft (USD)	85
Short term	Liquidity facility	182
Total		**1,429**

Commentary

Mozambique

- Standstill agreement with Mozambican lenders until 30 June 2021 with debt reduction plan proposed.
- Short-term liquidity facility raised to cover peak borrowings over the maintenance shut-down when cash flows are lean
- Interest rate reduction of 2.5% in Mozambique will reduce finance costs.

Zimbabwe

- Foreign-denominated borrowings in Zimbabwe reduced from US$17m to US$6.7m.

Debt reduction glidepath

R6,4 billion in sales agreements

Original Debt Reduction Milestones

✓ *Milestones met*
✗ *Milestone to be missed*
Milestone to be waived
New milestones

	R500m	R500m	R4.0bn	R4.0bn	R6.0bn	R6,0bn	R8.1bn	R8.1bn
Default: Agreements	Nov 19 ✓		Mar 20 ✓		Jun 20 ✓		Sep 20	
Default: Proceeds		Jun 20 ✓		Sep 20		Dec 20		Mar 21

Financial covenants have been renegotiated given uncertainties around COVID-19 and the starch transaction. Delays against original milestones will however result in additional finance costs.

Revised Debt Reduction Milestones

	R500m	R500m	R500m	R500m	R1.1bn	R1.1bn	R8.1bn	R8.1bn
Default: Agreements	Nov 19 ✓		Mar 20 ✓		Sep 20		Mar 21	
Default: Proceeds		Jun 20 ✓		Sep 20 ✓		Mar 21		Sep 21

A capital raise remains a consideration

Divisional Performance

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TONGAAT HULETT SUGAR

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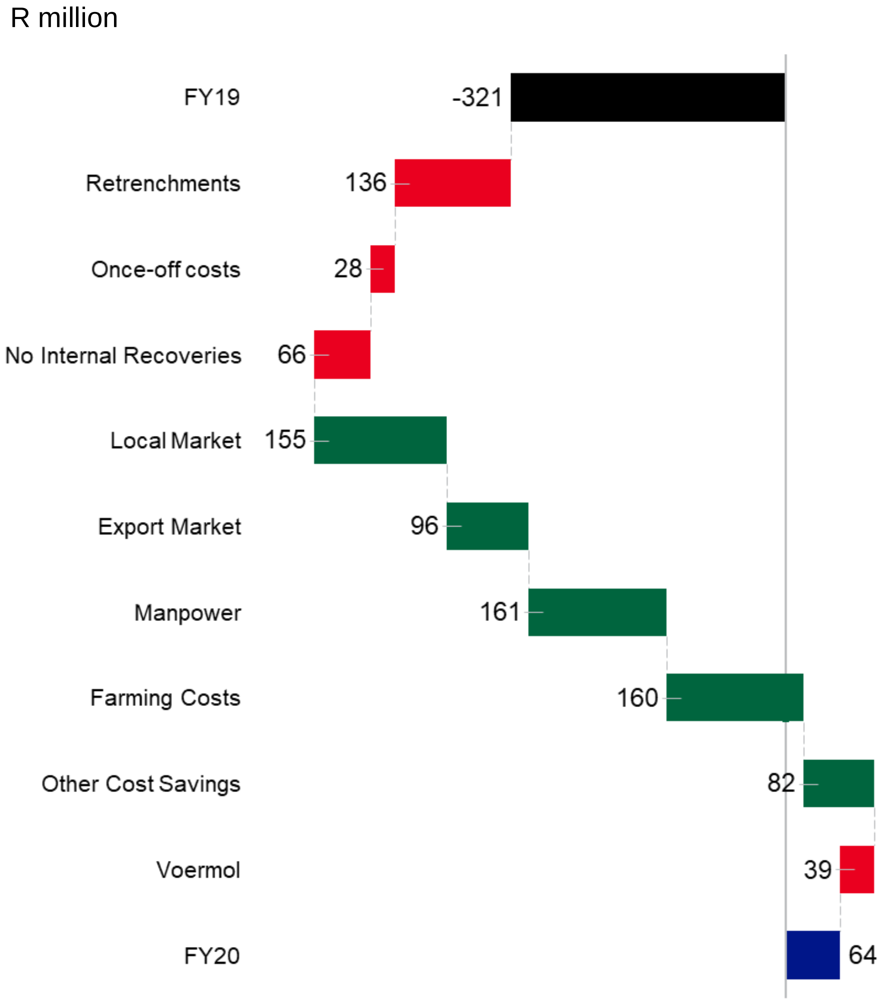
Sugar South Africa

Adjusted EBITDA Bridge

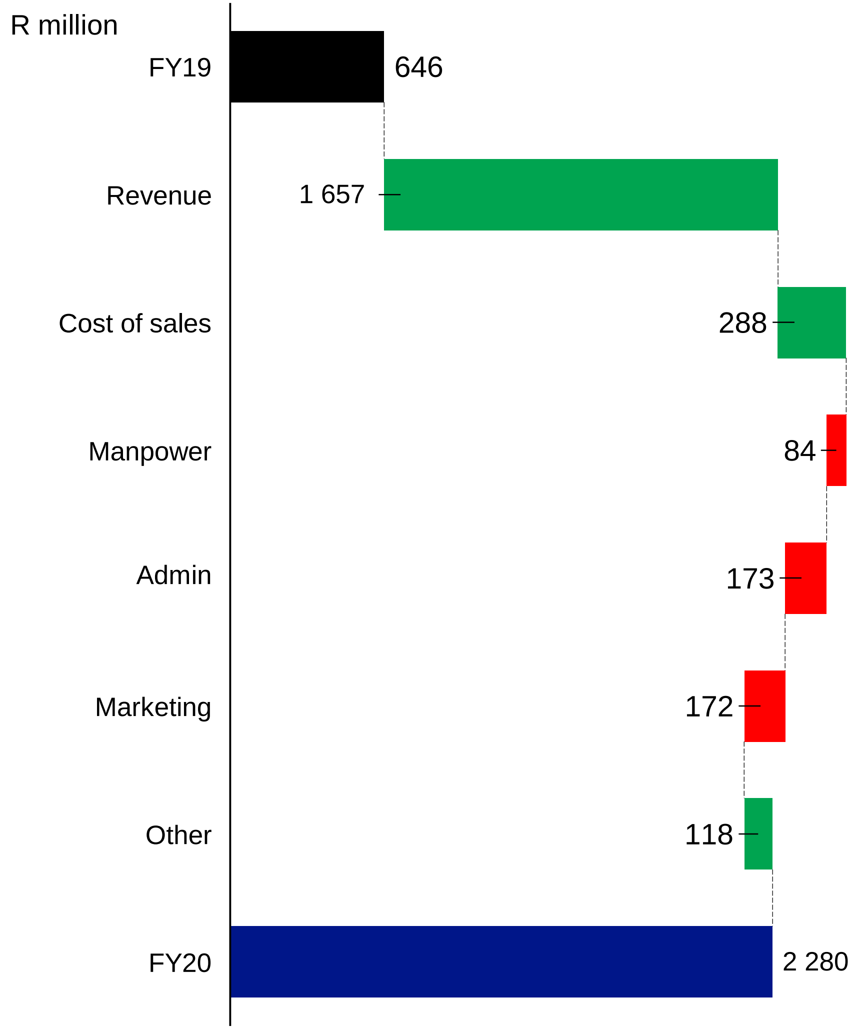


Commentary

- A notable decline in the operating loss to R130m (2019: loss of R482m).
- Sugar mills - one of best performances in recent years - sugar production 602,000 tons (2019: 598,000 tons).
- Exited a significant portion of direct sugarcane farming - Uzinzo Sugar Farming established.
- Local market sales volumes up 24,300 tons.
- Increased pricing of 6.5% in November 2019.
- Health Promotion Levy reduces industrial demand.
- Exports sales down 21,900 tons - weaker exchange rate benefits and improvement in world sugar prices.
- R408m cost saving - once-off costs of R164m.
- Mothballing of Darnall mill will improve capacity utilisation.

Sugar Zimbabwe

Adjusted EBITDA Bridge

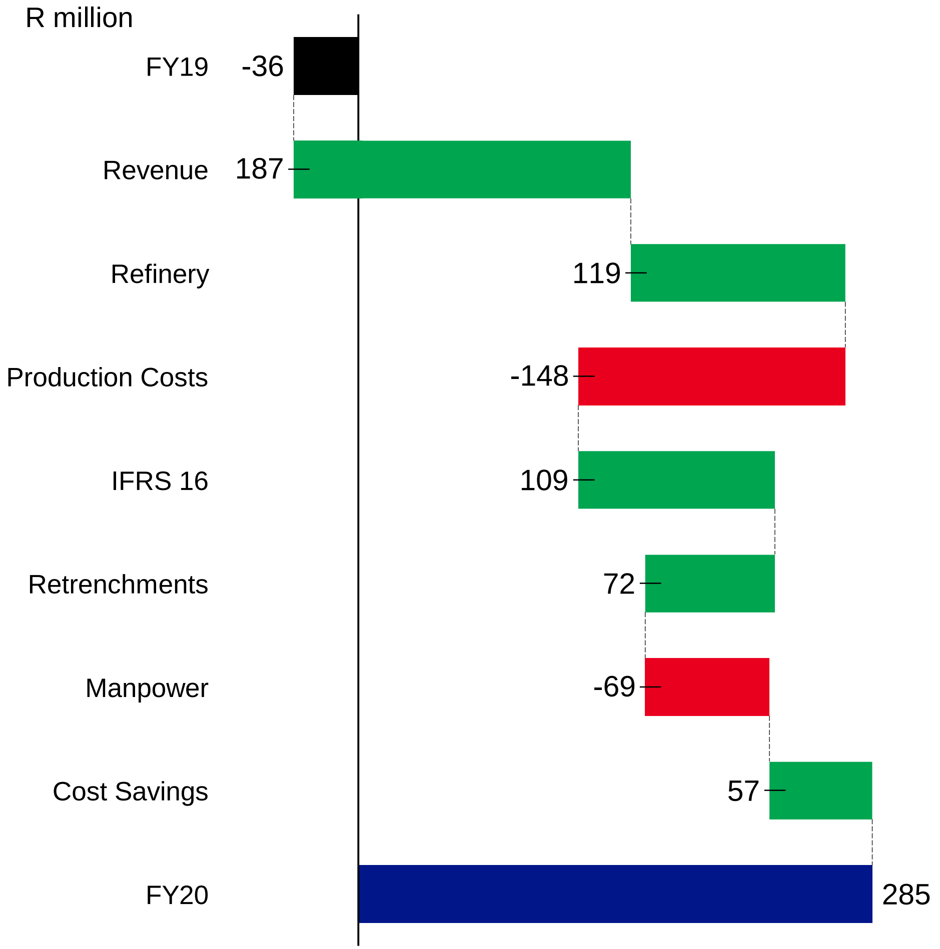


Commentary

- Operating profit of R2.9 bn (2019: R1.2 bn).
- Sugar production of 436,400 tons (2019: 453,700 tons). Triangle up 10,400 tons, Hippo Valley Estates down 27,700 tons.
- Good recovery in cane yields at Triangle from 96 cane/ha, to 110 tons cane/ha.
- Replant program shifted to March 2019 / April 2019 to improve yields → immediate short term reduction in harvest.
- Local sales volumes down 13% to 323,900 tons due to customer affordability challenges and need to control supply.
- Ethanol sales increased 30%.
- Export sales a key focus to generate foreign currency. Export volumes 22% of total sales.
- Export proceeds prioritised to repay debt.
- Foreign-denominated borrowings down to US$6.9m (2019: US$17.0m).
- Will continue to allocate proceeds between debt reduction and dividends.

Sugar Mozambique

Adjusted EBITDA Bridge



Commentary

- A notable turnaround.
- Sugar production at Xinavane 176,800 tons, in line previous season.
- Cyclone Idai reduced sugar production at Mafambisse to 27,100 tons (2019: 51,100 tons).
- Local market sales up to 184,700 tons (2019: 149,700 tons).
- Price increases delayed to allow local market volumes to recover.
- New Xinavane refinery produced 38,900 tons of refined sugar and generated incremental profit of R119m.
- Significant cost savings, offset by a once-off cost of R72m to right-size the business to reduce headcount.
- IFRS 16 Leases - cane haulage fleet now a right-of-use asset, improving both EBITDA and Adjusted EBITDA .

TONGAAT HULETT PROPERTY

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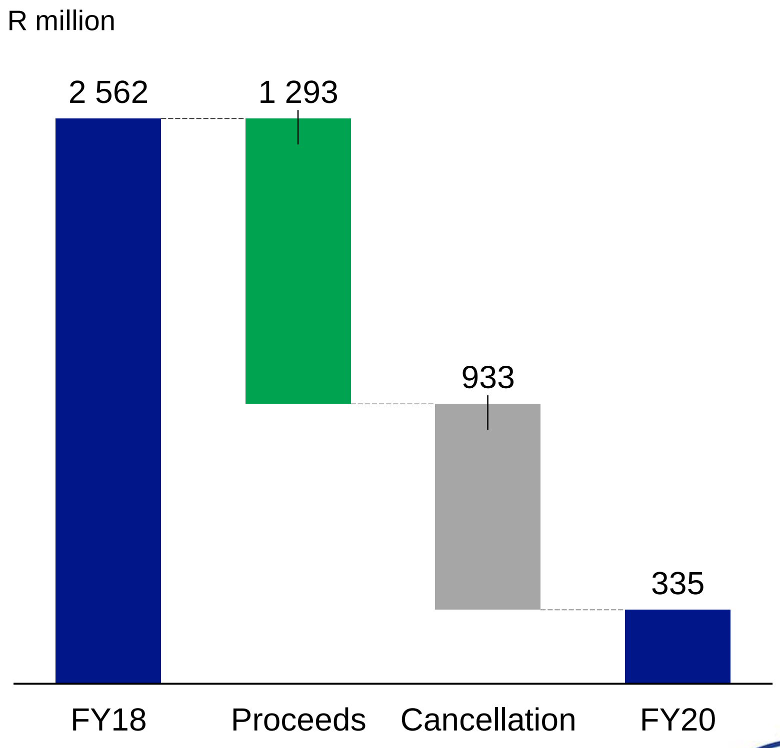
Property

- Revenue R944m (2019: R940m).
- Operating profit up 134% to R658m (2019: R273m).
- Focus on concluding legacy deals and transferring properties.
- Revenue from land sales now only recognised on the date the property is transferred.
- Two large land sales in Tinley South (62 hectares) and Sibaya (213 hectares) finalised, R316m revenue.
- Township property sales of 239,000m² of new floor area, generating revenue of R631m.
- R144m revenue from new deals concluded and transferred to purchaser
- Cost savings of R46m, R23m retrenchment and once-off costs.
- R335m balance of historic deals concluded but not yet transferred.
- Deals worth R373m cancelled since 1 April 2019.
- Deals worth R222m currently under negotiation.

Legacy Debtors Balance



TONGAAT HULETT STARCH

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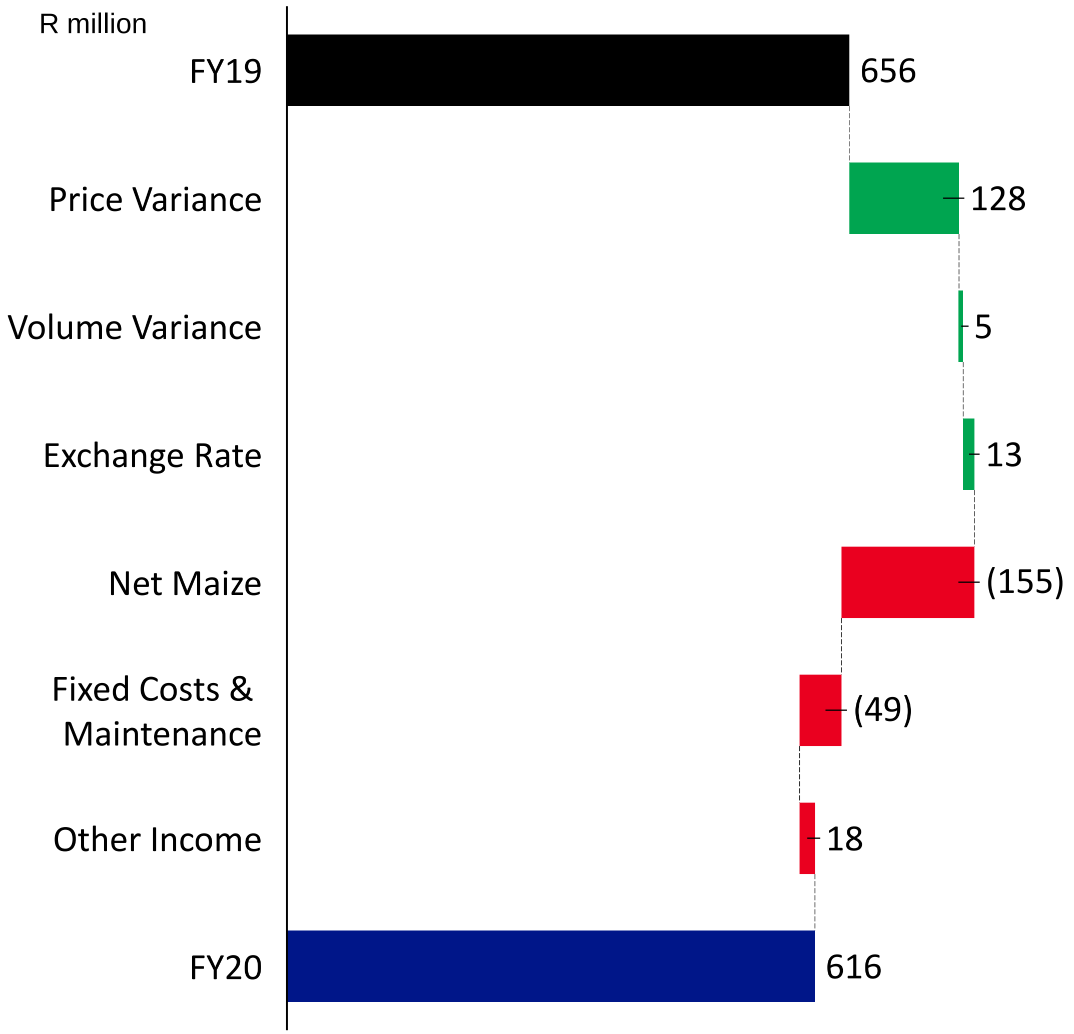
Starch

Operating profit bridge



Commentary

- Operating profit R616m (2019: R656m) largely due to margin pressure.
- Sales up 1.7% to 509,100 tons (2019: 500,400 tons).
- Domestic sales up 4.2% → increased alcoholic beverages demand, growth in coffee creamers, recapture of imported glucose volumes. Canning, paper-making and paper conversion declined.
- Export volumes constrained → down time at the plant, liquidity shortages, challenging economic conditions in Zimbabwe.
- Pressure on margins due to higher maize costs.
- Maize crop down 10% to 11.3m tons.
- Volatile SAFEX prices, influenced by international commodity prices and a weaker exchange rate.
- Higher co-product realisations.
- Improved co-product sales mix.

Outlook

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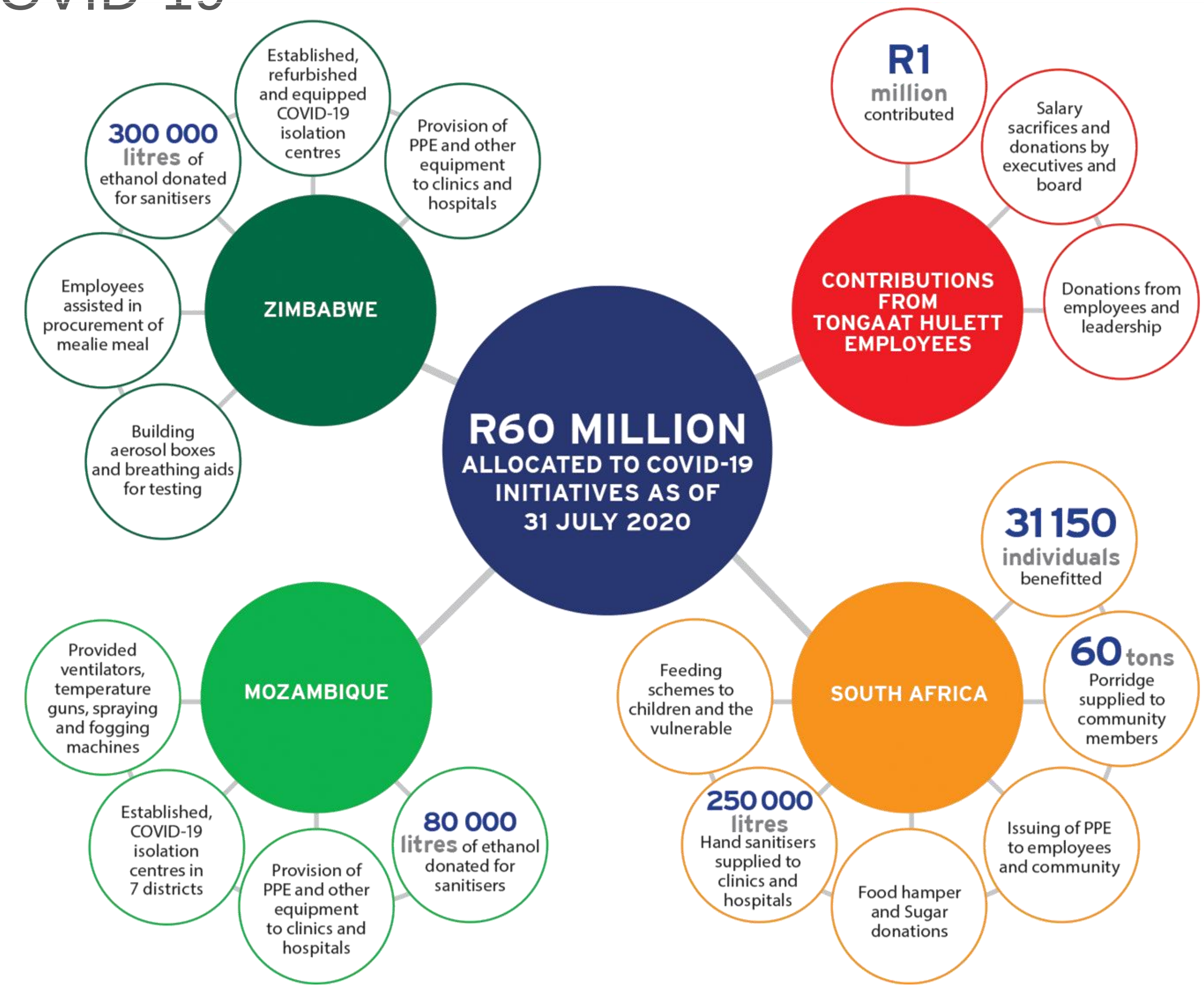
COVID-19 changed the world in which we operate

1. We are an essential service provider
2. We continued to operate during the lockdown restrictions
3. We are maintaining stringent Health & Safety protocols and assured protective gear for onsite employees
4. On average more than 20 000 employees are being screened daily
5. Remain cognisant of the fact that Zimbabwe and Mozambique operations are in remote and/or rural parts of those countries

Tongaat Hulett continues supporting employees and communities impacted by COVID-19



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Progress has been made, but much remains to be done, our plan:

Sugar

- Continue to build on our current momentum
- Increase local sales and market share in each market
- Deliver on our cost commitments – low cost producer
- Deliver diversification opportunities
- Return to profitability in SA
- Extract consistent dividends from Zimbabwe – F21 >R250m
- Maintain strong growth in revenue and EBITDA in Mozambique

Property

- Property market will remain depressed in the short term
- Prioritising PropCo and large land sale opportunities
- Working with local authorities to accelerate approvals
- Fulfilling infrastructure obligations

Starch

- Expecting crop estimates to be up by 35%
- Continue navigating the impact of the alcohol ban on starch and glucose sales

Group

- Improving health and safety metrics and people processes
- Continue to improve corporate governance
- Focus on finalising core and non-core asset disposals
- Significant focus on overall debt reduction

Further debt reduction initiatives

MillCo

- Strategic equity partnerships in our SA Sugar assets
- Completion: March 2021
- Debt reduction: R1bn

PropCo

- Strategic equity partnership in our R11bn property portfolio
- Completion: March 2021
- Debt reduction: R1.5bn

May require a Capital Raise

Reasons to believe in Tongaat Hulett

1. Our strategy remains fit for purpose
2. Cost savings and cash flow improvement initiatives delivering results
3. Critical indicators are moving in the right direction
4. We have streamlined the business
5. We continue navigating COVID-19 challenges
6. Actively focusing on diversification and innovation
7. We are rebuilding trust in Tongaat Hulett

Drive efficiencies within our business to truly leverage our asset base

Rightsize and fix the fundamentals of our business

Create a platform for sustainable profitable growth

Build capability in our people and processes


Questions?
Est. 1892
TongaatHulett
IT'S A NEW DAWN, IT'S A NEW DAY, IT'S THE TONGAAT HULETT WAY